



**BEACON MINERALS LIMITED**  
**ABN 64 119 611 559**

# **1:1 Rights Issue Offer Document 1 October 2009**

A pro-rata non-renounceable rights issue of 1 New Share in the capital of Beacon Minerals Limited for every 1 existing Share held as at 5.00pm WST on 30 September 2009 at an issue price of \$0.022 per New Share to raise up to approximately \$7.85 million.

This Offer Document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered under this Offer Document.

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

The Rights Issue opens on 1 October 2009 and closes at 5.00pm WST on 16 October 2009. Valid acceptances must be received before that time. Please read the instructions in this document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

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**BEACON MINERALS LIMITED**  
**Level 2, 46 Ord St,**  
**West Perth 6005**

1 October 2009

Dear Beacon Minerals Limited Shareholder

## **Non-renounceable 1:1 Rights Issue Offer Document and Entitlement and Acceptance Form**

On 21 September 2009, Beacon Minerals Limited ("BCN" or "the Company") announced a pro-rata non-renounceable rights issue to holders of fully paid ordinary shares in the capital of the Company ("Shares") on the basis of one (1) new Share ("New Share") for every one (1) Share held as at 5.00pm WST on 30 September 2009 ("Rights Issue"). On 22 September 2009 a letter setting out the key terms of the Rights Issue was posted to shareholders.

The Rights Issue will be undertaken without a prospectus in accordance with section 708AA of the *Corporations Act 2001 (Cth)* ("the Act"). This Offer Document is not a prospectus or any other form of disclosure document regulated by the Act and has not been lodged with the ASIC. Accordingly, this Offer Document may not contain all of the information necessary to enable investors to make an informed investment decision. Applicants should therefore have regard to the other publicly available information in relation to the Company before deciding whether to take up their entitlement under the Rights Issue and subscribe for New Shares in the Company.

No person is authorised to give any information or to make any representation in connection with the Rights Issue which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Rights Issue.

### **1. Details of the Rights Issue**

#### **1.1 The Rights Issue**

The Company is making a pro-rata non-renounceable offer of New Shares at an issue price of \$0.022 each on the basis of one New Share for every one Share held as at 5.00pm WST on 30 September 2009 ("Record Date").

As at the Record Date, the Company had on issue 357,047,912 Shares and 307,265,616 options (which carry no entitlement to participate in the Rights Issue). The Company anticipates that approximately 357,047,912 New Shares (assuming no options on issue are exercised before the Record Date) will be offered under the Rights Issue to raise up to \$7.85 million (before costs of the Rights Issue). Upon completion of the Rights Issue, the Company will have approximately 714,095,824 Shares on issue (assuming the Rights Issue is fully subscribed or that any shortfall is placed by the Directors).

Where the determination of the entitlement of any Eligible Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.



## 1.2 Timetable

Announcement of Rights Issue, lodgement of cleansing notice, Offer Document and Appendix 3B with ASX	21 September 2009
Dispatch of Rights Issue notice to shareholders and option holders	23 September 2009
Ex date (date from which Shares commence trading without the entitlement to participate in the Rights Issue)	24 September 2009
Record Date for determining entitlements to participate in the Rights Issue	30 September 2009
Dispatch of Offer Document and Entitlement and Acceptance Form	1 October 2009
Opening Date of the offer	1 October 2009
Closing Date of the offer*	16 October 2009
Company notifies ASX of under subscriptions**	20 October 2009
Allotment of New Shares, dispatch of holding statements**	26 October 2009
Trading of New Shares expected to commence on ASX**	27 October 2009

\* Subject to the ASX Listing Rules, the Directors reserve the right to extend the closing date for the Rights Issue at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue of the New Shares.

\*\* These dates are indicative only.

## 1.3 Eligibility and Entitlement

All registered holders of Shares as at the Record Date whose registered addresses are within Australia and New Zealand will be eligible to participate in the Rights Issue (“Eligible Shareholders”).

The entitlement of Eligible Shareholders to participate in the Rights Issue was determined on the Record Date. Each Eligible Shareholder’s entitlement is shown on the Entitlement and Acceptance Form accompanying this Offer Document.

