

Quarterly Report for Shareholders

Period Ending 31 December 2012



HIGHLIGHTS

- **Ore commissioning** - On 20 November 2012, ore commissioning into the 7MW SAG Mill commenced at the Company's 100% owned Tucano Gold Project in Brazil.
- **First gold poured** - On 16 December 2012, the first gold bar was poured. During the commissioning phase the processing plant has operated at up to 400 tonnes per hour (3.5 million tonnes per annum) equal to the nameplate design.
- **Production** - Gold production of 7,336 ounces for the first 21 days of January has been achieved. Recovered gold is within forecast and is on track to produce approximately 11,000 oz for the full month of January. Throughput is currently increasing and is forecast to be in excess of nameplate operating capacity of 3.5 million tonnes per annum by the end of the March quarter.
- **Grade Control** - Drilling rates have increased dramatically with 2 track mounted RC rigs in operation.
- **Magnetic Separation Plant** – Phase 1 Civils 100% complete. Construction continues apace for commissioning in late April 2013. At current Fe prices, the positive effect on gold cash costs, once complete, is exceeding the forecast.
- **Duckhead** – Extremely high grade JORC resource of 94,000t @ 30.9 g/t for 93,000 oz. Initial starter open pit probable reserve of 62,000t @ 29.7 g/t gold for 59,000 oz which is on track for mining to commence in April 2013.
- **Duckhead** – New 20 m wide Hangingwall lode discovered. Results include 35 m @ 5.6 g/t gold, 25 m @ 5.8 g/t gold and 25 m @ 4.7 g/t gold. High grade drill results from Main Lode including 23 m @ 9.3 g/t gold, 11 m @ 19.3 g/t gold and 13 m @ 9.1 g/t gold. An updated resource and reserve statement to be released for this lode in February 2013.
- **Tartaruga** – Large new gold auger anomaly with up to 4.7 g/t gold at the Company's 100% owned Tartaruga Gold Project 150 km north east of Tucano. An extensive 10,000 m RC drilling program to commence in February 2013.
- **Tropicana East** – Airborne Spectrem survey defines strong conductive anomalies interpreted to be sulphide bodies at the Company's 100% owned Tropicana East Gold Project located 60 km north east of the AnlgoGold / Independence 7.9 million ounce Tropicana gold development project.

CORPORATE

- **Sales** – One gold shipment occurred in December of 496 ounces.
- **Current Gold to Bullion and Gold in Circuit** – Gold to Bullion and Gold in Circuit totals 9,311 ounces as at 21 January 2013 (~US\$15.7 million at current spot price).
- **Zamin Group** – A meeting in London on 21 January with Zamin Group has confirmed all parties commitment to the five Agreements signed by Anglo and Beadell in 2012. The sale of Anglo Ferrous Amapa to the Zamin Group is expected to be completed in March 2013.

Peter Bowler
Managing Director
24 January 2013

TUCANO GOLD PROJECT (100%)



Photo 1. Tucano Gold Project December 2012

Development

The construction and development of the project was completed during the quarter, with the following key milestones achieved:

- Commencement of power supply to the Process Plant in November 2012;
- Commissioning of the 7MW SAG Mill on 20 November 2012;
- First gold poured on 16 December 2012; and
- First high grade ore being fed via the crusher into the SAG mill on 20 December 2012.

Production

Commissioning of the plant has progressed well with no major technical issues encountered and plant throughput is currently ramping up to nameplate capacity of 3.5 Mtpa. Commissioning ore mill throughput to the end of 2012 was 105,000t @ 1.09 g/t of mostly low grade spent ore.

In the first 21 days of January, a total of 132,910t @ 1.94 g/t gold ore was milled to produce 7,336 ounces. Gold to bullion in January to date is 5,334 ounces with 3,977 ounces Gold In Circuit (GIC). High GIC levels are a temporary issue caused by a minor technical problem with the elution circuit which is expected to be resolved over the coming days. GIC levels are then expected to come down over the next few weeks as more bullion is poured.

