



## Quarterly Report to Shareholders Period Ending 31 December 2007

**ASX Code:** BDR

**Directors:**

Michael Donaldson	Non-Exec Chairman
Peter Bowler	Managing Director
Robert Watkins	Exec Director Exploration
Greg Barrett	Company Secretary

**Corporate Details:**

**Cash at Bank 31 December 2007:**  
\$13.1M

**Issued Capital:**  
96,600,003 ordinary shares

**Major Shareholder:**  
Oxiana Limited 13.7% of issued capital

**ABN**  
50 125 222 291

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**Peter Bowler**  
Managing Director

### HIGHLIGHTS

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- **Western Australia** – Reconnaissance Aircore Drilling during the quarter at the Tropicana East Project returned significant gold and associated arsenic anomalies which will be followed up in the current quarter. (See Table 1)
- **Western Australia** – A major Drilling Alliance was signed with Challenge Drilling. This \$2M cash/script deal has locked in the availability of drill rigs over the next three years coincident with effectively raising an additional \$1M at an issue price of \$0.48 per share.
- **Brazil** – Beadell and Rio Tinto Desenvolvimento Minerais Ltda (a subsidiary of Rio Tinto Ltd) have entered into an exploration alliance. Beadell now has access to Rio Tinto Desenvolvimento Minerais' proprietary database covering sections of the state of Amapa. This data includes original exploration information for Beadell's Tartaruga project which will be used to convert the unclassified mineralisation into a JORC resource.
- **Brazil** – A diamond drill rig is currently mobilizing to site and is due to commence drilling on 10 February 2008. A total of 5,000m is planned to define an initial JORC resource from the current target range of 2.0-3.0Mt @ 1.5g/t and 3.8g/t gold that was delineated by BP Minerals in the 1980's. This target range is conceptual in nature.
- **Brazil** – Soil results from the Bananal area have highlighted a large contiguous zone of highly anomalous results up to 980ppb gold indicating a mineralised strike length in excess of 1km open to the northwest and south east. (See Fig 4)
- **Western Australia** – An extensive reconnaissance Auger drilling program commenced on 11 January 2008 throughout the Tropicana East Project with 700 holes completed to date.
- **Victoria** – A 3,000m RC and 500m Diamond drilling program will commence on 5 February 2008 at the Reedy Creek Project. (See Fig 3)

## EXPLORATION

### WESTERN AUSTRALIA

#### Tropicana East Project

During the December quarter, exploration activities focussed mainly on the Neale (E38/1913) and Pleiades Lakes Prospects (E39/1215). A semi-permanent fly camp with access tracks and potable water has been established at both prospects.

Two reconnaissance aircore lines were completed at the southern end of the Neale Prospect (Figure 1). The 2km spaced aircore lines drilled along strike of the stratigraphic package that hosts the Tropicana Deposit are 10km and 15km long respectively at 250m hole spacing. In addition to locating new geochemical anomalies, the drilling was successful at determining the depth of cover, basement rock types, structure and alteration fluid pathways. Several zones of maximum gold in hole anomalies greater than 30ppb have been identified and many of these have coincident arsenic anomalies. The strongest anomaly occurs on the eastern side of a series of interpreted major NNW shears within a package of mafic to granitic gneisses. Three consecutive holes form this anomaly with maximum gold values of 57ppb (NL1940), 12ppb (NL1941) and 39ppb (NL1942). Arsenic was also elevated in these holes with maximum values of 13ppm, 14ppm and 11ppm respectively. The anomaly is open to the north and correlates with a similar sized arsenic anomaly and lower level gold anomaly 2km to the south. Infill drilling of the old Independence Group holes returned a maximum gold value of 33ppb halfway between two resample gold anomalies of 9.8 and 12.8ppb.

