



Quarterly Report for Shareholders Period Ending 31 December 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 31 December 2008: \$6.4 M

Issued capital:
96,600,003 ordinary shares

ABN
50 125 222 291

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Peter Bowler
Managing Director

HIGHLIGHTS

CORPORATE

- **Available Funds** – The Company has available funds totalling over **\$7,450,000** with no bank debt.
- **Expenditure Review** – The Executive team agreed to a >16% salary reduction and all other employees have agreed to a wage freeze. The Company has retained adequate staff for a concerted exploration effort on all of its tenements.
- **Gold Performance** – ASX listed gold Companies have been well supported by investors during the quarter.

EXPLORATION

- **Western Australia, West Musgrave** – Primary gold mineralisation confirmed at the Handpump Prospect, West Musgraves. Composite costean rock chip sampling of an extensive outcropping hydrothermal breccia has defined a **300m** wide, open ended gold anomaly that includes values of **11m @ 0.516 g/t gold** and **13m @ 0.643 g/t gold**. RC drill testing is being planned.
- **Western Australia, Tropicana East** – A significant saprolite gold anomaly has been identified at the Neale Prospect. Individual metre results up to **0.674 g/t gold** and **0.312 g/t gold** are part of an anomalous gold horizon that is interpreted to be supergene dispersion from a nearby mineralised source. Follow up drilling is being planned.
- **Western Australia, Tropicana East**, – Wide spaced reconnaissance aircore drilling at Pleiades Lakes Prospect has intersected anomalous gold in transported cover up to **0.16 g/t gold**. A primary source to the widespread gold anomalism will be targeted with follow up drilling.
- **Western Australia, Tropicana East** – A consultant Geo Chemist has successfully identified several large multi-element foot prints with coincident gold anomalies, enhancing the prospectively of the Neale and Pleiades Lakes Prospects.
- **Brazil, Tartaruga** – Regional soil sampling has produced several significant new gold anomalies up to a maximum of **0.408 g/t gold** along the 6km long Mineiro trend and up to **0.246 g/t gold** along a 6km long geochemical anomaly known as the Jucelino trend. Infill soil sampling is being planned.

EXPLORATION

WESTERN AUSTRALIA

Tropicana East Project

Neale Prospect

The Neale Prospect is immediately north of the Tropicana tenements owned by the AngloGold-Ashanti and Independence Group Joint Venture. These tenements include the 5 Moz Tropicana deposit and the recent discovery of high grade rock chips with peak gold values up to 573 g/t at Black Dragon.

Field work during the quarter involved the re-sampling of anomalous 5m aircore drill composites down to 1m intervals. Resulting assays from this work have significantly upgraded a gold anomaly in weathered gneiss saprolite in the southern part of the tenement. Individual metre results up to **674 ppb (0.674 g/t) gold** in drill hole NL01942 and **312 ppb (0.312 g/t) gold** in NL01940 occur within the same horizontal horizon and have been interpreted as secondary supergene dispersion from a nearby primary gold source. At its widest point the anomaly in NL01942 has a down-hole intersection of 11m @ 84.4 ppb (Figure 2).

Additionally all previous end of hole chips were analysed for a suite of low level elements and reviewed by Beadell's consultant geochemist. Findings from this study have outlined a distinctive coincident multi-element anomaly of Bi, Mo, Te, Cu and Zn which extends for over 10km aligned with the regional structural trend (Figure 1). The location of the Neale anomaly within this footprint is evidence that a gold mineralised system has been discovered.

The existing aircore hole spacing of 100m to 250m on 1km spaced lines remains extremely broad and further infill aircore drilling is necessary to vector in on a source of the gold anomalism.