Gold production guidance for full year 2013 is dependent on the timing of mining the Duckhead deposit, which is expected to commence in early April. Based on this timetable, gold production for the calendar year to December 2013 is estimated to be approximately 200,000 ounces gold. The additional inclusion of the new Hanging wall deposit, see ASX release 15 January 2013, will increase this planned gold production for CY2013 as it will be mined concurrently with Duckhead. Guidance on production and costs will be released once approvals for the Duckhead deposit are finalised.

Milling Parameters		Month to Date		
1 - 21 January	Unit	Planned	Actual	Variance (%)
Dry Ore Milled ¹	t	161,091	132,910	-17%
Feed Grade ²	Au g/t	1.66	1.94	+17%
Recovery Rate ³	%	90%	89%	-1%
Gold Recovered ⁴	Oz	7,752	7,336	-5%
Gold In Circuit (GIC) ⁴	Oz	1,806	3,977	+120%
Gold to Bullion ⁵	Oz	7,752	5,334	-31%
Grind Size ⁶	micron	115	150	+30%
Mill Power Draw ⁷	MW	5.2	2.5	-108%

Table 1. Tucano milling summary from January 1 to January 21, 2013

1. Due to the excessive amount of oxide ore as a ratio to sulphide ore, it was decided in late December to operate the mill more as a ball mill rather than a straight SAG mill. As a result smaller 63 mm balls arrived on site on 16 January to supplement the previous 100 mm balls. This has had an immediate positive effect on throughput rates.
2. Higher grade oxide stockpiles have resulted in an increased actual grade through the mill.
3. Recovery rates at 89 % are within expectation at the coarser 150 micron grind size. Recovery rates are improving and expected to increase to 93 to 95% over coming weeks with a decrease in grind size. To highlight the amenability of the ore type to this CIL process, 95% of the total recovered gold is being leached out of CIL Tank One within the first few hours.
4. Recovered gold is within forecast and is on track to produce approximately 11,000 oz for the full month of January.

The original gold elution circuit, which was not part of the new build, was designed to handle 1.5 strips per day through the old gold elution circuit. Modifications are now being implemented to ensure 2 strips per day are achieved. As a result over the coming weeks Gold in Circuit stocks will fall concurrently with a marked increase in gold bullion being shipped.

5. Gold to bullion is lower than planned due to the higher Gold In Circuit as discussed above.
6. Grind size is currently being reduced to the desired range of between 75 – 115 microns, which will improve recoveries.
7. Lower power draw is due to the mill being held back due to the lack of 63 mm balls. This has now been rectified. With the superior design features of the mill and the softness of ore, indications are that, even with a full mill ball charge, the power draw will remain well below design resulting in significant power cost savings.



Photo 2. First high grade ore travelling up CV1



Photo 3. Crushing circuit in full operation



Photo 4. First gold pour at the Tucano Gold Project

Magnetic Separation Plant

Phase 1 Civils construction is 100% complete and only the smaller component of phase 2 Civils remains to be completed (raw water tank base).

The commissioning of this plant has been delayed by a few months as a result of labour requirements focussing on the timely completion of the CIL gold plant. The plant is now scheduled to produce iron ore concentrate in late April 2013.

To date \$5.7 million has been spent and committed on equipment, materials and the Civils with \$6.2 million remaining to be spent. The majority of the equipment for this project has been procured and is now on site.



Diagram 1. Iron Ore Concentrate Plant 3D Image

Mining

Mining during the quarter has focussed on the extraction of higher grade oxide as feed for the CIL plant. This material has been sourced from the Tap AB and Tap C pits.

In addition, the mining fleet has been utilised in the construction of the initial Tap D tailings facility which was completed on 20 December 2012.

The signing of a Joint Operating Agreement with Anglo Ferrous saw the establishment of a live stockpile area for the delivery of high grade iron ore to Anglo's neighbouring beneficiation plant.

The mobile equipment fleet was enhanced through the commissioning of four CAT 777G trucks, two CAT 6018 excavators, a Liebherr 964 excavator and a CAT 834 dozer. A further three CAT 777G trucks are due to be commissioned this quarter. Mining productivity will now increase with the injection of this new equipment and a corresponding reduction in maintenance costs will also be realised.

