



beadell
resources limited

Quarterly Report for Shareholders Period Ending 30 September 2008

ASX Code: BDR

Directors:

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

Corporate Details:

Cash at Bank 30 September 2008:
\$7.5M

Issued capital:
96,600,003 ordinary shares

Major Shareholder:
OZ Minerals Ltd 13.7% of issued capital

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Peter Bowler
Managing Director

HIGHLIGHTS

CORPORATE

- **Available Funds** – The Company has available funds totalling over **\$8,500,000**.

EXPLORATION

- **Maiden JORC Resource** – During the quarter a combined JORC resource of **326,000ozs gold** on projects in Brazil and Victoria was released. Both projects have excellent potential to rapidly expand as the deposits are open along strike and at depth.
- **Western Australia – Tropicana East, Neale Prospect** – An aircore drilling program identified several significant structural and fluid pathways with the main target in the southern part of the tenement intersecting gold anomalism of up to 5m @ 57ppb gold from 25m.
- **Western Australia – Tropicana East, Pleiades Prospect** – A first pass aircore drilling program was completed, representing the first ever drill holes in the tenement. Anomalous composite results up to **10m @ 81ppb** gold have been received.
- **Western Australia – West Musgrave** – On-ground exploration has been initiated at the Handpump gold anomaly with first ever drilling of the anomaly commencing this week. This gold anomaly is one of the largest untested gold anomalies in Australia with results up to **250ppb** gold over a 1.2km by 400m wide area.
- **Victoria – Reedy Creek** – A preliminary JORC resource of **609,000t @ 2.4g/t for 47,000ozs of gold** has been calculated. Excellent potential exists to rapidly expand the resource with further extensional drilling at the Rising Sun and Golden Dyke deposits.
- **Brazil – Tartaruga** – This project includes a **279,000oz gold** resource and is considered to have excellent potential to develop into an open pit mining operation with the current focus on rapidly increasing the resource base and completing prefeasibility studies. Initial scoping study optimisation results have been highly encouraging optimising two large open pits at both the Mandiocal and Mineiro deposits.

EXPLORATION

WESTERN AUSTRALIA

Tropicana East Project

Neale Prospect

The Neale Prospect is located 60km northeast of the 4Moz Tropicana Gold deposit. Recent exploration completed by Anglogold southwest of the tenement has highlighted the potential for gold mineralisation to extend into Neale with outcropping gold mineralisation discovered at Voodoo Child and Black Dragon assaying up to 573g/t gold in rock chip samples (Figures 1&2).

Aircore drilling at Neale was completed at very wide spacing with 250m hole separation on 1 to 2 km spaced drill lines. The initial drilling has aimed to define the broad geological domains and regolith types searching for indications of major structural and fluid alteration pathways. Trace and pathfinder, multi-element analysis is also being used to detect subtle halo footprints of a large mineralised system in the Neale tenement.

Several significant structural and fluid pathways have been identified with the main target in the southern part of the tenement intersecting gold anomalism of up to **5m @ 57ppb gold from 25m**. The regolith landform of the Neale tenement is complicated by the presence of partly consolidated cover sequences averaging 20m deep in the southern half of the tenement. Previously a glacial terrain, the underlying prospective basement rocks are generally stripped of any weathering profile causing aircore drilling penetration into the fresh bedrock beneath the cover to be limited to approximately a single metre. The stripped regolith profile causes a lack of gold dispersion in either the cover sequence or the oxide zone and therefore only subtle indications of gold anomalism in the basement are considered to be potentially highly significant.

