

BEACON
MINERALS LIMITED
ABN 64 119 611 559

2017 ANNUAL REPORT

CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Geoffrey Greenhill – Executive Chairman
 Graham McGarry – Managing Director
 Sarah Shipway – Non-Executive Director

**COMPANY SECRETARY**

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William Buck Audit (WA) Pty Ltd

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Beacon Minerals Limited (ASX:BCN) (Beacon or Company) is pleased to present its review of operations for the year ended 30 June 2017.

Highlights

JAUARDI GOLD PROJECT

- **Beacon Executed Option to Purchase Jaurdi Gold Project**
 - **Tenements Acquired Adjacent to Jaurdi Gold Project**
 - **Lost Dog Mineral Resource**
 - **June Mineral Resource update totalling 2.9M tonnes @ 1.76 g/t for 163.1 K Oz**
 - **Mineral Resource tonnage has increased by 12% with a 9% increase in ounces**
- Majority of Mineral Resource is classified as Measured and Indicated (96% of the tonnes and 98% of the ounces)**

Classification	('000) Tonnes	Au g/t	('000) Ounces
Measured	30	1.56	1.5
Indicated	2,752	1.79	158.4
Inferred	101	0.96	3.2
Total	2,883	1.76	163.1

- **North East Extensional Drilling Completed at Lost Dog**
- **Extension of Eastern Arm Mineralisation into E15/469**
- **Black Cat Mineral Resource Update**

HALLEYS EAST

- **Beacon Completed Sale of High Grade Refractory Ore**

CORPORATE

- **Payment of Inaugural Dividend**
- **Appointment of Project Manager**
- **Subsequent to year end the Company completed a \$7.5 million underwritten Non-Renounceable Entitlement Issue**

JAUARDI GOLD PROJECT

Beacon Executed Option to Purchase Jaurdi Gold Project

On 3 January 2017, the Company announced that it had executed an exclusive option to purchase the Jaurdi Gold Project comprising Mining Lease M16/529 (ML) from Fenton and Martin Mining Developments Pty Ltd (Fenton and Martin) (Option to Purchase Agreement).

The Jaurdi Gold Project is located 35 kilometres north west of Coolgardie and is close to infrastructure, including public and private road access to Coolgardie and Kalgoorlie.

Under the Option to Purchase Agreement, Beacon had 110 days to undertake due diligence on the Jaurdi Gold Project. The following summarises the work completed by Beacon during the 110-day option period:

- Drilled 186 reverse circulation holes totalling 5,337 metres in two drilling campaigns;
 - Included in this was a close spaced grade control program in the Western Arm.
- Surveyed and collated all drill holes including relevant historical holes drilled by previous explorers.
- Drilled 6 PQ diamond core holes for density, moisture and metallurgical compositing.
- Undertaken a ground gravity survey over an area including the known mineralisation.
- Completed conventional bottle rolls on a selected suite of samples from the RC drilling.

- Observed the trial mining by Fenton and Martin of a parcel of 9,400 tonnes from the Western Arm of the Lost Dog Mineral Resource.
- Observed the processing of part of the 9,400 tonnes parcel through the FMR owned Greenfields conventional processing plant at Coolgardie.
- Reviewed prospective areas in the general vicinity and applied for an exploration licence of approximately 10,000 Hectares east of M16/529.

The exploration work done during the option period indicates that there are no major impediments to Beacon establishing a mining operation at the Lost Dog at current gold prices either by:

- a. Processing ore through a conventional gold treatment plant when the physical characteristics of the ore are suitable; and/or
- b. Establishing a site processing route designed to handle the clay portion of the ore and blending of the more competent crushed siltstone for subsequent CIL extraction of the gold.

