BEACON MINERALS LIMITED

ABN 64 119 611 559

FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

This Interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2014 and any public announcements made by Beacon Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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The Directors are pleased to submit their report on Beacon Minerals Limited for the half-year ended 31 December 2014.

DIRECTORS

The names of the directors who held office during or since the end of the half-year and up to the date of this report are:

Director	Title	Date of Appointment
Geoffrey Greenhill	Executive Chairman	19 March 2012
Graham McGarry	Managing Director	19 March 2012
Marcus Michael	Executive Director	19 March 2012

REVIEW OF FINANCIAL RESULTS

A summary of revenues and results for the half-year is set out below:

	2014	
	Revenues	**Results**
	$	**$**
Revenues and Profit	10,026,442	3,561,938

The Board of Directors are pleased to report that for the six month period ended 31 December 2014 the Company's gross gold sales were $10,011,132, bringing total gold sales from the Halleys East project since it commenced mining operations in November 2013 to $12,537,562.

Cost of gold sold (C2 Production Costs) for the six month period was $5,644,937, with administration costs of $151,063, financing costs of $567,529, exploration expenditure costs written off of $79,020 and other income during the period of $110,704 for a total Fully Allocated C3 Costs of $6,331,846.

Market revaluation loss, on assets available for sale, was $132,659.

The result for the six month period is the Company's maiden total comprehensive profit of $3,561,938.

REVIEW OF OPERATIONS

HIGHLIGHTS

HALLEYS EAST OPEN PIT OPERATION

- **Completion of second and third milling campaigns from Halleys East open pit**
- **Miling campaign four commenced 9 March 2015**
- **Halleys East mining and milling on track to be completed mid-Q3 2015**

HALLEYS EAST OPEN PIT OPERATION

The Board and Company's entire focus throughout the first half of the financial year has been to progress the open pit at the Company's mining operations at Halleys East.

At the end of the third milling campaign a total of 35,858 dry metric tonnes with an average recovered grade of 7.63g/t for a total of 8,799oz had been processed from Halleys East.

For the six month period ended 31 December 2014 the Company sold 6,971oz at an average price per ounce of AU$1,436 and an average C2 Production Cost of $810 per ounce.

To date 8,797oz has been sold for an average price per ounce of AU$1,425.

High grade and flushing ore stocks at 31 December 2014 totalled 15,406 tonnes containing an estimated recoverable 2,489oz.

Since 31 December 2014, high grade and flushing material has been carted to the FMR Investments Greenfield's mill for processing during milling campaign four that commenced 9 March 2015.

Beacon remains on track to complete the Halleys East Project mid-Q3 2015.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of directors.

Geoffrey Greenhill
Executive Chairman
16 March 2015

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BEACON MINERALS LIMITED

I declare that, to the best of my knowledge and belief during the half year ended 31 December 2014 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

Conley Manifis
Director

Dated this 16th day of March, 2015

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CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2014

Australian Dollars ($)	Note	31 December 2014 $	31 December 2013 $
Gold sales		10,011,132	-
Interest revenue		15,310	14,319
REVENUE		**10,026,442**	**14,319**
Cost of gold sold	3	(5,644,937)	-
GROSS PROFIT		**4,381,505**	**14,319**
Other Income	3	110,704	76,215
EXPENDITURE			
Administration expenses		(151,063)	(234,635)
Exploration expenditure written off		(79,020)	(4,315,854)
Development expenditure		-	(993,362)
Finance costs		(567,529)	(161,255)
PROFIT/(LOSS) BEFORE INCOME TAX		**3,694,597**	**(5,614,572)**
Income tax refund/(expense)		-	-
PROFIT/(LOSS) AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE COMPANY		**3,694,597**	**(5,614,572)**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit and loss			
Net change in fair value of available-for-sale financial assets		(132,659)	452,737
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF THE COMPANY		**3,561,938**	**(5,161,835)**
PROFIT/(LOSS) PER SHARE			
Basic and diluted		0.0024	(0.0039)

