

Beacon Minerals Limited

(ABN 64 119 611 559)

Half-Year Report

31 December 2011





Beacon Minerals Limited

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Beacon Minerals Limited

DIRECTORS' REPORT

Your Directors submit the financial report of the Company for the half-year ended 31 December 2011. 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
Neil Fearis (*)	Alternate Director

** Neil Fearis was appointed as an alternate Director to Paul Lloyd on 9 February 2012 to enable Mr Fearis to chair the meetings on 12 and 27 March 2012. The appointment is valid until the close of the meeting on 27 March 2012.*

Review of Operations

The key focus for the first half of the 2012 financial year was:

- Preparation of a Proposal to Mine, based on a conceptual study for the potential mining and toll treatment of Halleys East and its submission to the Department of Mines and Petroleum.
- Discussions with various third party operators and parties interested in the purchase of the Halleys East resource.
- Independent geological review of the exploration results to date to verify geological modeling and highlight any additional prospective gold and base metal targets.
- Continued evaluation of other acquisitions to develop in parallel to Barlee.

Discussions with relevant parties regarding toll treatment and sale options for Halleys East culminated in an agreement for the sale of Mining Lease (ML) 77/1254 to Ramelius Resources Limited.

The payment terms for sale of the Mining Lease to Ramelius are:

- Payment of \$4 million cash representing reimbursement of exploration expenditure.
- Royalty of \$80 per ounce for gold produced from 1 to 40,000 ounces from the ML.
- Royalty of \$160 per ounce for gold produced from 40,001 to 100,000 ounces from the ML.
- Royalty of 2.0% of the value of gold produced from the ML above 100,000 ounces.

In parallel with the toll treatment and sale discussions, the Mining Proposal for ML 77/1254 was submitted to the DMP on the 24 November 2011. The proposal was managed by Auralia Mining Consulting with BKD Resources completing the resource estimation, Alexander Holm and Associates the environmental survey and KHC the native title survey.

The Mining Proposal was based on a conceptual study for mining Halleys East and trucking to a third party processing plant for toll treatment. Areas covered by this study include:

- native title
- environmental baseline studies and planning
- resource modeling
- mine planning
- feasibility evaluation.

Aiming to further the exploration potential of the Barlee Gold Project the company commissioned an independent geological report to highlight any additional prospective gold targets within the project area. From this report several key targets were identified and planning is underway to test these targets for possible gold mineralisation. A program was developed for additional drilling at the Halleys East Deposit to assist with refining the existing resource model and mine plan.

Discussions continued for the acquisition of a group of tenements in West Africa proximal to large scale gold resources.

Subsequent to the end of the half-year, the sale of the Barlee ML to Ramelius was rejected by shareholders on a vote held at a general meeting on 12 March 2012.

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 2011. 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.

Competent Persons Statement

The information in this report, as it relates to:

- A) *Exploration Results, is based on information compiled and/or reviewed by Mr. Lyle Thorne who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM).*
- B) *Resource Estimates, is based on information compiled and/or reviewed by Mr. Byron Dumpleton who is a member of the AIG (Australian Institute of Geoscientists).*
- C) *Metallurgical and Processing Estimates are based on information compiled and/or reviewed by Mr. Darryl Harris who is a member of the AusIMM.*

All persons have the relevant experience with the mineralisation reported on to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". All persons consent to the inclusion in the report of the matters based on the information in the form and context in which they appear.

Down hole widths quoted. Due to the preliminary nature of the exploration drilling, the company is unable to state if mineralised widths approximate true width. The Company also advises that it is uncertain as to whether further drilling in these areas will lead to the discovery of potentially economic mineralisation.



Darryl Harris

Managing Director

Dated this 15th day of March 2012

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 2011, 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.

Perth, Western Australia
15 March 2012



N G NEILL
Partner, HLB Mann Judd



CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	31 December 2011	31 December 2010
		\$	\$
Revenue	2	43,298	112,289
Employee benefits expense		(44,872)	(51,758)
Exploration expenditure written off		(50,169)	(7,319)
Depreciation expense		(3,469)	(3,614)
Consultancy costs		(226,890)	(285,715)
Other expenses		(273,129)	(498,482)
Loss before income tax expense		(555,231)	(734,599)
Income tax expense		-	-
Net Loss after tax expense		(555,231)	(734,599)
Other Comprehensive Income / (Loss)			
Net change in fair value of available-for-sale financial assets	4	(172,700)	3,141,500
Other Comprehensive Income / (Loss) Net of Tax		(172,700)	3,141,500
Total Comprehensive Income / (Loss) for the Half-Year		(727,931)	2,406,901
Basic loss per share (cents per share)		(0.06)	(0.08)

