

Beacon Minerals Limited

(ABN 64 119 611 559)

Annual Financial Report

For the year ended 30 June 2011

Contents

CORPORATE INFORMATION	3
DIRECTORS' REPORT	4
CORPORATE GOVERNANCE STATEMENT	20
AUDITOR'S INDEPENDENCE DECLARATION	26
STATEMENT OF COMPREHENSIVE INCOME	27
STATEMENT OF FINANCIAL POSITION	28
STATEMENT OF CASH FLOWS	29
STATEMENT OF CHANGES IN EQUITY	30
NOTES TO THE FINANCIAL STATEMENTS	31
DIRECTORS' DECLARATION	59
INDEPENDENT AUDITOR'S REPORT	60
SHAREHOLDER INFORMATION	62
TENEMENT SCHEDULE	63

CORPORATE INFORMATION

ABN 64 119 611 559

Directors

Paul Lloyd (Chairman)

Darryl Harris (Managing Director)

Matthew Egan

Company Secretary

Paul Lloyd

Principal place of business

Level 2, 46 Ord Street

West Perth, Western Australia 6005

Telephone: +61 8 9476 9200

Facsimile: +61 8 9476 9099

Email: admin@beaconminerals.com

Website: www.beaconminerals.com

Share Register

Advanced Share Registry Services

150 Stirling Highway

Nedlands, Western Australia, 6009

Solicitors

Steinepreis Paganin

Level 4, The Read Buildings

16 Milligan Street

Perth, Western Australia 6000

Auditors

HLB Mann Judd

Level 4, 130 Stirling Street

Perth Western Australia 6000

ASX Code

BCN

Registered office

30 Ledger Road

Balcatta, Western Australia 6021

DIRECTORS' REPORT

Your directors submit the annual financial report of the entity for the financial year ended 30 June 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS AND INTERESTS

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Paul Lloyd, B.Bus CA (Chairman/Company Secretary)

Paul Lloyd is a Chartered Accountant with over 25 years commercial experience. Mr Lloyd operates his own corporate consulting business, specialising in the area of corporate, financial and management advisory services. After commencing his career with an international accounting firm, he was employed for approximately 10 years as the General Manager of Finance for a Western Australian based international drilling contractor working extensively in Asia and Africa.

Mr Lloyd is a Director of ASX-listed South American Ferro Metals Limited, Firestrike Resources Limited and Sunseeker Minerals Limited.

Mr Lloyd was appointed to the Board on 9 May 2006.

During the last three years, Mr Lloyd has also served as a director of Target Energy Limited until resignation on 31 December 2010.

Darryl Harris, B.Sc.MAusIMM (Managing Director)

Darryl Harris is an engineering metallurgist with over 30 years experience in the development, design and commissioning of various metallurgical plants, including iron and steel, sulphuric acid, alumina and base metal projects. Mr Harris has had a long association with consultant engineering companies including Nedpac, Signet Engineering, Lurgi, Outokumpu and Outotec.

This includes coordination of various studies and concept development of various metallurgical plants including steel projects such as Kingstream and specific metallurgical experience includes detailed feasibility studies, laboratory testwork, and project development for a variety of gold, ferrous, diamond and base metal projects.

Mr Harris is currently a Non Executive Director of Indo Mines Limited and has been a director of the company since 16 June 1987. The ASX listed Indo Mines Limited are developing the Jogjakarta Ironsands Project in Indonesia. Mr Harris is also a non executive director of Consolidated Tin Limited*, an ASX listed company.

Mr Harris was appointed to the Board on 31 July 2008.

During the last three years, Mr Harris has not served as a director of any other listed companies.

Matthew Egan (Non-Executive Director)

Matthew Egan has been associated with the exploration and mining industry for over 25 years. Matthew commenced his career with his family owned mineral drilling contracting company, working up to the position of Managing Director, where he negotiated and won long term contracts with key mining companies which resulted in the growth of the company to employing 135 staff. The company was later purchased by DrillCorp Ltd.

He is currently the Managing Director and owner of Egan Drilling Services, a mineral drilling contractor operating in Western Australia.

Mr Egan was appointed to the Board on 9 May 2006.

Mr Egan has no other listed company directorships and has not held any listed company directorships in the last 3 years.

**denotes current directorship*

DIRECTORS' REPORT (continued)

Directors' interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Beacon Minerals Limited were:

	Number of remuneration options	Number of other options	Number of fully paid ordinary shares
Paul Lloyd	-	-	6,180,000
Darryl Harris	-	-	1,178,000
Matthew Egan	-	-	1,521,947

Share Options

Details of unissued ordinary shares under options are as follows:

	Number of options	Exercise price	Expiry date
Beacon Minerals Limited	150,000	27 cents	1 August 2012

240,220,610 ordinary shares were issued during the financial year as a result of the exercise of options (option exercise price was 1 cent).

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Principal Activities

The principal activities of the entity during the year were the exploration and development of mineral projects.

There has been no significant changes in the nature of those activities during the year.

DIRECTORS' REPORT (continued)**REVIEW OF OPERATIONS**

During the financial year the company has been exceptionally active in its exploration of the Barlee Gold Project in Western Australia.

Two major objectives have been driving the various activities throughout the year. The first objective was to further develop gold anomalies within the Barlee project in order to build upon the existing resource; the second aim for the year was to commence the processes required to bring the existing resource into the production phase in the future.

A summary of the activities engaged in by the company during this period include:

- Flying 8500+km of high-resolution geophysical surveys over the Barlee project
- Granting of the 12km² Mining Lease that was applied for in May 2010
- The acquisition of additional tenements proximal to the Barlee project
- Metallurgical test work on the JORC compliant resource at Halleys East
- Commencing studies for submitting a Mining Proposal for the Halleys East Deposit
- Upgrading the confidence level for the Halleys East Resource

Drilling and sampling details for year are as follows:

Table 1. Summary of drilling

Drilling 01/07/10 – 30/06/11		
RAB/AC	530 Holes	9,396m
RC	93 Holes	17,024m

This was complimented by over 1,800 regional soil samples that were collected over four of the exploration licenses that make up the Barlee Gold Project. Figure 1 summarises the activity for the period.

DIRECTORS' REPORT (continued)

Review of Operations (continued)

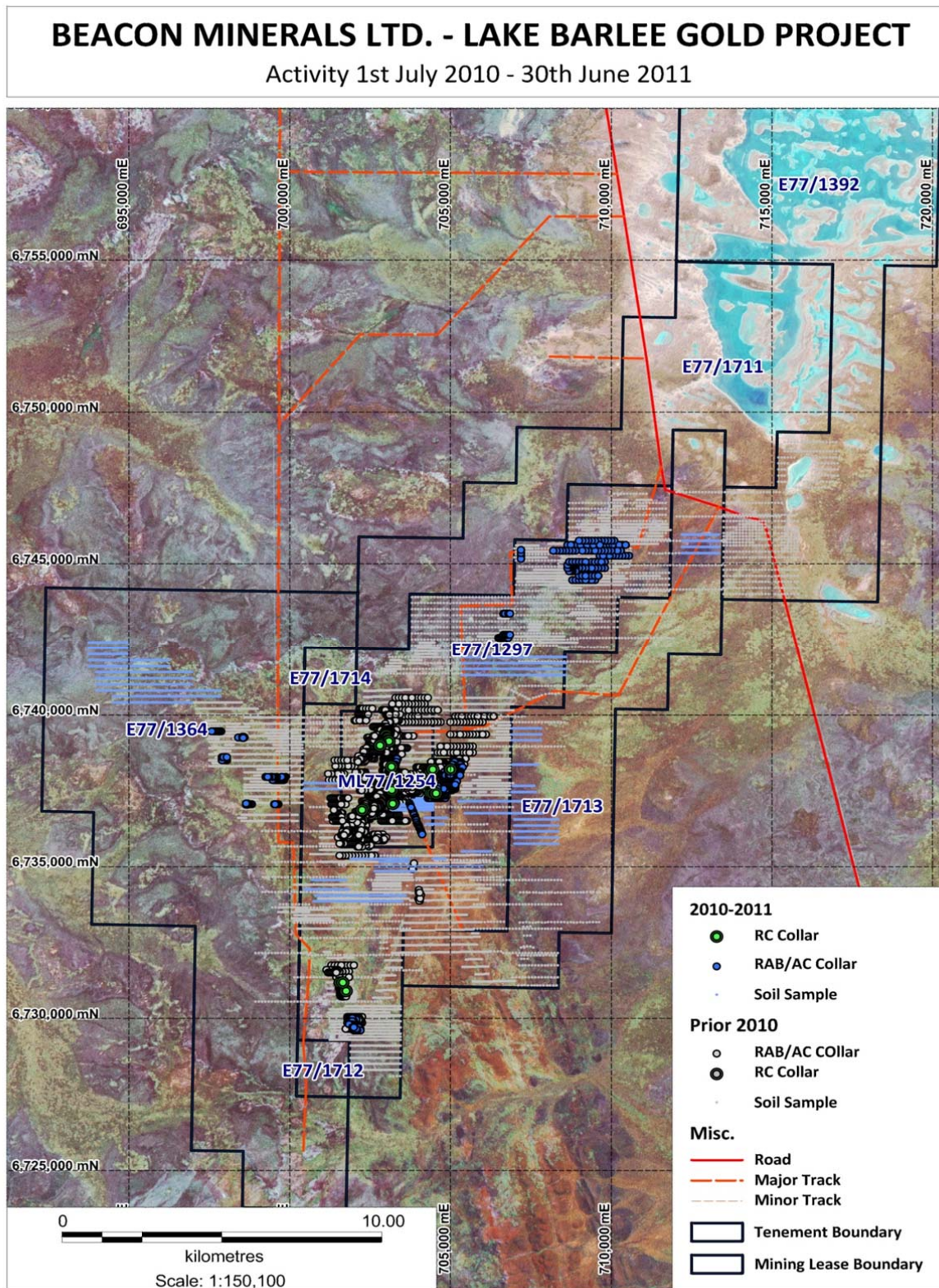


Figure 1. Overview of activity for the period 01/07/2010 - 30/06/2011

DIRECTORS' REPORT (continued)**Review of Operations (continued)****Airborne Geophysical Survey**

In an effort to gain a better understanding of the structural environment of the Barlee area as well as locate similar structural targets to that of Halleys East a high-resolution geophysical survey was flown between December 2010 and January 2011. The survey was to cover approximately 8,800km of 50 metre spaced lines over the Barlee Project with an average terrain clearance height of 30 metres in order to provide a high degree of detail. Data retrieved from the survey included both magnetics and radiometrics. This was then used as a tool for unveiling new regional structural targets worthy of exploration. Figure 2 shows the newly acquired magnetic data with targets highlighted.