Mining had successfully commenced at the 2.8 million ounce Urucum deposit by the end of the quarter.

Gold stockpiles as at the end of December total 8.0 Mt @ 0.91 g/t gold for 235,000 oz, which includes a higher grade stockpile of 1.0 Mt @ 1.30 g/t for 43,000 oz.



Photo 5. CAT 6018 excavator loading CAT 777G

Resource and Reserve Development

Resource and Reserve drilling continued to focus on the highly prospective Duckhead area where a total of 269 RC holes for 14,163 m were drilled during the quarter. The drilling rate has increased significantly since the RC rig was sold to McKay Drilling which has had an extremely positive effect on both resource and grade control drilling production.

Duckhead

A Duckhead JORC resource totalling **94,000 tonnes @ 30.9 g/t gold for 93,000 oz** was announced during the quarter and comprises a JORC Indicated resource of 83,000 t @ 31.07 g/t for 83,000 oz of gold and JORC Inferred resources of 11,000 t @ 29.9 g/t gold for 10,000 oz of gold at a 1.5 g/t lower cut off. The Duckhead resource does not include yet the new Hangingwall Lode which will be modelled and incorporated into the Duckhead resource in February 2013.

A preliminary Duckhead starter pit JORC probable reserve totalling **62,000 tonnes @ 29.7 g/t gold for 59,000 oz** has been optimised and designed and, subject to regulatory approval, mining is forecast to commence in April 2013 as part of the Tucano gold production schedule. The starter pit is considered to be only an interim design and the reserve will continue to grow with ongoing drilling and incorporation of the new Hangingwall Lode.

Exceptional RC drill results continued to expand the Duckhead Resource and included the discovery of a significant new Hangingwall Lode adjacent to the main high grade lode resource.

Results received and reported during the quarter included:

Main Lode

- FVM143** 23 m @ 9.3 g/t gold from 0 m including 8 m @ 20.8 g/t from 4 m
- FVM154** 13 m @ 9.1 g/t gold from 37 m including 6 m @ 17.9 g/t from 37 m
- FVM148** 11 m @ 19.3 g/t gold from 21 m including 4 m @ 50.7 g/t from 29 m
- FVM10** 14 m @ 7.4 g/t from 152 m including 4 m @ 23.0 g/t from 152 m

Hangingwall Lode

- FVM59** 33 m @ 2.9 g/t gold from 16 m including 14 m @ 5.0 g/t from 17 m
- FVM96** 22 m @ 3.1 g/t gold from 66 m including 6 m @ 7.4 g/t from 69 m
- FVM105** 21 m @ 3.4 g/t gold from 0 m including 7 m @ 6.7 g/t from 12 m
- FVM289** 35 m @ 5.6 g/t gold from 33 m including 14 m @ 8.0 g/t from 52 m
- FVM100** 25 m @ 5.8 g/t gold from 52 m including 12 m @ 10.1 g/t from 56 m
- HW312** 25 m @ 4.7 g/t gold from 1 m including 10 m @ 8.8 g/t from 10 m

The new Hangingwall Lode remains completely open at depth and is interpreted to have the same moderate west dipping plunge as the high grade Main Lode (Figure 1 & 2). **Incorporation of the Hangingwall Lode into the Duckhead resource model will result in a significant expansion of the open pit resource and reserve at Duckhead.**