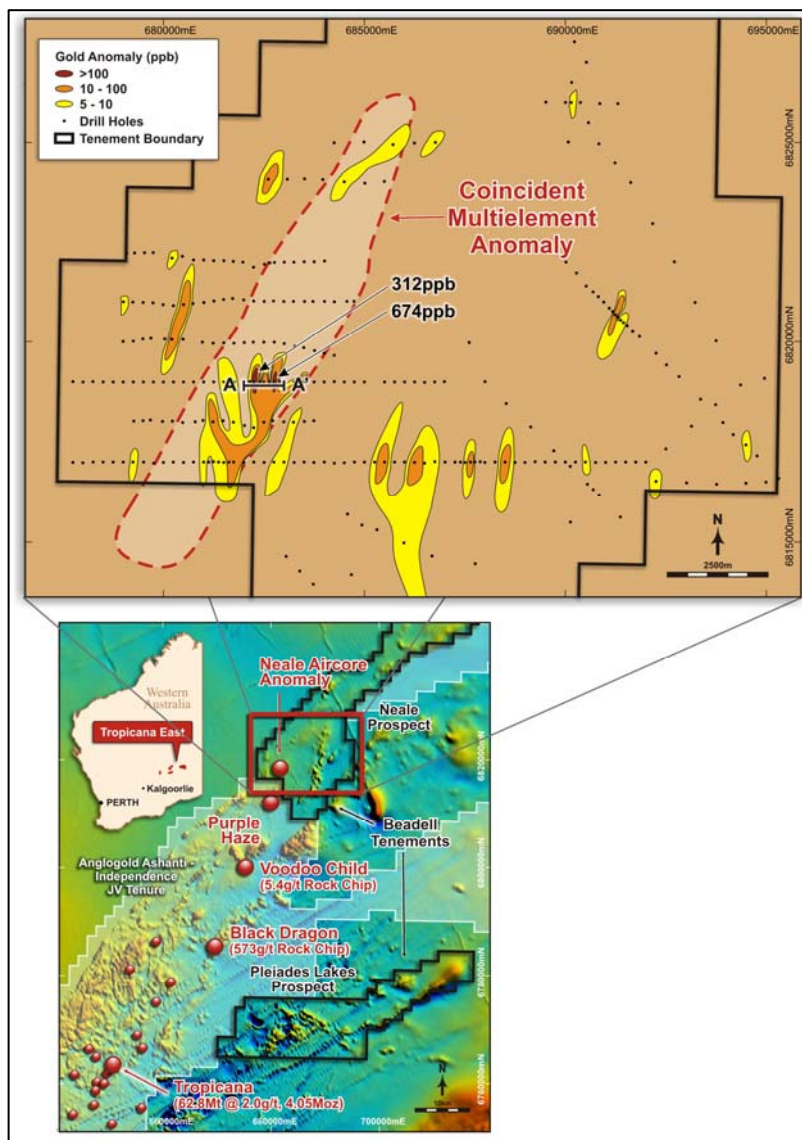


Figure 1 Location plan of the Neale aircore anomaly, showing Beadell's Tropicana East tenements and AngloGold-Ashanti's gold prospects, on an aeromagnetic image (total magnetic intensity).

Shallow sedimentary cover (approximately 13m) and a well-developed saprolite profile will enable rapid drill testing around the anomaly. A RC programme will follow on from the aircore drilling to test for primary mineralisation in the basement.

An aeromagnetic survey was flown in September 2008 over the southern half of the Neale tenement to infill the 400m spaced government data down to 200m line spacing. This data has been compiled into a

higher resolution image and will be used to assist with future geological interpretation and drill targeting.

