Beacon Minerals Limited

(ABN 64 119 611 559)

Half Year Report

31 December 2009

Contents

DIRECTORS' REPORT

Your directors submit the financial report of the entity for the half-year ended 31 December 2009. 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	Executive Director (Chairman)
Darryl Harris	Managing Director
Matthew Egan	Non-Executive Director

Review of Operations

During the period the company completed a rights issue to raise $8.025 million and repaid a loan arising from the acquisition of Silcom Resources Limited and the exploration licences in Kyrgyzstan. The company is now debt free and has adequate funding to aggressively explore the Barlee Gold Project.

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 50,000 metres of drilling to 31 December 2010 which will be fully funded from existing cash reserves.

The entity incurred a net loss after tax of $ 528,599 during the half year to 31 December 2009.

The principal activities of the entity continue to be mineral exploration. The directors have focused the company's operation on the Barlee Gold project north of Southern 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 3 and forms part of this directors' report for the half-year ended 31 December 2009.

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.

Darryl Harris
Managing Director
Dated this 15th day of March 2010

HLB Mann Judd

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 2009, 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.

Perth, Western Australia
15 March 2010

L DI GIALLONARDO
Partner, HLB Mann Judd

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Notes	31 Dec 2009 Company $	31 Dec 2008 Company $
Revenue		30,135	12,210
Other income		234,471	12,376
Employee benefits expense		(28,067)	(133,030)
Exploration expenditure written off		(8,921)	(2,026,521)
Depreciation expense		(1,759)	(5,402)
Finance costs		(71,919)	(33,196)
Loss on investments		-	(7,066,467)
Other expenses		(682,539)	(662,172)
Loss before income tax expense	2	(528,599)	(9,902,202)
Income tax expense		-	-
Net Loss after tax expense		(528,599)	(9,902,202)
Other Comprehensive Income / (Loss)			
Net change in equity benefits reserve		(56,000)	-
Net change in fair value reserve		(60,000)	(40,000)
Income tax relating to components of other comprehensive income / (Loss)		-	-
Other Comprehensive Income / (Loss) net of tax		(116,000)	(40,000)
Total Comprehensive Income / (Loss)		(644,599)	(9,942,202)
Basic Loss per share (cents per share)		(0.11)	(13.96)

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Notes	31 December 2009 Company $	30 June 2009 Company $
Assets			
Current Assets			
Cash and cash equivalents		5,957,129	990,577
Trade and other receivables		152,318	45,150
Total Current Assets		6,109,447	1,035,727
Non-Current Assets			
Other financial assets		-	125,000
Property, plant and equipment		10,850	12,608
Deferred exploration expenditure	3	1,329,150	248,826
Total Non-Current Assets		1,340,000	386,434
Total Assets		**7,449,447**	**1,422,161**
Liabilities			
Current Liabilities			
Trade and other payables		232,097	29,640
Total Current Liabilities		232,097	29,640
Non-Current Liabilities			
Borrowings	4	-	1,612,937
Total Non-Current Liabilities		-	1,612,937
Total Liabilities		**232,097**	**1,642,577**
Net Assets/(Liabilities)		**7,217,350**	**(220,416)**
Equity			
Issued capital	5	19,384,127	11,661,762
Reserves		716,634	472,634
Accumulated losses		(12,883,411)	(12,354,812)
Total Equity		**7,217,350**	**(220,416)**