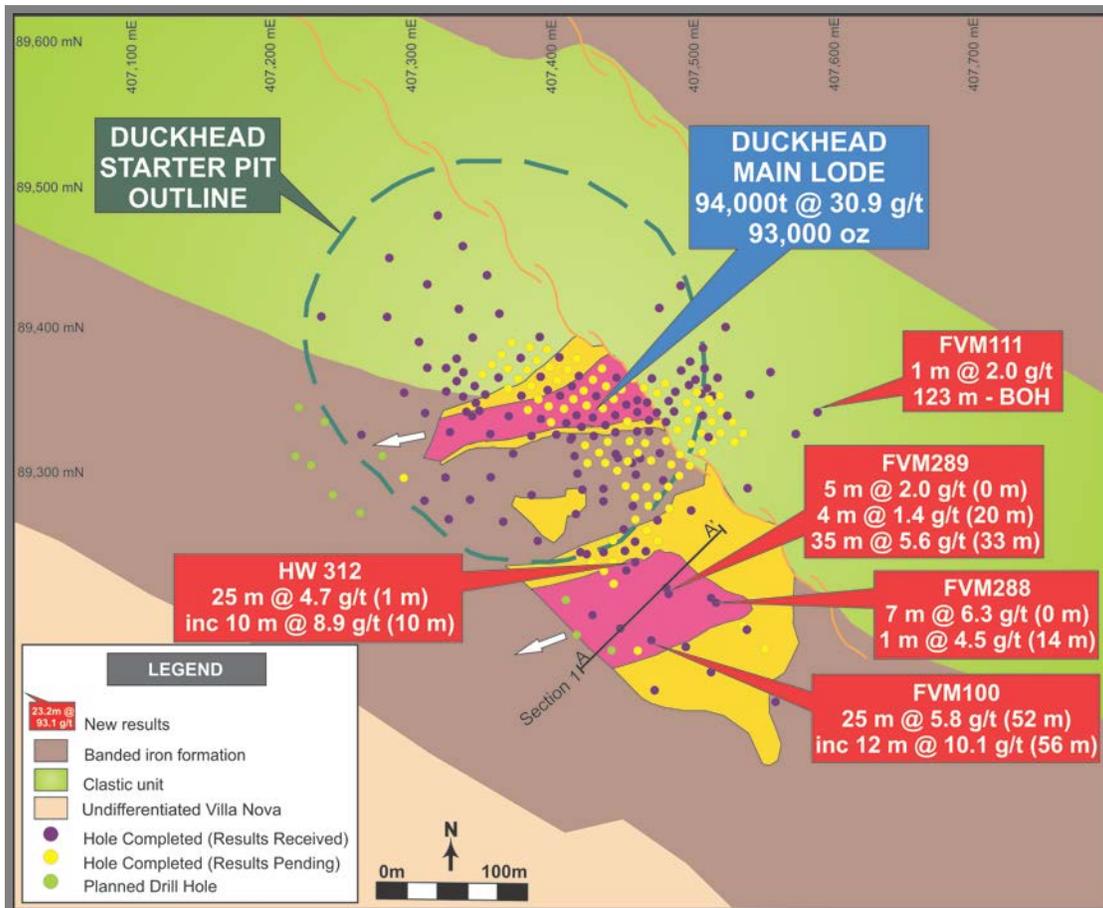


Figure 1. Duckhead plan showing location of new RC results and starter pit.

