

Beacon Minerals Limited

(ABN 64 119 611 559)

Half-Year Report

31 December 2010



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DIRECTORS' REPORT

Your directors submit the financial report of the company for the half-year ended 31 December 2010. 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.

Paul Lloyd	Chairman
Darryl Harris	Managing Director
Matthew Egan	Non-Executive Director

Review of Operations

During the period the company continued to develop the Barlee Gold project 200 kilometres North of Southern Cross in Western Australia.

During the 6 months to 31 December 2010 the company raised \$2,402,206 via the expiry of BCNOA options that had an exercise price of 1 cent and issued 240,220,610 shares.

The reverse circulation and RAB drilling programs on the Barlee Gold Project in Western Australia returned highly encouraging results which included high grade gold intersections at shallow depths. Further priority targets have been defined for the next exploration programs.

The company plans to complete another 25,000 metres of drilling to 30 June 2011 which will be fully funded from existing cash reserves.

The company invested in ASX listed company, Consolidated Tin Mines Limited (CSD) during the period. A total of \$760,000 was invested and the value at the 31 December 2010 was \$3,901,500. The value of the CSD investment has been reduced by \$1.5 million at the date of signing this report but the directors are confident that the investment will create shareholder value in the medium to longer term.

The entity incurred a net loss after tax of \$ 734,599 during the half-year to 31 December 2010.

The principal activities of the entity continue to be mineral exploration. The directors have focused the company's operation on the Barlee Gold project.

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 2010.

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



Darryl Harris

Managing Director

Dated this 15th day of March 2011



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 2010, 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.

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

Perth, Western Australia
15 March 2011

L DI GIALLONARDO
Partner, HLB Mann Judd

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	<i>Notes</i>	31 Dec 2010	31 Dec 2009
		\$	\$
Revenue	2	112,289	33,135
Other income	2	-	231,471
Employee benefits expense		(51,758)	(28,067)
Exploration expenditure written off		(7,319)	(8,921)
Depreciation expense		(3,614)	(1,759)
Finance costs		-	(71,919)
Consultancy costs		(285,715)	(239,800)
Other expenses		(498,482)	(442,739)
Loss before income tax expense		(734,599)	(528,599)
Income tax expense		-	-
Net Loss after tax expense		(734,599)	(528,599)
Other Comprehensive Income / (Loss)			
Net change in fair value of available for sale financial assets	4	3,141,500	-
Income tax relating to components of other comprehensive income / (loss)	4	-	-
Other Comprehensive Income / (Loss) net of tax		3,141,500	(116,000)
Total Comprehensive Income / (Loss) for the half-year		2,406,901	(644,599)
Basic Loss per share (cents per share)		(0.08)	(0.11)

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

		31 December 2010	30 June 2010
	Notes	\$	\$
Assets			
Current Assets			
Cash and cash equivalents		3,655,669	4,186,938
Trade and other receivables		107,568	210,474
Total Current Assets		3,763,237	4,397,412
Non-Current Assets			
Other financial assets	4	3,901,500	-
Property, plant and equipment		15,113	18,726
Deferred exploration expenditure	3	4,248,637	3,064,810
Total Non-Current Assets		8,165,250	3,083,536
Total Assets		11,928,487	7,480,948
Liabilities			
Current Liabilities			
Trade and other payables		146,037	594,730
Total Current Liabilities		146,037	594,730
Total Liabilities		146,037	594,730
Net Assets		11,782,450	6,886,218
Equity			
Issued capital	5	21,958,170	19,468,839
Reserves		3,858,133	716,633
Accumulated losses		(14,033,853)	(13,299,254)
Total Equity		11,782,450	6,886,218

The above condensed statement of financial position should be read in conjunction with the accompanying notes.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Issued Capital	Option Premium Reserve	Equity benefits reserve	Fair Value Reserve	Accumulated losses	Total Equity
<u>31 December 2009</u>	\$	\$	\$	\$	\$	\$
Balance at 1 July 2009	11,661,762	169,250	243,384	60,000	(12,354,812)	(220,416)
Comprehensive income for the half-year						
Loss after tax for the half-year	-	-	-	-	(528,599)	(528,599)
Movement in available-for-sale financial assets	-	-	-	(60,000)	-	(60,000)
Total comprehensive income for the half-year	-	-	-	(60,000)	(528,599)	(588,599)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of share capital, net of transaction costs	7,722,365	-	-	-	-	7,722,365
Recognition of share based payments - options	-	-	304,000	-	-	304,000
Balance at 31 December 2009	19,384,127	169,250	547,384	-	(12,883,411)	7,217,350

