

BEACON MINERALS

GOLD OPPORTUNITIES SHINE BRIGHT AT BARLEE

This could be the golden opportunity an emerging junior has been hunting for. It has certainly been enough to sharpen its focus.

FOR A WHILE BEACON Minerals was shining bright on two projects. It had the Barlee prospect in Western Australia's Eastern Goldfields and the Greenvale project in northern Queensland.

Barlee has been showing some promising results in terms of gold, and with the price around \$US1200 an ounce it makes a lot of sense to focus on Barlee.

With gold gleaming, Greenvale, a base metals play, has taken a back seat. The company has been gradually reducing its Queensland holdings to focus its attention on the Barlee gold.

So far the indications there have been promising. High-grade gold relatively close to the surface and a fair bit of it too.

Beacon Minerals managing director Darryl Harris said early indications were that it would cost around \$A350 per ounce to mine it. Metallurgical tests show that it is non-refractory ore that will lend itself well to standard carbon in leach treatment.

All pretty vanilla stuff.

Transporting it is another matter. Barlee's blight is distance. The prospect is about 200 kilometres away from any of the other gold operations with treatment facilities. Transporting

the ore for treatment will likely add another \$200/oz to the costs.

That leaves the company with the difficult decision of whether to toll treat the ore or invest in its own treatment plant. This is where Harris has something of an advantage. In a previous life he was a metallurgical engineer specialising in building processing plants, particularly those for extracting gold.

"We're looking at some second hand plants to locate onsite if we can reach a critical level of resource," Harris said.

"We have to reach that level first and then we can look at the options."

However, Harris said, the company was continuing to evaluate processing options so it can move quickly if it needs to.

"The gold price certainly helps us," he said. "It's certainly looking good at the moment."

Harris is understandably excited about the possibilities of the Barlee ground. His spade-like hands move quickly over a map of the company's ground, pointing out the mineralised targets within the project so far and what the next steps will be.

The Barlee project comprises three contiguous exploration licences with a combined area of more than 300 square meters. Beacon holds a

100% interest in two of them and an 80% stake in the third.

There is potentially a lot of exploration upside. Only 10% of the tenement area has been drilled and only 10% of those holes have been drilled below 100 metres.

Drilling is the order of the day. The company plans to have conducted or set in train about 50,000 metres of drilling this year.

It also is conducting ground chemistry and metallurgical testing.

"We're getting a better understanding of the regional resource and mineralisation," Harris said. "We're seeing a bit of nickel and silver [along with the gold]."

"The ultramafics and mafics are prospective for nickel. But we've been doing some multi-element analysis and getting high silver grades."

That is for further down the track though. Gold is the focus here.

At its key Phil and Halleys East prospects there have been some impressive grades. Halleys East has a JORC inferred resource of 299,000 tonnes at 6.7gpt for 64,000 ounces of gold – all from surface down to 80 metres. Newer areas have also returned impressive results. At Halleys West, for example, 12 metres at 11.2 grams per tonne, 14m at 45.3gpt and 7m at 3.1gpt. Phil North has turned up 4m at 1.66gpt, 6m at 1.6gpt and 3m at 4.8gpt, while Phil South has a JORC inferred resource of 85,000t at 3.7gpt for 10,000oz gold. Across Beacon's holdings that makes for a JORC compliant inferred resource of 384,000t at 6gpt for 74,000oz.

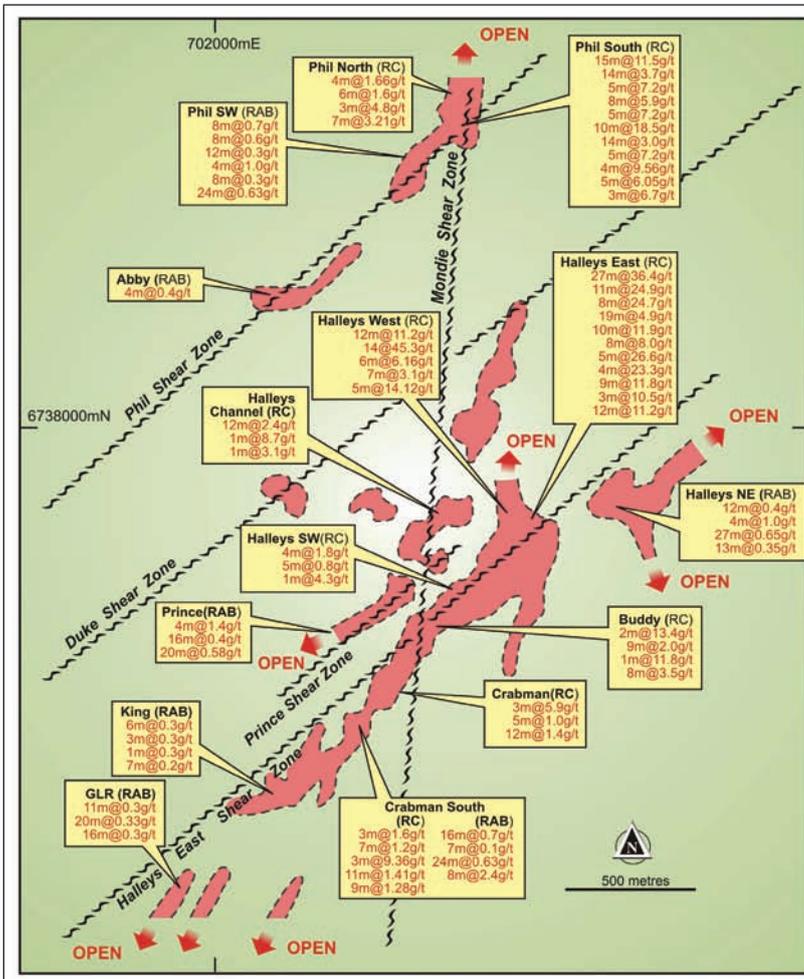
Then there is the matter of finance.