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 2011

	Notes	31 December 2011	30 June 2011
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		1,000,690	1,715,368
Trade and other receivables		89,311	92,521
Total Current Assets		1,090,001	1,807,889
Non-Current Assets			
Other financial assets	4	942,000	1,114,700
Property, plant and equipment		10,584	11,682
Deferred exploration expenditure	3	5,627,411	5,467,268
Total Non-Current Assets		6,579,995	6,593,650
Total Assets		7,669,996	8,401,539
Liabilities			
Current Liabilities			
Trade and other payables		66,915	70,527
Total Current Liabilities		66,915	70,527
Total Liabilities		66,915	70,527
Net Assets		7,603,081	8,331,012
Equity			
Issued capital	5	21,958,170	21,958,170
Reserves		787,332	960,032
Accumulated losses		(15,142,421)	(14,587,190)
Total Equity		7,603,081	8,331,012

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 2011

	Issued Capital	Option Premium Reserve	Equity benefits reserve	Fair Value Reserve	Accumulated losses	Total Equity
31 December 2010						
	\$	\$	\$	\$	\$	\$
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 asset	-	-	-	3,141,500	-	3,141,500
Total comprehensive income for the half-year	-	-	-	3,141,500	(734,599)	2,406,901
Transactions with owners in their capacity as owners:						
Issue of share capital, net of transaction costs	2,264,331	-	-	-	-	2,264,331
Recognition of share based payments – options	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 CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2011
(CONTINUED)

	Issued Capital	Option Premium Reserve	Equity benefits reserve	Fair Value Reserve	Accumulated losses	Total Equity
31 December 2011						
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2011	21,958,170	169,250	547,383	243,399	(14,587,190)	8,331,012
Comprehensive income for the half-year						
Loss after tax for the half-year	-	-	-	-	(555,231)	(555,231)
Net change in fair value of available for sale financial asset	-	-	-	(172,700)	-	(172,700)
Total comprehensive income for the half-year	-	-	-	(172,700)	(555,231)	(727,931)
Transactions with owners in their capacity as owners:						
	-	-	-	-	-	-
Balance at 31 December 2011	21,958,170	169,250	547,383	70,699	(15,142,421)	7,603,081

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 2011

	2011 \$ Inflows/ (Outflows)	2010 \$ Inflows/ (Outflows)
Cash flows from operating activities		
Payments to suppliers and employees	(588,905)	(483,805)
Interest received	36,739	105,213
Net cash (used in) operating activities	(552,166)	(378,592)
Cash flows from investing activities		
Purchase of available-for-sale investments	-	(760,000)
Purchase of plant and equipment	(2,370)	-
Payments for exploration expenditure	(160,142)	(1,657,008)
Net cash (used in) investing activities	(162,512)	(2,417,008)
Cash flows from financing activities		
Proceeds from issue of shares	-	2,402,206
Capital raising costs	-	(137,875)
Net cash provided by financing activities	-	2,264,331
Net increase/(decrease) in cash held	(714,678)	(531,269)
Cash and cash equivalents at the beginning of the period	1,715,368	4,186,938
Cash as at 31 December	1,000,690	3,655,669

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

NOTES TO THE FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is 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 2011 and any public announcements made by Beacon Minerals Limited during and subsequent to 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 2011.

Adoption of New and Revised Accounting Standards

In the half-year ended 31 December 2011, the Directors have 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 2011.

It has been determined by the Directors 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 Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2011. 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 REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 2: LOSS BEFORE INCOME TAX

	31 December 2011 \$	31 December 2010 \$
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Revenue and Other Income:		
Interest revenue	37,298	106,289
Rent revenue	6,000	6,000
	43,298	112,289
Expenses:		
Advertising and promotions	15,410	277,055
Rent and relocation costs	103,314	51,657

NOTE 3: DEFERRED EXPLORATION EXPENDITURE

	6 months to 31 December 2011 \$	Year to 30 June 2011 \$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	5,467,268	3,064,810
Expenditure incurred	210,312	2,410,482
	5,677,580	5,475,292
Expenditure written off	(50,169)	(8,024)
Total deferred exploration expenditure	5,627,411	5,467,268

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 REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 4: OTHER FINANCIAL ASSETS