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Issued Capital	Option Premium Reserve	Equity benefits reserve	Fair Value Reserve	Accumulated losses	Total Equity
<u>31 December 2010</u>	\$	\$	\$	\$	\$	\$
Balance at 1 July 2010	19,468,839	169,250	547,383	-	(13,299,254)	6,886,218
Comprehensive income for the half-year						
Loss after tax for the half-year	-	-	-	-	(734,599)	(734,599)
Net change in fair value of available- for-sale financial assets	-	-	-	3,141,500	-	3,141,500
Total comprehensive income for the half-year	-	-	-	3,141,500	(734,599)	2,406,901
<i>Transactions with owners in their capacity as owners:</i>						
Issue of share capital net of transaction costs	2,264,331	-	-	-	-	2,264,331
Recognition of share based payments - shares	225,000	-	-	-	-	225,000
Balance at 31 December 2010	21,958,170	169,250	547,383	3,141,500	(14,033,853)	11,782,450

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	2010 \$ Inflows/ (Outflows)	2009 \$ Inflows/ (Outflows)
Cash flows from operating activities		
Payments to suppliers and employees	(483,805)	(454,949)
Interest received	105,213	10,727
Net cash (used in) operating activities	<u>(378,592)</u>	<u>(444,222)</u>
Cash flows from investing activities		
Purchase of available-for-sale investments	(760,000)	-
Proceeds from sale of investments	-	297,000
Payments for exploration expenditure	(1,657,008)	(975,371)
Net cash (used in) investing activities	<u>(2,417,008)</u>	<u>(678,371)</u>
Cash flows from financing activities		
Interest paid on borrowings	-	(185,570)
Repayment of borrowings	-	(1,499,266)
Proceeds from issue of shares	2,402,206	8,121,180
Capital raising costs	(137,875)	(347,179)
Net cash provided by financing activities	<u>2,264,331</u>	<u>6,089,145</u>
Net increase/(decrease) in cash held	(531,269)	4,966,552
Cash and cash equivalents at the beginning of the period	4,186,938	990,577
Cash as at 31 December	<u>3,655,669</u>	<u>5,957,129</u>

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year 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 condensed 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 company as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 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 and the ASX listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Basis of Preparation

The half-year report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. 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.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

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

Significant Accounting Judgments and Key Estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates

In preparing this interim report, the significant judgments made by management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2010.

Adoption of New and Revised Accounting Standards

In the half-year ended 31 December 2010, the Company 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 2010.

It has been determined by the Company 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 Company accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2010. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

NOTE 2: LOSS BEFORE INCOME TAX

	31 December 2010 \$	31 December 2009 \$
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Revenue and Other Income:		
Interest Revenue	106,289	30,135
Rent Revenue	6,000	3,000
	<u>112,289</u>	<u>33,135</u>
Gain on sale of investment – Chrysalis Resources Limited	-	171,471
Fair value reserve – gain on revaluation of investments	-	60,000
	<u>-</u>	<u>231,471</u>
Expenses:		
Advertising and promotions	277,055	257,592

NOTE 3: DEFERRED EXPLORATION EXPENDITURE

	6 months to 31 December 2010 \$	Year to 30 June 2010 \$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	3,064,810	248,826
Expenditure incurred	1,191,146	2,828,645
	<u>4,255,956</u>	<u>3,077,471</u>
Expenditure written off	(7,319)	(12,661)
Total deferred exploration expenditure	<u>4,248,637</u>	<u>3,064,810</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

NOTE 4: OTHER FINANCIAL ASSETS

	31 December 2010	30 June 2010
	\$	\$
<i>Available-for-sale financial assets:</i>		
Opening Balance	-	125,000
Additions	760,000	-
Revaluation to current market value (i)	3,141,500	-
Disposal of investment	-	(125,000)
	<u>3,901,500</u>	<u>-</u>

(i) The company has sufficient income tax losses available to offset tax applicable to this fair value adjustment (estimated to be \$942,450 at a tax rate of 30%).

NOTE 5: ISSUED CAPITAL

	31 December 2010	30 June 2010
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	<u>21,958,170</u>	<u>19,468,839</u>

	31 December 2010 No.	30 June 2010 No.	31 December 2010 \$	30 June 2010 \$
<i>Movements in ordinary shares on issue</i>				
At start of period	739,852,816	357,001,330	19,468,839	11,661,762
Rights issue	-	364,781,412	-	8,025,191
Exercise of options	240,220,610	18,070,074	2,402,206	180,701
Shares issued to consultants	15,000,000	-	225,000	-
Share issue costs	-	-	(137,875)	(398,815)
At end of period	<u>995,073,426</u>	<u>739,852,816</u>	<u>21,958,170</u>	<u>19,468,839</u>

Options on Issue at 31 December 2010

No.

Movement in 20 cent options on issue

At 1 July 2010 16,587,934

Expired* (16,587,934)

At 31 December 2010 -

*Expired 31 August 2010

Movement in 30 cent options on issue

At 1 July 2010 45,283,580

Expired* (45,283,580)

At 31 December 2010 -

*Expired 31 August 2010

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 5: ISSUED CAPITAL (CONTINUED)

No.

Movement in 20 cent Director options on issue

At 1 July 2010 6,000,000

Issue/Conversions -

At 31 December 2010 6,000,000

Each option entitles the holder to subscribe for one share at an issue price of 20 cents on or before 31 May 2011.