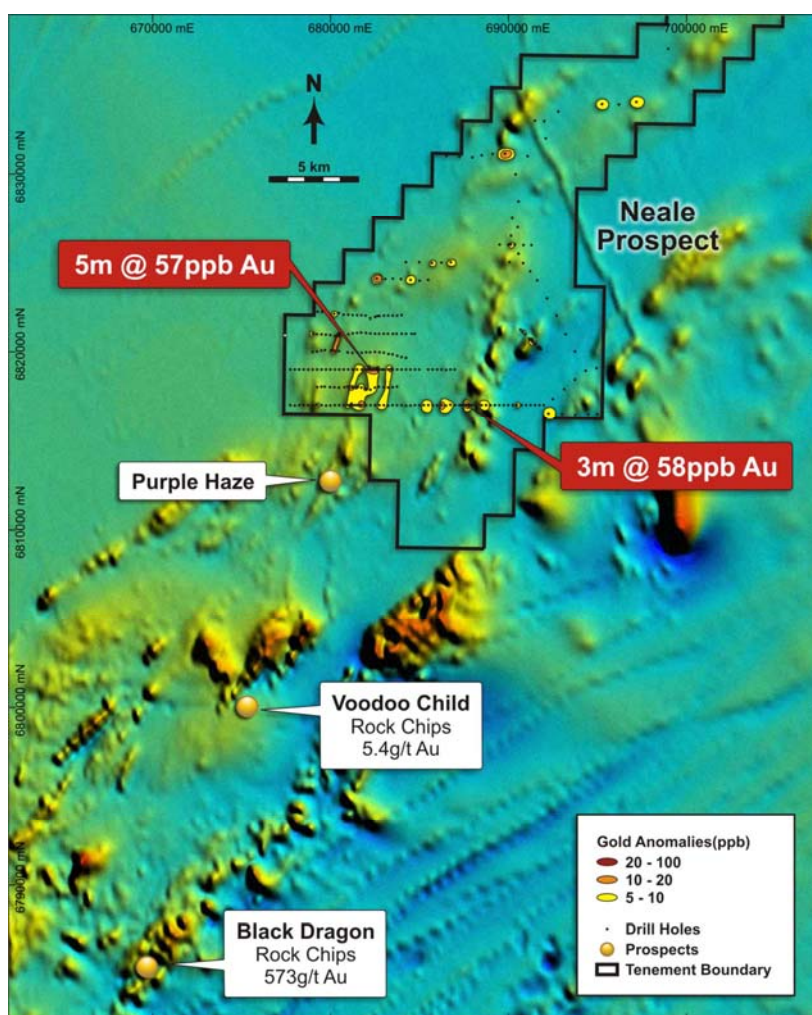


Figure 1 Neale Prospect drill hole gold anomaly location map

Tropicana East Project (Cont'd).

Pleiades Lakes Prospect

The Pleiades Lakes Prospect is located only 20km east of the Tropicana deposit, in a faulted offset segment of complex magnetic gneissic stratigraphy (Figures 2&3). Initial regolith mapping in the area has highlighted a complex surficial regolith dominated by shallow aeolian and playa lake cover with areas of subcropping basement rocks predominantly consisting of gneisses and amphibolites.