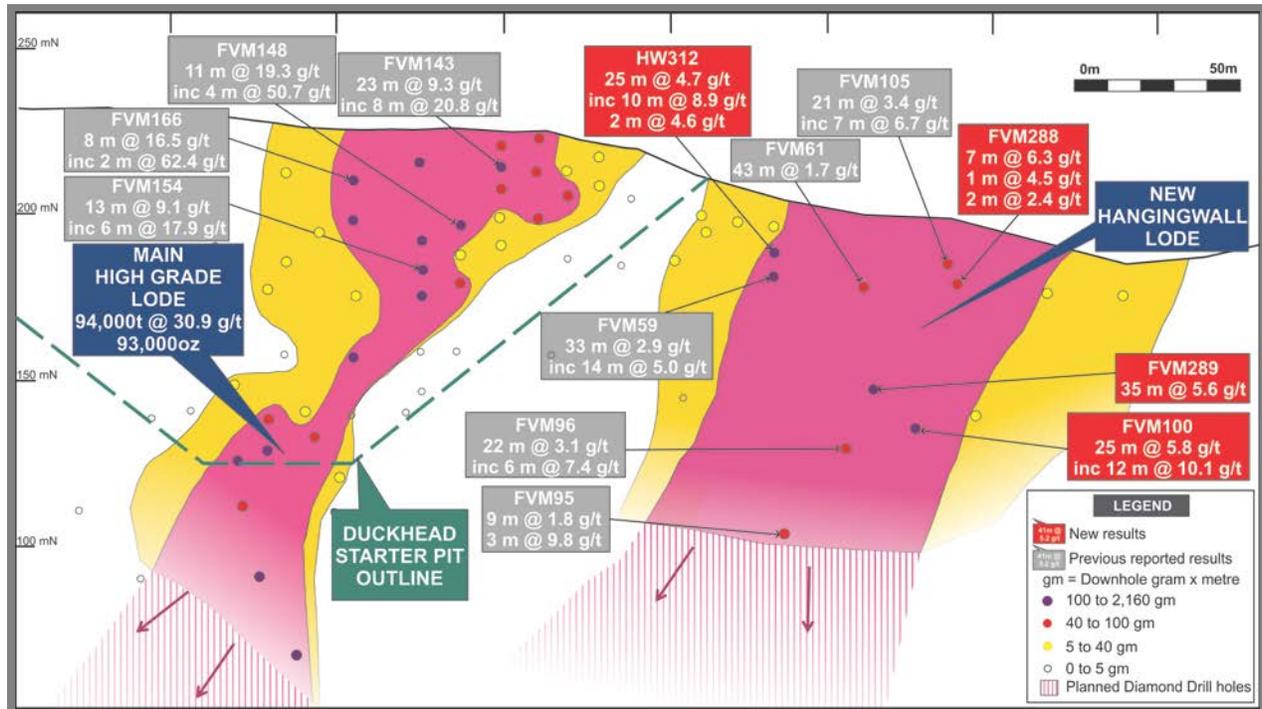


Figure 2. Duckhead long-section showing location of new RC drill results and starter pit.

TARTARUGA

The Tartaruga project is located 120 km northeast of Tucano and includes a JORC Inferred resource of 5.5 Mt @ 1.6 g/t gold for 279,000 oz.

Wide spaced auger drilling during the quarter on a nominal 200 x 50 m grid continues to define extensive gold anomalism throughout the project area (Figure 3). Several significant new anomalies have been discovered including a very large anomaly approximately 1 km north of the main Mineiro and Mandiocal resource. The new auger anomaly, named Havaianas, occurs over a 2 km strike and is up to 300 m wide at >100 ppb gold (0.1g/t). At the adjacent Rodeo prospect, auger results of up to 4,700 ppb (4.7 g/t) have been intersected. These anomalies remain completely open to the southeast and will be followed up with additional auger drilling to define the limits of the gold anomalism. The area has no outcrop and is characterised by a deep lateritic profile covered by extensive sandy alluvium masking the underlying basement. No previous exploration drilling has tested this area.

Highly encouraging auger results have also been received east of the Rio de Ouro target where reconnaissance auger drilling traverses through thin sandy alluvium has intersected widespread gold anomalism of up to 500 ppb (0.5 g/t) gold at the Tracaja anomaly (Figure 3). Rio de Ouro is a large garimpo (shallow pit mined by local prospectors) where rock chip results of up to 470 g/t gold have been recorded.

An extensive ~10,000 m RC drilling program will commence in February at Tartaruga targeting extensions of the main resource areas and also first pass drilling at the highly prospective Rio de Ouro, Havaianas and Rodeo prospects as well as other regional targets.

As has been the case at Duckhead, the change in approach to rapid and systematic RC drilling coverage rather than selected diamond drilling targeting is expected to result in a rapid increase in the resource base at Tartaruga.