Harris said if the company's options, due to strike by the end of August, stay in the money,

"We'll be in a good position at the end of the year," he said. "We'll have a better understanding of the regional resource and the mineralisation."

DARRYL HARRIS
BEACON MINERALS

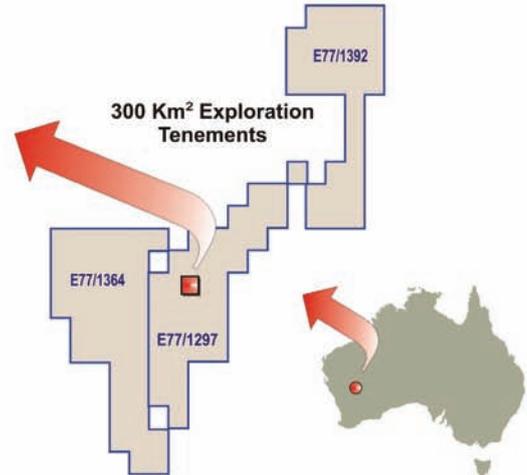




BEACON MINERALS LTD
BARLEE GOLD PROJECT,
Western Australia

LEGEND

- 15m@11.5g/t RAB and/or RC drilling results (g/t Au)
- Phil North** Prospect
- >0.1 g/t down hole
- Major shear zone



the company would end up with \$4-4.5 million in the bank at year end. Not a bad way to be with a project on the boil. However, there is still a lot of exploration to be done.

In February Beacon conducted 5868m of reverse-circulation drilling, 8339m of rotary airblast drilling and took 2000 soil samples. It has followed that up with a program that concluded in the first week of August. That involved 5000m of RC, 11,000m of RAB and 1000 soil samples. These regional expansion programs have been focussing on Halley's North East, Kink, Lost Bolt South, Fenceline and Straddle.

"We'll be in a good position at the end of the year," he said. "We'll have a better understanding of the regional resource and the mineralisation."

While the drilling is going on, Beacon also has applied for a mining licence covering 12 square kilometres that includes its key Phil and Halley's East prospects. Harris expects that licence to be approved by the first quarter of next year.

If everything goes right the company could, theoretically, be either toll treating ore from Barlee by the second quarter of next year or producing gold onsite in its own right by the second half of next year.

That all hinges on getting the resource up, which is why there is the

push to get the drills into the ground.

Harris said the fact the company had a single-project focus was working in its favour.

"We've been gradually dropping Greenvale as we looked at various things over the past year or so," he said. "We thought the prospectivity was okay but we didn't see a lot there. The holding costs and the like are better spent at Barlee."

That does not mean Beacon has completely cut its Queensland connection. Harris said the company would retain a mining licence at Greenvale.

He also is not ruling out further acquisitions or expansions in Western Australia's Eastern Goldfields.

"Once we've got Barlee to a stage that we can develop it we'll go looking for other stuff," Harris said, giving the impression of having cast more than a casual eye over some of what is around the Barlee area.

But it is safety first.

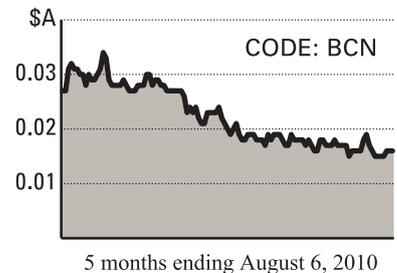
"We don't want to run before we walk," Harris said.

The market malaise that has befallen the mining sector of late is another reason for caution. That is being caused by a number of factors – not least being the forthcoming federal election and lingering uncertainty over a certain mining tax.

– Noel Dyson

Drilling results from Beacon Minerals' Barlee gold prospect

BEACON MINERALS AT A GLANCE



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MARKET CAPITALISATION

\$A12 million (at press time)

QUOTED SHARES ON ISSUE

750,124,316

MAJOR SHAREHOLDERS

Geocrystal Ltd 2.7%
 Forty Traders Ltd 2%
 Nefco Pty Ltd 1%