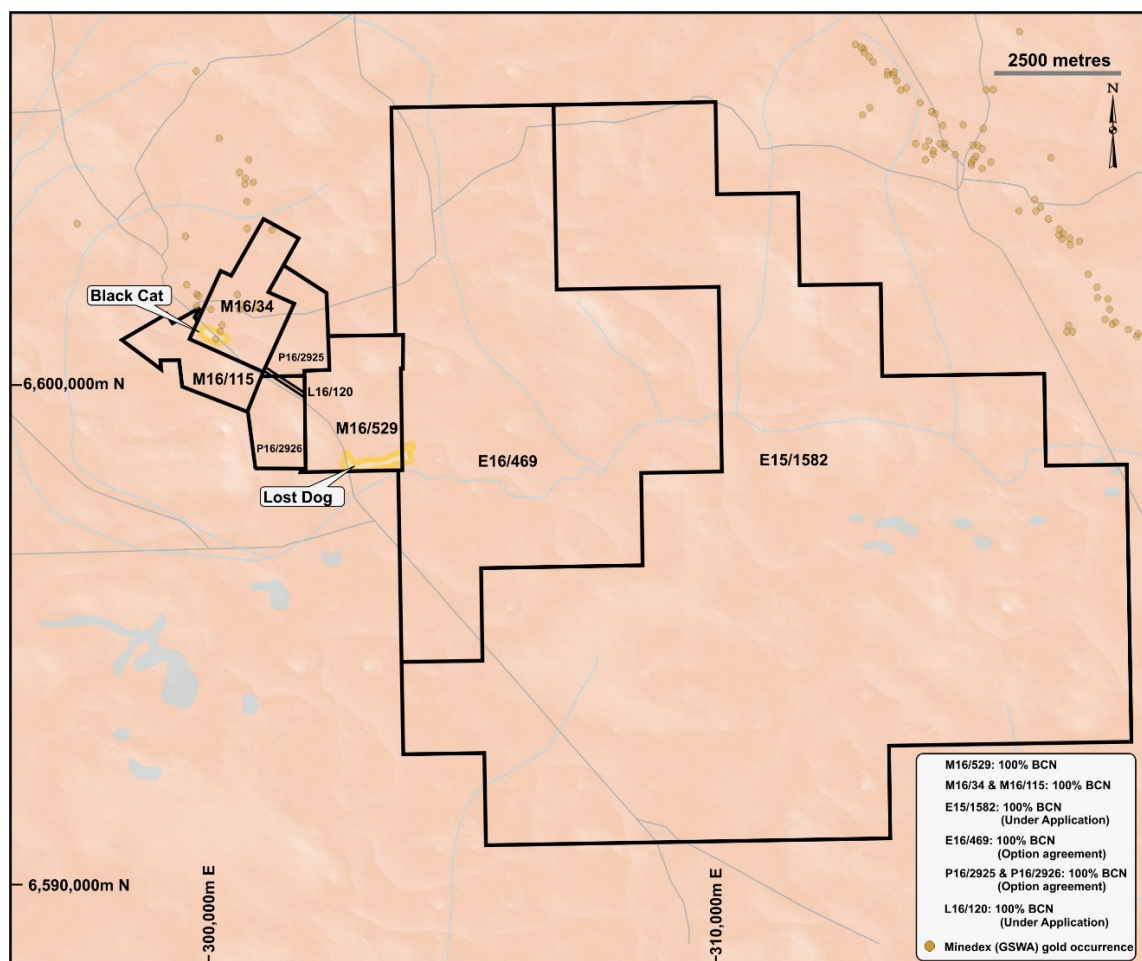


Figure 1: Locality diagram detailing Beacon Minerals tenement holding

The key terms of the Option to Purchase Agreement with Fenton and Martin include the following:

- a) Beacon paid \$100,000 to purchase the ML; and
- b) Beacon paid an initial royalty of \$90 per refined ounce of gold for the first 10,000 ounces produced from the tenement and \$80 per refined ounce of gold produced thereafter.

The pre-paid royalty of \$900,000 was paid to Fenton and Martin upon the transfer of the tenement.

Milling Campaign Results

Under the terms of the option agreement with Fenton and Martin a parcel of 9,400 wet metric tonnes was mined and carted to the FMR owned Greenfields Mill. A total of 4,265 dry metric tonnes of the ore was processed until milling was halted due to moisture in the ore causing handling issues in the crushing process. The milling and CIP processing of the ore has provided Beacon with valuable processing information in terms of future treatment requirements. The assayed ore grades of the parcel and the recovery achieved (91.8%) was in line with Beacon’s expectations. A total of 15.897 kg’s of fine gold was recovered during the processing of the ore. A joint mining campaign between Beacon and the Vendors over the close spaced drilled area in the Western Arm of the deposit is being assessed for the completion of the balance of the Vendors ore entitlement.

