

# **Beacon Minerals Limited**

(ABN 64 119 611 559)

## **Half Year Report**

31 December 2007



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## DIRECTORS' REPORT

Your directors submit the financial report of the entity for the half-year ended 31 December 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Directors

The names of directors who held office during or since the end of the period and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

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Matthew Egan	Non-Executive Chairman
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Paul Lloyd	Managing Director
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Lyle Thorne	Executive Director
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### Review of Operations

The company continued to carry out exploration on its two major projects Greenvale copper, gold, molybdenum and silver project in north Queensland and the Barlee Gold project north of Southern Cross in Western Australia.

Encouraging drilling results have been obtained from the initial program completed at the Greenvale project in Queensland. Also, the air core drilling programs at the Barlee Gold project have returned very encouraging results and provided a number of priority targets for the next deeper reverse circulation drilling program.

The company incurred a net loss after tax of \$ 177,524 during the half year to 31 December 2007.

The principal activities of the company continue to be mineral exploration. The directors have focused the company's operation on the Greenvale copper, gold, molybdenum and silver project in north Queensland and the Barlee Gold project north of Sothern Cross in Western Australia.

### Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 2 and forms part of this directors' report for the half-year ended 31 December 2007.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



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Paul Lloyd

Director

Dated this 13th day of March 2008



Accountants | Business and Financial Advisers

### **Auditor's Independence Declaration**

As lead auditor for the review of the financial report of Beacon Minerals Limited for the half-year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the Corporations Act 2001 in relation to the review;  
and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Beacon Minerals Limited.

A handwritten signature in black ink, appearing to read 'L Di Giallonardo'.

**Perth, Western Australia**  
**13 March 2008**

**L DI GIALLONARDO**  
**Partner, HLB Mann Judd**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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**CONDENSED INCOME STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 \$	2006 \$
Revenue		87,528	56,825
Other income		12,585	88
Employee benefits expense		(123,959)	(148,239)
Depreciation expense		(4,910)	(103)
Finance costs		(436)	(706)
Other expenses		(148,332)	(69,143)
<b>Loss before income tax expense</b>	2	(177,524)	(161,278)
Income tax expense		-	-
<b>Net Loss after tax expense</b>		(177,524)	(161,278)
		(0.52)	(0.97)
Basic Loss per share (cents per share)		(0.52)	(0.97)
Diluted Loss per share (cents per share)		(0.52)	(0.97)

The accompanying notes form part of these financial statements

**CONDENSED BALANCE SHEET  
AS AT 31 DECEMBER 2007**

	Notes	31 December 2007 \$	30 June 2007 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		2,196,821	3,018,961
Trade and other receivables		30,617	123,118
<b>Total Current Assets</b>		<b>2,227,438</b>	<b>3,142,079</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		26,095	31,004
Deferred exploration expenditure	3	2,152,527	1,476,617
<b>Total Non-Current Assets</b>		<b>2,178,622</b>	<b>1,507,621</b>
<b>Total Assets</b>		<b>4,406,060</b>	<b>4,649,700</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		47,137	118,676
<b>Total Current Liabilities</b>		<b>47,137</b>	<b>118,676</b>
<b>Total Liabilities</b>		<b>47,137</b>	<b>118,676</b>
<b>Net Assets</b>		<b>4,358,923</b>	<b>4,531,024</b>
<b>Equity</b>			
Issued capital	4	4,535,574	4,541,523
Reserves		273,416	262,044
Accumulated losses		(450,067)	(272,543)
<b>Total Equity</b>		<b>4,358,923</b>	<b>4,531,024</b>

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Issued Capital	Employee equity benefits reserve	Option Premium Reserve	Accumulated losses	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 9 May 2006</b>	-	-	-	-	-
Shares issued during the period	4,796,250	-	-	-	4,796,250
Share issue expense	(308,678)	-	-	-	(308,678)
Loss after tax for the period	-	-	-	(161,278)	(161,278)
Recognition of share based payments	-	92,794	-	-	92,794
<b>Balance at 31 December 2006</b>	<b>4,487,572</b>	<b>92,794</b>	<b>-</b>	<b>(161,278)</b>	<b>4,419,088</b>
<b>Balance at 1 July 2007</b>	<b>4,541,523</b>	<b>92,794</b>	<b>169,250</b>	<b>(272,543)</b>	<b>4,531,024</b>
Shares issued during the period	-	-	-	-	-
Share issue expense	(5,949)	-	-	-	(5,949)
Loss after tax for the half year	-	-	-	(177,524)	(177,524)
Recognition of share based payments	-	11,372	-	-	11,372
<b>Balance at 31 December 2007</b>	<b>4,535,574</b>	<b>104,166</b>	<b>169,250</b>	<b>(450,067)</b>	<b>4,358,923</b>