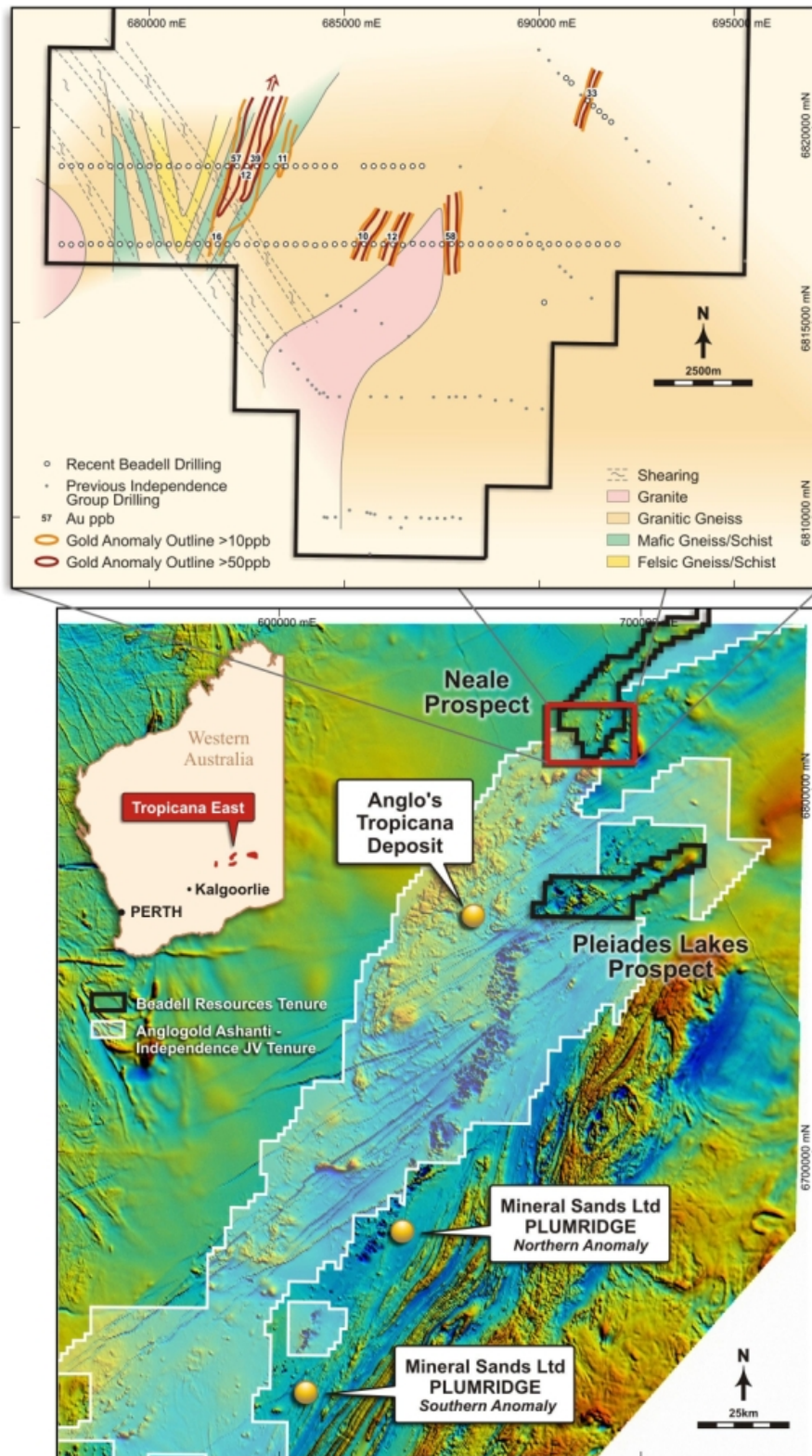
Difficult regolith including thin units of semi-consolidated Permian sandstone and a generally stripped bedrock profile caused the majority of the drilling to penetrate only shallowly into the prospective basement bedrock.

An initial program of 1,967 (1000m x 250m spaced) auger holes has commenced at the Neale Prospect. The purpose of the auger drilling is to identify gold anomalism in near surface calcrete. An additional 210 auger holes have since been planned around and along strike of existing aircore anomalies to optimise the position of followup aircore drilling. Following the completion of auger drilling at Neale, an additional 1,668 (500m x 500m spaced) auger holes will be drilled at Pleiades Lakes.

A major new soil anomaly recently discovered by Mineral Sands Ltd to the south of Pleiades (Figure 1) highlights a new trend in the aeromagnetics which transgresses through the Pleiades Prospect. All auger drilling is expected to be completed in March, after which a second round of aircore drilling will follow up existing and new gold anomalies. Preliminary reconnaissance mapping has highlighted several large areas of previously unidentified Proterozoic outcrop at both Prospects, with a shallow cover generally less than 20m.