Gravity Programme

The trial gravity survey was completed in March 2017 and the data collected has been evaluated by Southern Geoscience. The orientation survey consisted of 50 metre spaced N-S lines; with stations positioned on 25 metre centres along these lines. The survey has produced three “walk up” drill targets to test for palaeochannel style gold mineralisation. The diagram below is a Bouguer Anomaly BA1VD (i.e. BA of one vertical derivative) where the “cooler” colours represent a lower density response and the hotter colours represent a higher denser response. The palaeochannel is a lower density feature than the surrounding bedrock.

It can be clearly seen there are three “lower density”, undrilled areas defined by the BA1VD image which potentially represents the continuation of the palaeochannel along strike. These three zones represent “walk up” drill targets for Beacon. The Company engaged Ausdrill Kalgoorlie to mobilise to Jaurdi on 10 April 2017 to commence drilling of the three targets identified.

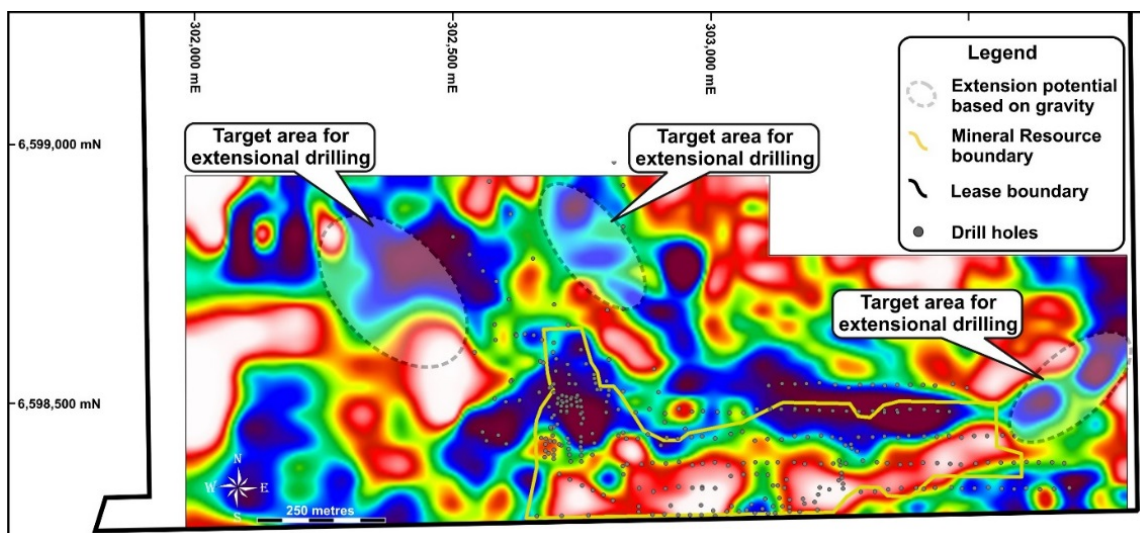


Figure 2: First derivative Bouguer Anomaly images showing the lower density zones which represent potential mineralised extensions to the Lost Dog ore system