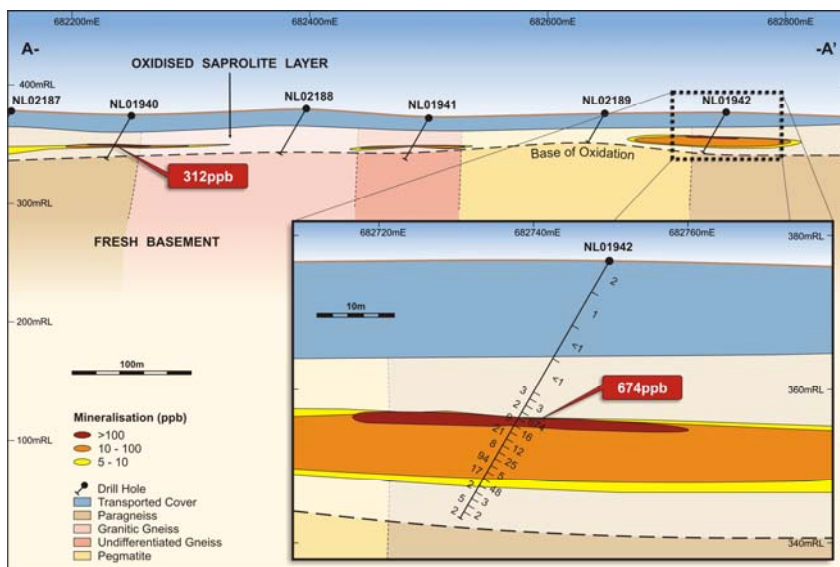


Figure 2 Cross section of the Neale Saprolite Gold Anomaly

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 (Figure 3). Resampling at 1m intervals was completed for anomalous 5m and 10m aircore composite samples. Returned results included **1m @ 160 ppb (0.16 g/t) gold** and **1m @ 88 ppb (0.088 g/t) gold**. All previous end of hole chips were analysed for a suite of low level elements and reviewed by Beadell's consultant geochemist.

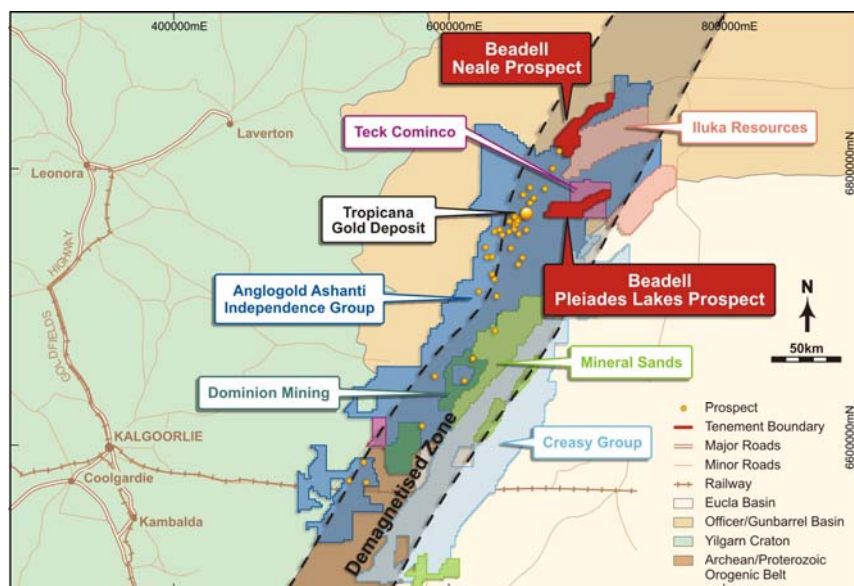


Figure 3 Tropicana East Project Location Map

Two anomalous multi-element zones were identified in the basement, the first being a coincident Cs,Rb,Tl,K,W anomaly near the western edge of the tenement and the second, a sulphur only anomaly further to the east (Figure 4.). The western multi-element anomaly may represent a biotite alteration system along a granite margin and the sulphur anomaly indicates the presence of pyrite. Both zones contain aircore gold anomalies within the overlying transported sedimentary cover.

An aeromagnetic survey infilling the government data was flown over the western two thirds of the Pleiades tenement. The resulting higher resolution total magnetic intensity image has been reviewed against structural and geological mapping completed just north of the Pleiades salt lakes last year. Structural complexity in the area is considered high with at least 4 sets of major shear zones on different orientations found to occur within the relatively small (6km²) mapping area.

Ongoing exploration will target the source of the transported gold and bedrock multi-element anomalies.

