



ASX ANNOUNCEMENT
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24 August 2012

BEADELL SIGNS IRON ORE AGREEMENTS WITH ANGLO FERROUS AMAPÁ

Highlights

- Projected gold cash operating cost reductions, at current iron ore prices of up to ~US\$200 per ounce.
- Mine gate Iron Ore Concentrate off take agreement locked in.
- Regulates access to any gold discovered in the Duckhead area which currently contains an initial JORC inferred gold resource of 115,000 tonnes at 17g/t for 63,000 ounces.
- US\$4 M cash settlement payment to Beadell.
- Clarity of access rights for both iron ore and gold for the mutual benefit of both parties.
- Cost recovery on iron ore in gold pits to materially reduce strip ratio leading to a positive effect on Beadell's gold reserves to be released over the coming weeks.

Beadell's Managing Director, Peter Bowler, commented "This is a terrific outcome for both parties and confirms our strong and productive relationship for significant mutual benefit. The overriding outcome for Beadell is low gold cash operating costs to strengthen our long-term core business of producing gold. We can now focus on becoming a long life gold producer with scale within the lowest cash cost quartile globally. It was always our aim to extract fair value from the extensive iron ore resources on our Mining Tenements for the benefit of our gold focused shareholders, and these agreements achieve this."

Five agreements between Anglo Ferrous Amapá Mineracao Ltda (**Amapá**) and Beadell Resources Ltd (**Beadell**) have been executed. These agreements cover both companies' access rights to iron ore and gold on tenements controlled by Anglo American and Beadell in the state of Amapá (shown in Diagram 1) and represent a key milestone achievement to unlock the combined values of both commodities. Details of the agreements are outlined below.

1. Iron Ore Concentrate Off take Agreement

This agreement covers the off take of high grade iron concentrate which will be produced from Beadell's Magnetic Separation Plant positioned at the back end of the CIL Gold plant. Civil works have commenced with all of the long lead items ordered with commissioning due late CY2012. Extensive test work indicates production of ~500,000 tonnes per annum of iron ore concentrate at ~65% Fe with very low contaminants. The agreement is for a 3 year period and the parties may agree to renew for two further terms of 3 years each. Beadell will fully participate in any movement in the iron ore price by way of linkage to the Platts 65% Fe China North Index. The net income at current iron prices is expected to **reduce gold cash operating costs by up to ~\$170 per ounce** dependant on iron ore concentrate production rates. (See photo 1)

2. Joint Operating Agreement (JOA)

The JOA covers a cost recovery agreement for all iron ore mined currently and categorised as 'waste' within Beadell's gold pits above a 25% Fe cut off. Dependant on annual tonnes mined, the current mine plan indicates a **reduction in gold cash costs of up to ~US\$20-30 per ounce**. Realisation of value for Iron ore within the Beadell gold pits will have a materially positive impact on reserves due to the reduction in the strip ratio. This is exemplified in Photo 1 where the cost to extract the iron ore surrounding the gold lodes at Tap AB1 will now be paid for under this agreement. Rates per tonne are linked to an inflation adjustment and cover the Life of Mine gold pit shells. Amapá has agreed to immediately pay for an option to purchase the existing ~850,000 tonne iron ore stockpile for **~US\$425,000**. Further top up payments will be received upon Amapá removing ore from the stockpile. (See Photo 1 and Diagram 1)

3. Duckhead Agreement

This agreement regulates Beadell's access to any gold discovered on an area known as Duckhead on Amapá's Mining Concession, which already contains a high grade inferred resource of **115,000 tonnes at 17 g/t for 63,000 ounces**. The Company's large RC drill rig is presently completing a 15,000 m drill out to grow the resource and enable conversion to reserves. The Company will then look to include this valuable ore body into the Company's production schedule over the next 2 years, subject to normal government approvals. Including this new ore body into the schedule will have a further significant positive effect on gold production and cash costs. (See Diagram 2)

4. Amended and Restated Exploration Agreement

This agreement simplifies and clarifies the previous Exploration Agreement which covers Amapá's rights to iron ore in Beadell's extensive exploration tenement area (~2,000 sq km). Among other things, this agreement enhances the Company's ability to transfer tenements to Amapa to share the compliance costs whilst firming up its exclusive and uninhibited gold rights. (See Diagram 1) Under this agreement, Beadell will, at Amapa's request, assign to Amapá an exploration tenement (or part of a tenement), which is shown to have deposits of iron ore and no economic deposits of gold. Beadell will nevertheless retain its rights to any gold that is found on the tenement.