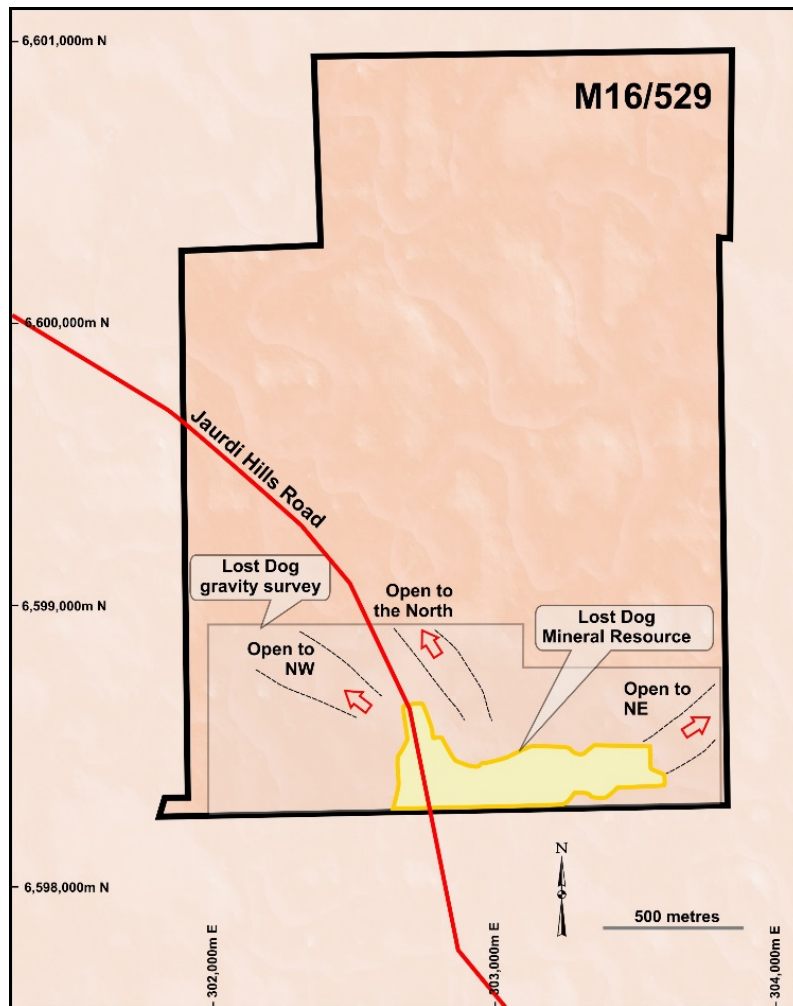
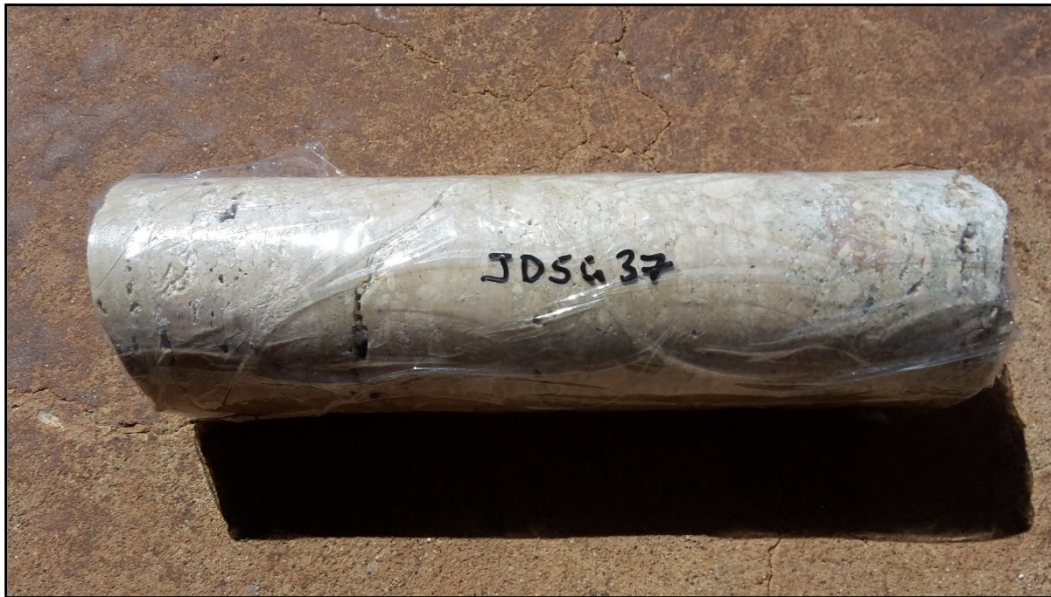


Figure 3: Locality diagram of M16/529 showing outline of trial gravity survey

Diamond Drilling

A six hole PQ3 diamond drill core programme was completed at the Lost Dog prospect for the purpose of undertaking geo-metallurgical test work. A suite of whole core samples was submitted to Bureau Veritas in Kalgoorlie for SG analysis and moisture determination. The set of samples consisted of 20 core samples of the four basic rock types within the palaeochannel; siltstone unit, siltstone-clay unit, clay-siltstone unit and a clay unit.

The previous estimate of the insitu dry density from open pit samples averaged 2.2 g/cm³. The results from this round of test work downgraded this estimate significantly due to the high inherent moisture content measured during the laboratory testwork. Table 1 below shows the extent of the variability in each of the four identified rock types. These new insitu dry SG determinations have been used to update the Mineral Resource.