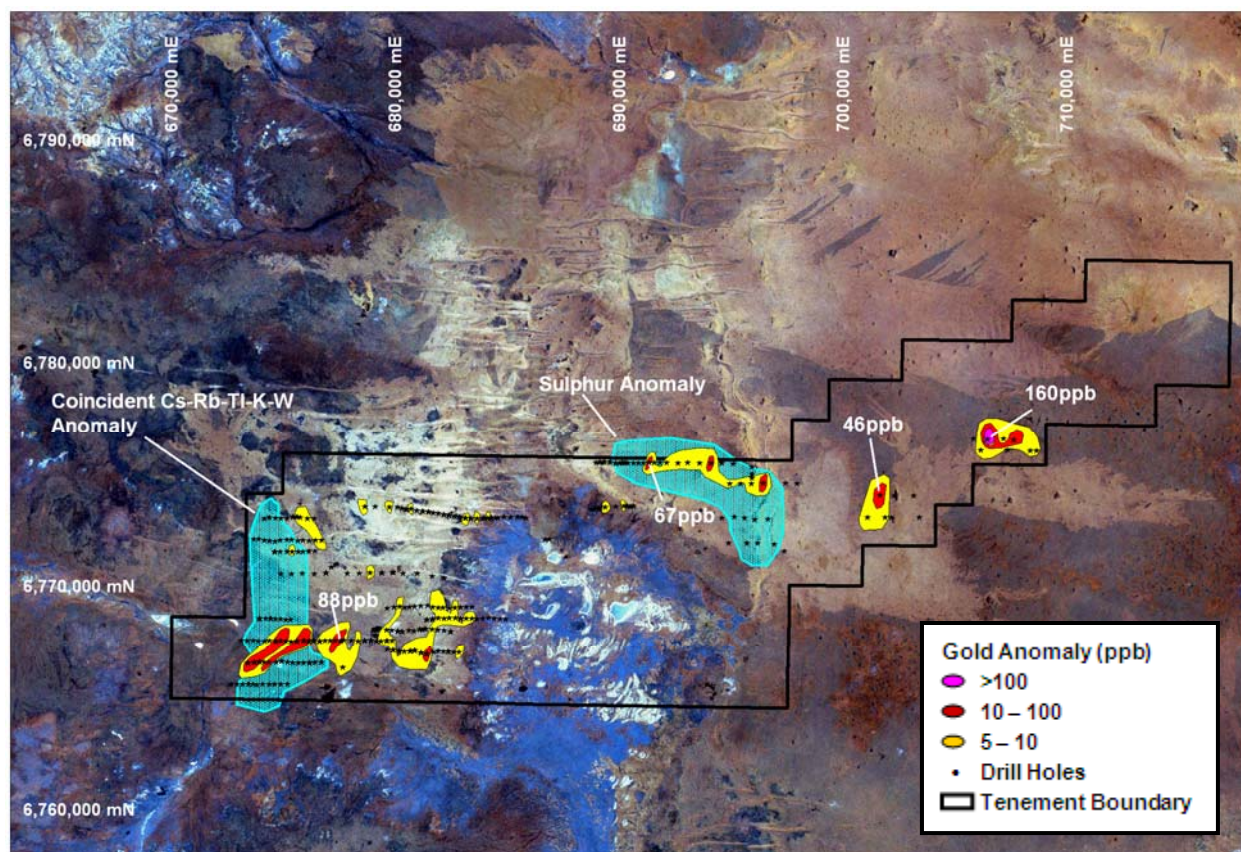


Figure 4 Pleiades Lakes Satellite Image showing Aircore Gold and Multi-element Anomalies

West Musgrave

Handpump Prospect

The West Musgrave Handpump prospect is located 90km east of Warburton in the central eastern part of Western Australia. 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. The Handpump Prospect was originally discovered by WMC Resources as a soil anomaly with a peak value of 250 ppb Au however was never drill tested even though it was recognised as a 1 Moz target.

During the quarter, rock chip sampling traverses were completed over an extensive area of hydrothermal breccia outcrop immediately to the north east of the WMC soil anomaly. Sixty five rock chip costean samples taken on approximately 10m composite intervals have defined a significant gold anomaly with highest values including **11m @ 516 ppb (0.516 g/t) gold** and

13m @ 643 ppb (0.643 g/t) gold. The anomaly occurs within a > 50 ppb open-ended and east-west trending mineralised corridor over 300m in width (Figure 5.). Mapping has revealed the breccia zone to be at least 500m wide with structural measurements confirming a dominant E-W trend. Both hydrothermal alteration and pyrite mineralisation was observed in parts of the zone during chip sampling, providing evidence that the structure was once a conduit for mineralising fluids.

A 4,088 m aircore programme designed to test the beneath the WMC geochemical soil anomaly to the south west of the sampled breccia zone has mapped an anomalous gold zone > 10 ppb up to 2km in length and 650m wide. This is now interpreted to reflect transported material shedding off the primary east-west trending mineralised breccia. The area along strike to the west of the outcrop anomaly occurs under transported cover and remains undrilled for several kilometres. Access has been temporarily restricted to the east of the outcrop sampling due to a historical cultural area of interest however works are underway to have this boundary resurveyed as there are no indications of cultural sites within the area of known mineralised extensions.