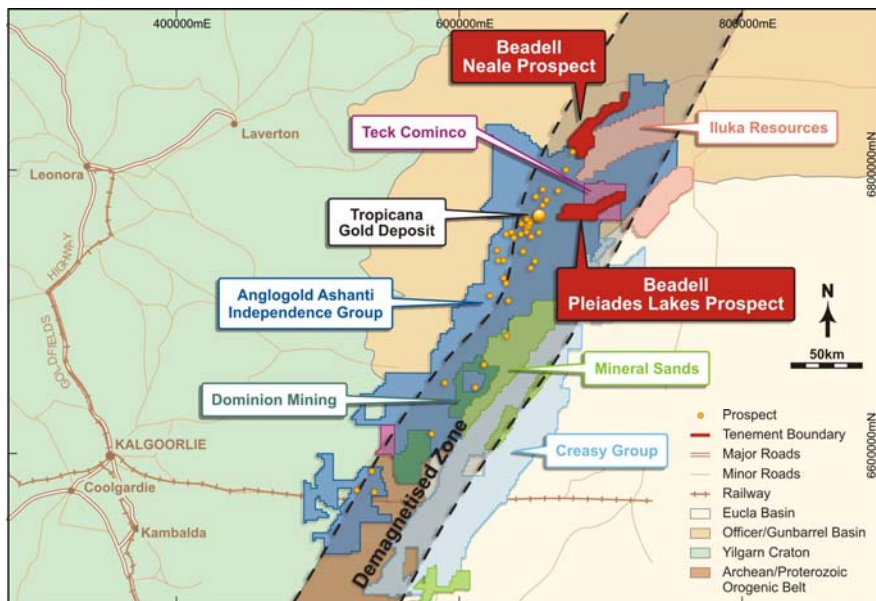


Figure 2 Tropicana East project location map

Challenge Drilling has recently completed a first pass aircore drilling program representing the first ever drill holes targeted in the tenement. Anomalous composite results up to **10m @ 81ppb** gold have been received in the eastern half of the tenement (Figure 3). These results on the extremely wide spaced drilling on 250m to 500m holes spacing on mostly individual drill lines is considered to be potentially highly significant.

The first pass drilling at Pleiades has been designed to test for large scale structural and alteration fluid pathways to vector towards mineralisation. Multi-element analysis will be used to look for a large trace element halo footprint of a major mineralised system and combined with geological observations will be used to target the second phase of exploration drilling.

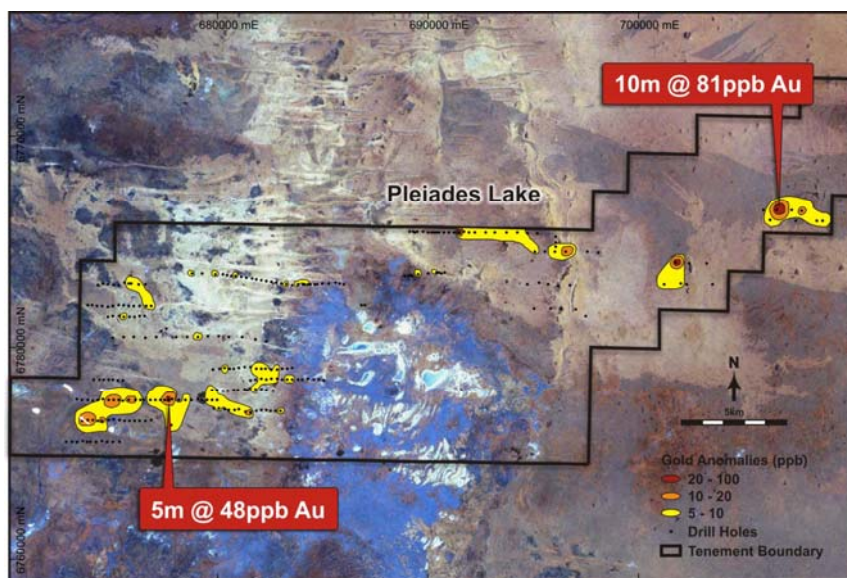


Figure 3 Pleiades Lakes Prospect aircore drilling gold anomalies

West Musgrave

Handpump Prospect

The West Musgrave Handpump prospect is located 90km east of Warburton in the central eastern part of Western Australia (Figure 4). The host Musgrave Complex forms a large belt of Mesoproterozoic rocks stretching in an east west direction from the northern part of South Australia across into Western Australia comprising similar aged rocks to the giant Telfer Gold deposit.

A large circular feature in aeromagnetics known as the Palgrave Cauldron represents a target for copper and gold mineralisation. At the southern tip of the cauldron a large gold in soil anomaly was discovered by WMC Resources Limited and to date has not been tested with any form of drilling even though extensive hydrothermal volcanic brecciation and alteration has been identified northeast and along strike of the anomaly. To the southwest the anomaly breaks up into two parts where it trends into a large alluvial and sand dune covered terrain potentially masking the surface expression of any underlying gold mineralisation.