**Figure 4: A vuggy and breccia-textured siltstone of JDD004 (JDSG37: 14.73 – 15.00 metres).
The sample had a wet SG of 2.18 g/cm³.**

Tenements Acquired Adjacent to Jaurdi Gold Project

Beacon advised that the Company had entered into an agreement with Flinders Exploration Limited and JH Mining Pty Ltd (the Vendors) to acquire 100% of two mining leases, ML 16/34 and ML 16/115, within 4 kms of the Jaurdi Gold Project.

The acquisition of the mining leases enhances Beacon's tenement portfolio and infrastructure requirements at the Company's Jaurdi Gold Project.

For details in relation to acquisition terms and previous mining and exploration at ML 16/34 and ML 16/115 please see ASX announcement 5 May 2017 "Tenements Acquired Adjacent to Jaurdi Gold Project".

On 10 May 2017 Beacon executed an Option to Purchase Agreement with Mr Steven Argus and Zephyr Mining Pty Ltd, the holders of exploration licence E16/469.

E16/469 is located immediately to the east of Beacon's Mining Lease M16/529.

Subsequent to the year end Beacon signed an Option to Purchase Agreement with Australian Live-Stock Suppliers Pty Ltd to acquire P16/2925 and P16/2926.

Lost Dog Mineral Resource Update

Beacon provided an update of the Lost Dog Mineral Resource following the completion of the May-June 2017 infill and extensional drilling campaigns. The updated June 2017 Mineral Resource increases the gold inventory at the Jaurdi Gold Project to 163,100 ounces (see Tables 1 and 2). The resource is based on 348 reverse circulation (RC), air core (AC) and diamond core drill holes completed by Beacon and historical explorers for a total of 9,847 metres.

The Lost Dog orebody is now defined to have an overall strike length of 1,450 metres in an East-West orientation, has an average thickness of 8 metres and an average width of 180 metres. It remains open to the North East. The deposit consists of three main areas; the Western Arm, the Eastern Arm and the North East Extension. The latter has narrowed to 120 metres wide; the average width remains at 180 metres; however, it attains a maximum width of 260 metres on the "elbow" as its orientation rotates to the North-East at a bearing of 040 degrees after striking predominantly East-West.

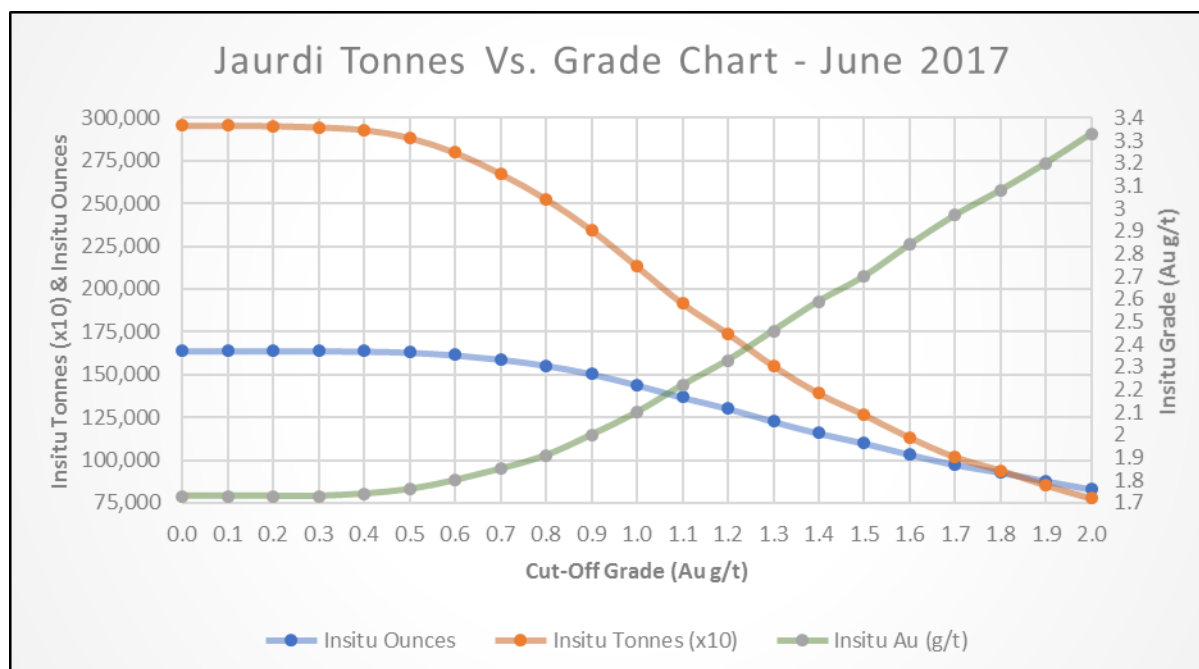
The Jaurdi Gold Project overlies a portion of the Bali Monzogranite immediately adjacent to the Jaurdi Hills-Dunnsville greenstone sequence. The Lost Dog gold mineralisation is hosted in either a bleached, siliceous siltstone or an interbedded clay and siltstone unit.