Hole No.	From (metres)	To (metres)	Sample No.	Gold (ppb)
NL01898	30	35	TP001385	12
NL01904	25	28	TP001438	58
NL01940	25	30	TP001820	57
NL01942	35	38	TP001839	34
NL01942	25	30	TP001837	13
NL01942	20	25	TP001836	39
NL01945	40	45	TP001876	11
NL01962	35	40	TP001586	33
NL01880	30	35	TP001210	16
NL01941	25	30	TP001829	12

**Table 1 Significant Aircore Results at Neale Prospect**



**Figure 1 Location of Neale Prospect showing significant aircore gold anomalies**

## West Musgrave

A land access agreement is progressing well and it is anticipated that a final negotiation meeting will be held with the Traditional Owners on site in March 2008. Once a land access agreement is executed exploration will immediately commence at the highly prospective Handpump anomaly. The Handpump anomaly was discovered by Western Mining and is characterised by a large soil anomaly with results up to 250ppb Au that have never been followed up with a drilling program due to access limitations.

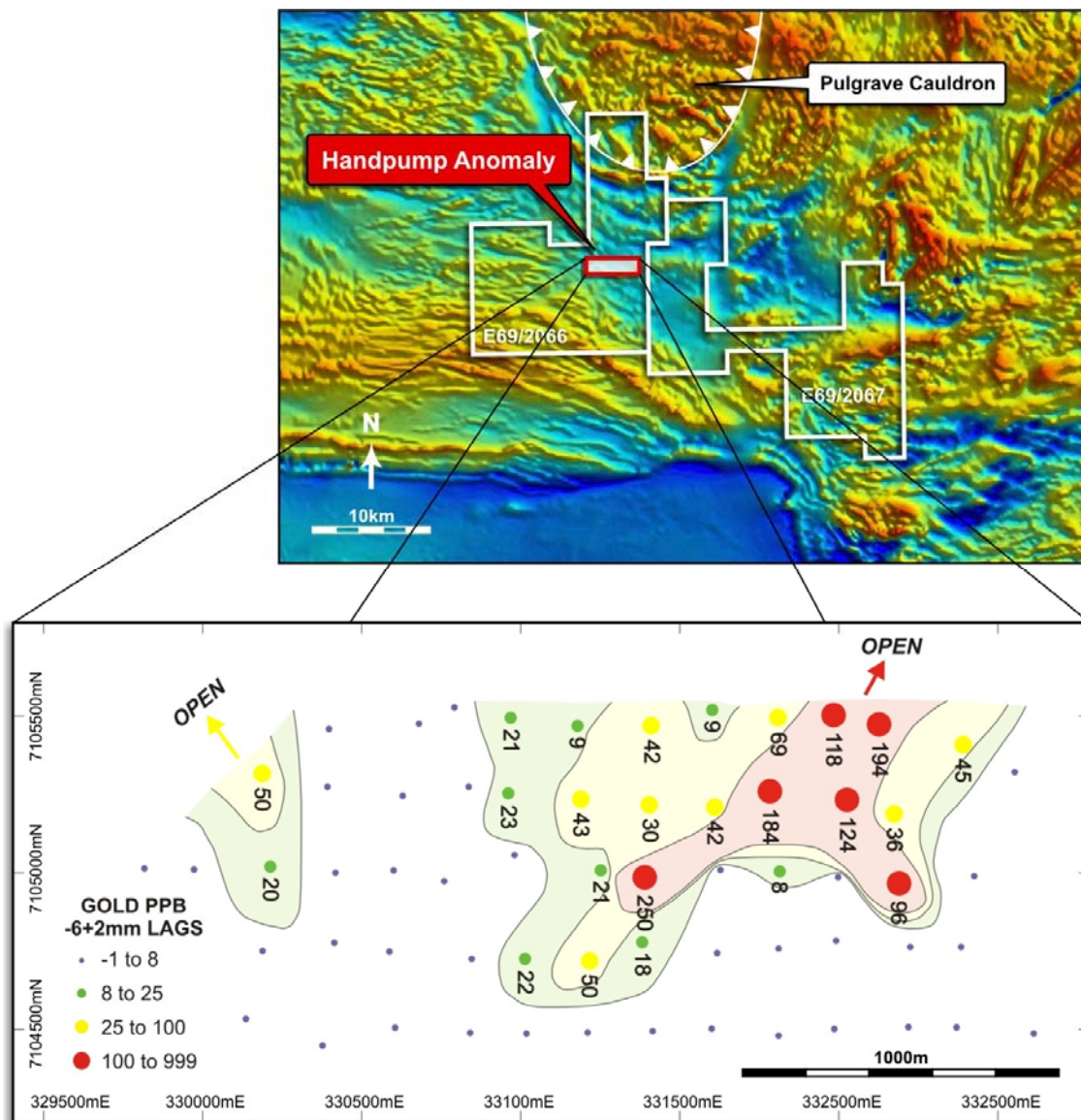


Figure 2 Handpump Lag soil anomaly identified by WMC

## Lake Mackay

A work plan is being prepared for the Lake Mackay Project with on-ground exploration anticipated to commence in March 2008.

## VICTORIA

### Reedy Creek

A drilling contract has recently been signed and a UDR multipurpose RC/diamond rig will commence work at the start of February 2008 to complete 3,000m of RC drilling and a 500m Diamond drilling program at the Golden Dyke and Apollo prospects. Previously drilled RC holes by Ausminde in 1993 recorded several significant down-hole intersections including 15m @ 4.1g/t (25-40m) at Golden Dyke and 21m @ 4.8g/t (9-30m) and 8m @ 7.0g/t (9-17m) at Apollo.