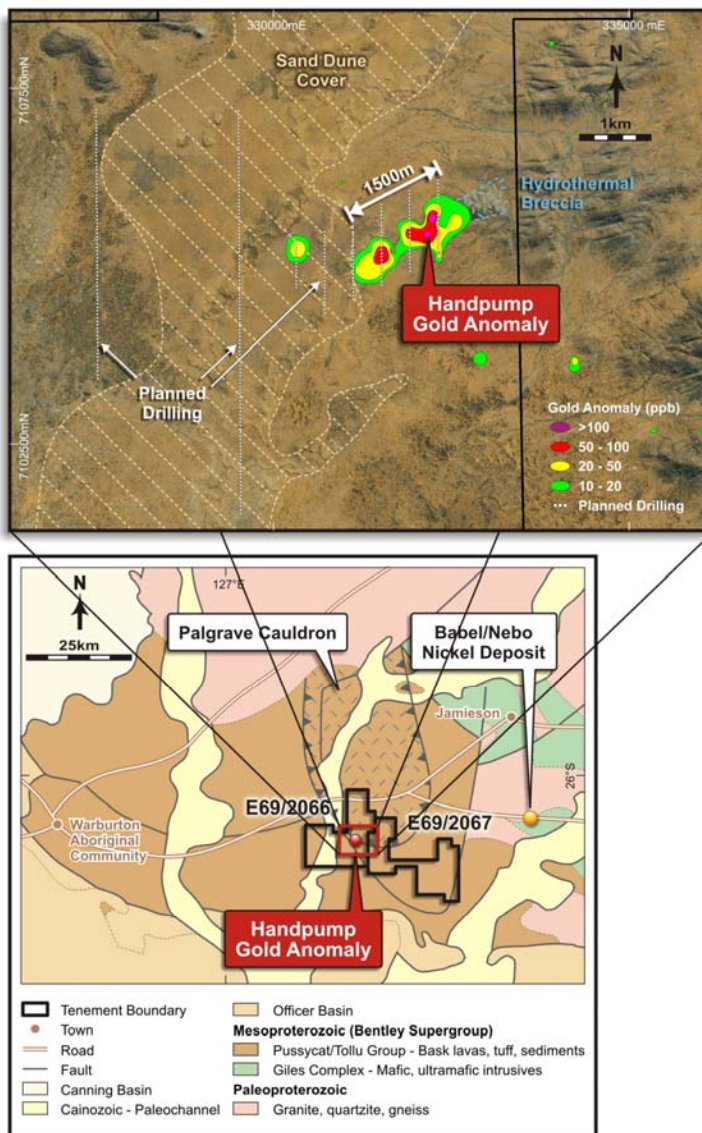


Figure 4. Handpump Gold Soil Anomaly

The gold anomaly is the main target of Beadell's exploration activity in the West Musgrave and an 8,000m aircore drilling program commenced in October (Figure 4).

The Handpump Prospect is located on Aboriginal Lands of the Yarnangu Ngaanyatjarraku Parna. An agreement to explore the Lands has been successfully negotiated and was signed in May 2008. All other approvals have been completed including Ministerial entry permits and a large scale Heritage survey, which has cleared a majority of the project for first pass mapping, soil sampling and drilling. The difficult and protracted regulatory approval process has been one of the main contributing factors why the Handpump gold anomaly has never been drilled even though the anomaly was discovered 10 years ago.

Lake Mackay

The Lake Mackay Project comprises two prospect areas, Mt Webb and Dwarf Well located close to the Northern Territory border 450km north of Warburton. Mesoproterozoic rocks including the comagmatic Pollock Hills Formation and Mt Webb Granite show primary and alteration geochemistry which have similarities to those of other Proterozoic IOCG mineralised areas in the eastern Mt Isa – Cloncurry district and the Gawler Craton.

A Land Access Agreement has been signed with the Tjamu Tjamu native title group and a recently completed heritage survey now allows on-ground exploration to commence on the project.

A recent regional government helicopter geochemical survey on an approximately 5km grid highlighted several areas of anomalous gold in soils up to 30ppb and in lag up to 0.3g/t adjacent to the northern tenement boundary of the Mt Webb Prospect.

