



ASX ANNOUNCEMENT
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CIL GOLD AND IRON ORE CONCENTRATE PLANTS **CONSTRUCTION UPDATE**

CIL Gold Plant

Construction of the CIL Gold Plant at Beadell Resources Limited's ("**Beadell**" "the **Company**") Tucano Gold Project in Brazil continues apace with activity accelerating significantly as the first gold pour draws near. The commissioning team, led by GR Engineering, which now has a presence on site, has identified that there is a mismatch in the "Percentage to Complete" document recently provided by the EPCM Contractor compared to GR Engineering's analysis of the position. As a result, the commissioning team has revised the timing of commissioning to August and September with the first ore to mill scheduled for October 2012. However, a number of significant initiatives are now being put in place with the aim of bringing this date forward to September 2012.

These acceleration initiatives include, amongst others:

- Increasing the Pre Commissioning expat team on site to from 1 to 8;
- Increasing the EPCM construction personnel by >60% from 300 to 490;
- Expanding the night shift with an additional 60 tradesmen;
- Strict accountability regime for each work area.

Beadell's Managing Director, Peter Bowler commented "While this delay is disappointing, we have adequate funding in hand and the right team in place on site to complete the construction of our gold plant to take us into gold production. Everything to complete the project is now on site which allows us to be in control of the timetable. With the wet season behind us, productivity levels have recently risen markedly.

The Iron Ore Concentrate Plant's commencement will dovetail behind the CIL Gold Plant to enable us to take full advantage of this remarkable cost saving initiative. Additionally, by including the revenues from the anticipated Joint Operating Agreement whereby iron ore mined in the gold pits is cost reimbursed, Beadell will become a gold producer of scale targeting production of ~180,000 ounces of gold in 2013 sitting globally within the lowest cash operating cost quartile."

Beadell Resources Limited

Plant Completion Status

Due to the existing infrastructure at Tucano, many areas of the CIL Plant require no work or additions before being ready for use. Outlined below are estimations of the percentage completion of all the areas of the CIL Plant.

Engineering and Procurement

- Detailed engineering 100% complete
- Procurement 100% complete

Concrete Works

- SAG mill pedestals 100% complete
- Crusher 100% complete
- Surge bin 100% complete

SMP (Structural/Mechanical/Piping)

- CIL tanks 100% erected (See photos 1 & 3)
- SAG Mill 75% complete (and on track for completion by early August See photo 4)
- Tailings Dam 85% complete
- Top of the CIL tanks steel erection 75% complete (See photo 1)
- Process and potable water storage 100% complete
- Reagent area 100% complete
- Gold elution circuit and all associated infrastructure 100% complete (See photo 2)
- Maintenance workshop 100% complete
- Administration building 100% complete
- All weather airstrip 100% complete
- Hydro Electric Power Connection 100% complete
- 15MW diesel power station 80% complete
- Accommodation buildings 100% complete

E&I (Electrical & Instrumentation)

- Erection of cable ladders 55% complete
- Switch room construction 100% complete

Project Budget

At the end of June, the costs to completion of construction and commissioning activities were estimated to be within budget. Adequate funding is in place through to first gold production.



Photo 1. CIL Tanks and Gold Elution Circuit



Photo 2. Gold Room and Elution circuit 100% complete



Photo 3. Reagent area with CIL Tanks in the background



Photo 4. SAG Mill 75% complete (note tradesmen in foreground for scale)

Iron Ore Concentrate Plant

The Iron Ore Concentrate plant will be an addition to the CIL Gold Plant to extract high grade iron ore concentrate as a by product to significantly lower the cash operating costs. Negotiations for an off take agreement are drawing to a successful close with “plant” revenue anticipated, at current iron ore prices, to reduce gold cash operating costs by up to US\$200 per ounce.

Plant Completion Status

- Detailed engineering 100% complete
- Procurement 70% complete

Concrete Works

- Planned to commence in July 2012

SMP (Structural/Mechanical/Piping)

- Targeting an August 2012 commencement date

Commissioning

- December Quarter 2012



Iron Ore Concentrate Plant 3D Image

Mining and Operations

Gold ore mining continues to build up a large repository of stockpiled ore ready to process through the gold plant. A lower grade stockpile available for commissioning is currently at 2.6 Mt @ 1.1 g/t gold, of which 1.7 Mt @ 1.1 g/t gold is ready for direct feed into the SAG mill with no crushing required. Total stockpiles at Tucano have increased to 8.1 Mt @ 0.9 g/t for 230,000 oz.

A higher grade stockpile totalling 289,000 tonnes at 1.5 g/t is already on the ROM pad. In addition to this, access to the very high grade Trough Zone at Tap AB2 has just been exposed in the Tap AB pit. Ongoing mining of the Trough Zone over the coming 3 months prior to first gold pour will ensure abundant high grade ore is available to the mill post commissioning.

Mining rates are set to rapidly increase with new machinery, including 4 Caterpillar 777G truck's, 2 Caterpillar 6018 excavator's, 2 Leibherr 964 excavators, 2 Caterpillar 988 loaders, 2 Caterpillar D8 dozers, 8 Scania 8x4 trucks and 1 Atlas Copco F9 drill having either arrived on or is being delivered to site in the coming weeks. This new equipment is set to supplement the aging fleet that was originally acquired with the project. In addition to the above, a further 3 Caterpillar 777G truck's and a Caterpillar 834 dozer have been ordered all of which have been partially funded under the Company's equipment finance lease. Substantial productivity, efficiency and cost improvements will now transpire.



Photo 5. 777G Dump Trucks arriving onsite

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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.