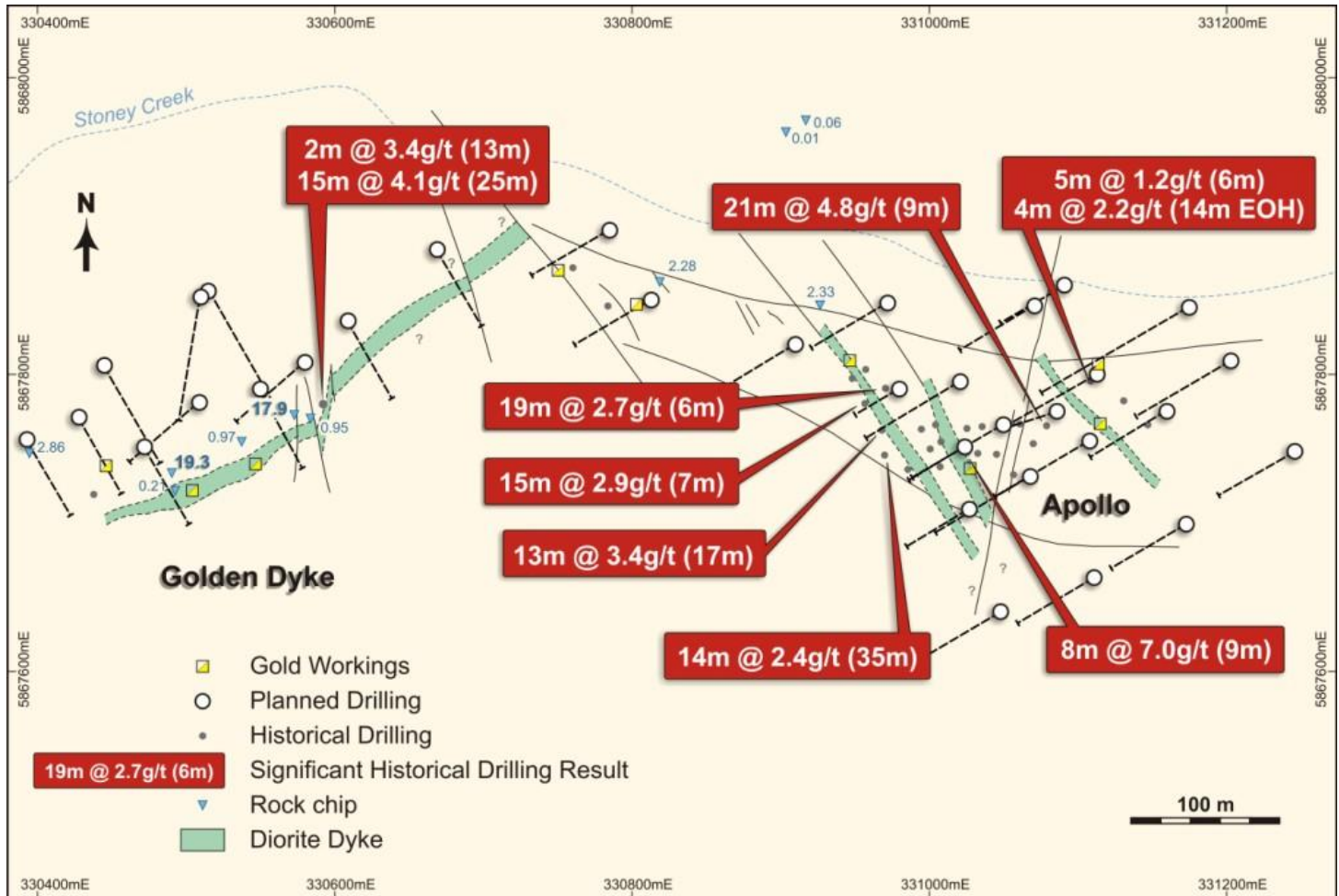


Figure 3 Previous intersections and proposed holes to be drilled, commencing February 10.

## SOUTH AUSTRALIA

### Lake Torrens

A Declaration of Environmental Factors (DEF) report has been submitted and is awaiting approval before on-ground exploration can commence. Initial exploration will involve completing a regional gravity survey to define drill targets.

## BRAZIL

### Tartaruga

Beadell has entered into an exploration alliance agreement with Rio Tinto Desenvolimentos Minerais Ltda (a subsidiary of Rio Tinto Ltd) for the acquisition of proprietary exploration data. The data includes the original BP Minerals information relating to the Tartaruga project as well as a regional database covering exploration completed throughout the 1980's in the state of Amapa.

Significantly the original data will assist with being able to use the 6,000m of completed historical diamond drilling for the purposes of classifying a JORC resource. The Mineiro Zeta deposit was discovered in the early 1980's and was diamond drilled on 50m spaced sections over a strike length of 800m forming the bulk of the known mineralisation.

Beadell has purchased the data for a nominal US\$15,000. Rio Tinto Desenvolimentos Minerais Ltda is able to claw back 51% equity into any discovery of 7Moz of gold or gold equivalent by paying two times the mining exploration expenditure.