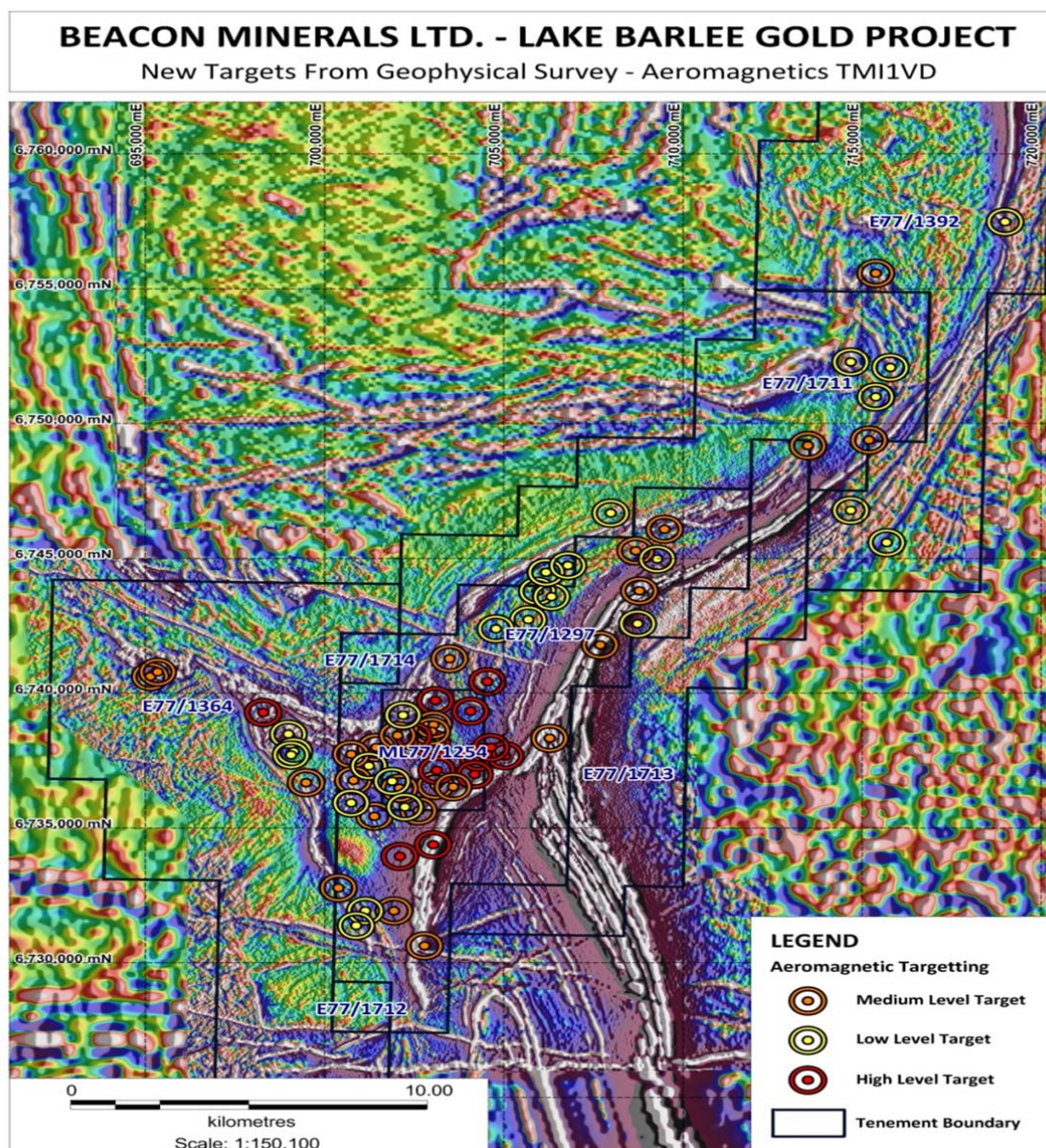


Figure 2. Targets obtained from interpretation of airborne geophysical survey

DIRECTORS' REPORT (continued)

Review of Operations (continued)

Acquisition of Additional Tenements

The Company entered into an option agreement to purchase tenements adjacent to its Barlee Gold Project. These additional tenements increased the landholding in the area by approximately 100 square kilometres and provide substantial upside exploration potential for the company. This option agreement was for the purchase of tenements E77/1711, E77/1712, E77/1713 and E77/1714 (Figure 3). The 100 square kilometres of additional land contains highly prospective greenstone as well as contact zones with granite and banded iron formations. This provides a substantial landholding in addition to the 300 square kilometres already held by Beacon.

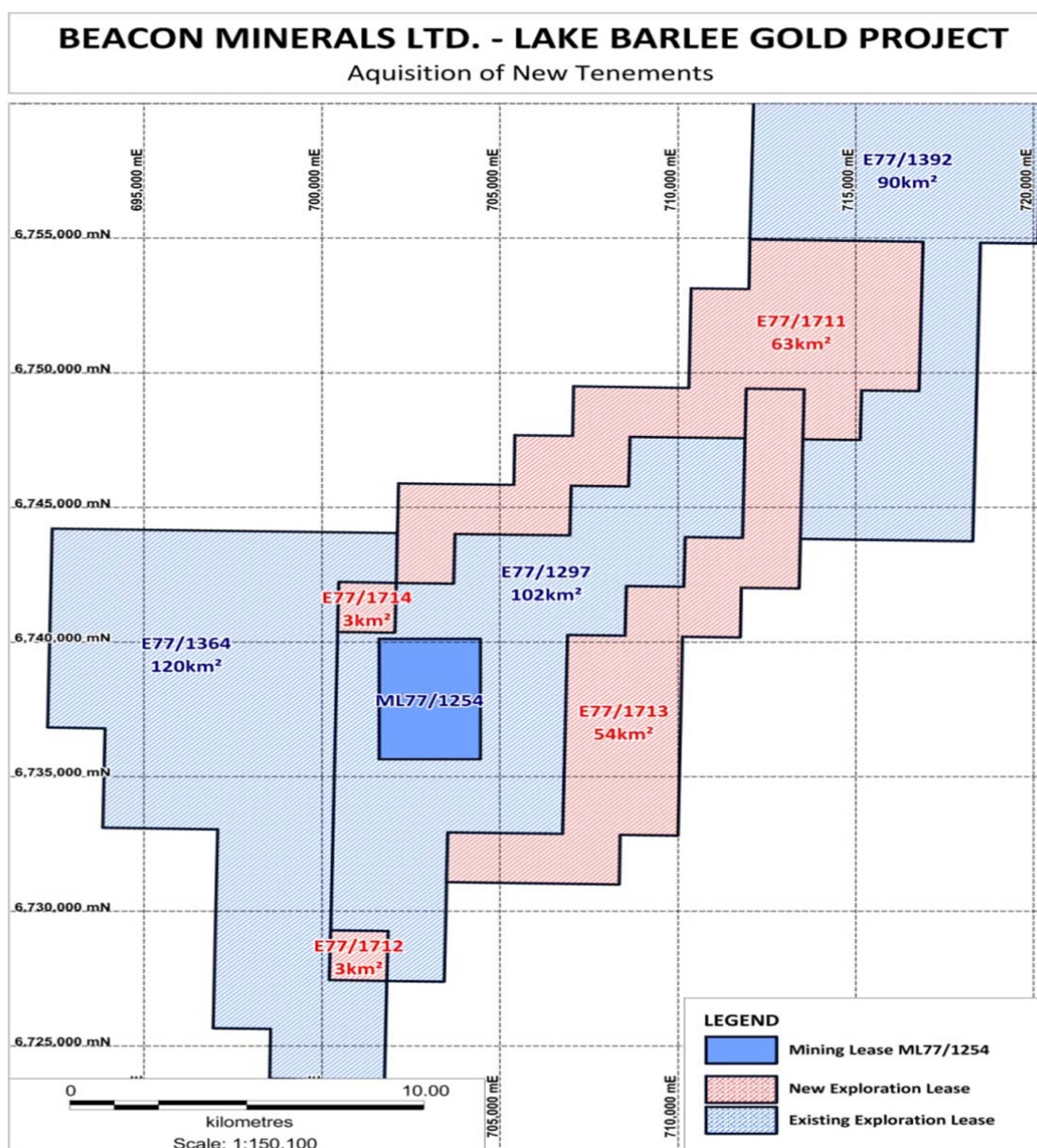


Figure 3. Newly acquired tenements through option agreement.

DIRECTORS' REPORT (continued)**Review of Operations (continued)****Mining Lease Granted**

The Company provided an application for a Mining Lease to the Department of Mines in early May 2010. The Mining Lease covers an area of 1,274 Ha (~12km²) of the Barlee Project. Notable prospects included under the Mining Lease include Halley East, Phil and Crabman South. On the 3 March 2011 the Department of Mines notified the Company that the application for the Mining Lease ML77/1254 (BCN 80%) had been approved.