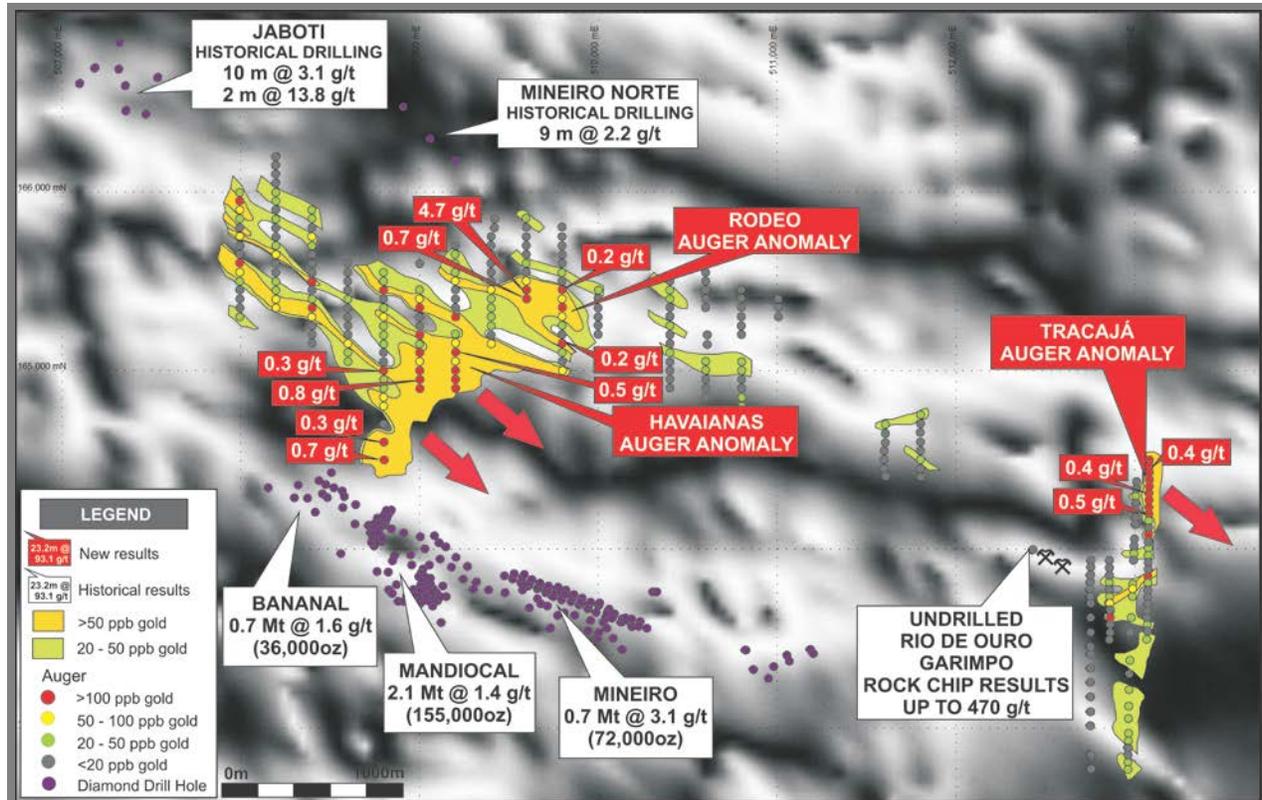


Figure 3. Tartaruga plan showing location of new Havaianas, Rodeo & Tracaja auger anomalies.

WESTERN AUSTRALIA

Tropicana East Project (100%)

A large airborne Spectrem survey was flown over the Hercules Shear Zone as part of a jointly funded collaborative research and development initiative with CSIRO.

The Spectrem survey has identified several discrete, highly conductive, late channel anomalies over 100 siemens in strength adjacent to both the Atlantis and Hercules prospects which are very likely to be caused by sulphide bodies (Figures 4 & 5).

The origin of the interpreted sulphide bodies is unknown, however re-sampling of 5 m composites from an old RC hole NLC009, which appears to have been drilled near the weakest Spectrem anomaly, has produced highly anomalous base metal and pathfinder results of up to 5 m @ 1.3% Lead, 0.6% Zinc, 0.3% Copper, 6 g/t Silver, 255 ppm Nickel, 129 ppm Cobalt and 0.51 ppm Bismuth. The mineralisation appears to be associated with a large body of garnet bearing gabbro gneiss with lesser felsic gneiss and significant disseminated chalcopyrite, pyrite and pyrrhotite being noted. This extremely anomalous base metal and pathfinder result is consistent with the CSIRO findings on the geochemical signature, that the Hercules Shear Zone is a very fertile structure capable of hosting a large gold and / or base metal type deposit.