Table 1: Lost Dog June 2017 Mineral Resource estimate by classification and lithology (Au > 0.5 g/t)

Res Cat	Rock Unit	('000) Volume	('000) Tonnes	Au	('000)Ounces	Density
MEAS	Siltstone	1	3	1.11	0.1	2.40
	Silt/Clay	2	3	1.35	0.1	1.40
	Clay/Silt	10	12	1.29	0.5	1.20
	Clay	10	11	2.08	0.7	1.10
Sub Total		24	30	1.56	1.5	1.25
INDI	Siltstone	496	1,191	1.50	57.6	2.40
	Silt/Clay	637	891	1.95	55.7	1.40
	Clay/Silt	473	567	2.14	39.1	1.20
	Clay	94	103	1.81	6.0	1.10
Sub Total		1,699	2,752	1.79	158.4	1.62
INFE	Siltstone	30	72	0.88	2.0	2.40
	Silt/Clay	19	27	1.18	1.0	1.40
	Clay/Silt	2	3	1.20	0.1	1.20
	Clay	-	-	-	-	-
Sub Total		51	101	0.96	3.2	1.98
Total		1,774	2,883	1.76	163.1	1.66

**All figures in Table 1 have been rounded*

Table 2: Grade tonnage curve for the Lost Dog deposit



The Mineral Resource has been drilled out using reverse circulation, air core drilling and diamond core techniques. Sampling was collected through a cyclone and split through a rig mounted riffle splitter. A cone splitter was utilised for the latter of the recent Stage 5 program. All sample components were taken as a 12.5% split of the original. One metre samples were collected to obtain a 3 to 4 Kg sample. All samples were pulverised to typically 95% passing -75µm to produce a 50g charge for Fire Assay with an AAS finish.

The drilling has been completed on a 25m x 50m pattern for the majority of the deposit (see Figures 5 to 10). A significant area of the Eastern Arm was in-filled to a 25m x 25m spacing during the Stage 4 program. In addition, a close space drilling programme was completed in the Western Arm on a 10m x 10m pattern during Stage 2. The purpose of this drilling was to understand the short scale continuity of the mineralisation with the aim to use this in the resource modelling process. The density of drilling for this style of deposit has given sufficient confidence to categorise the Mineral Resource predominantly as Measured and Indicated (96% of the tonnes and 98% of the ounces).

Grade estimation was completed using ordinary Kriging. A nested spherical variogram with two structures was derived for each domain using Snowden Supervisor software. The variogram was created as normal scores and was back transformed for use with 3DS Surpac. Inverse Distance Squared was utilised to estimate a small low-grade domain. A 0.5g/t Au was selected as the optimal cut-off grade from both a statistical and an economical stand-point. The mining method considered at this early stage is conventional drill and blast and load and haul with an excavator and articulated dump trucks. The current defined Mineral Resource estimate is situated on both the granted Mining Lease M16/529 (92%) and the adjoining E16/469 (8%); the latter being under an option agreement whereby Beacon can acquire a 100% interest.