Commencing Mining Proposal

Following the approval of the Mining Lease ML77/1254 the Company initiated studies to complete a Scoping/Pre-Feasibility Study into the potential mining of the Halleys East Deposit. Beacon engaged the services of Auralia Mining Consulting to manage the various aspects involved with the study, including: Environmental, Native Title, Hydrology, Metallurgy, Resource Estimation and Preliminary Mining and Treatment options.

Metallurgical Test Work of Halleys East

Results of preliminary metallurgical test work that was carried out earlier in the year were released by the Company and showed positives in terms of processing potential of the ore at Halleys East. The test work was carried out on Diamond Core composite samples retrieved from the Halleys East Deposit and results indicate that the oxide material is free milling and amenable to conventional Carbon In Leach processing with recoveries of 96%.

Key process parameters were:

- Bond Work Index of 10.8 Kwh/t – Medium hardness ore
- Standard grind size applicable for gold recovery
- Up to 23% of gold may be recoverable by gravity techniques
- 96% recovery at -75 micron grind and 24 hour residence time

Upgrading the Halleys East Resource

Based on the recommendations from independent resource consulting group, BKD Consulting Pty Ltd, a total of 12 inclined RC holes (1,060 metres) were drilled in order to aid interpretation and verification of the existing Inferred Resource and potentially upgrade the category.

The drilling was completed on 10 metres sections with all holes located by DGPS with certified blanks and standards routinely inserted for QA/QC purposes. The infill drilling successfully confirmed the high grade nature of the shallow mineralised material in the central portion of the Halleys East zone.

Following the completion of drilling and receiving all of the assay results, BKD Consulting Pty Ltd has commenced updating the resource estimation of the Halleys East Deposit with respect to upgrading the resource and identifying high grade zones for mining for toll treatment.

RAB/AC Drilling

A total of 530 RAB/AC holes were drilled over the Barlee Project area during the period aimed at strengthening and extending existing gold anomalies which are interpreted to be spatially associated with the Halleys East and/or Phil Shear Zones. Prospects drilled include Fenceline, Kink, Northside, Lost Bolt South, Nugget Patch, Eastside and Russell. Significant results from this years RAB/AC drilling are listed below in Table 2.

DIRECTORS' REPORT (continued)

Review of Operations (continued)

Table 2 – Significant RAB-Aircore Drilling Results

Hole ID	AREA	EAST	NORTH	AZ/DIP	FROM	RESULT (Au g/t)
BRB1697	Eastside 3	704500	6737450	00/90	36	28m @ 0.43
BRB1697					44	8m @ 0.8
BRB1709	Eastside 3	704500	6737600	00/90	28	4m @ 0.92
BRB1711	Eastside 3	704550	6737650	00/90	16	8m @ 0.55
BRB1715	Eastside 3	704800	6737700	00/90	36	4m @ 3.6
BRB1719	Eastside 3	704550	6737700	00/90	20	19m @ 0.27 EOH
BRB1735	Eastside 2	704150	6737850	00/90	20	8m @ 0.56
BRB1785	Russell	703160	6738325	60/270	16	16m @ 1.12
BRB1786	Russell	703180	6738325	60/270	20	16m @ 0.36
BRB1786					28	4m @ 0.92
BRB1788	Russell	703165	6738275	60/270	16	14m @ 0.4 EOH
BRB1790	Russell	703110	6738225	60/270	4	4m @ 1.56
BRB1790					28	2m @ 0.88
BRB1790					28	8m @ 0.75
BRB1857	Eastside	704800	6737550	0/90	60	16m @0.56
BRB1892	Eastside	704950	6737750	0/90	40	8m @ 2.38
BRB1959	Lost Bolt South	701900	6729950	0/90	20	12m @ 0.52
BRB1992	Fenceline 2	698690	6737120	0/90	8	8m @ 1.29

Results calculated at + 0.1 g/t, with maximum of 1 sample internal dilution.

Repeat assays averaged.

Samples collected as composite samples to a maximum of 4m

Duplicate samples inserted routinely.

Assays sent to Inspecotrare Kalassay in Kalgoorlie. Gold determination via Fire Assay-AAS Finish to 0.01 ppm DL.

All holes drilled to blade refusal.

Au = gold, EOH= End of Hole

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.

DIRECTORS' REPORT (continued)**Review of Operations (continued)****RC Drilling**

The Company completed 93 RC holes over the 12 months, totalling 9,396 metres. These 93 holes were planned to test anomalies detected in previous RAB/AC drilling, extend already known RC gold intercepts or as infill drilling in order to strengthen the confidence of gold mineralisation between existing RC drill holes. A list of significant results can be found below in Table 3.

Of the RC holes drilled this year, several were aimed at extending the mineralisation at Halleys East. These returned encouraging results of 2m @ 10.35 g/t Au, 1m @ 36.73 g/t Au and 4m @ 3.25 g/t Au leaving the Halleys East Deposit open along strike to the South.

Other prospects drilled include Halleys NE, Eastside, Squid, Russell, Prince and Lost Bolt of which all were drilled with the aim of testing previously discovered gold anomalies in RAB/AC drilling. Results follow in Table 3.

DIRECTORS' REPORT (continued)**Review of Operations (continued)****Table 3 – Significant RC Drilling Results**

Hole ID	East	North	Total Depth	Location	Az/Dip	From	To	Intercept	g/t gold
BRC286	703159	6737498	70	Halleys East		16	29	13m	@ 13.58
BRC286				Halleys East		25	28	Incl 3m	@ 53.08
BRC289	703174	6737511	90	Halleys East	320/-60	16	32	16m	@ 6.05
BRC289				Halleys East		26	31	Incl 5m	@ 14.70
BRC290	703189	6737493	90	Halleys East		60	66	6m	@ 63.53
BRC290				Halleys East		68	69	1m	@ 5.17
BRC291	703200	6737480	95	Halleys East		68	69	1m	@ 14.17
BRC291				Halleys East		76	83	7m	@ 18.29
BRC291				Halleys East		77	81	Incl 4m	@ 30.82
BRC293	703192	6737521	75	Halleys East		27	38	11m	@ 7.81
BRC293				Halleys East		29	30	Incl 1m	@ 13.81
BRC293				Halleys East		32	34	Incl 2m	@ 30.66
BRC294	703213	6737495	115	Halleys East	320/-60	18	20	2m	@ 4.50
BRC294				Halleys East		48	53	5m	@ 11.87
BRC294				Halleys East		50	52	Incl 2m	@ 28.18
BRC294				Halleys East		81	84	3m	@ 4.96
BRC297	703216	6737523	120	Halleys East		69	72	3m	@ 10.96
BRC297				Halleys East		69	70	Incl 1m	@ 27.67
BRC297				Halleys East		86	94	8m	@ 11.49
BRC297				Halleys East		90	92	Incl 2m	@ 36.12
BRC281	703144	6737446		Halleys East		37	40	2m	@10.35
BRC281				Halleys East		53	54	1m	@36.73
BRC277	703185	6737141	50	Squid	320/-60	42	43	1m	@ 15.54
BRC298	702310	6736952	100	Prince Trend	230/-60	71	72	1m	@ 26.29
BRC310	703210	6738325	100	Russell	270/-60	54	55	1m	@ 3.19
BRC314	703051	6739431	140	Phil North	320/-60	67	75	8m	@ 3.17
BRC315	703035	6739411	120	Phil North	320/-60	18	19	1m	@ 4.53
BRC322	703005	6739392	140	Phil North	320/-60	78	80	2m	@ 5.11
BRC323	703006	6739360	120	Phil North	320/-60	101	103	2m	@ 4.48
BRC317	702995	6739436	80	Phil North	320/-60	68	69	1m	@ 3.81

Results calculated at + 0.5 g/t Au, with a maximum of 2 metres internal dilution.

Repeat assays averaged.

Samples collected as single metre samples from cone splitter via cyclone mounted on drill rig.

Duplicate, certified standard and blank samples inserted routinely.

Assays sent to Inspectorate Kalassay Laboratories in Kalgoorlie. Gold via Fire Assay-ICP / AAS finish to 0.01 ppm detection limit.

Down hole widths quoted. 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.

DIRECTORS' REPORT (continued)

Review of Operations (continued)

Geochemical Sampling

Targets identified by the recently flown aeromagnetic survey were followed up with regional geochemical sampling; in total over 1800 samples were taken and assayed for gold, producing several anomalous zones (FIGURE 4). These zones include Western Greenstone, Eastern, Nugget Patch, 120 and the Straddle North Anomalies. Anomalies are illustrated in Figure 4 2010 – 2011 Geochemical Anomalies, indicated by the Au ppb contours.