Applications must only be for your maximum entitlement (as shown on the Entitlement and Acceptance Form) and any application for part of your entitlement will not be accepted by the Company. If your acceptance exceeds your maximum entitlement, acceptance will be deemed to be for your maximum entitlement and any surplus application monies will be returned to you.

## 1.4 Overseas Shareholders

This Offer Document does not constitute an offer of New Shares in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer. The distribution of this Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

The Company has decided that the Rights Issue will not be extended to shareholders with registered addresses outside Australia and New Zealand as the Company has formed the view that it would be unreasonable to extend the offer in such a way having regard to:

- (a) the number of shareholders in each place outside Australia and New Zealand, both specifically and as a proportion of the total issued Shares of the Company;
- (b) the number and value of New Shares to be offered to shareholders outside Australia and New Zealand; and

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- (c) the costs of complying with the laws and legal requirements, and requirements of regulatory authorities, in overseas jurisdictions.

### **1.5 Record Date**

The record date to participate in the Rights Issue is 5.00pm WST on 30 September 2009.

### **1.6 Ranking and ASX Listing**

New Shares issued pursuant to the Rights Issue will rank equally with existing fully paid ordinary shares on issue.

The Company has made application for official quotation by ASX of the New Shares offered pursuant to this Offer Document. The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares offered for subscription.

### **1.7 Underwriting / Shortfall placement**

The Rights Issue will not be underwritten. In the event of a shortfall, the Directors of the Company reserve the right to place the shortfall at their sole discretion within 3 months after the Closing Date. The issue price of Shares under the offer of the shortfall shall be \$0.022 each, being the price at which the entitlement is offered to Eligible Shareholders pursuant to this Offer Document. The Company reserves the right to allot to an applicant a lesser number of shortfall Shares than the number for which the applicant applies, or to reject an application, or to not proceed with placing the shortfall.

### **1.8 No Rights Trading**

The rights to New Shares pursuant to the Rights Issue are non-renounceable. Accordingly, there will be no trading of rights on the ASX and shareholders may not dispose of their rights to subscribe for New Shares pursuant to the Rights Issue to any other party. If Eligible Shareholders do not take up their entitlement to New Shares pursuant to the Rights Issue by the closing date, the offer will lapse.

### **1.9 Closing Date**

The closing date for the Rights Issue is 5.00pm WST on 16 October 2009. No applications for New Shares pursuant to the Rights Issue received after this time will be accepted. The Directors reserve the right to extend the closing date where permitted by the ASX Listing Rules.

### **1.10 Issue and Dispatch**

The expected date for issue of New Shares offered by this Offer Document and dispatch of holding statements is 26 October 2009. It is the responsibility of applicants to determine their allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.



### 1.11 Effect of the Rights Issue on the Company's Capital

Following completion of the Rights Issue, the Company will have the following securities on issue (assuming the Rights Issue is fully subscribed or that any shortfall is placed by the Directors and that none of the Company's existing options, listed below, are exercised prior to the Record Date):

Shares:	714,095,824	Fully paid ordinary shares quoted on ASX
Options :	239,244,102	\$0.01 quoted options expire 31 August 2010
	16,587,934	\$0.20 quoted options expire 31 August 2010
	45,283,580	\$0.30 unquoted options expire 31 August 2010
	6,000,000	\$0.20 unquoted options expire 31 May 2011
	150,000	\$0.27 unquoted options expire 1 August 2012

## 2. Proceeds of the Rights Issue

The Rights Issue will raise approximately \$7.85 million before costs (assuming the Rights Issue is fully subscribed or that any shortfall is placed by the Directors). It is intended that these funds will be used to accelerate exploration of the Company's highly prospective gold project at Barlee, north of Southern Cross in Western Australia (details set out below). Additionally, the Rights Issue will provide the Company with general working capital and enable it to retire debt of approximately \$1.5 million.

### Barlee Gold Project

The Company has enjoyed recent success at the Barlee Gold Project located 200 kilometres north of Southern Cross in Western Australia. Shallow high grade gold intersections have been received from RC drilling at several prospects including Halleys East, Phil and Buddy.

The Barlee Project covers approximately 400 square kilometres of highly prospective Greenstone terrain that remarkably has received little, systematic modern day exploration. In some respects the area can be considered to be a 'forgotten greenstone belt'.