A combination of local paleo-channels and a poorly developed weathering profile has resulted in limited bedrock penetration by the aircore drilling rig. This has made it difficult to define a gold dispersion halo under concealed areas immediately west of the outcropping breccia. A program of RC drilling is currently being planned to test beneath the outcropping breccia and to test for direct extensions to the west.

End of hole multi-element analysis has identified a silver anomaly 10 times background levels in the area proximal to the rock chip gold anomaly. Other elements forming a coherent pattern in this area are Tl and Sb. Geochemically there is also evidence of a zone of sericite alteration 750m in width immediately west of the rock chip sampling. Petrological work will be undertaken to gain more detailed information on alteration zonation patterns at Handpump.

A total of 608 magnetic lag sampling were taken on broad 800m spaced N-S lines across the West Musgrave tenements E69/2066 and E69/2067. The samples are currently being analysed for low level gold and multi-elements and assay results are expected by early February.

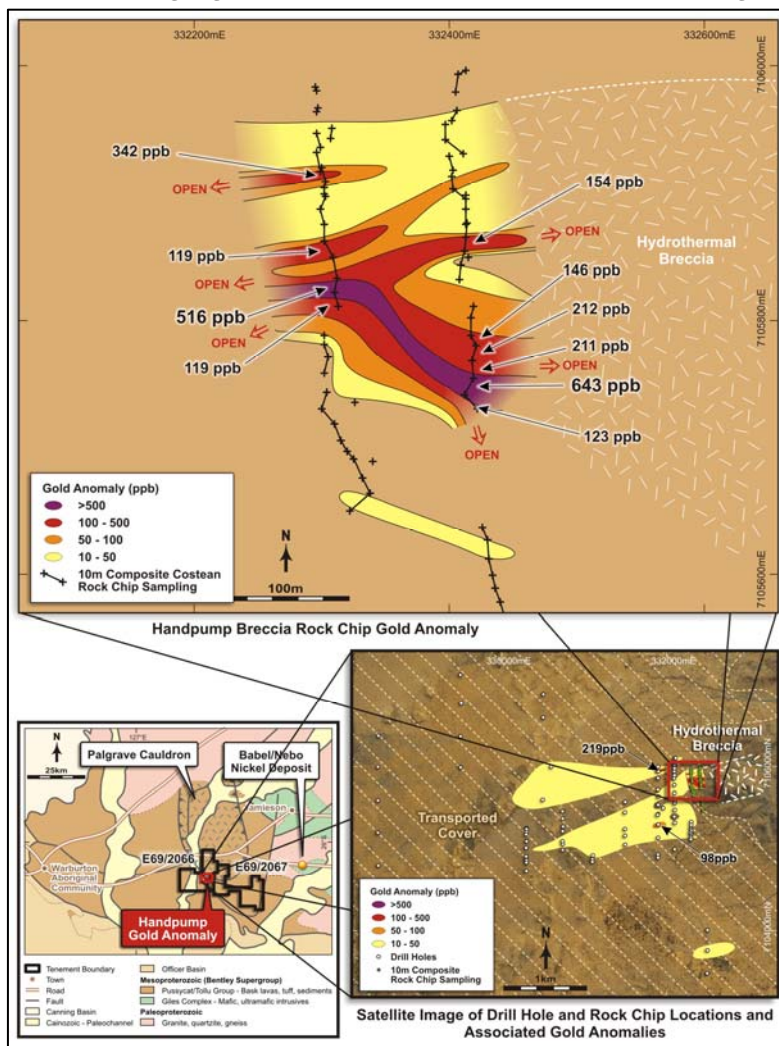


Figure 5 Location plan of West Musgrave Project gold anomaly

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. The first phase of on-ground exploration will involve soil sampling over aeromagnetic and gravity anomalies as well as detailed mapping of outcropping rocks within the project area.

VICTORIA

Reedy Creek

A revised works plan is currently being reviewed by the Department of Primary Industries in Victoria. The plan will involve the drilling of up to 54 RC holes mainly testing up dip and along strike extensions to the known resource in the Golden Dyke and Rising Sun areas. A preliminary JORC inferred resource stands at 609,000 t @ 2.4 g/t Au for 47,000 oz, calculated at a lower cut-off of 0.5 g/t. A majority of the total inferred resource occurs at Apollo where the most of the RC drilling has taken place. Both the Golden Dyke and Rising Sun historic mining areas are poorly drilled and have the potential for significant resource increases.

