

It's all systems go

by Darryl Harris

Welcome to an innovation from Beacon Minerals Ltd, the introduction of regular newsletters about the company and its activities.



We are aiming to keep Shareholders and other potential investors as informed as we can about the exciting progress and development of Beacon as we work towards our goal of becoming a successful resources company. Beacon welcomes your queries and we'll do our best to answer your questions.

This is a busy time of restructuring and ensuring Beacon's focus is firmly on where we believe our expertise lies – in the Eastern Goldfields of Western Australia.

We've taken great encouragement from the results to date from Barlee, which we believe has the potential to be a richly rewarding, highly successful gold project.

In particular, the possibilities for highly mineralised extensions to the known prospects give us the confidence to move ahead with the next stage of proving an economically sound development.

The restructuring of the company reflected our belief that in Western Australia we get more bang for our buck – and there is little sovereign risk. By focusing our proven expertise on a known mineralised region we are setting out on the path to become a successful gold producer.

Focus on WA gold tightens

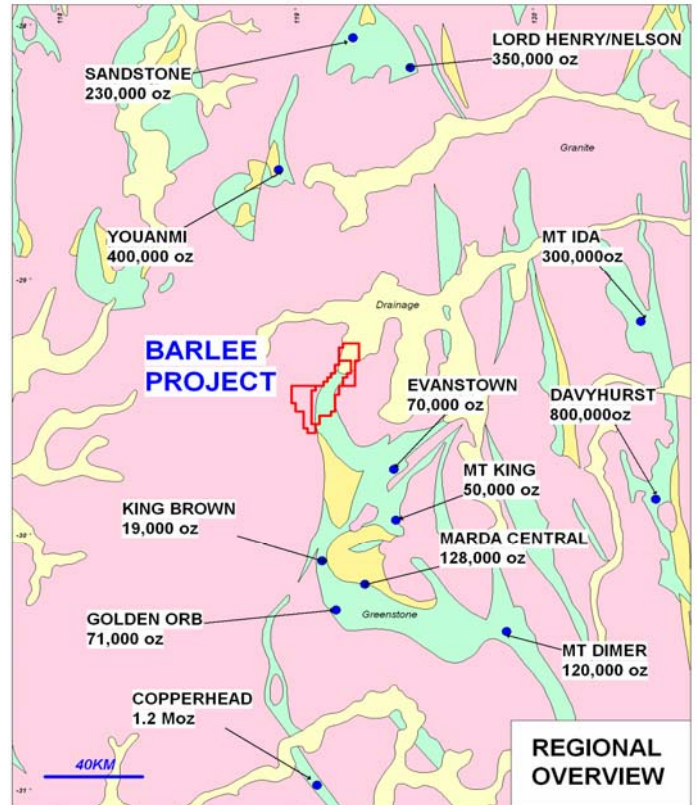
Restructuring has been the theme at Beacon Minerals this year as the company gears towards becoming a successful gold producer and returns to its Western Australian roots. Beacon has completed its withdrawal from Kyrgyzstan.

We have now disposed of all exploration projects in the country and have no exposure to further exploration costs.

Beacon has also withdrawn from its Queensland gold/base metals project and the board of the company has been restructured to pave the way for the future.

Beacon moves ahead on Barlee

Beacon Minerals Ltd is emerging as an exciting gold player in the historic Eastern Goldfields of Western Australia, with a renewed vigour driven by a highly promising gold project.



Crucial exploration work through a new drilling program gets under way at the beginning of August, with Beacon confident that the encouraging results to date will be expanded.

The company hopes the program, at its Barlee property, north of Southern Cross, will provide the confidence to move ahead with plans for a stand-alone gold operation based on extensive shallow mineralisation with the strong potential for deeper, high grade operations and broader mineralisation along strike.



The immediate goal is to generate enough information to compile a JORC - compliant resource statement, which would be an important stepping-stone towards an economic development within 12 months.

Exploration so far on the property has generated plenty of incentive for Beacon to move away from other projects on its books and refocus its sole attention on Barlee.



This next drilling program, is the key to extending the mineralisation in the region.

Barlee, for its location, is surprisingly under-explored, mainly because of a soil cover with very little outcrop. But its address is in the right neighbourhood, lying between Youanmi to the north (400,000oz of gold), Davyhurst to the east (800,000oz) and Copperhead to the south (1.2Moz). **See map on previous page.**

Before Beacon became interested there had been little work on the area, with sporadic exploration since the 1980s returning interesting soil anomalies which weren't followed up.

Beacon's initial drilling at the Halleys East project at Barlee returned intriguing and promising results, including 27 metres at 36.4 grams/tonne (g/t) gold and 11m at 24.9g/t. Both were above the base of oxidisation which lends hope to the plan of initially establishing open cut mining operations.

The next exploration program includes regional geochemical sampling, 2,500 metres of RC drilling 3,500m of rotary air blast drilling and 700m of diamond drilling.

We feel we are right on the cusp at the moment of proving this is a significant gold project.

Barlee is highly prospective for shallow gold mineralisation and we are aiming for a larger exploration target of at least 500,000 oz suitable to support a stand alone gold processing facility.

There is plenty of blue sky, with Beacon to date evaluating just 5 per cent of the whole exploration licence.

Indications are that mineralisation grade would allow a smaller treatment plant producing around 50-100,000oz a year, with ongoing exploration over the broader area potentially replacing reserves as they are mined.

The new work aims to test extensions to the Halley shear zone, with particular focus on the Halley East mineralised zone, which Beacon believes could hold the key to understanding the geological structural controls for the project.

It is also designed to further test initial results from the Phil prospect, to the north of Halleys East, where 15m at 11.5g/t, 14m at 3.7g/t and 24m at 2.6g/t have already been returned.

"Barlee at the moment appears to have discreet mineralised zones," Mr. Harris said. "But it's been shown in several successful gold mines that you can start off with these mineralized pods and when you identify a number of them you can support a major operation."

The company is also investigating potential joint venture opportunities with early interest having been expressed by gold miners experienced in the style of mineralisation found at Barlee.

In conclusion we would like to thank existing shareholders for their support and look forward to keeping you informed of exciting new developments as they occur.

Please email admin@beaconminerals.com if you would like to receive all company announcements and updates electronically.

In accordance with Listing Rules 5.6 of the Australian Securities Exchange, the technical information contained in this report has been compiled by Mr. Darryl Harris, Managing Director of the company. Mr. Harris is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has the relevant experience with the mineralisation reported on to qualify as a Competent Person as defined by the Australasian Code for Reporting of Mineral Resources and Reserves. Mr. Harris consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.