A large drilling campaign is being planned for the second quarter 2013 targeting the Spectrem anomalies and extensions and repetitions of the gold mineralisation intersected to date. The Tropicana East project remains a highly prospective, early stage discovery 60 km along strike from the 7.9 Moz Tropicana gold development project.

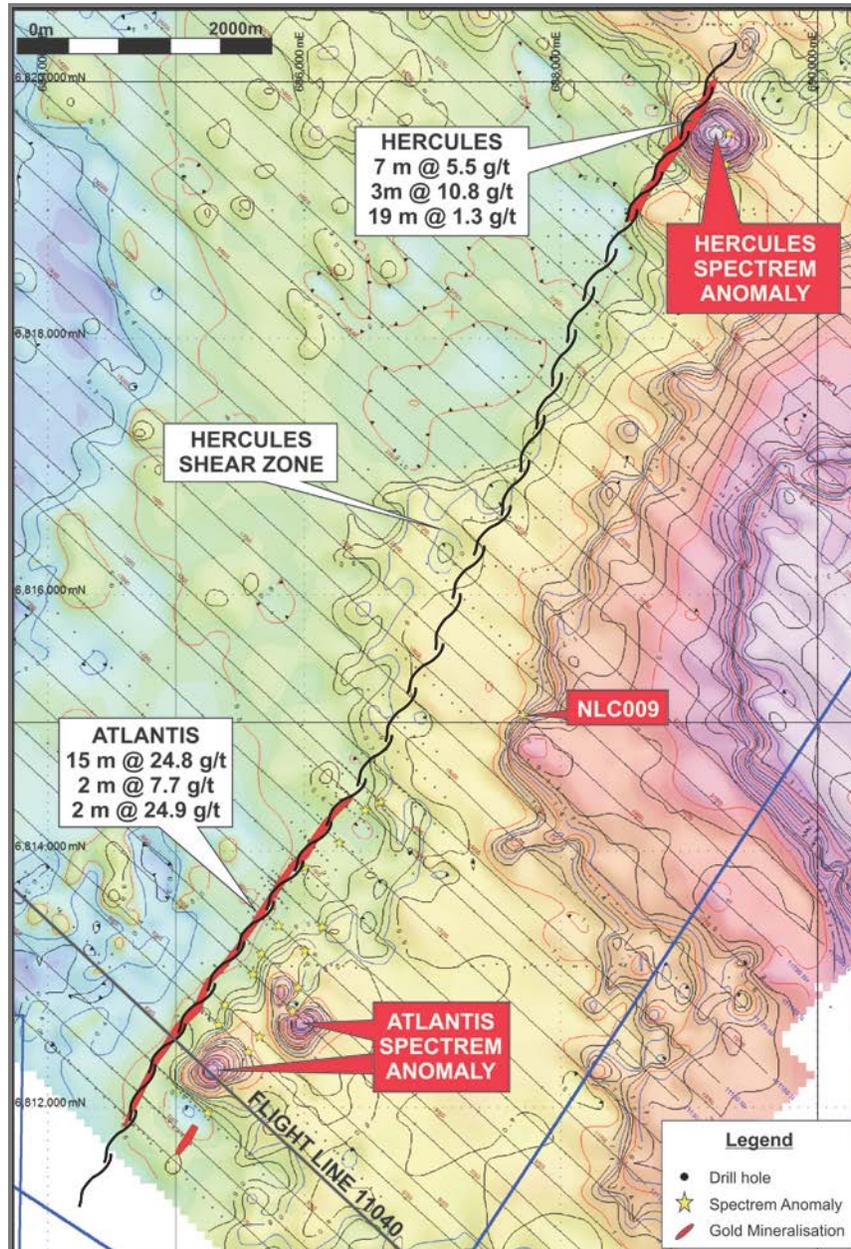


Figure 4. Tropicana East plan showing location of SPECTREM anomalies on a background composite of late channel conductance contour map