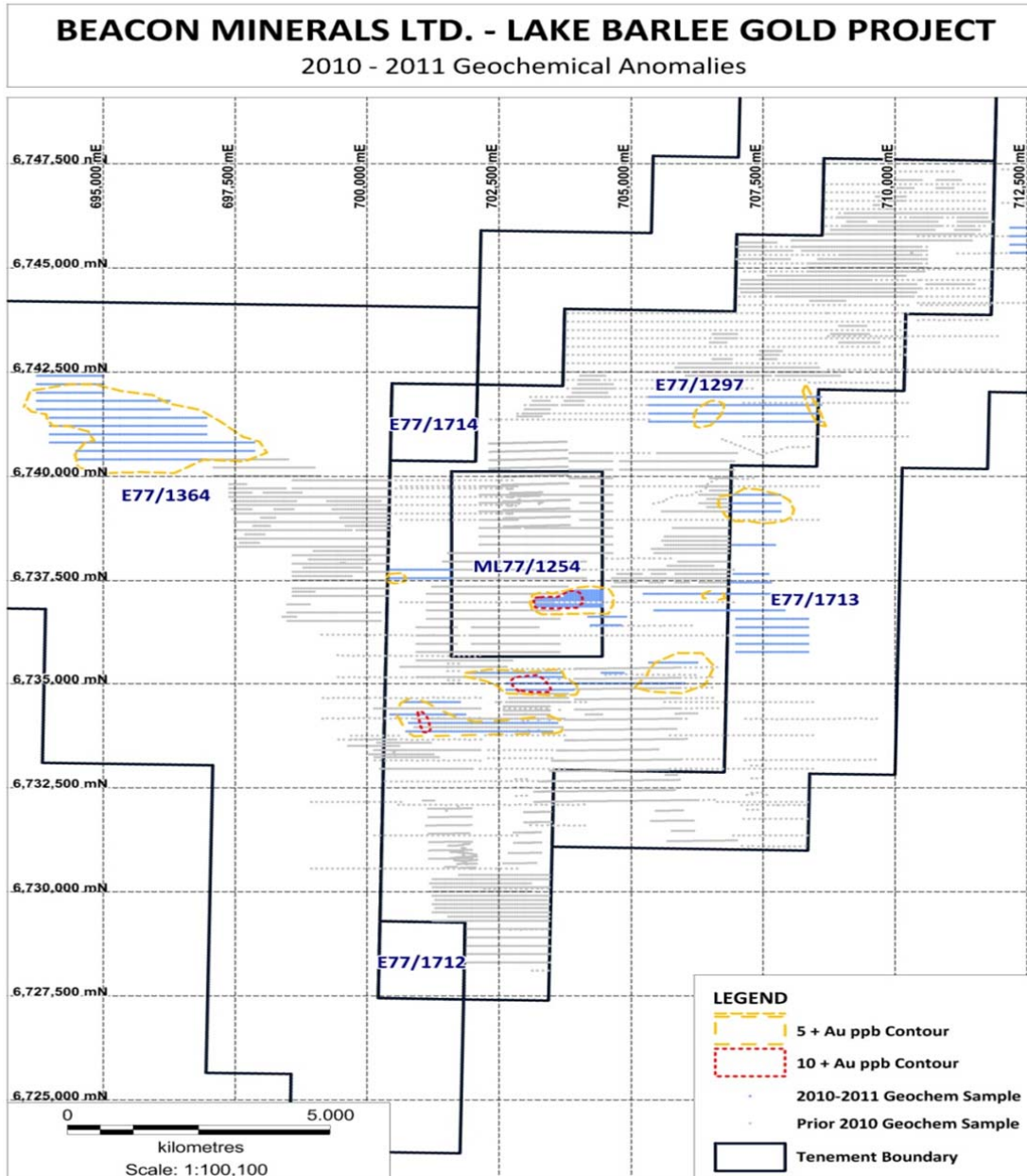


Figure 4. Geochemical Anomalies

DIRECTORS' REPORT (continued)**Review of Operations (continued)****Future work**

Work intended for the future will revolve around finalising studies for the submission of the Mining Proposal to facilitate Toll Treatment as well as following up remaining targets that may expand the current JORC compliant resource of the Barlee Gold project. In particular the activities will include:

- Hydrology drilling and studies for environmental components of the Mining Proposal
- Geotechnical drilling for pit optimisation for the Halleys East Deposit
- RAB/AC drilling to test remaining targets
- RC drilling and infill to extend and verify existing gold mineralisation (including the Halleys East Deposit)

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.

DIRECTORS' REPORT (continued)**OPERATING RESULTS FOR THE YEAR**

Net loss attributable to equity holders for the year ended 30 June 2011	\$1,287,936
Basic loss per share (cents)	(0.14)

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company to the date of this report, not otherwise disclosed in this report.

Significant events after balance date

There were no matters or circumstances that have arisen after balance date that have significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Therefore, this information has not been presented in this report.

Environmental legislation

The Company is not subject to any significant environmental legislation.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify the following current directors of the Company, Mr P Lloyd, Mr D Harris and Mr M Egan against all liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The total amount of premiums paid was \$7,160.

DIRECTORS' REPORT (continued)**Remuneration Report**

This report outlines the remuneration arrangements in place for directors and executives of Beacon Minerals Limited (the "Company"), for the financial year ended 30 June 2011, and is audited.

The following persons acted as directors during or since the end of the financial year:

Paul Lloyd (Chairman)
Darryl Harris (Managing Director)
Matthew Egan

Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non executive directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non executive directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a director of the Company. The remuneration of non executive directors for the year ended 30 June 2011 is detailed below and in Note 19 of this financial report.

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices.

Variable Remuneration

The current directors hold significant numbers of shares. Therefore there exists a direct link between the creation of shareholder wealth performance, and the financial rewards for the directors.

Employment Contracts

On 2 March 2010 the Company entered into service contracts with the two executive directors, Darryl Harris and Paul Lloyd. A summary of the service contracts is as follows;

- The agreements were entered into on 2 March 2010 and have a term of 2 years;
- The remuneration is based on the days worked at \$1,300 per day for Darryl Harris and \$1,500 per day for Paul Lloyd;
- On termination of the engagement by the Company or the executive, a period of 3 months notice is required; and
- On termination of the engagement by the Company, the company will pay fees being the average of the fees paid during the first year of consulting and the estimated annual fee payable during the second year of consulting. If the executive terminates the engagement within 12 months of a change in control occurring over the operation and shareholder base of the company, the company will pay fees being the average of the fees paid during the first year of consulting and the estimated annual fee payable during the second year of consulting. For both executives this payment is expected to be in the range of \$250,000 to \$300,000.

DIRECTORS' REPORT (continued)

Remuneration report (continued)

	Short term employee benefits		Post employment benefits	Equity	Total	%
	Salary & Fees	Non Monetary Benefits	Super-annuation	Options/Shares		Performance Related
30 June 2010						
M Egan	24,000	2,959	2,160	-	29,119	-
D Harris	242,100	2,959	-	-	245,059	-
P Lloyd	249,000	2,959	-	-	251,959	-
Total	515,100	8,877	2,160	-	526,137	-
30 June 2011						
M Egan	24,000	2,626	2,160	-	28,786	-
D Harris	240,500	2,626	-	-	243,126	-
P Lloyd	265,000	2,626	-	-	267,626	-
Total	529,500	7,878	2,160	-	539,538	-

No options were granted as part of remuneration during the years ended 30 June 2010 and 2011.

Directors' Meetings

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Full meetings of Directors	
Directors during the year ended 30 June 2011	A	B
P Lloyd	4	4
D Harris	4	4
M Egan	4	4

A = Number of meetings held during the time that the director held office

B = Number of meetings attended in person

DIRECTORS' REPORT (continued)

Auditor Independence

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 audit of the financial report. This Independence Declaration is set out on page 26 and forms part of this directors' report for the year ended 30 June 2011.

Non-Audit Services

There were no non-audit services provided by our auditors, HLB Mann Judd, during the year.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'P Lloyd', is positioned above the printed name and title of the signatory.

Paul Lloyd
Chairman

Perth, 27 September 2011

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for the corporate governance of the Company. The Board guides and monitors business activities and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the company's needs. The Corporate Governance Statement has been structured with reference to ASX Corporate Governance Council's ("council") "Principles of Good Corporate Governance and Best Practice Recommendations" to the extent that they are applicable to the Company.

Information about the Company's corporate governance practices is set out below.

Board of Directors

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report. Directors of Beacon Minerals Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgment.

In the context of director independence, 'materiality' is considered from both the company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Beacon Minerals Limited are considered to be independent:

Name	Position
Matthew Egan	Non Executive Director

There are procedures in place, agreed by the Board, to enable directors in the furtherance of their duties to seek independent professional advice at the company's expense.

The term in office held by each director in office at the date of this report is as follows:

Name	Office	Date of Appointment	Period of Tenure (months)	Date of most recent re-election by members
Paul Lloyd	Chairman	9 May 2006	61	November 2009
Darryl Harris	Managing Director	31 July 2008	35	November 2008
Matthew Egan	Non Executive Director	9 May 2006	61	November 2010

Role of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the Board is responsible for the overall corporate governance of the entity including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reporting.

CORPORATE GOVERNANCE STATEMENT (continued)*Board Processes*

The Board has established a framework for the management of the entity including a system of internal control, a business risk management process and appropriate ethical standards.

The full Board schedules meetings, including strategy meetings and any extraordinary meetings, as necessary to address any specific significant matters that may arise. The agenda for meetings is prepared in conjunction with the Chairman and Managing Director. Standing items include the management report, financial reports, strategic matters, governance and compliance. Submissions are circulated in advance.

The entity is not currently considered to be of a size, nor is its affairs of such complexity to justify the establishment of separate board committees, including a Nomination Committee, Remuneration Committee or an Audit Committee. Accordingly, all matters that may be considered by such committees are dealt with by the full Board. Details of the Board's procedures in respect to each of these areas are further outlined within the Corporate Governance Statement below - see Nomination Committee, Remuneration Committee and Audit Committee respectively.

Director Education

The Company has a formal process to educate new directors about the nature of the business, current issues, the corporate strategy and the expectations of the entity concerning performance of directors. Directors also have the opportunity to visit entity facilities and meet with management to gain a better understanding of business operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

Independent Professional Advice and Access to Company Information

Each Director has the right of access to all relevant company information and to the Company's executives and, subject to prior consultation with the chairman, may seek independent professional advice from a suitably qualified adviser at the entity's expense. The director must consult with an advisor suitably qualified in the relevant field, and obtain the chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the director is made available to all other members of the board.

Composition of the Board

The names of the Directors of the Company in office at the date of this report are set out in the Directors' Report.

The composition of the Board is determined using the following principles:

- A minimum of three directors, with a broad range of expertise both nationally and internationally
- Directors having extensive knowledge of the Company's industries, and those which do not, have extensive expertise in significant aspects of auditing and financial reporting, or risk management and financing of public companies
- The roles of Chairman and Managing Director are not to be exercised by the same individual.