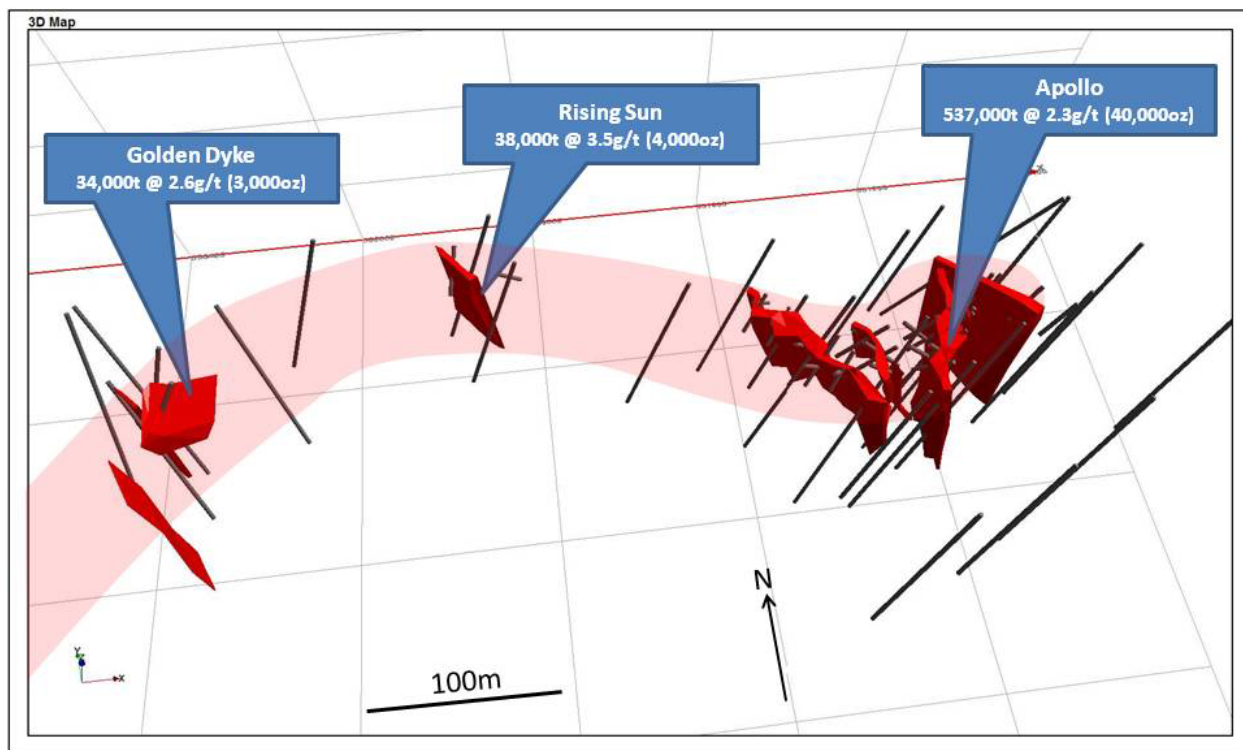


Figure 6 Clonbinane 3D image looking NE showing resource model envelopes

BRAZIL

Tartaruga

Regional soil sampling in Brazil has produced several significant new anomalies from broad spaced surface soil sampling, up to a maximum of **408 ppb (0.408 g/t)** gold (Figure 6). The results have highlighted new targets including a sub parallel mineralised trend approximately 2km south of the main Mineiro trend known as Jucelino, where soil results up to **246ppb (0.246 g/t)** gold remain completely open and untested with drilling. Follow up soil sampling to define the peaks and extensions of the soil anomalies are being planned.

