



BEACON SELLS MINING LEASE AT BARLEE

ASX RELEASE

8th Dec 2011

Beacon Minerals Ltd wishes to announce it has signed an agreement to sell Mining Lease ML 77/1254 (BCN ownership 80%) at the Barlee Gold Project to Ramelius Resources Ltd for the following consideration:

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

This ML forms the basis for the recently completed Mining Proposal submitted to the Department of Mines (Refer ASX Announcement 24 November 2011) which was based on an initial optimised mining resource of 172,000 tonnes at 7.5 g/t gold for 42,000 ounces.

At the completion of the transaction, which is subject to shareholder approval, BCN will have;

- Cash reserves of approximately \$5,000,000.
- Listed securities in Consolidated Tin Mines Ltd with an estimated value of \$900,000.
- Royalty income from the production of gold from the mining lease. Refer Attachment 1 for potential income stream.
- 388 square kilometres of exploration ground at the Barlee Gold Project.

Darryl Harris said *"This offer was assessed by the Board to be the most attractive in regards to the maximisation of shareholder wealth. Other options were evaluated including toll treatment at existing operations and joint ventures/toll treatment with potential operations that maybe coming on stream in the region. These options provided an unsatisfactory financial return and provided no certainty to monetising the value of the in ground JORC inferred resource."*

Given the significant appreciation in the gold price and therefore increases in profit margins for producers, the lost opportunity costs for existing producers to treat third party feed material and not their own, led to higher than anticipated toll treatment costs.

Ramelius is an experienced producer, with substantial cash reserves, and have managed similar mining, trucking and processing operations at their Wattle Dam Project. In addition, they have an existing operational process plant at Mt Magnet with plans to commence mining at Barlee in 2012.

Stock Exchange

ASX: BCN

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After an extensive exploration effort, including over 90,000 metres of drilling, 10,000 geochemical samples and aeromagnetic surveys, insufficient resources have been established at Barlee to support a stand alone processing facility. Further exploration on identified targets to increase the resource base would require additional funds and therefore create further dilution for existing shareholders.

This recapitalisation allows the company to continue exploration of several prospective targets at Barlee without dilution of current shareholders as well as provide funds to evaluate project opportunities in geological regions where existing large scale gold resources occur.”

Beacon will still retain ownership of 100% of the surrounding exploration properties - E 77/1364, E77/1392, E77/1711, E77/1712, E77/1713 and E77/1714 which constitute approximately 300 square kilometres and 80% of E77/1297 (approximately 100 square kilometres) on which the 12 square kilometre mining lease resides (Refer Attachment 2).

The sale of the mining lease is subject to shareholder approval and other standard conditions precedent. Appropriate notification will be given to shareholders for the General Meeting to approve the sale of the asset.

Should you have any questions in relation to the above matters, please contact the undersigned on telephone (08) 9476 9200.

For and on behalf of
BEACON MINERALS LIMITED



Darryl Harris
Managing Director

Attachment 1 – Potential Values of Royalty Income
Attachment 2 – Barlee Tenements

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 Dumbleton 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.

Attachment 1 – Potential Values of Royalty Income

Gold Produced	Royalty Income
Ounces	Cumulative \$
20,000	1,600,000
30,000	2,400,000
40,000	3,200,000
50,000	4,800,000
60,000	6,400,000
70,000	8,000,000
80,000	9,600,000
90,000	11,200,000
100,000	12,800,000
110,000	13,100,000
120,000	13,400,000

Assumptions

- 1) Over the 100,000 ounces produced at a gold price of AUD 1,500 per ounce has been utilised.
- 2) No discount rate has been calculated as the mining process is not expected to occur over a period of more than 2 years.

Attachment 2 – Barlee Tenements