Board members have experience in the management of public companies. The board currently does not have a majority of independent directors as recommended by the ASX Corporate Governance Council. The directors consider that, given the current size and stage of development of the Company, the current number of independent directors in the Company is appropriate for the effective execution of the board's responsibilities. The directors periodically monitor the need to appoint additional independent directors.

Mr Matthew Egan is considered an "Independent Director" in terms of ASX Recommendations as he does not hold a substantial amount of shares in the Company.

Chairman

The Company is not currently considered to be of a size, nor are its affairs of such complexity to justify the need for an independent Chairman. The Chairman has been selected to bring specific skills and industry experience relevant to the Company.

CORPORATE GOVERNANCE STATEMENT (continued)*Nomination Committee*

The board considers that a formally constituted Nomination Committee is not appropriate as the board, as part of its usual role, oversees the appointment and induction process for directors, and the selection, appointment and succession planning process of the Company's executive officers. The board considers the appropriate skill mix, personal qualities, expertise and diversity of each position. When a vacancy exists or there is a need for particular skills, the board determines the selection criteria based on the skills deemed necessary. The board identifies potential candidates and may take advice from an external consultant. The board then appoints the most suitable candidate. Board candidates must stand for election at the next general meeting of shareholders.

The chairman of the board continually reviews the effectiveness of the board, individual directors, and senior executives. The other directors have an opportunity to contribute to the review process. The reviews generate recommendations to the board, which votes on them. Directors displaying unsatisfactory performance are required to retire.

Remuneration Committee

The board considered that a formally constituted Remuneration Committee is not appropriate as the board, as part of its usual role, oversees the appointment and remuneration of directors and the Company's executive officers. Remuneration levels are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. The board may seek independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. Remuneration packages include a mix of fixed remuneration, performance-based remuneration, and equity-based remuneration.

The remuneration structures explained below are designed to attract suitably qualified candidates, and to affect the broader outcome of maximising the Company's profitability. The remuneration structures take into account:

- Overall level of remuneration for each director and executive;
- The executive's ability to control the performance of the relevant area; and
- The amount of incentives within each executive's remuneration.

Shares and options can only be issued to Company Directors under a resolution at a general meeting of shareholders.

Non executive Directors may receive a base fee and can be remunerated by way of share and option issues approved under a resolution at a general meeting of shareholders.

The board has no established retirement or redundancy schemes.

Audit Committee

The Company is not currently considered to be of a size, nor are its affairs of such complexity to justify the establishment of a separate Audit Committee. Whilst the Company does not have a formally constituted Audit Committee, the board, as part of its usual role, undertakes audit related responsibilities including:

- Reviewing the annual and interim financial reports and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles, and assessing whether the financial information is adequate for shareholders' needs;
- Assessing corporate risk assessment processes;
- Assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. The external auditor provides an annual declaration of independence which is consistent with Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board;
- Addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, Australian Securities Exchange and financial institutions;
- Reviewing the nomination and performance of the external auditor. The external audit engagement partner will be rotated every five years;
- Assessing the adequacy of the internal control framework and the Company's code of ethical standards;
- Monitoring the procedures to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements.

CORPORATE GOVERNANCE STATEMENT (continued)*Audit Committee (continued)*

The directors review the performance of the external auditors on an annual basis and normally meet with them during the year to:

- Discuss the external audit plans, identify any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed;
- Review the annual and half-year reports prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings, prior to announcement of the result.

The board monitors the need to form an Audit Committee on a periodic basis.

Risk Management*Overview of the Risk Management System*

The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Company's risk profile. This includes assessing, monitoring and managing operational, financial reporting and compliance risks for the company. The Company is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for reporting risk management and associated compliance and controls. Instead, a director, in accordance with company policy, approves all expenditure, is intimately acquainted with all operations and reports all relevant issues to the other directors at the directors' meetings. The company secretary has declared to the board, that the aforementioned system is working efficiently and effectively. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively. All risk assessments covered the entire part of the financial year that the Company operated and the period up to the signing of the annual financial report for all material operations in the Company.

Risk Profile

The Company is not currently considered to be of a size, nor is its affairs of such complexity to justify the establishment of a separate Risk Management Committee. Instead, the board, as part of its usual role and through direct involvement in the management of the Company's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

Major risks arise from such matters as actions by competitors, government policy changes, difficulties in sourcing raw materials, the robustness of the technologies being used or proposed to be used, environment, occupational health and safety, financial reporting and the purchase, development and use of information systems.

Risk Management, Compliance and Control

The board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities.

Practices have been established to ensure:

- Capital expenditure and revenue commitments above a certain size obtain prior board approval;
- Financial exposures are controlled, including the potential use of derivatives;
- Occupational health & safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- Business transactions are properly authorised and executed;
- The quality and integrity of personnel (see below);
- Financial reporting accuracy and compliance with the financial reporting regulatory framework (see below); and
- Environmental regulation compliance (see below).

CORPORATE GOVERNANCE STATEMENT (continued)*Quality and Integrity of Personnel*

The Company conducts a comprehensive review of the ability and experience of potential employees prior to appointment. Informal appraisals will be conducted regularly with continuous feedback and on the job monitoring and training for all employees. Formal appraisals will be conducted at least annually for all employees. Training and development and appropriate remuneration and incentives with regular performance reviews will create an environment of co-operation and constructive dialogue with employees and senior management.

Financial Reporting

The company secretary has declared to the board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board. Following the reporting year, monthly actual results are reported against budgets approved by the directors and revised forecasts for the year are prepared regularly.

Environmental Regulation

The Company's operations are not subject to significant environmental regulation in relation to its operational activities. The Company is committed to achieving a high standard of environmental performance. The board is responsible for the regular monitoring of environmental exposures and compliance with environmental regulations.

Internal Audit

The Company does not have a formally established internal audit function. The board ensures compliance with the internal controls and risk management procedures previously mentioned.

Ethical Standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Conflict of Interest

Directors must keep the board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The board has developed procedures to assist directors to disclose potential conflicts of interest. Where the board believes that a significant conflict exists for a director on a board matter, the director concerned is not present at the meeting whilst the item is considered.

Code of conduct

The Company has established a Code of Conduct (Code) which aims to develop a consistent understanding of, and approach to, the desired standards of conduct and behaviour of the directors, officers, employees and contractors (collectively, the employees) in carrying out their roles for the Company. Through this Code, the Company seeks to encourage and develop a culture of professionalism, honesty and responsibility in order to maintain and enhance our reputation as a valued employer, business operator and "corporate citizen". The Code is designed to broadly outline the ways in which the Company wishes to conduct its business. The Code does not cover every possible situation that employees may face, but is intended to provide employees with a guide to taking a commonsense approach to any given situation, within an overall framework.

Trading in the Company's securities by directors and employees

The Company has established a Security Trading Policy that is provided to all Directors and employees on commencement. The constitution permits directors to acquire shares in the Company. Company policy prohibits directors from dealing in shares whilst in possession of price sensitive information. Directors must notify the company secretary once they have bought or sold shares in the Company or exercised options over ordinary shares. In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the Australian Securities Exchange ("ASX"), the Company on behalf of the directors must advise the ASX of any transactions conducted by them in shares and / or options in the Company.

Communication with Shareholders

The board has formally documented the Company's continuous disclosure procedures and established a Compliance policy. The board, as part of its usual role, provides shareholders with information using comprehensive continuous disclosure processes which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX and issuing media releases.

CORPORATE GOVERNANCE STATEMENT (continued)Communication with Shareholders (continued)

In summary, the continuous disclosure processes operate as follows:

- The Chairman and the Managing Director are responsible for all communications with the ASX. Matters that may have an effect on the price of the Company's securities are advised to the ASX on the day they are discovered. Senior executives monitor all areas of the Company's internal and external environment;
- The full annual financial report is made available to all shareholders, and includes relevant information about the operations of the Company during the year, changes in the state of affairs and details of future developments;
- The half-yearly report contains summarised financial information and a review of the operations of the Company during the period. The half-year reviewed financial report is lodged with the Australian Securities and Investments Commission and the ASX, and sent to any shareholder who requests it;
- Proposed major changes in the Company which may impact on share ownership rights are submitted to a vote of shareholders;
- All announcements made to the market, and related information (including information provided to analysts and the media), are released to the ASX; and
- The external auditor attends the Annual General Meeting to answer any questions concerning the audit and the content of the Auditor's Report.

The board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of directors, the granting of options and shares to directors and changes to the constitution. Copies of the constitution are available to any shareholder on request.

Diversity

The Company believes that the promotion of diversity on boards, in senior management and within the organisation generally:

- broadens the pool for recruitment of high quality directors and employees;
- is likely to support employee retention
- through the inclusion of different perspectives, is likely to encourage greater innovation; and
- is socially and economically responsible governance practice.

Currently, Beacon has no females in senior positions. There are no female directors. Given the present size of the Company, there are no plans to establish measurable objectives for achieving further gender diversity at this time. The need for establishing and assessing measurable objectives for achieving gender diversity will be re-assessed as the size of the Company increases.

Other Information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's web site at www.beaconminerals.com.



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Beacon Minerals Limited for the year ended 30 June 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Beacon Minerals Limited.

Perth, Western Australia
27 September 2011

A handwritten signature in black ink, appearing to read 'L Di Giallonardo', is written over a light blue circular background.