The above condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Australian Dollars ($)	Note	31 December 2014	30 June 2014
		$	$
CURRENT ASSETS			
Cash and cash equivalents		2,720,260	372,177
Trade and other receivables		2,400,624	158,039
Other assets		374,973	729,669
Inventory		2,016,130	2,154,143
TOTAL CURRENT ASSETS		**7,511,987**	**4,622,749**
NON CURRENT ASSETS			
Other financial assets	5	556,997	722,256
Plant and equipment		243,518	245,488
Exploration and evaluation expenditure	4	13,928	87,637
Development expenditure		745,089	1,208,721
TOTAL NON CURRENT ASSETS		**1,559,532**	**1,055,381**
TOTAL ASSETS		**9,071,519**	**5,678,130**
CURRENT LIABILITIES			
Trade and other payables		764,190	932,739
Borrowings – debenture notes	6	4,000,000	-
Provisions		136,000	-
TOTAL CURRENT LIABILITIES		**4,900,190**	**932,739**
NON CURRENT LIABILITIES			
Borrowings – debenture notes		-	4,000,000
Provisions		-	136,000
TOTAL CURRENT LIABILITIES		**-**	**4,136,000**
TOTAL LIABILITIES		**4,900,190**	**5,068,739**
NET ASSETS		**4,171,329**	**609,391**
EQUITY			
Issued capital	7	23,766,550	23,766,550
Reserves		336,199	468,858
Accumulated losses		(19,931,420)	(23,626,017)
TOTAL EQUITY		**4,171,329**	**609,391**

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

Australian Dollars ($)	ISSUED CAPITAL $	SHARE OPTION RESERVE $	FAIR VALUE RESERVE $	ACCUMULATED LOSSES $	TOTAL EQUITY $
Balance at 1 July 2014	**23,766,550**	**579,500**	**(110,642)**	**(23,626,017)**	**609,391**
Total comprensive gain/(loss) after tax	-	-	(132,659)	3,694,597	3,561,938
Balance at 31 December 2014	**23,766,550**	**579,500**	**(243,301)**	**(19,931,420)**	**4,171,329**
Balance at 1 July 2013	**23,464,950**	**-**	**(106,442)**	**(16,094,221)**	**7,264,287**
Total comprensive gain/(loss) after tax	-	-	452,737	(5,614,572)	(5,161,835)
Shares issued during the period	300,000	-	579,500	-	879,500
Options exercised during the period	1	-	-	-	1
Balance at 31 December 2013	**23,764,951**	**-**	**925,795**	**(21,708,793)**	**2,981,953**

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

Australian Dollars ($)	31 December 2014 $	31 December 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt from the sale of gold	7,711,166	-
Expenditure on mining interests	(4,951,067)	(610,134)
Payments to suppliers and employees	(204,900)	(254,152)
Interest received	15,353	10,021
Other	154,887	3,836
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**2,725,439**	**(850,429)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(37,700)	(88,588)
Payments for exploration expenditure	(5,310)	(1,490,222)
Proceeds from sale of plant and equipment	1,210	182
Proceeds from sale of listed investments	44,273	43,626
Proceeds from financial asset	-	246,677
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	**2,473**	**(1,288,325)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issue of shares	-	32
Proceeds from/ (payments for) debenture notes	(379,829)	3,818,372
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	**(379,829)**	**3,818,404**
Net increase in cash and cash equivalents	2,348,083	1,679,650
Cash and cash equivalents at the beginning of the half-year	372,177	803,290
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	**2,720,260**	**2,482,940**

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

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standard ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Beacon Minerals Limited. It is recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2014, together with any public announcements made during the half-year. The half-year report does not include full disclosures of the type normally included in an annual financial report.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. Beacon Minerals Limited has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half year.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the half year ending 31 December 2014. The Company does not believe these standards will have a material impact on the financial statements in the period in which they are adopted.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs.