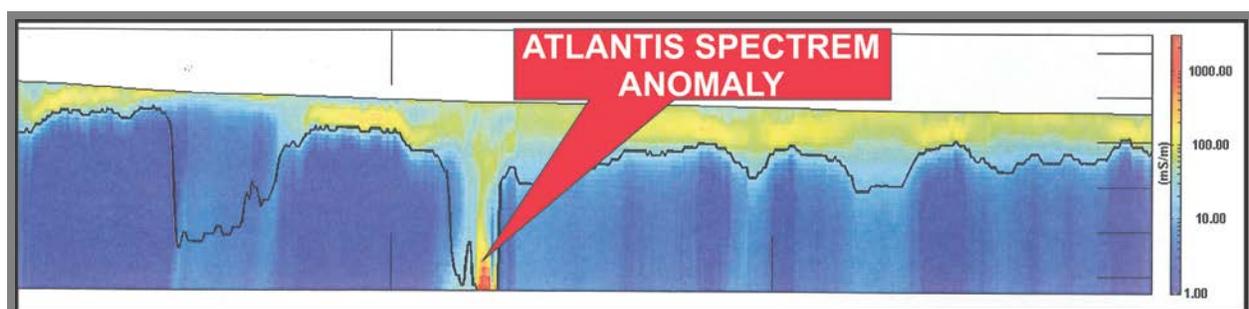


Figure 5. SPECTREM flight line 11040 inversion section showing location of a strong late channel conductor adjacent to the Atlantis prospect.

CORPORATE & FINANCE

The Company had cash and bullion on hand of \$6.2 million as at 31 December 2012.

One gold shipment occurred in December of 496 ounces.

Gold to Bullion and Gold in Circuit totals 9,311 ounces as at 21 January 2013 (~US\$15.7 million at current spot price). Gold sales have been less than gold produced this month due to excessively high gold in circuit resulting from the high grade gold ore being processed and issues in the gold elution process which has now been addressed.

On 19 November, the Company secured \$10 million via an interest free Unsecured Convertible Note expiring on 30 April 2013. On 21 December, the Company opted to increase its funding contingency by \$5 million. This was achieved by selling to Macquarie Bank Limited call options over 20,250 ounces of gold at a strike price of US\$1,400 per ounce and an expiry date of 31 December 2013.

The Company has a project finance facility for US\$110 million and a machinery lease facility which has been drawn to US\$18.9 million out of the US\$20 million limit.

During the December quarter, 17,500,000 unlisted options were exercised for ordinary shares for total proceeds of \$3.2 million.

Anglo Ferrous Amapa sale to the Zamin Group

On 4 January 2013, Anglo American announced the sale of its 70% share of Anglo Ferrous Amapa (subject to normal Government approvals) to the London based iron ore company, Zamin Group. The remaining 30% owned by Cliffs Natural Resources was also acquired by Zamin Group.

Meetings between Anglo, Beadell and Zamin were held in London on 21 January. Beadell's Managing Director, Zamin's founding director and the Zamin executive team were all present along with Anglo's Group Director in charge of the sale process. It was an extremely positive meeting. It has been confirmed by all parties that all of the five agreements pertaining to iron ore off take, joint operating agreements and other minor agreements will be adhered to, with no changes to the rights and obligations of either Zamin or Beadell.

The meeting was very constructive with Beadell and Zamin committing to work together to ensure both parties maximise returns for all stakeholders. A detailed group discussion and planning session is planned on the Tucano site on 15 February to make tangible progress in this regard.

Zamin and Anglo are fully supportive and committed to facilitate all of their required resources to ensure Anglo/Zamin has the Government approvals in place so that Beadell can begin mining the ultra high grade Duckhead gold deposit within the planned timeframe in early April 2013.

ASX Code: BDR

Directors:

Craig Readhead Non-Exec. Chairman
Mike Donaldson Non-Exec. Director
Ross Kestel Non-Exec. Director
Peter Bowler Managing Director
Robert Watkins Exec. Director Geology
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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.