L DI GIALLONARDO
Partner, HLB Mann Judd

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 \$	2010 \$
Revenue	2	172,307	148,075
Other income	2	22,000	245,797
Accounting expense		(274,079)	(262,046)
Audit and review fees		(26,250)	(33,600)
Consultants		(280,884)	(267,549)
Depreciation expense	9	(7,044)	(4,742)
Directors' fees		(24,000)	(24,000)
Employee benefits expense		(56,083)	(37,079)
Exploration expense	10	(8,024)	(12,661)
Insurance		(14,399)	(15,133)
Interest		-	(71,919)
Legal expense		(8,053)	(5,651)
Listing fees		(32,798)	(57,268)
Office expense		(114,964)	(95,414)
Other expenses		(32,534)	(56,642)
Project evaluation costs		(98,551)	-
Promotions and advertising		(318,362)	(296,087)
Share registry expense		(32,339)	(54,606)
Travel and accommodation		(153,879)	(43,917)
Loss before income tax expense from continuing operations		(1,287,936)	(944,442)
Income tax expense	3	-	-
Net Loss for the year		(1,287,936)	(944,442)
Other comprehensive income			
Net change in fair value reserve		243,399	(60,000)
Other comprehensive income/(loss) for the year		243,399	(60,000)
Total comprehensive loss for the year		(1,044,537)	(1,004,442)
Basic loss per share (cents per share)	5	(0.14)	(0.16)

The accompanying notes form part of these financial statements

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Notes	2011 \$	2010 \$
Assets			
Current Assets			
Cash and cash equivalents	6	1,715,368	4,186,938
Trade and other receivables	7	92,521	210,474
Total Current Assets		1,807,889	4,397,412
Non-Current Assets			
Other financial assets	8	1,114,700	-
Property, plant and equipment	9	11,682	18,726
Deferred exploration expenditure	10	5,467,268	3,064,810
Total Non-Current Assets		6,593,650	3,083,536
Total Assets		8,401,539	7,480,948
Liabilities			
Current Liabilities			
Trade and other payables	11	70,527	594,730
Total Current Liabilities		70,527	594,730
Total Liabilities		70,527	594,730
Net Assets		8,331,012	6,886,218
Equity			
Issued capital	12	21,958,170	19,468,839
Reserves	12	960,032	716,633
Accumulated losses	12	(14,587,190)	(13,299,254)
Total Equity		8,331,012	6,886,218

The accompanying notes form part of these financial statements

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 \$	2010 \$
		Inflows/ (Outflows)	
Cash flows from operating activities			
Payments to suppliers and employees		(1,252,010)	(953,221)
Interest received		172,307	139,982
Net cash provided by/(used in) operating activities	6	(1,079,703)	(813,239)
Cash flows from investing activities			
Purchase of listed investments		(871,301)	-
Purchase of property, plant and equipment		-	(10,860)
Proceeds from the sale of listed investments		-	296,468
Payments for deferred exploration expenditure		(2,784,897)	(2,454,230)
Net cash provided by/(used in) investing activities		(3,656,198)	(2,168,622)
Cash flows from financing activities			
Interest paid on borrowings		-	(185,570)
Repayment of borrowings		-	(1,499,285)
Proceeds from issue of shares		2,402,206	8,210,255
Share issue expenses		(137,875)	(347,178)
Net cash provided by/(used in) financing activities		2,264,331	6,178,222
Net increase/(decrease) in cash and cash equivalents		(2,471,570)	3,196,361
Cash and cash equivalents at beginning of year		4,186,938	990,577
Cash and cash equivalents at 30 June 2011	6	1,715,368	4,186,938

The accompanying notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	Issued Capital	Accumulated losses	Option Premium Reserve	Equity Benefits Reserve	Fair Value Reserve	Total
	\$	\$	\$	\$	\$	\$
Opening Balance 1 July 2009	11,661,762	(12,354,812)	169,250	243,384	60,000	(220,416)
Shares issued during the year	8,205,892	-	-	-	-	8,205,892
Transaction costs	(398,815)	-	-	-	-	(398,815)
Loss for the year	-	(944,442)	-	-	-	(944,442)
Issue of options to consultants	-	-	-	303,999	-	303,999
Transfer of reserve on sale of listed investments	-	-	-	-	(60,000)	(60,000)
Balance at 30 June 2010	19,468,839	(13,299,254)	169,250	547,383	-	6,886,218
Opening Balance 1 July 2010	19,468,839	(13,299,254)	169,250	547,383	-	6,886,218
Shares issued during the year	2,627,206	-	-	-	-	2,627,206
Transaction costs	(137,875)	-	-	-	-	(137,875)
Revaluation of listed investments	-	-	-	-	243,399	243,399
Loss for the year	-	(1,287,936)	-	-	-	(1,287,936)
Balance at 30 June 2011	21,958,170	(14,587,190)	169,250	547,383	243,399	8,331,012

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report has also been prepared on a historical cost basis, except for available for sale investments which have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. The financial report is presented in Australian dollars.

The Company is an Australian Securities Exchange listed public company, incorporated in Australia and operating in Australia. The company's principal activity is the exploration and development of mineral projects.

(b) Adoption of new and revised standards

In the year ended 30 June 2011, 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 the current annual reporting period.

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 year ended 30 June 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 accounting policies.

(c) Statement of Compliance

The financial report was authorised for issue on 27 September 2011.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Critical accounting judgments and key resources of estimation uncertainty

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions:

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by applying the Black and Scholes model.

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes model taking into account the terms and conditions upon which the instruments were granted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Critical accounting judgments and key resources of estimation uncertainty (continued)

Exploration and evaluation costs carried forward

The recoverability of the carrying amount of exploration and evaluation costs carried forward is reviewed by the directors when there is an indicator of impairment. In conducting the review, the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell" and "value in use". In determining value in use, future cash flows are based on:

- Estimates of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- Estimated production and sales levels;
- Estimate future commodity prices;
- Future costs of production;
- Future capital expenditure; and/or
- Future exchange rates

Variations to expected future cash flows, and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results.

(e) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(f) Cash and cash equivalents

Cash comprises cash at bank and short term deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(g) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Company could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) Impairment of financial assets

The Company assesses at each balance date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

The amount of the loss is recognised in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(j) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income Tax (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(k) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Office Equipment – over 5 to 8 years

Computer Equipment – over 2.5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Property, plant and equipment (continued)

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the other expenses line item.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(m) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial Assets (continued)

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(n) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(o) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(p) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Provisions (continued)

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(q) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(r) Share-based payment transactions

Equity settled transactions:

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black and Scholes option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Beacon Minerals Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Share based payment transactions (continued)

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 5).

(s) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Earnings per share

Basic earnings per share is calculated as net profit/loss attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/loss attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(u) 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:
 - 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Exploration, evaluation and development expenditure (continued)

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.

(v) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

(w) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Beacon Minerals Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 2: REVENUES AND EXPENSES

	2011 \$	2010 \$
(a) Revenue and other income from continuing operations		
Interest	172,307	148,075
Other Income		
Gains on sale of listed investments	-	171,471
Fair value reserve – gain on revaluation of investments	-	60,000
Other	22,000	14,326
Total other income	22,000	245,797
(b) Expenses from continuing operations		
Depreciation of non-current assets	7,044	4,742
Contribution to employee superannuation plans	7,425	2,160

NOTE 3: INCOME TAX

Income tax recognised in profit or loss	2011 \$	2010 \$
The major components of tax expense are:		
Current tax expense/(income)	-	-
Adjustments recognised in the current period in relation to the current tax of prior years	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
Total tax expense/(income)	-	-

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

Accounting loss before tax	(1,287,936)	(944,442)
Income tax benefit calculated at 30%	386,381	283,333
Non-deductible expenses:		
Exploration expenditure written off	(2,407)	(3,798)
Unrecognised tax losses	(383,974)	(279,535)
Income tax expense reported in the statement of comprehensive income	-	-
Unrecognised deferred tax assets:		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses	1,157,952	771,865
Capital raising costs	289,888	248,525
Potential unrecognised tax benefit at 30%	1,447,840	1,020,390

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 4: SEGMENT REPORTING

Segment Information

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 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:

- impairment of assets excluding exploration assets and other non-recurring items of revenue or expense;
- income tax expense;
- deferred tax assets and liabilities;
- trade and other receivables;
- trade and other payables

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 4: SEGMENT REPORTING (continued)

(i) Segment performance - 30 June 2011:

	Exploration and Evaluation	Treasury	Total
	\$	\$	\$
Interest Revenue	-	172,307	172,307
Other	-	22,000	22,000
Total segment revenue	-	194,307	194,307

Reconciliation of segment revenue to the statement of comprehensive income

Inter-segment elimination	-	-	-
Total segment revenue	-	194,307	194,307
Segment net profit (loss) before tax	(8,024)	194,307	186,283

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

Accounts reviewed by the Board but not included in segment result:

Administration Expense	(995,333)
Employees Benefits Expenses	(56,083)
Financial Administration and Compliance Expense	(129,786)
Legal Expense	(8,053)
Travel and Accommodation Expense	(153,879)
Other Expense	(131,085)
Company net loss before tax	(1,287,936)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 4: SEGMENT REPORTING (continued)

(ii) Segment performance - 30 June 2010:

	Exploration and Evaluation	Treasury	Total
	\$	\$	\$
Interest Revenue	-	148,075	148,075
Gains on sale of listed investments	-	171,471	171,471
Fair value reserve – gain on revaluation of investments	-	60,000	60,000
Other	-	14,326	14,326
Total segment revenue	-	393,872	393,872

Reconciliation of segment revenue to statement of comprehensive income

Inter-segment elimination	-	-	-
Total segment revenue	-	393,872	393,872
Segment net profit(loss) before tax	(12,661)	393,872	381,211

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

Accounts reviewed by the Board but not included in segment result:

Administration Expense	(925,838)
Employees Benefits Expenses	(37,079)
Financial Administration and Compliance Expense	(256,526)
Legal Expense	(5,651)
Travel and Accommodation	(43,917)
Other Expense	(56,642)
Company net loss before tax	(944,442)

The Company does not have any external revenue from external customers that are attributable to any foreign country.