Going Concern

The Directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

The Company has a current net asset position of $2,611,797 as at 31 December 2014, which includes $4,000,000 of debentures redeemable in November 2015. The majority of these debentures are redeemable in November 2015 with the balance redeemable in December 2015. The repayment of debentures is contingent on future gold sales being realised in the projected timeframe which is currently prior to the maturity dates of the debenture notes.

Subsequent to 31 December 2014 the Company has received approximately $2,300,000 from the sale of gold and has further gold assets on hand in the form of broken ore stocks. Accordingly, the Directors' believe it is appropriate to prepare the financial report on a going concern basis.

The Directors have prepared a cash flow forecast that indicates the Company will have sufficient cash flows to meet all working capital and exploration requirements for a period of at least 12 months from the date of this financial report.

Should the Company be unable to achieve the matters set out above, there is uncertainty whether the Company will be able to continue as a going concern.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification or liabilities that might be necessary should the Company not continue as a going concern.

NOTE 2: OPERATING SEGMENTS

The Company operates in predominantly one business and geographical segment, which involves the exploration and development of minerals in Australia.

NOTE 3: PROFIT/(LOSS) BEFORE INCOME TAX

	31 December 2014 $	31 December 2013 $
The following revenue and expense items are relevant in explaining the financial performance for the half-year.		
Other Income		
Reimbursements	4,099	455
Gain on sale of assets	12,883	23,644
Fuel tax rebate	93,722	52,116
	110,704	76,215
Cost of Gold Sold		
Opening inventory	2,154,143	-
Royalties	375,439	-
Depreciation of mine plant and equipment	39,669	-
Cost of production	5,091,816	-
Closing inventory	(2,016,130)	-
	5,644,937	-

NOTE 4: EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2014 $	30 June 2014 $
Exploration and evaluation – at cost		
Balance at the beginning of the year (period)	87,637	5,402,705
Expenditure incurred	2,082	327,529
Expenditure written off	(75,791)	(4,312,388)
Transferred to development expenditure	-	(1,330,209)
	13,928	**87,637**

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

NOTE 5: OTHER FINANCIAL ASSETS

	31 December 2014 $	30 June 2014 $
Investment in listed shares (available-for-sale assets)		
At cost	800,298	832,898
Revaluation to fair value	(243,301)	(110,642)
	556,997	**722,256**

(a) Carrying value versus Fair Value

The Company considers that the carrying amount of the financial assets is a reasonable approximation of their fair value.

(b) Available for sale investments

All the available-for-sale-investments are classified as Level 1 investments where the Company uses closing market price as at reporting date per share multiplied by the number of shares held.

There have been no transfers between the levels in the period.

NOTE 6: BORROWINGS – DEBENTURE NOTES

	31 December 2014 $	30 June 2014 $
(a) Total current secured liabilities		
Debenture Notes	4,000,000	4,000,000
	4,000,000	**4,000,000**

	Interest Rates	31 December 2014	30 June 2014
	%	$	$
(b) Maturity dates			
11 November 2015	18%	3,050,000	3,050,000
18 November 2015	18%	850,000	850,000
31 December 2015	18%	100,000	100,000
		4,000,000	**4,000,000**

(c) Terms and Conditions of Debenture Notes

The key terms of the Debenture Issue are as follows:

(a) the face value of each Debenture ("Debentures") will be $1.00 and each Debenture Holder must subscribe for a minimum of 100,000 Debentures which will have a total face value of $100,000 ("Minimum Subscription");

(b) for every one Debenture that is issued to a Debenture Holder, the Company will grant that Debenture Holder 100 Options, the Options will be issued on the same term and conditions of those already on issue. The maximum number of Options to be issued under the Debenture Issue is 400,000,000;

(c) the Debentures will not be listed on the ASX;

(d) the term of the Debentures is 24 months from the date of issue ("Term"), and the Company holds the right to exercise an early repayment option which may be exercised no less than 18 months from the date of issue ("Early Repayment");