The Mineiro Zeta to Bananal mineralised zone covers an area in excess of 2km of strike and will be the target of a 5,000m resource definition and extension drilling program aimed at converting and extending the mineralisation into a maiden JORC resource. A diamond drill rig is currently mobilising to site with an anticipated start date on 10 February 2008.

Limited historical drilling at Bananal and Mandiocal has previously intersected high grade gold mineralisation hosted within or adjacent to a deformed quartzite unit which dips gently to the southwest. Original diamond drill intercepts include 3m @ 9.4g/t from 5m, 2m @ 15.3g/t gold from 62m and 3m @ 7.2g/t gold from 60m.

In December 2007 a large regional soil sampling program was initiated. The first batch of soil results at Bananal highlighting a large >50ppb gold anomaly in excess of 1km long by 200-400m wide with a maximum value of 980ppb Au. The anomaly indicates a continuous mineralised zone between Mandiocal and Bananal which is open to the northwest (Figure 4). An additional anomaly with a peak value of 384ppb Au was identified 500m NNW of Bananal.

Outside of the main Mineiro Zeta to Bananal zone reconnaissance mapping and rock chip sampling has identified several areas of gold anomalism, including the Rosalino prospect where mullock from a large open pit mined by garempeiros assayed at 4.4g/t gold. This area appears to be a completely unexplored target and may represent a second parallel mineralised trend to the main Mineiro line 2km to the north.