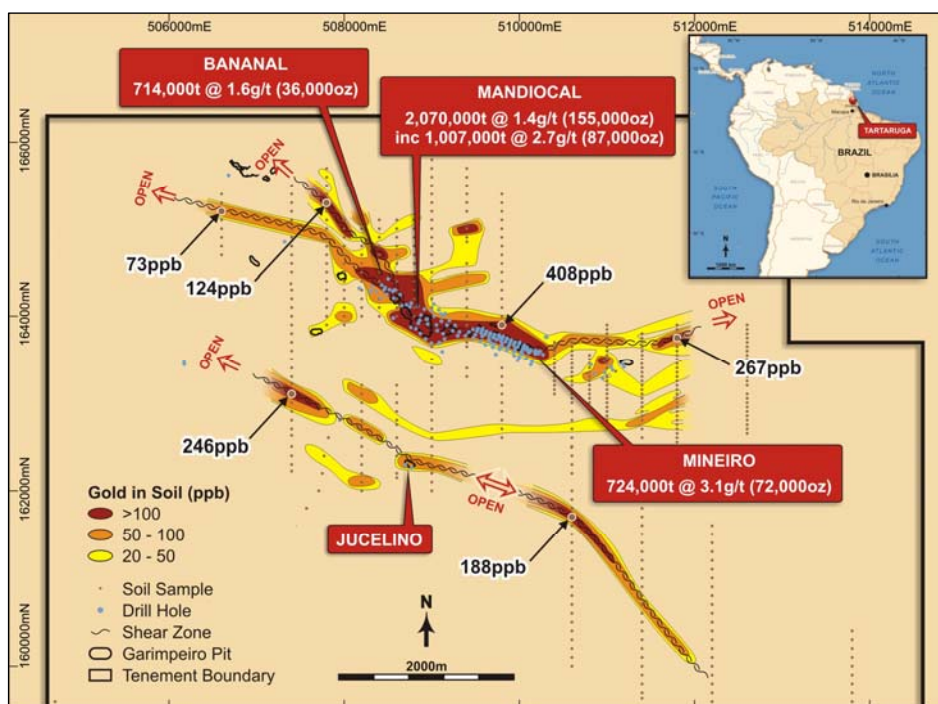


Figure 6 Plan showing new soil sampling gold anomalies and JORC inferred resources between 0.5 and 1.5 g/t cut off.

Mineiro Trend

The Mineiro trend contains recently identified JORC inferred resources of **5.5 Mt @ 1.6 g/t gold for 279,000 oz** (0.5 g/t cut off) hosted in tabular shear controlled gold mineralisation proximal to an east west striking quartzite unit. Regional soil sampling targeting extensions to the known mineralisation on approximately 400m by 100m spacing has identified significant new anomalies to the east up to 276 ppb gold and west up to 73 ppb gold, creating a footprint in excess of 6km in length, which remains open in either direction. A maximum result of 408 ppb gold is located 130m north of the Mineiro deposit and remains untested with drilling. These results highlight the upside potential for additional resources to be identified along the underexplored Mineiro trend with approximately half the anomalous corridor remaining undrilled.

Jucelino Trend

A major new gold anomalous corridor named the Jucelino trend has been confirmed by regional soil sampling on approximately 800m by 100m spaced surface soil sampling, 2km south of and parallel to the main Mineiro trend (Figure 6). Anomalous soil results have been recorded over a 6km length with the highest result of 246 ppb gold remaining open to the west. A result of 188 ppb was recorded 1.7km east and along strike of the Jucelino pit, opening up a large area of potential gold mineralisation. The Jucelino trend is characterised by an undulating terrain with abundant, but generally shallow cover sequences of alluvium and laterite. Beadell completed two diamond holes beneath the Jucelino pit in 2008, which intersected a series of steeply dipping and deformed felsic to gabbroic mafic rocks with zones of significant alteration, sulphidation and anomalous gold up to 1.3 g/t.

CORPORATE & FINANCE

The Company had cash of \$6,370,000 at 31 December 2008 plus a further \$87,000 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 \$7,450,000.

Early in the quarter, the Board took steps to streamline the Company's business model in light of the changed economic environment. Office overheads have been successfully reduced by ~30 %. The Chairman and executive team took >16% salary reductions and several staff were made redundant early in the quarter. All other employees have agreed to an ongoing wage freeze. Adequate personnel have been retained to maintain a concerted exploration effort and deal with new business initiatives as they arise.

Ongoing discussions with Newcrest and potential equity providers regarding the acquisition of the Cracow Gold Mine continued during the quarter. However the difficult market conditions have meant the required capital raising to fund the acquisition has not been possible. The Company will persist with this opportunity, working hard to achieve a successful outcome. Increased investor appetite for profitable producing gold companies has improved markedly over the quarter.

Given the strong corporate cash position, Beadell continues to review numerous other opportunities with the aim of elevating 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 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.