VICTORIA

Reedy Creek

The results from the first pass drilling program have been modelled to record a preliminary inferred JORC resource of **609,000t @ 2.4g/t gold for 47,000ozs gold** calculated at a lower cut off of 0.5g/t using Ordinary Kriging. Reverse Circulation and diamond drilling in February 2008 targeted the Clonbinane area and intersected high grade gold mineralisation at Apollo, Golden Dyke and Rising Sun prospects with a combined strike length in excess of 800m.

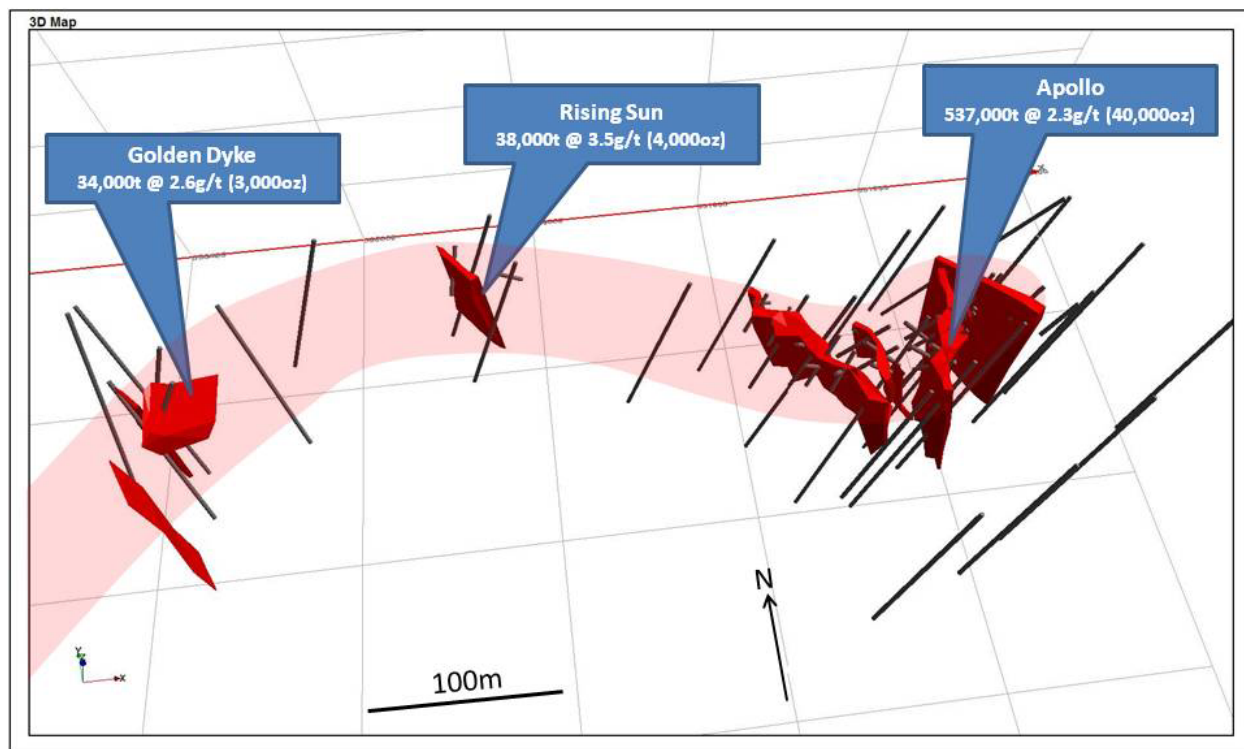


Figure 5 Clonbinane 3D image looking NE showing resource model envelopes

At the Apollo Prospect four stacked ore shoots were defined to record an inferred resource of 537,000t @ 2.3g/t for 40,000oz.