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

Company	Issued Capital	Option Premium Reserve	Equity benefits reserve	Fair Value Reserve	Accumulated losses	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2008	4,535,573	169,250	120,702	40,000	(1,981,409)	2,884,116
Loss after tax for the half year	-	-	-	-	(9,902,202)	(9,902,202)
Recognition of share based payments	-	-	112,681	-	-	112,681
Movement in revaluation reserve	-	-	-	(40,000)	-	(40,000)
Issue of share capital	5,535,448	-	-	-	-	5,535,448
Balance at 31 December 2008	**10,071,021**	**169,250**	**233,383**	**-**	**(11,883,611)**	**(1,409,957)**
Balance at 1 July 2009	11,661,762	169,250	243,384	60,000	(12,354,812)	(220,416)
Loss after tax for the half year	-	-	-	-	(528,599)	(528,599)
Movement in revaluation reserve	-	-	-	(60,000)	-	(60,000)
Issue of share capital	8,121,180	-	-	-	-	8,121,180
Recognition of share based payments	-	-	304,000	-	-	304,000
Transaction costs	(398,815)	-	-	-	-	(398,815)
Balance at 31 December 2009	**19,384,127**	**169,250**	**547,384**	**-**	**(12,883,411)**	**7,217,350**

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	2009 $ Inflows/ (Outflows)	2008 $ Inflows/ (Outflows)
Cash flows from operating activities		
Payments to suppliers and employees	(454,949)	(993,794)
Interest received	10,727	12,210
Net cash (used in) operating activities	(444,222)	(981,584)
Cash flows from investing activities		
Proceeds from sale of investments	297,000	-
Payments for exploration expenditure	(975,371)	(655,204)
Net cash (used in) investing activities	(678,371)	(655,204)
Cash flows from financing activities		
Proceeds from borrowings	-	1,499,266
Loan to Silcom Resources Pty Ltd	-	(1,023,734)
Interest paid on borrowings	(185,570)	-
Repayment of borrowings	(1,499,266)	-
Proceeds from issue of shares	8,121,180	-
Capital raising costs	(347,179)	-
Net cash provided by financing activities	6,089,145	475,532
Net increase in cash held	4,966,552	(1,161,256)
Cash and cash equivalents at 1 July	990,577	1,243,617
Cash at 31 December 2009	5,957,129	82,361

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

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 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 2009 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.

An application for voluntary liquidation of Silcom Resources Pty Ltd was lodged with the Australian Securities and Investments Commission on 24 December 2009. Silcom Resources Pty Ltd had been deemed to be the accounting parent entity of Beacon as a result of reverse acquisition accounting (as explained in the 30 June 2009 financial report). Due to the impending liquidation of Silcom, Silcom can no longer be considered the accounting parent of Beacon and as a result, Beacon has reverted to the presentation of the financial report based on Beacon as a single entity. Comparative balances have also been restated in order to present a meaningful comparison.

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

The preparation of interim financial reports requires management to make judgements, 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.

Except as described below, in preparing this interim report, the significant judgements 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 consolidated financial report for the year ended 30 June 2009.

Adoption of New and Revised Accounting Standards

In the half-year ended 31 December 2009, 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 2009.

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. Other than as outlined below.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 1: STATEMENT OF SIGNIFICANT 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 2009. 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.

During the current period, certain accounting policies have changed as a result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009.

The affected policies and standards are:

- Business combinations – revised AASB 3 *Business Combinations*
- Segment reporting – new AASB 8 *Operating Segments*

Business Combinations

All payments to purchase a business are now recorded at fair value at the acquisition date, with contingent payments included at their respective fair values. Under the Group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of the acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net assets.

If the Group recognises acquired deferred tax assets after the initial recognition accounting there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the Group's net profit after tax.

Segment Reporting

The Company has adopted AASB 8 *Operating Segments* from 1 July 2009. AASB 8 replaces AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in a change in the number of reportable segments presented by the Company as operating segments are reported in a manner that is consistent with internal reporting provided to the chief operating decision maker.

Carrying Value of exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure in relation to separate areas of interest for which rights of tenure are current, are capitalised in the period in which they are incurred and are carried at cost less accumulated impairment losses. The cost of acquisition of an area of interest and exploration expenditure relating to that area of interest are carried forward as an asset in the Statement of Financial Position in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that their carrying amount exceeds their recoverable amount and where this is the case an impairment loss is recognised. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Should a project or an area of interest be abandoned, the expenditure will be written off in the period in which the decision is made.