(e) the interest rate payable on the Debentures is 18% per annum. Interest will be payable on the paid-up face value of the Debentures and calculated on a daily basis. Interest will be payable to the Debenture Holders 6 months after the date they are issued with Debentures and thereafter every 3 months until the end of the Term, or upon Early Repayment (together the "Record Dates");

(f) Interest will be paid no later than 30 days after the relevant Record Date;

(g) the Debentures will be secured by the Company granting a Mortgage over Mining Lease 77/1254 in favour of a Security Trustee acting on behalf of all the Debenture Holders ("Security Trustee");

(h) the Debentures will not entitle a Debenture Holder to any voting rights in the Company;

(i) the Company must repay the subscription price in full in relation to any Debenture Issue, including accrued but unpaid interest, on the earlier of the following;

 (i) the end of the Term;
 (ii) Early Repayment; or
 (iii) within 30 days on the occurrence of an event of default that has not been remedied;

(j) events of default ("Event of Default") include (but are not limited to) the following:

 (i) an external administrator being appointed over any of the assets of the Company and not being removed;
 (ii) the Company being in liquidation or under administration;
 (iii) a material change being made to the Constitution of the Company;

(iv) a failure to pay interest owed to a Debenture Holder occurring within 7 days of its due date; and
(v) other events of default typical of this type of transaction occurring; and

(k) the Company has 30 days to remedy any Event of Default which occurs pursuant to the Debenture Issue.

NOTE 7: ISSUED CAPITAL

Australian Dollars ($)	31 December 2014	30 June 2014
(a) Issued and paid up capital	**$**	**$**
At the beginning of the reporting period	23,766,550	23,464,950
Shares issued pusuant to agreement	-	300,000
Shares issued pursuant to exercise of options	-	1,600
Share issue expenses	-	-
At reporting date 1,493,429,242 (30 June 2014: 1,493,429,242) fully paid ordinary shares	**23,766,550**	**23,766,550**

Movements in Ordinary Shares	Number	Number
At the beginning of reporting period	1,493,429,242	1,393,109,196
Shares issued prusuant to agreement	-	100,000,000
Shares issued pursuant to exercise of options	-	320,046
Balance at reporting date	**1,493,429,242**	**1,493,429,242**

(b) Share options

	31 December 2014	30 June 2014
Movement in Options exercisable at $0.005 on or before 30 September 2015	**Number**	**Number**
At the beginning of the reporting period	797,702,924	398,022,970
Options issued pursuant to Debenture Notes	-	400,000,000
Options exercised	-	(320,046)
Balance at reporting date	**797,702,924**	**797,702,924**

NOTE 8: COMMITMENTS AND CONTINGENCIES

There have been no significant changes to commitments or contingencies since 30 June 2014.

NOTE 9: SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2014, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 6 to 14 are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 31 December 2014 and of the performance for the 6 months ended on that date of the Company;

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Geoffrey Greenhill
Executive Chairman
Beacon Minerals Limited
Perth, 16 March 2015

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BEACON MINERALS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Beacon Minerals Limited (the company) on pages 6 to 15, which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the company's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Beacon Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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William Buck

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BEACON MINERALS LIMITED (CONT)

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Beacon Minerals Limited on pages 6 to 15 is not in accordance with the Corporations Act 2001 including:

a) giving a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the half year ended on that date; and
b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter
Without modifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the company has a working capital position of $2,611,797 as at 31 December 2014, which includes debentures of $4,000,000. The majority of these debentures are redeemable in November 2015 with the balance redeemable in December 2015. This condition, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Matters Relating to the Electronic Presentation of the Reviewed Half Year Financial Report
This auditor's review report relates to the half year financial report of Beacon Minerals Limited for the half year ended 31 December 2014 included on Beacon Minerals Limited's web site. The company's directors are responsible for the integrity of Beacon Minerals Limited's web site. We have not been engaged to report on the integrity of Beacon Minerals Limited's web site. The auditor's review report refers only to the half year financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed half year financial report to confirm the information included in the reviewed financial report presented on this web site.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

Conley Manifis
Director

Dated this 16th day of March, 2015