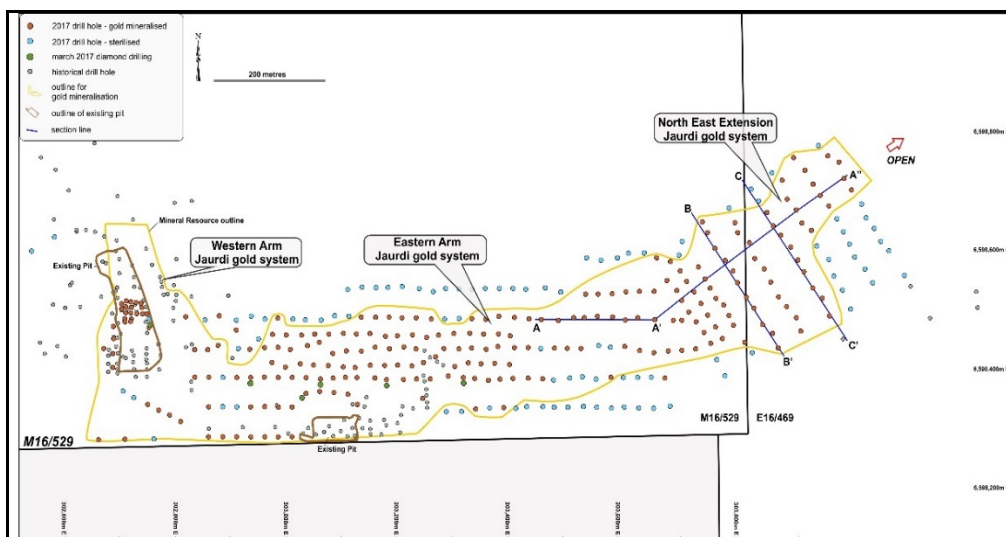


Figure 5: Plan of the Jaurdi palaeochannel showing the drilling which has defined the Western Arm, the Eastern Arm and the North East Extension.

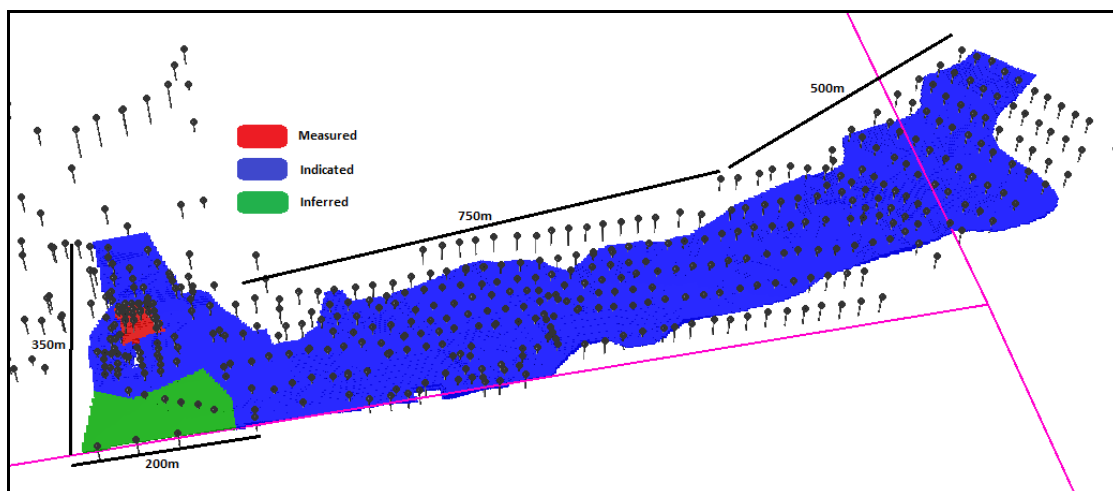


Figure 6: 3D image of the Lost Dog deposit showing confidence categories of June 2017 Mineral Resource and overall strike length of 1,450 metres