Once an area of interest enters a production phase all capitalised expenditure in relation to that area of interest is transferred to Development Expenditure within Property, Plant and Equipment in the Statement of Financial Position. Capitalised Development Expenditure is amortised from the commencement of production on a unit of production basis over recoverable reserves. Recoverable reserves are subject to review annually.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 2: LOSS BEFORE INCOME TAX EXPENSE

	31 December 2009 $	31 December 2008 $
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Revenue:		
Interest Received	30,135	12,858
Gain on sale of investment – Chrysalis Resources Limited	171,471	-
Fair value reserve – gain on revaluation of investments	60,000	-
Expenses:		
Employee option issue expense	-	200,121
Interest paid on borrowings	71,919	33,196
Loss on investment – Silcom Resources Limited	-	6,931,467
Loss on investment – Chrysalis Resources Limited	-	135,000
Options issued to third parties	248,000	-

NOTE 3: DEFERRED EXPLORATION EXPENDITURE

Costs carried forward in respect of areas of interest in the following phases:	6 months to 31 December 2009 $	Year to 30 June 2009 $
Exploration and evaluation phase – at cost		
Balance at beginning of half year	248,826	1,371,317
Expenditure incurred	1,089,245	901,791
	1,338,071	2,273,108
Expenditure written off	(8,921)	(2,024,282)
Total deferred exploration expenditure	1,329,150	248,826

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 4: BORROWINGS

	31 December 2009	30 June 2009
	$	$
Loan from shareholder	-	1,612,937

The Loan has been provided by a major shareholder and has a term of two years, interest rate of 10.5% per annum and is secured by a mortgage over the Barlee Gold project. The loan was fully repaid on 2 December 2009.

NOTE 5: ISSUED CAPITAL

	31 December 2009 $	30 June 2009 $
Ordinary shares		
Issued and fully paid	19,384,127	11,661,762
	No.	$
At 1 July 2009	357,001,330	11,661,762
Movements in ordinary shares on issue		
Rights Issue	364,781,412	8,025,191
Exercise of Options	9,597,878	95,989
Share issue costs	-	(398,815)
At 31 December 2009	731,380,620	19,384,127

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 5: ISSUED CAPITAL (CONTINUED)

	No.
Movement 20 cent options on issue	
At 1 July 2009	16,587,934
Issue/Conversions	-
At 31 December 2009	16,587,934
Movement 30 cent options on issue	
At 1 July 2009	45,283,580
Issue/Conversions	-
At 31 December 2009	45,283,580
Movement 20 cent Director options on issue	
At 1 July 2009	6,000,000
Issue/Conversions	-
At 31 December 2009	6,000,000
Movement 1 cent options on issue	
At 1 July 2009	239,290,684
Issue of options to consultants	19,000,000
Conversion of options during period	(9,597,878)
At 31 December 2009	248,692,806
Movement 27 cent Employee options on issue	
At 1 July 2009	150,000
Issue/Conversions	-
At 31 December 2009	150,000

NOTE 6: SEGMENT REPORTING

Business Segments

The Company has adopted AASB 8 *Operating Segments* which requires operating segments to be identified on the basis of internal reports about components of the Company that are reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance. The Managing Director is the chief operating decision maker of Beacon Minerals Limited. The Managing Director reviews internal reports prepared as financial statements and strategic decisions of the Company are determined upon analysis of these internal reports. During the period, the Company operated predominantly in one business and geographical segment being the mineral exploration sector in Australia. Accordingly, under the ‘management approach’ outlined only one operating segment has been identified and no further disclosure is required in the notes to the financial statements.

NOTE 7: 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 13:
   a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and

   b. give a true and fair view of the consolidated entity's financial position as at 31 December 2009 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 2010

HLB Mann Judd

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 statement of financial position as at 31 December 2009, the condensed statement of comprehensive income, condensed statement of changes in equity, condensed statement of cash flows 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 Interim and Other Financial Reports 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 2009 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.

Independence

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

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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 2009 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
Partner

Perth, Western Australia
15 March 2010