The Company has purchased 80% of the rights for all commodities other than iron ore for EL77/1297, with the vendor, Duketon Consolidated Ltd, having the option to contribute on a percentage basis or dilute to a 10% free carried interest if a positive bankable feasibility study is completed. The Company holds 100% of the rights to all commodities for ELA77/1343 and 1392. The tenements are considered prospective for gold as well as calcrete-hosted uranium and nickel sulphide mineralisation.

The Barlee Gold Project is located within the Archaean Southern Cross Province. The area hosts several large gold deposits which have been or are being considered for mining. The Company believes that the project is highly prospective for structurally controlled, mesothermal gold mineralisation.



### **3. Applications**

#### **3.1 Entitlement and Acceptance Form**

A personalised Entitlement and Acceptance Form is enclosed with this Offer Document. The Entitlement and Acceptance Form shows the number of New Shares to which the Eligible Shareholder is entitled under the Rights Issue. Applications for New Shares under the Rights Issue must only be made in respect of your entitlement in full, and applications for part of your entitlement will not be accepted by the Company.

If shareholders wish to take up their entitlement under the Rights Issue, the Entitlement and Acceptance Form should be completed in accordance with the instructions in the form and sent to:

**Advanced Share Registry Services  
PO BOX 1156  
NEDLANDS WA 6909**

Applications must be received no later than 5.00pm WST on the closing date of 16 October 2009.

If shareholders do not wish to take up their entitlement under the Rights Issue, no action is required. Shareholders should note that in not taking up their entitlement under the Rights Issue, their percentage holding in the Company will be diluted.

#### **3.2 Payment**

Payment for New Shares should accompany the Entitlement and Acceptance Form. Payment must be made in full in the form of a cheque in Australian currency, drawn on an Australian bank, marked "Not Negotiable" and made payable to "Beacon Minerals Limited – Issue Account". Payment by cheque must be received by no later than 5.00pm WST on 16 October 2009.

Shareholders should note that any application received will be treated as an irrevocable offer by the shareholder to acquire New Shares pursuant to the Rights Issue on the terms set out in this Offer Document.

#### **3.3 Privacy**

The Company collects information about each applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and to administer the applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each applicant agrees that the Company may use the information provided on the Entitlement and Acceptance Form for the purposes set out above and may disclose it to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application. An applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

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## **4. Risk Factors**

### **4.1 General**

An investment in the Company is not risk free and investors should consider the risk factors described below, together with information contained elsewhere in this Offer Document, before deciding whether to apply for New Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares.

The following summary, which is not intended to be an exhaustive list, represents some of the risk factors to which the Company is exposed.

### **4.2 Mining and Exploration Risks**

The primary business of the Company is exploration for, and commercial development of, mineral ore bodies, which is subject to the risks inherent in these activities. Its operations are still in the exploratory phase. The current and future operations of the Company may be affected by a range of factors including:

- geological conditions
- limitations on activities due to seasonal weather patterns
- alterations to joint venture programs and budgets
- unanticipated operational and technical difficulties encountered in trenching, drilling, development, production and treatment activities
- mechanical failure of operating plant and equipment
- adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events
- unavailability of drilling and other equipment
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and labour
- prevention of access by reason of political or civil unrest, outbreak of hostilities, inability to obtain regulatory or landowner consents or approvals, or native title issues
- risks of default or non-performance by third parties providing essential services.

No assurance can be given that exploration will be successful or that a commercial mining operation will eventuate.

The ultimate success and financial viability of the Company depends on the discovery and delineation of economically recoverable ore reserves, design and construction of efficient mining and processing facilities, and competent operational and managerial performance. There is no assurance that exploration and development of the mineral interests held by the Company (which are all at an exploration stage), or any other projects that may be acquired by the Company in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited.

Development of a commercial mining operation is also dependent on the Company's ability to obtain necessary titles and governmental and other regulatory approvals.



#### **4.3 Metal Market Conditions**

The Company's ability to benefit from any future mining operations will depend on market factors, some of which may be beyond its control. The world market for gold and other minerals is subject to many variables and may fluctuate markedly.