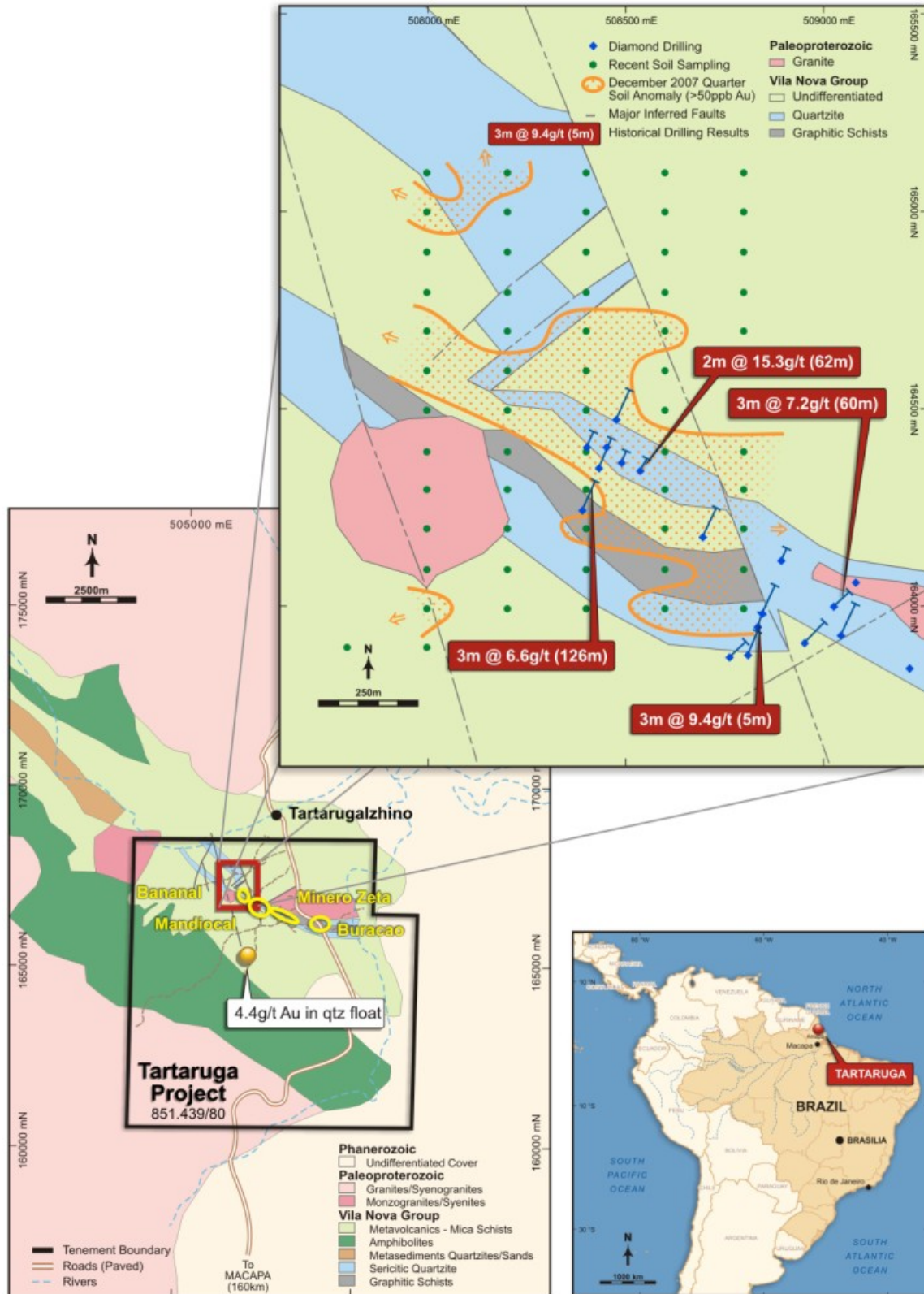


Figure 4 Tartaruga project interpreted Geology showing >50ppb soil

## CORPORATE & FINANCE

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The Company had cash at bank of \$13,086,725 at 31 December 2007 plus a further \$1 million to be raised at \$0.48 per share following the signing of the Drilling Alliance with Challenge Drilling. The key features of the Alliance involve Challenge being paid a cash advance on 1 March 2008 of \$1 million less drilling costs incurred up to that date (currently ~\$155,000) which will be recouped by Beadell for rendered drilling services. At the completion of this initial drilling program Challenge will then be issued Beadell shares at an implied value of \$0.48 per share bimonthly to a maximum cumulative value of \$1 million for subsequent invoiced drill costs. For this, Challenge Drilling have guaranteed Beadell priority access to both aircore and reverse circulation drilling for a three year period to complete approximately 50,000m of drilling.

In line with the previously stated strategy, Beadell continues to evaluate sensible acquisitions to elevate the company as a high ranking participant within the Australian gold industry.

### 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 Australian 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 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. 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.