At the Rising Sun prospect, VCRC022 intersected a spectacular result of 8m @ 12.5g/t from 66m including 2m @ 45.9g/t and 7m @ 3.6g/t from 77m. Only two other holes have been drilled at Rising Sun leaving the prospect completely open to the north and down dip (Figure 5). A preliminary inferred resource for Rising Sun has been calculated to be 38,000t @ 3.5g/t for 4,000oz. The resource is severely constrained by the fact that only 3 drill holes have pierced the Rising Sun shoot (Figure 5). Planned infill and extension drilling has excellent potential to rapidly grow the Rising Sun resource.

At the Golden Dyke Prospect extensive historical workings occur over a 200m strike length. Only part of the eastern side of the Dyke was tested with drilling due to the need to complete heritage clearances within 200m of the Sunday Creek. A heritage survey has since been completed at Golden Dyke, clearing the way for further drilling to take place. Outcropping mineralisation up to 19.3g/t in rock chip samples has been recorded in the undrilled western part of the Golden Dyke. An inferred resource for Golden Dyke has been calculated to be 34,000t @ 2.6g/t for 3,000oz.

The Clonbinane area is only the first of a series of prospects within the Reedy Creek project to be evaluated with drilling. Numerous dyke targets including Leviathan-Tonstal, Aftermath and Harry's dykes exist over a 30k strike with extensive historical workings and no recorded drilling. Immediately west of the Golden Dyke, dyke hosted gold mineralisation has been recorded at the Christina Shaft and is interpreted to represent the continuation of the Golden Dyke in a westward orientation.

BRAZIL

Tartaruga

In the last 6 months Beadell has completed over 4,000m of diamond drilling in 38 drill holes targeting the main known mineralised zones at Mineiro, Mandioccal and Bananal which form a continuous mineralised trend over a strike length in excess of 2 km (Figure 6).

A maiden JORC inferred resource for the Tartaruga project has been calculated to be **5,500,000t @ 1.6g/t for 279,000ozs gold** at a 0.5g/t lower cut off. A higher grade core of mineralisation at a 1.5g/t lower cut off is estimated at 2,115,000t @ 2.7g/t for 185,000oz. Significant potential exists to rapidly grow the resource with further drilling as mineralisation is open at depth and along strike at each of the Mandioccal, Mineiro and Bananal deposits.

The Tartaruga project is considered to have excellent potential to develop an open pit mining operation with the current focus on rapidly increasing the resource base and completing prefeasibility studies. Initial scoping study optimisation results have been highly encouraging optimising two large open pits at both the Mandioccal and Mineiro deposits.

A total inferred JORC resource for Mandioccal has been calculated to be 3,440,000t @ 1.4g/t for 155,000oz at a 0.5g/t lower cut off. A higher grade core of mineralisation in the central part of the supergene and main Mandioccal zones has a combined resource of 1,007,000t @ 2.7g/t for 87,000oz using a 1.5g/t lower cut off. The main Mandioccal zone dips shallowly to the southwest and is overlain by a flat lying supergene blanket and mineralised colluvial layer which have been defined by the drilling and incorporated into the overall Mandioccal resource.

Excellent potential exists to significantly increase the Mandiocal resource with the main Mandiocal zone at depth and hanging-wall structures requiring additional drilling to convert into a resource.

Resource modelling of the Mineiro deposit was used to determine an inferred JORC resource of **1,346,000t @ 2.0g/t for 88,000oz** at a 0.5g/t gold lower cut-off. A high grade zone showing good continuity has been modelled within a lower grade envelope. Using a 1.5g/t cut off the high grade zone contains an inferred resource of **724,000t @ 3.1g/t for 72,000oz** of gold.

An inferred JORC resource for Bananal has been calculated to be 714,000t @ 1.6g/t for 36,000oz of gold.