#### **4.4 Environmental Risks**

The Company's projects are or may be subject to various laws and regulations regarding environmental matters and the discharge of hazardous waste and materials. The Company may be required to comply from time to time with environmental management issues that arise from factors beyond its control.

#### **4.5 Changes in Government Policy**

Adverse changes in government policies or legislation in Australia and other jurisdictions in which the Company may operate from time to time affecting ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities may affect the operations of the Company.

#### **4.6 Legal Risk**

The introduction of new legislation or amendments to existing legislation by governments, developments in the existing common law in any jurisdiction which governs the Company's operations or contractual obligations, could impact adversely on the assets, operations and the financial performance of the Company.

#### **4.7 Regulatory Approvals**

The Company will require government regulatory approvals for its operations and facilities installations. This may from time to time affect timing and scope of work to be undertaken. In addition, the Company, in order to conduct its exploration and development programs, may require approval from government and non-government bodies to facilitate access to blocks and leases in which it has an interest.

#### **4.8 General Economic Conditions**

Factors such as inflation, currency fluctuations, interest rates, supply and demand, industrial disruption, government policy and legislation, have an impact on operating costs, commodity prices, and the parameters in which the Company operates. Factors that may be beyond the control of the Company include:

- general economic conditions in Australia - in particular, inflation rates, interest rates, exchange rates, commodity supply and demand factors;
- financial failure or default by a participant in any of the joint ventures or other contractual relationship to which the Company is, or may become, a party;
- insolvency or other managerial failure by any of the contractors used by the Company in its activities; and
- industrial and landholder disputes.

These as well as other conditions can affect the Company's future revenues and profitability and the price of its securities.





#### **4.9 Tenement Title Risks**

Mineral licences are granted subject to various conditions including, but not limited to, work and expenditure conditions. Failure to comply with these conditions may expose the licences to forfeiture.

All of the licences in which the Company has an interest will be subject to application for renewal from time to time. The renewal of the term of each licence is subject to the applicable legislation in the relevant jurisdiction. If a licence is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that licence.

#### **4.10 Share Market Conditions**

The price of Shares as quoted on the ASX will be influenced by international and domestic factors affecting conditions in equity, financial and commodity markets. These factors may affect the general level of prices for listed securities of resource and exploration companies quoted on the ASX.

#### **4.11 Competition**

The Company will be competing with other companies in its exploration and development activities, many of which will have access to greater resources than the Company and may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

#### **4.12 General Investment Risks**

There is a risk that the price of Shares and returns to shareholders may be affected by changes in:

- local and world economic conditions;
- interest rates;
- levels of tax, taxation law and accounting practice;
- government legislation or intervention;
- inflation or inflationary expectations; and
- natural disasters, social upheaval or war in Australia or elsewhere, as well as other factors beyond the control of the Company.

#### **4.13 Insurance**

Insurance against all risks associated with exploration and mining is not always available or affordable. The Company will maintain insurance where it is considered appropriate for its needs however it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

#### **4.14 Reliance on Key Personnel**

The Company's success will depend in part on the continued services of its Directors, key employees and contractors. The loss of services of one or more of the Company's key employees or contractors could have a material adverse effect on the Company's business, operating results and financial condition.

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#### **4.15 Need to Attract Qualified Staff**

The Company's future success will in part depend on its ability to hire and train suitable staff. Competition for such personnel is intense and there can be no assurance that the Company will be successful in attracting and retaining such personnel.

#### **4.16 Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies and/or assets. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies and assets.

#### **4.17 Future Capital Needs and Funding**

Further funding will be required by the Company to support future activities and operations for other matters additional to the expenditures set out in this Offer Document. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain finance will adversely affect the business and financial condition of the Company and, consequently, its performance.

These future capital needs also include the ability of the Company to repay the loan of \$1,500,000 which is repayable to Kyla Pty Ltd on 25 September 2010 and is secured by a mortgage registered against the Barlee tenements.

### **5. Additional Information**

If you require any further information in relation to the Rights Issue, please contact the Company on (08) 9476 9200.

Yours faithfully  
Beacon Minerals Limited

A handwritten signature in blue ink, appearing to read "D Harris", is written over a light blue horizontal line.

Darryl Harris  
Managing Director

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