Movement in 1 cent options on issue

At 1 July 2010 240,220,610

Conversion of options during period[#] (240,220,610)

At 31 December 2010 -

[#]All options converted during the period.

Movement in 27 cent Employee options on issue

At 1 July 2010 150,000

Issue/Conversions -

At 31 December 2010 150,000

Each option entitles the holder to subscribe for one share at an issue price of 27 cents on or before 1 August 2012.

NOTE 6: SEGMENT REPORTING

Business Segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Company is managed primarily on the basis of mining exploration and treasury activities. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Types of reportable segments:

(i) Tenement exploration and evaluation:

- The exploration of current projects and the evaluation of new ones are reported in this segment,
- Segment assets, including acquisition costs of exploration licenses and all expenses related to the tenements are reported in this segment.

(ii) Treasury

- The reporting relating to income from cash holdings is reported in this segment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 6: SEGMENT REPORTING (Continued)

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Company as a whole and are not allocated.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments, as they are not considered part of the core operations of any segment:

- net gains on disposal of available-for-sale investments;
- impairment of assets excluding exploration assets and other non-recurring items of revenue or expense;
- trade and other payables

(i) Segment performance - 31 December 2010:

	Exploration and Evaluation	Treasury	Total
	\$	\$	\$
Interest Revenue	-	106,289	106,289
Gains on sale of listed investments	-	-	-
Fair value reserve – gain on sale of available-for-sale financial assets	-	-	-
Other	-	-	-
Total segment revenue	-	106,289	106,289

Reconciliation of segment revenue to the statement of comprehensive income

Inter-segment elimination	-	-	-
Total segment revenue	-	106,289	106,289
Segment net profit/(loss) before tax	(7,319)	106,289	98,970

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 6: SEGMENT REPORTING (Continued)

Reconciliation of segment result to company net profit/ (loss) before tax:

Segment net profit before tax	98,970
Accounts reviewed by the Board but not included in segment result:	
Rent Revenue	6,000
Administration Expenditure	(293,741)
Employees Benefits Expenses	(31,500)
Consultancy costs	(510,714)
Depreciation expense	(3,614)
Net loss before tax	(734,599)

(ii) Segment assets - 31 December 2010

	Exploration and Evaluation	Treasury	Total
	\$	\$	\$
Segments assets	4,248,637	3,655,669	7,904,306

Reconciliation of segment assets to the statement of financial position

Trade and other receivables	107,568
Other financial assets	3,901,500
Property, plant and equipment	15,113
Total Assets	11,928,487

(iii) Segment performance - 31 December 2009:

	Exploration and Evaluation	Treasury	Total
	\$	\$	\$
Interest Revenue	-	30,135	30,135
Other	-	-	-
Total segment revenue	-	30,135	30,135

Reconciliation of segment revenue to statement of comprehensive income

Inter-segment elimination	-	-	-
Total segment revenue	-	30,135	30,135
Segment net profit/(loss) before tax	(8,921)	30,135	21,214

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 6: SEGMENT REPORTING (Continued)

Reconciliation of segment result to net profit/ (loss) before tax:

Segment net profit before tax	21,214
Accounts reviewed by the Board but not included in segment result:	
Rent Revenue	3,000
Other Income	231,471
Administration Expense	(442,739)
Employees Benefits Expenses	(28,067)
Consultancy costs	(239,800)
Finance costs	(71,919)
Depreciation expense	(1,759)
Net loss before tax	(528,599)

(iv) Segment assets - 30 June 2010

	Exploration and Evaluation	Treasury	Total
	\$	\$	\$
Segments assets	3,064,810	4,186,938	7,251,748

Reconciliation of segment assets to the statement of financial position

Trade and other receivables	210,474
Property, plant and equipment	18,726
Total Assets	7,480,948

NOTE 7: RELATED PARTY TRANSACTIONS

There have been no significant changes in related party transactions since 30 June 2010.

NOTE 8: COMMITMENTS AND CONTINGENCIES

There have been no significant changes to commitments or contingencies since 30 June 2010.

NOTE 9: EVENTS OCCURRING AFTER BALANCE DATE

Subsequent to balance date, the market value of the company's investment in its available for sale financial assets as disclosed in note 4, has reduced by approximately \$1.5 million as at the date of signing this half-year report.

Other than the event detailed above, there has been no matter or circumstance that has arisen since 31 December 2010 that has significantly affected, or may significantly affect:

1. the company's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the company's state of affairs in future financial years.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes thereto, as set out on 3 to 14, are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standard, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. give a true and fair view of the company's financial position as at 31 December 2010 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.



Darryl Harris
Managing Director

Dated this 15th day of March 2011



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Beacon Minerals Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Beacon Minerals Limited ("the Company") which comprises the condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 2010 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.



Accountants | Business and Financial Advisers

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 as at 31 December 2010 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
15 March 2011

L DI GIALLONARDO
Partner