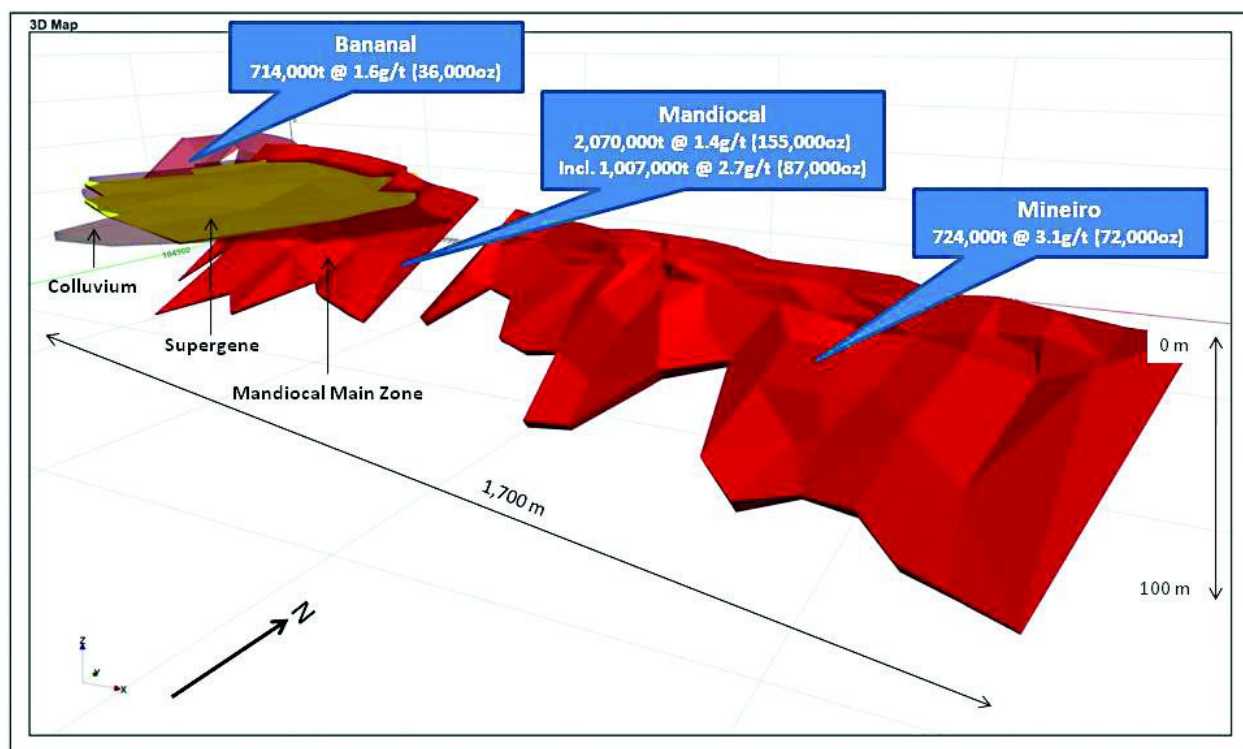


Figure 6 Tartaruga 3D image looking NW showing resource model envelopes

CORPORATE & FINANCE

The Company had cash of \$7,370,000 at 30 September 2008 plus a further \$200,000 of prepaid drilling and \$1,000,000 of 'drilling for shares' under the Challenge Drilling Alliance. As Beadell has no debt, available funds total over \$8,500,000 which places the Company in an enviable position in this period of capital market uncertainty.

As part of their annual remuneration review, employees were issued with 570,000 options exercisable at \$0.30 per share on or before 30 June 2012 vesting on 30 June 2010 under the Company's Employee Incentive Option Scheme.

During the quarter Beadell continued discussions with Newcrest regarding the acquisition of the Cracow Gold Mine. Due to continuing difficult market conditions, the required capital raising to fund the acquisition has not been possible. A number of funding strategies are being investigated with various groups to enhance the Company's objective of achieving a successful outcome.

Given the strong cash position, Beadell has been approached with numerous opportunities which our team continues to evaluate with the aim of elevating the Company as a high ranking participant within the Australian gold industry.

The Annual General Meeting will be held at Level 2, 16 Ord Street, West Perth on Thursday, 20 November 2008 at 10am. The Annual Report that was released on 16 October 2008 can be viewed at the Company's website at www.beadellresources.com.au/view/news/annual-report.

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 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.