	31 December 2011 \$	30 June 2011 \$
<i>Available-for-sale financial assets:</i>		
Opening balance	1,114,700	-
Additions	-	871,301
Revaluation to current market value	(172,700)	243,399
	942,000	1,114,700

NOTE 5: ISSUED CAPITAL

	31 December 2011 \$	30 June 2011 \$
<i>Ordinary shares</i>		
Issued and fully paid	21,958,170	21,958,170

	31 December 2011 No.	30 June 2011 No.	31 December 2011 \$	30 June 2011 \$
<i>Movements in ordinary shares on issue</i>				
At start of period	995,073,426	739,852,816	21,958,170	19,468,839
Exercise of options	-	240,220,610	-	2,402,206
Shares placement	-	15,000,000	-	225,000
Share issue costs	-	-	-	(137,875)
At end of period	995,073,426	995,073,426	21,958,170	21,958,170

Options on issue at 31 December 2011

No.

Movement in 27 cent employee options on issue

At 1 July 2011	150,000
Issue/Conversions	-
At 31 December 2011	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.

NOTES TO THE FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

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.

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 Report 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

NOTES TO THE FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 6: SEGMENT REPORTING (Continued)

(i) Segment performance - 31 December 2011:

	Exploration and Evaluation	Treasury	Total
	\$	\$	\$
Interest Revenue	-	37,298	37,298
Total segment revenue	-	37,298	37,298
Segment net profit/(loss) before tax	(50,169)	37,298	(12,871)
Reconciliation of segment result to Company net profit/ (loss) before tax:			
Segment net profit tax			(12,871)
Accounts reviewed by the Board but not included in segment result:			
Rent revenue			6,000
Administration expenditure			(273,129)
Employees benefits expenses			(44,872)
Consultancy costs			(226,890)
Depreciation expense			(3,469)
Net loss before tax			(555,231)

NOTES TO THE FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 6: SEGMENT REPORTING (Continued)

(ii) Segment assets - 31 December 2011

	Exploration and Evaluation	Treasury	Total
	\$	\$	\$
Segments assets	5,627,411	1,000,690	6,628,101

Reconciliation of segment assets to the statement of financial position

Trade and other receivables	89,311
Other financial assets	942,000
Property, plant and equipment	10,584
Total Assets	7,669,996

(iii) Segment performance - 31 December 2010:

	Exploration and Evaluation	Treasury	Total
	\$	\$	\$
Interest revenue	-	106,289	106,289
Total segment revenue	-	106,289	106,289

Segment net profit/(loss) before tax	(7,319)	106,289	98,970
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Reconciliation of segment result to net profit/ (loss) before tax:

Segment net profit before tax	98,970
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Accounts reviewed by the Board but not included in segment result:

Rent revenue	6,000
Administration expense	(293,741)
Employees benefits expenses	(31,500)
Consultancy costs	(510,714)
Depreciation expense	(3,614)
Net loss before tax	(734,599)

NOTES TO THE FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 6: SEGMENT REPORTING (Continued)

(iv) Segment assets - 30 June 2011

	Exploration and Evaluation	Treasury	Total
	\$	\$	\$
Segments assets	5,467,268	1,715,368	7,182,636

Reconciliation of segment assets to the statement of financial position

Trade and other receivables	92,521
Other financial assets	1,114,700
Property, plant and equipment	11,682
Total Assets	8,401,539

NOTE 7: RELATED PARTY TRANSACTIONS

There have been no significant changes in related party transactions since 30 June 2011.

NOTE 8: COMMITMENTS AND CONTINGENCIES

There have been no significant changes to commitments or contingencies since 30 June 2011.

NOTE 9: EVENTS OCCURRING AFTER BALANCE DATE

Subsequent to balance date, the shareholders at a general meeting held 12 March 2012 rejected the sale of the Barlee Mining Lease to Ramelius Resources Limited. The Directors will continue to develop the Barlee Gold Project so as to create value to shareholders.

Other than the event detailed above, there has been no matter or circumstance that has arisen since 31 December 2011 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 report and notes thereto, as set out on 4 to 15, 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 2011 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 2012

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 2011, 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 information, 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 2011 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 the company, 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*.

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the company for the half-year ended 31 December 2011 included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a website they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this website version of the half-year financial report.

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 Beacon Minerals Limited's financial position as at 31 December 2011 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*.

Perth, Western Australia
15 March 2012

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

Norman Neill

N G NEILL
Partner