(iii) Segment assets - 30 June 2011

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 4: SEGMENT REPORTING (continued)

(iii) Segment Assets - 30 June 2011 (continued)

Reconciliation of segment assets to the statement of financial position

Inter-segment elimination

Unallocated assets

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

(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

Inter-segment elimination

Unallocated assets

Trade and other receivables	210,474
Property, plant and equipment	18,726
Total company assets from continuing operations	7,480,948

(v) Segment liabilities - 30 June 2011

	Exploration and Evaluation	Treasury	Total
	\$	\$	\$
Segments liabilities	-	-	-

Reconciliation of segment liabilities to company liabilities

Inter-segment elimination

Unallocated liabilities

Trade and other payables	70,527
Total company liabilities from continuing operations	70,527

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 4: SEGMENT REPORTING (continued)

(vi) Segment liabilities - 30 June 2010

	Exploration and Evaluation	Treasury	Total
	\$	\$	\$
Segments liabilities	374,415	-	374,415
Reconciliation of segment liabilities to company liabilities			
Inter-segment elimination			
Unallocated liabilities			-
Trade and other payables			220,315
Total company liabilities from continuing operations			594,730

NOTE 5: EARNINGS PER SHARE

	2011 Cents per share	2010 Cents per share
<i>Basic loss per share:</i>		
<i>Continuing operations</i>	(0.14)	(0.16)
The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follow:	\$	\$
Loss for the year	(1,287,936)	(944,442)
	No	No
Weighted average number of ordinary shares for the purposes of basic loss per share	949,842,753	599,802,099

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 6: CASH AND CASH EQUIVALENTS

	2011 \$	2010 \$
Cash at bank	681,980	588,085
Short term deposits	1,033,388	3,598,853
	1,715,368	4,186,938

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between 30 days and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short term deposit rates.

(i) Reconciliation to Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank.

Cash and cash equivalents as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	1,715,368	4,186,938
	1,715,368	4,186,938

(ii) Reconciliation of loss for the year to net cash flows from operating activities:

	2011 \$	2010 \$
Loss for the year	(1,287,936)	(944,442)
Depreciation expense	7,044	4,742
Deferred exploration expenditure written off	8,024	12,661
Promotions and advertising paid via option/share issue	225,000	248,000
Transfer from reserve	-	(60,000)
Profit on sale of listed securities	-	(171,471)
(Increase)/decrease in operating assets:		
Trade and other receivables	117,953	(150,703)
Increase/(decrease) in operating liabilities:		
Trade and other payables	(149,788)	247,974
Net cash from operating activities	(1,079,703)	(813,239)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 7: TRADE AND OTHER RECEIVABLES

	2011	2010
	\$	\$
Trade receivables	-	1,100
Prepayments	5,259	70,423
GST recoverable	86,690	130,858
Other	572	8,093
	92,521	210,474

Trade receivables are non-interest bearing and are generally on 30 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. The amount of the allowance/impairment loss has been measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors. At balance date, there are no past due debtors.

NOTE 8: OTHER FINANCIAL ASSETS

	2011	2010
	\$	\$
Investment in listed shares:		
At cost	871,301	-
Revaluation to current market value at fair value	243,399	-
	1,114,700	-

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Computer Equipment	Motor Vehicles	Land	Total
	\$	\$	\$	\$	\$
Opening written down value 1 July 2009	11,545	1,063	-	-	12,608
Depreciation charge for the year	(2,566)	(2,176)	-	-	(4,742)
Closing written down value 30 June 2010	8,979	9,747	-	-	18,726
Depreciation charge for the year	(4,478)	(2,566)	-	-	(7,044)
Net carrying amount 30 June 2011	4,501	7,181	-	-	11,682

The useful life of the assets was estimated as follows for 2011:

Office equipment	5 to 8 years
Computer equipment	2.5 years

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 10: DEFERRED EXPLORATION EXPENDITURE

	2011 \$	2010 \$
Costs carried forward in respect of: Exploration and evaluation phase – at cost		
Balance at beginning of year	3,064,810	248,826
Expenditure incurred	2,410,482	2,828,645
	5,475,292	3,077,471
Expenditure written off	(8,024)	(12,661)
Total exploration expenditure	5,467,268	3,064,810

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

NOTE 11: TRADE AND OTHER PAYABLES

	2011 \$	2010 \$
Trade payables ¹	49,067	567,642
Accruals	15,000	15,000
Other payables	6,460	12,088
	70,527	594,730

¹Trade payables are non-interest bearing and are normally settled on 30-day terms.

In 2010 an amount of \$212,605 was payable to Egan Drilling Services. Egan Drilling Services is a related party due to the fact that Matthew Egan is a Director and shareholder of the entity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 12: ISSUED CAPITAL AND RESERVES

Issued Capital	2011 \$	2010 \$
Ordinary shares issued and fully paid	21,958,170	19,468,839

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	2011 Number	2011 \$	2010 Number	2010 \$
<i>Movement in ordinary shares on issue</i>				
At 1 July 2010	739,852,816	19,468,839	357,001,330	11,661,762
Rights Issue	-	-	364,781,412	8,025,191
Exercise of options	240,220,610	2,402,206	18,070,074	180,701
Share placement	15,000,000	225,000	-	-
Share issue costs	-	(137,875)	-	(398,815)
At 30 June 2011	995,073,426	21,958,170	739,852,816	19,468,839

Movement in 20 cent options on issue

	2011 Number	2010 Number
At 1 July 2010	16,587,934	16,587,934
Expiry of options during the year	(16,587,934)	-
At 30 June 2011	-	16,587,934

Each option entitled the holder to subscribe for one share at an issue price of 20 cents on or before 31 August 2010.

Movement in 20 cent Director options on issue

At 1 July 2010	6,000,000	6,000,000
Expiry of options during the year	(6,000,000)	-
At 30 June 2011	-	6,000,000

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 12: ISSUED CAPITAL AND RESERVES (continued)

	2011 Number	2010 Number
<i>Movement in 27 cent Employee options on issue</i>		
At 1 July 2010	150,000	150,000
At 30 June 2011	150,000	150,000
<i>Each option entitles the holder to subscribe for one share at an issue price of 27 cents on or before 1 August 2012.</i>		
<i>Movement in 30 cent options on issue</i>		
At 1 July 2010	45,283,580	45,283,580
Expiry of options during the year	(45,283,580)	-
At 30 June 2011	-	45,283,580
<i>Each option entitled the holder to subscribe for one share at an issue price of 30 cents on or before 31 August 2010.</i>		
<i>Movement in 1 cent options on issue</i>		
At 1 July 2010	240,220,610	239,290,684
Issue to consultants	-	19,000,000
Conversion of options during the year	(240,220,610)	(18,070,074)
At 30 June 2011	-	240,220,610
<i>Each option entitled the holder to subscribe for one share at an issue price of 1 cent on or before 31 August 2010.</i>		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 12: ISSUED CAPITAL AND RESERVES (continued)

Accumulated losses

Movements in accumulated losses were as follows:

	2011 \$	2010 \$
Opening balance	(13,299,254)	(12,354,812)
Net loss for the year	(1,287,936)	(944,442)
Balance at 30 June 2011	(14,587,190)	(13,299,254)

Reserves

	Fair Value Reserve \$	Equity Benefits Reserve \$	Option Premium Reserve \$	Total \$
At 1 July 2009	60,000	243,384	169,250	472,634
Share-based payments	-	303,999	-	303,999
Sale of listed investments	(60,000)	-	-	(60,000)
At 30 June 2010	-	547,383	169,250	716,633
Revaluation of listed investments	243,399	-	-	243,399
At 30 June 2011	243,399	547,383	169,250	960,032

Nature and purpose of reserves

Fair value reserve

This reserve is used to record the value of the investment in listed shares at current market value.

Equity benefits reserve

This reserve is used to record the value of equity benefits provided to employees, directors and consultants as part of their remuneration.

Option Premium reserve

This reserve records the proceeds from the issue of options at 1 cent as per the prospectus dated 16 February 2007.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 13: FINANCIAL INSTRUMENTS

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments recognised in the financial statements.

The Directors consider that the carrying amounts of the financial assets and liabilities recorded in the financial statements approximate their fair value.

	2011 \$	2010 \$
Categories of financial instruments		
Financial assets		
Receivables	92,519	210,474
Cash and cash equivalents	1,715,368	4,186,938
Available-for-sale financial assets	1,114,700	-
Total	2,922,589	4,397,412
Financial Liabilities		
Trade and other payables	70,527	594,730
Total	70,527	594,730

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to ensure continuity of tenure to exploration assets and to be able to conduct the Company's business in an orderly and professional manner. Cash deposits are only held with one of the Australian "Big 4" banks.

The following table details the Company's expected maturity for its non-derivative financial liabilities. These have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

<u>LIABILITIES</u>	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 5 years	5+ years
2010					
Non-interest bearing	-	579,730	15,000	-	-
Finance lease liabilities	-	-	-	-	-
Variable interest rate instruments	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-
	-	579,730	15,000	-	-
2011					
Non-interest bearing	-	53,739	16,788	-	-
Finance lease liabilities	-	-	-	-	-
Variable interest rate instruments	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-
	-	53,739	16,788	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 13: FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives

The Company's principal financial instruments comprise of cash and short-term deposits.

The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. The main risks arising from the Company's financial instruments are interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

All cash at bank balances attract a floating rate of interest. Excess funds that are not required in the short term are placed on deposit for a period of no more than 6 months at a fixed interest rate. The Company's exposure to interest rate risk and the effective interest rate by maturity periods is set out below. As the Company has no borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits.

Interest rate risk sensitivity analysis

During 2011, if interest rates had been 5% higher or lower than the prevailing rates realised, with all other variables held constant, there would have been an immaterial change in post tax loss for the year. The impact on equity would have been the same.

Capital risk

The Company manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company's overall strategy remains unchanged from 2010.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings/accumulated losses.