5. Tailings Dam Agreement

This agreement relieves Beadell of its 50% share of the construction costs of the near complete Aerodrome and terminates Beadell's right to use Amapá's tailings storage facility. Beadell built its own tailings storage facility ready for the imminent gold production and will now receive net US\$4 M cash settlement as part of this agreement.

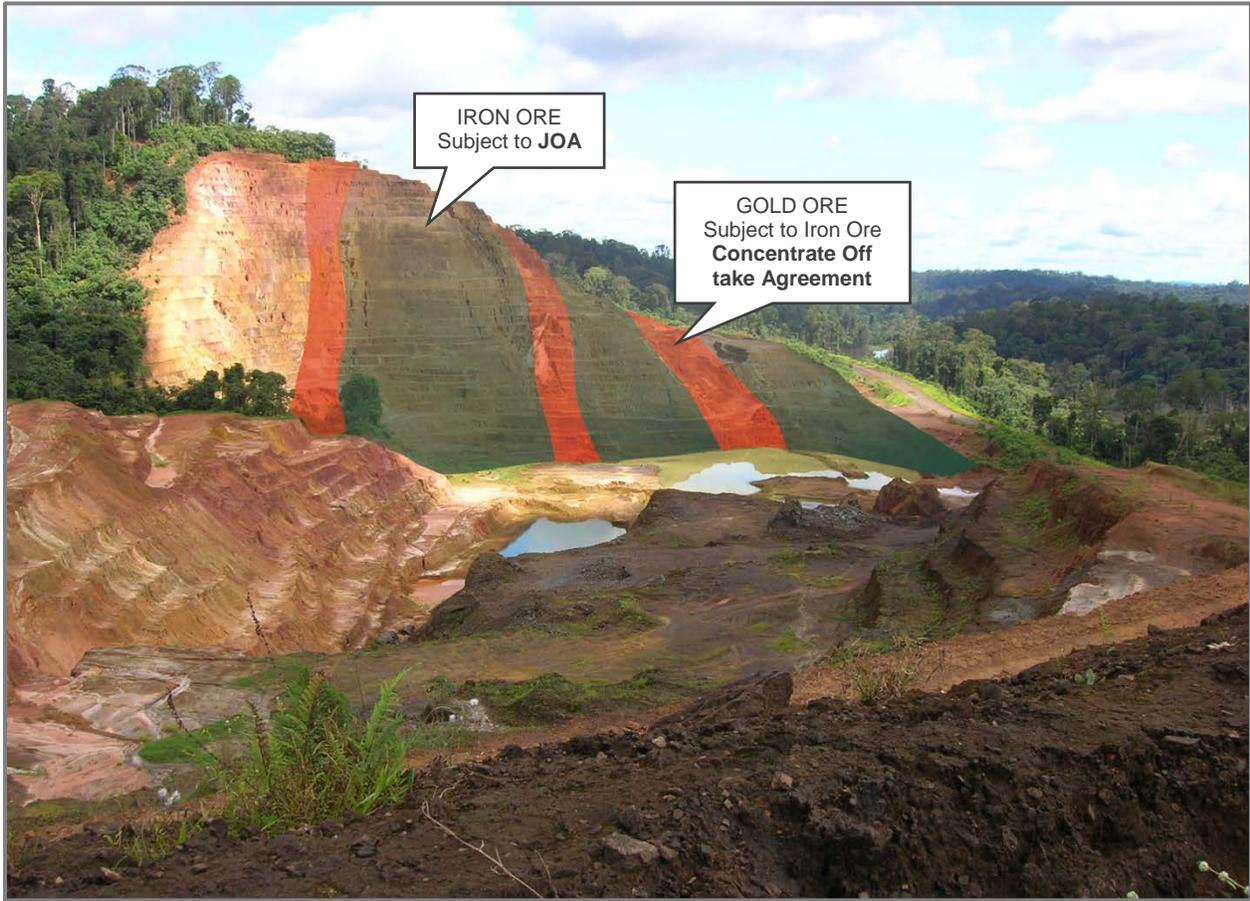


Photo 1. Tap AB1 Looking South

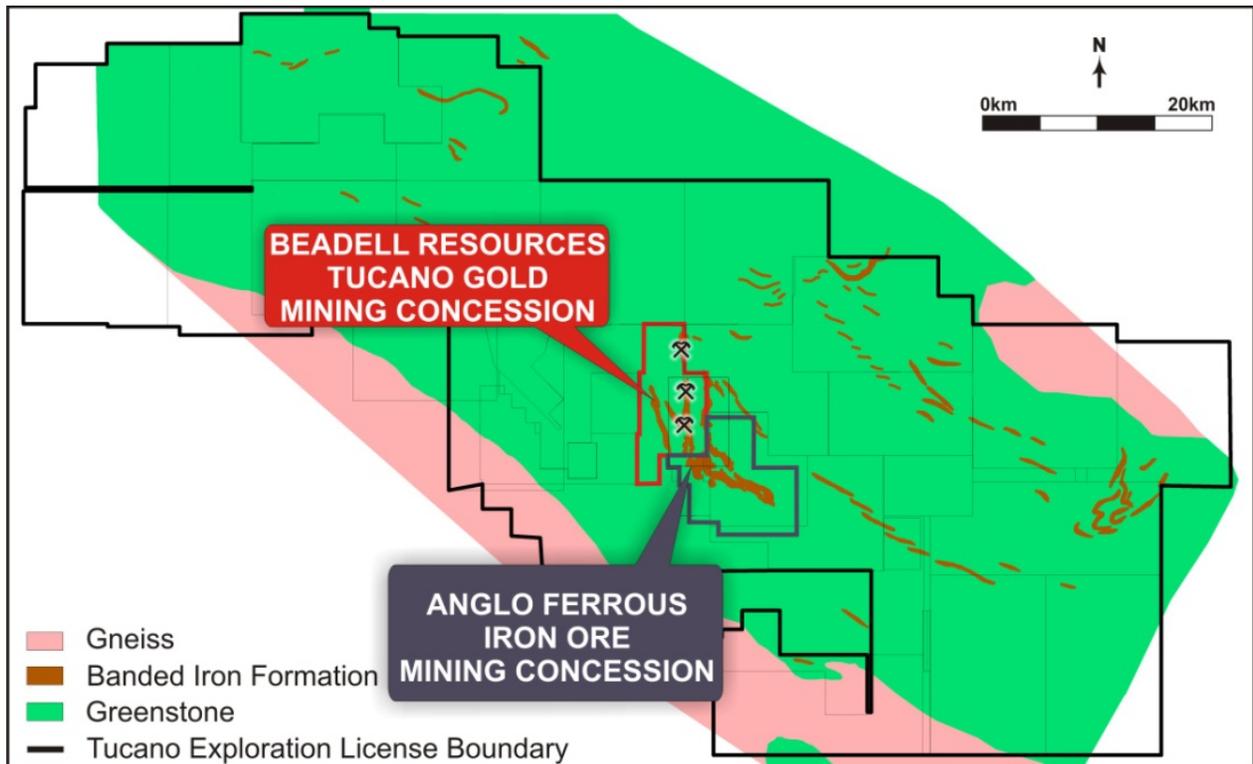


Diagram 1. Map of Banded Iron Formations

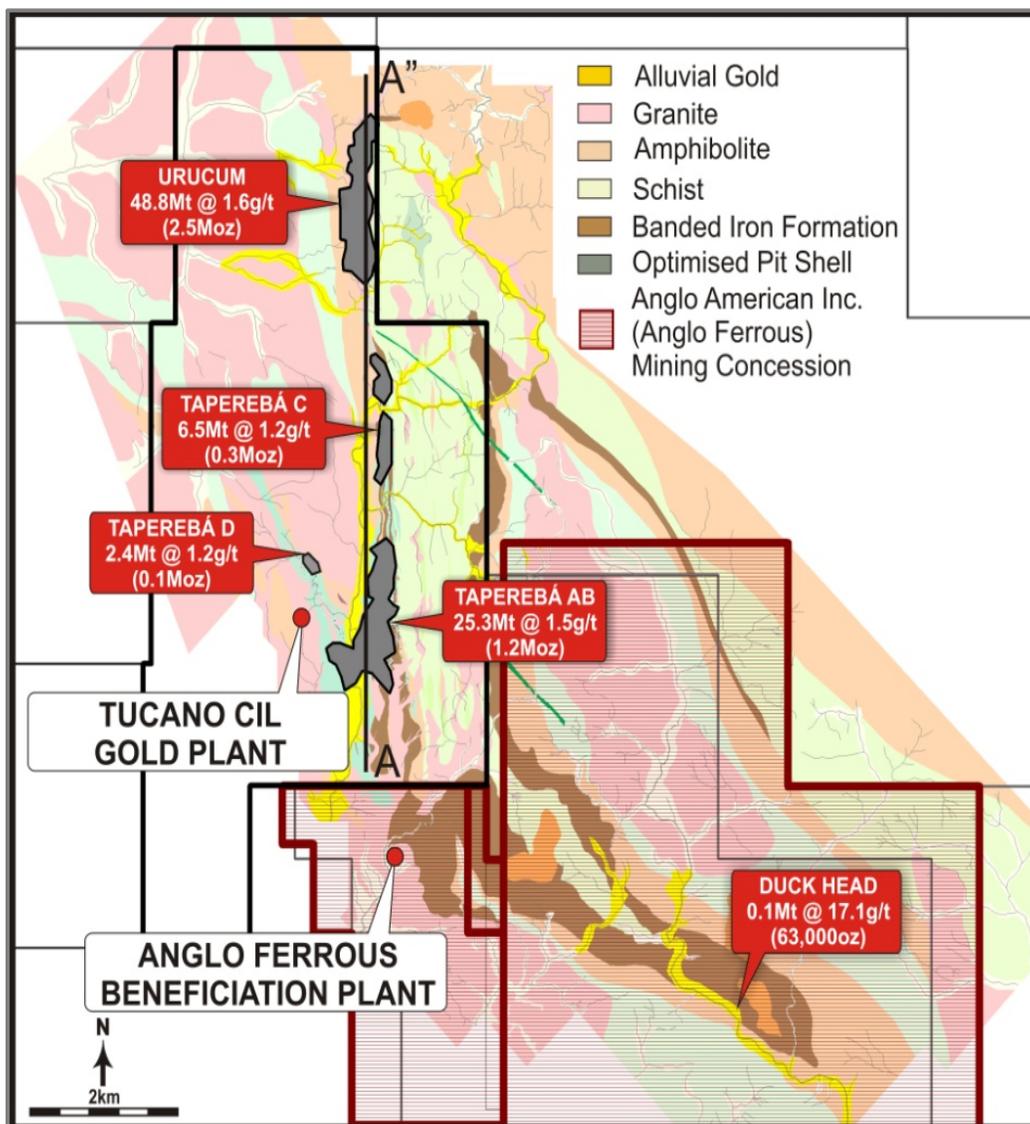


Diagram 2. Mining Concession Plan showing Duckhead

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Competency Statement

The information in this report relating to Exploration Results and Mineral Resources is based on information compiled by Mr Robert Watkins who is a member of the 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 Ltd. Mr Watkins consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

These materials include forward looking statements. Forward looking statements inherently involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and may be unknown to, the Company.