The accompanying notes form part of these financial statements

**CONDENSED CASH FLOW STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	2007 \$ Inflows/ (Outflows)	2006 \$ Inflows/ (Outflows)
<b>Cash flows from operating activities</b>		
Receipts from customers	-	-
Payments to suppliers and employees	(196,050)	(45,286)
Interest received	81,809	35,662
Finance costs	(436)	(706)
Income tax paid	-	-
Net cash (used in) operating activities	<u>(114,677)</u>	<u>(10,330)</u>
<b>Cash flows from investing activities</b>		
Purchase of non-current assets	-	(13,684)
Payments for exploration expenditure	(701,514)	(731,995)
Net cash (used in) investing activities	<u>(701,514)</u>	<u>(745,679)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	4,796,250
Payment for share issue costs	(5,949)	(308,678)
Net cash provided by financing activities	<u>(5,949)</u>	<u>4,487,572</u>
Net increase in cash held	(822,140)	3,731,563
Cash and cash equivalents at 1 July 2007	<u>3,018,961</u>	<u>-</u>
<b>Cash at 31 December 2007</b>	<u>2,196,821</u>	<u>3,731,563</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the period ended 30 June 2007 and any public announcements made by Beacon Minerals Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

*Basis of preparation*

The half-year report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

*Significant accounting judgements and key estimates*

In the half-year ended 31 December 2007, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2006.

*Adoption of new and revised accounting standards*

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

**NOTE 2: LOSS BEFORE INCOME TAX EXPENSE**

	31 December 2007	31 December 2006
	\$	\$

The following revenue and expense items are relevant in explaining the financial performance for the half-year:

Revenue:		
Interest Received	87,528	56,825
Expenses:		
Employee option issue expense	11,372	92,794

**NOTE 3: DEFERRED EXPLORATION EXPENDITURE**

	31 December 2007	30 June 2007
	\$	\$

Costs carried forward in respect of areas of interest in the following phases:

**Exploration and evaluation phase – at cost**

Balance at beginning of half year	1,476,617	-
Purchase of exploration projects	-	480,000
Expenditure incurred	675,910	996,617
Total deferred exploration expenditure	2,152,527	1,476,617

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

**NOTE 4: ISSUED CAPITAL**

	31 December 2007	30 June 2007
	\$	\$

*Ordinary shares*

Issued and fully paid	4,535,574	4,541,523
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	No.	\$
<i>At 1 July 2007</i>	34,186,648	4,541,523
<i>Movements in ordinary shares on issue</i>		
Share issue costs	-	(5,949)
At 31 December 2007	34,186,648	4,535,574
<i>Movement 20 cent options on issue</i>		
<i>At 1 July 2007</i>	16,588,352	169,250
Issue/Conversions	-	-
At 31 December 2007	16,588,352	169,250

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

**NOTE 5: SEGMENT REPORTING**

**Business Segments**

The entity operates in one geographic segment for secondary reporting, being Australia and in one business segment being exploration for minerals.

**NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE**

No significant events occurred subsequent to the reporting date.

### **DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes thereto, as set out on 3 to 9:
  - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
  - b. give a true and fair view of the company's financial position as at 31 December 2007 and of its performance for the half-year then ended.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



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Paul Lloyd

Director

Dated this 13th day of March 2008



Accountants | Business and Financial Advisers

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of  
BEACON MINERALS LIMITED**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report, which comprises the condensed balance sheet as at 31 December 2007, the condensed income statement, condensed statement of changes in equity, condensed cash flow statement and notes to the financial statements for the half-year ended on that date, and the directors' declaration, of Beacon Minerals Limited ("company").

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001, including giving a true and fair view of the company's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Beacon Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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*Independence*

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 has been provided to the directors of Beacon Minerals Limited on 13 March 2008.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Beacon Minerals Limited is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

*HLB Mann Judd*

**HLB MANN JUDD**  
**Chartered Accountants**

*L Di Giallonardo*

**Perth, Western Australia**  
**13 March 2008**

**L DI GIALLONARDO**  
**Partner**