The Company has no debt facilities outside of normal creditor trading terms and thus the board does not deem necessary a formal Capital Risk Management charter.

Credit risk

Credit risk relates to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from any defaults.

The exposure of the Company to credit risk in relation to each class of recognised financial asset is the carrying amount as indicated in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 14: EXPENDITURE COMMITMENTS

	2011 \$	2010 \$
Exploration expenditure committed:		
Not longer than 1 year	345,025	122,500
1-5 years	798,600	110,000
	1,143,625	232,500
Remuneration commitment		
Commitments for the payment of termination remuneration under service contracts with executive directors in existence at the balance date but not recognised as liabilities, payable:		
Not longer than 1 year	500,000	500,000
	1,643,625	732,500

NOTE 15: OPERATING LEASES

Non cancellable operating lease for premises:

Not longer than 1 year	81,140	144,684
1 to 5 years	-	82,289
	81,140	226,973

50% of these commitments are funded by a sub-tenant.

NOTE 16: EVENTS AFTER THE REPORTING DATE

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future periods.

NOTE 17: AUDITORS' REMUNERATION

The auditors of Beacon Minerals Limited are HLB Mann Judd.

Amounts received or due and receivable by HLB Mann Judd for:

An audit or review of the financial report of the entity	26,250	33,600
	26,250	33,600

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 18: COMMITMENTS AND CONTINGENCIES

	2011 \$	2010 \$
Rehabilitation commitment relating to the Barlee Gold project	17,000	10,000

The Company has a performance guarantee to complete the rehabilitation associated with the exploration work carried on at the Barlee Gold project. The guarantee has been provided by the Company's bank to the Western Australian department of Mines and Petroleum.

NOTE 19: DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

Paul Lloyd	Chairman (executive)
Darryl Harris	Managing Director
Matthew Egan	Director (non executive)

(ii) Executives

None

(b) Compensation of Key Management Personnel

The key management personnel compensation is as follows:

	2011 \$	2010 \$
Short-Term	537,378	523,977
Post Employment	2,160	2,160
Share-based Payments	-	-
	539,538	526,137

(i) Individual Directors' and executives' compensation disclosures:

The Company has transferred the detailed remuneration disclosures to the Directors' Report in accordance with Corporations Amendment Regulations 2006 (no. 4). These remuneration disclosures are provided in the Remuneration Report section of the Directors' Report and are designated as audited.

(ii) Contract for Services

On 2 March 2010 the company entered into service contracts with the two executive directors, Darryl Harris and Paul Lloyd. A summary of the service contracts is as follows;

- The agreements were entered into on 2 March 2010 and have a term of 2 years
- The remuneration is based on the days worked at \$1,300 per day for Darryl Harris and \$1,500 per day for Paul Lloyd
- On termination of the engagement by the company or the executive, a period of 3 months notice is required
- On termination of the engagement by the company, the company will pay fees being the average of the fees paid during the first year of consulting and the estimated annual fee payable during the second year of consulting. If the executive terminates the engagement within 12 months of a change in control occurring over the operation and shareholder base of the company, the company will pay fees being the average of the fees paid during the first year of consulting and the estimated annual fee payable during the second year of consulting. For both executives this payment is expected to be in the range of \$250,000 to \$300,000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 19: DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(c) Option holdings of Key Management Personnel

	Balance at beginning of year	Granted as remuneration	Options exercised	Net Change other	Balance at end of year	Total	Vested as at Year end	
							Exercisable	Not Exercisable
30 June 2010								
Directors								
Matthew Egan	2,635,974	-	-	-	2,635,974	2,635,974	2,635,974	-
Darryl Harris	2,462,000	-	-	-	2,462,000	2,462,000	2,462,000	-
Paul Lloyd	4,100,000	-	-	-	4,100,000	4,100,000	4,100,000	-
	9,197,974	-	-	-	9,197,974	9,197,974	9,197,974	-
30 June 2011								
Directors								
Matthew Egan	2,635,974	-	-	(2,635,974)	-	-	-	-
Darryl Harris	2,462,000	-	(162,000)	(2,300,000)	-	-	-	-
Paul Lloyd	4,100,000	-	(2,100,000)	(2,000,000)	-	-	-	-
	9,197,974	-	(2,262,000)	(6,935,974)	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 19: DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(d) Shareholdings of Key Management Personnel

Shares held in Beacon Minerals Limited (number of ordinary shares)

Parent Entity	Balance at beginning of year	Granted as remuneration	On Exercise of Options	Net Change Other	Balance at the end of the year
30 June 2010	Ord	Ord	Ord	Ord	Ord
Directors					
Paul Lloyd	4,330,000	-	-	-	4,330,000
Darryl Harris	1,016,000	-	-	-	1,016,000
Matthew Egan	1,521,947	-	-	-	1,521,947
	6,867,947	-	-	-	6,867,947
30 June 2011					
Directors					
Paul Lloyd	4,330,000	-	2,100,000	(250,000)	6,180,000
Darryl Harris	1,016,000	-	162,000	-	1,178,000
Matthew Egan	1,521,947	-	-	-	1,521,947
	6,867,947	-	2,262,000	(250,000)	8,879,947

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

(e) Loans to Key Management Personnel

No loans have been provided to key personnel during the year.

(f) Other transactions and balances with Key Management Personnel

Mineral drilling contracting services were received from and service fees paid to the following related parties during the year ended 30 June for services incurred on their behalf

	2011 \$	2010 \$
Egan Drilling Services (a related party of Matthew Egan)	261,980	940,666
	261,980	940,666

DIRECTORS' DECLARATION

1. In the opinion of the directors:
 - a. the accompanying statements, notes and additional disclosures are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and
 - b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2011.

This declaration is signed in accordance with a resolution of the Board of Directors.



Paul Lloyd
Chairman

Dated this 27h day of September 2011



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Beacon Minerals Limited

Report on the Financial Report

We have audited the accompanying financial report of Beacon Minerals Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Beacon Minerals Limited.

Directors' Responsibility for the Financial Report

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

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report of Beacon Minerals Limited complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Beacon Minerals Limited for the financial year ended 30 June 2011 included on Beacon Minerals Limited's website. The company's directors are responsible for the integrity of the Beacon Minerals Limited website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report and remuneration report identified in this report. It does not provide an opinion on any other information



which may have been hyperlinked to/from the financial report. If users of the 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 audited financial report and remuneration report to confirm the information contained in this website version of the financial report.

Independence

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

Auditor's Opinion

In our opinion:

- (a) the financial report of Beacon Minerals Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Beacon Minerals Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd
HLB MANN JUDD
Chartered Accountants

Perth, Western Australia
27 September 2011

L Di Giallonardo
L DI GIALLONARDO
Partner

SHAREHOLDER INFORMATION

Distribution of Equity Securities

The distribution of members and their holdings of fully paid ordinary shares as at 16 September 2011 were as follows:

	Shares held	No. of Shareholders	Percentage
	1 to1,000	58	0.001
	1,001 to 5,000	105	0.032
	5,001 to 10,000	101	0.089
	10,001 to 100,000	1,244	7.353
	100,001 and over	1,532	92.525
Total		3,040	100.00

	Min Parcel size	Holders	Units
Less than marketable parcel	71,428	1,068	32,738,821

BCN - TWENTY LARGEST SHARE SECURITY HOLDERS

The names of the 20 largest holders of fully paid ordinary shares as at 16 September 2011 are listed below:

Name	Number of Shares	Percentage
Forty Traders Limited	24,900,000	2.50
Mr Michael John Bereza	13,400,000	1.35
BE Copymart Pty Ltd	13,000,000	1.31
Mr Cedric Desmond Parker	12,050,000	1.21
Mr Daniel Thomas Healey	10,099,143	1.02
Geocrystal Limited	10,045,000	1.01
Broken Ridge Pty Ltd	10,000,000	1.01
Mr Andrew Greenwood	7,651,094	0.77
JP Morgan Nominees Australia	7,065,124	0.71
Kingswood Estates Pty Ltd	7,036,009	0.71
Dr John Barries Sykes & Mrs Anne Elizabeth Sykes	7,000,000	0.70
Mr Richard Charles Grigg	6,736,071	0.67
Ownit Brisbane Service	6,000,000	0.60
TRE Pty Ltd	5,704,000	0.57
Lawrence Crowe Consulting	5,500,000	0.55
Mr Stephen Wayne Reynolds & Mrs Vicki Anne Reynolds	5,250,000	0.53
Jonellen Pty Ltd	5,220,000	0.53
Mr Yusuf Kurucu	5,000,000	0.50
Rosenthal Holdings Pty Ltd	5,000,000	0.50
Mr Peter John McManus	4,852,000	0.49
Total	171,508,441	17.24%

SUBSTANTIAL SHAREHOLDERS

The Company's Register of Substantial Shareholders, prepared in accordance with section 715 of the Corporations Act 2001, has no Substantial Shareholders recorded as at 16 September 2011.

TENEMENT SCHEDULE

Project	Tenement	Registered Holder	Beacon Interest
BARLEE	M77/1254	Beacon Minerals Ltd Duketon Consolidated Pty Ltd	80%
BARLEE	E77/1297	Beacon Minerals Ltd Duketon Consolidated Pty Ltd	80%
BARLEE	E77/1364	Beacon Minerals Ltd	100%
BARLEE	E77/1392	Beacon Minerals Ltd	100%
BARLEE	E77/1711	Equipment Finance Pty Ltd	100%*
BARLEE	E77/1712	Equipment Finance Pty Ltd	100%*
BARLEE	E77/1713	Equipment Finance Pty Ltd	100%*
BARLEE	E77/1714	Equipment Finance Pty Ltd	100%*

*Beacon Minerals Ltd has exercised the option agreement with Equipment Finance Pty Ltd to gain 100% interest in the tenements.