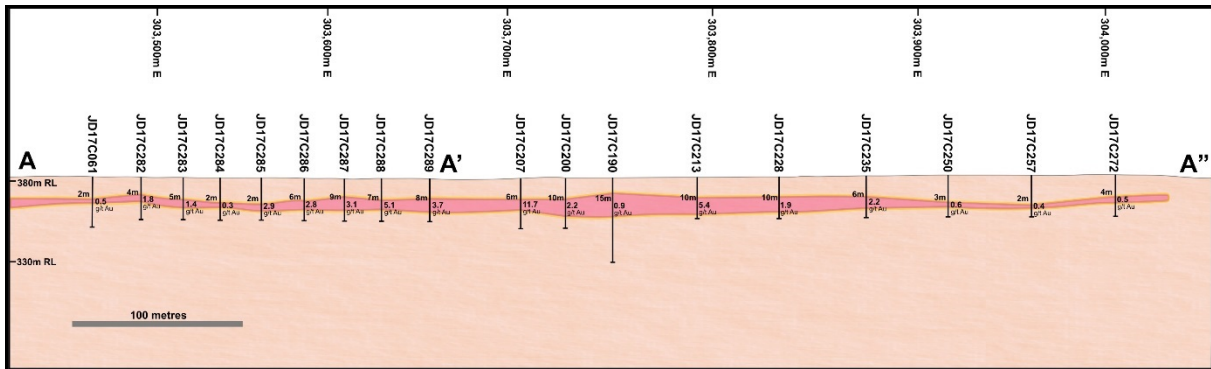


Figure 7: Long section A – A' – A'' of the Eastern Arm and North East Extension of the Lost Dog deposit

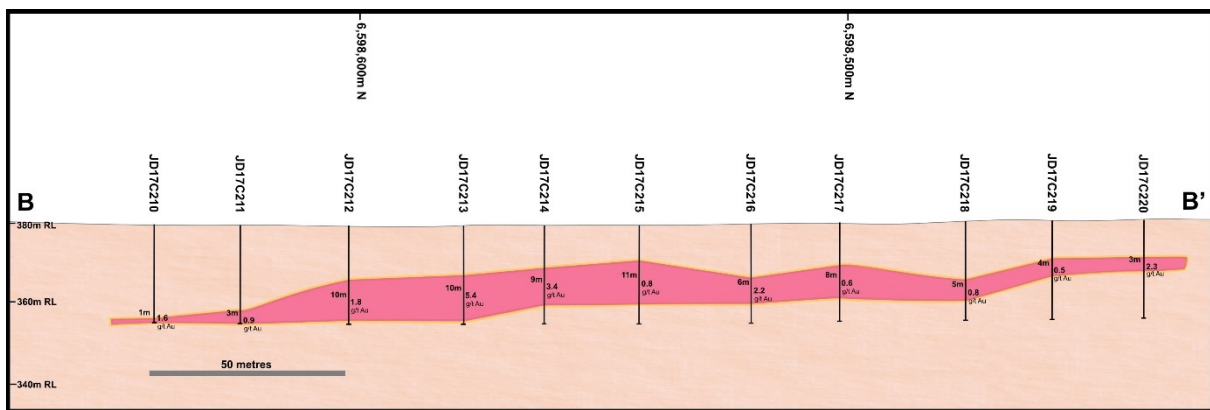


Figure 8: Cross section B – B' through the North East Extension of the Lost Dog deposit

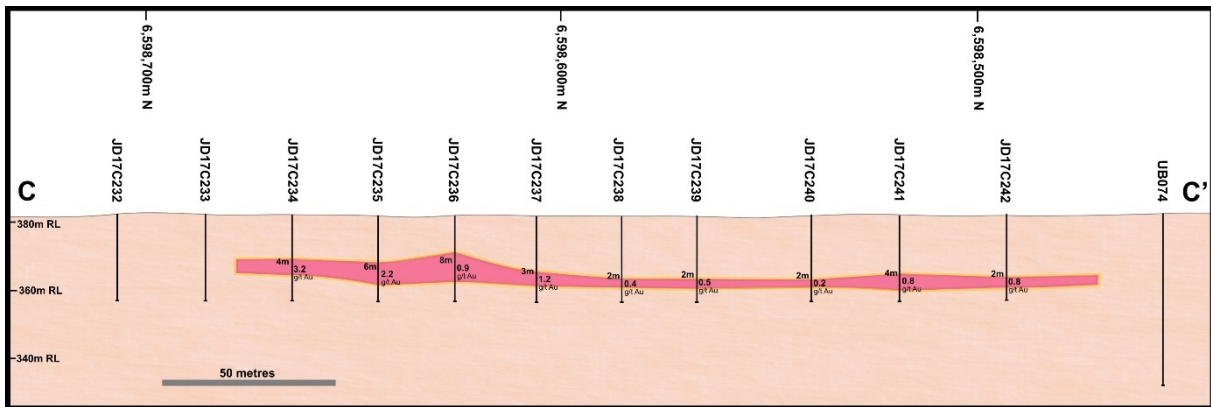


Figure 9: Cross section C – C' through the North East Extension of the Lost Dog deposit

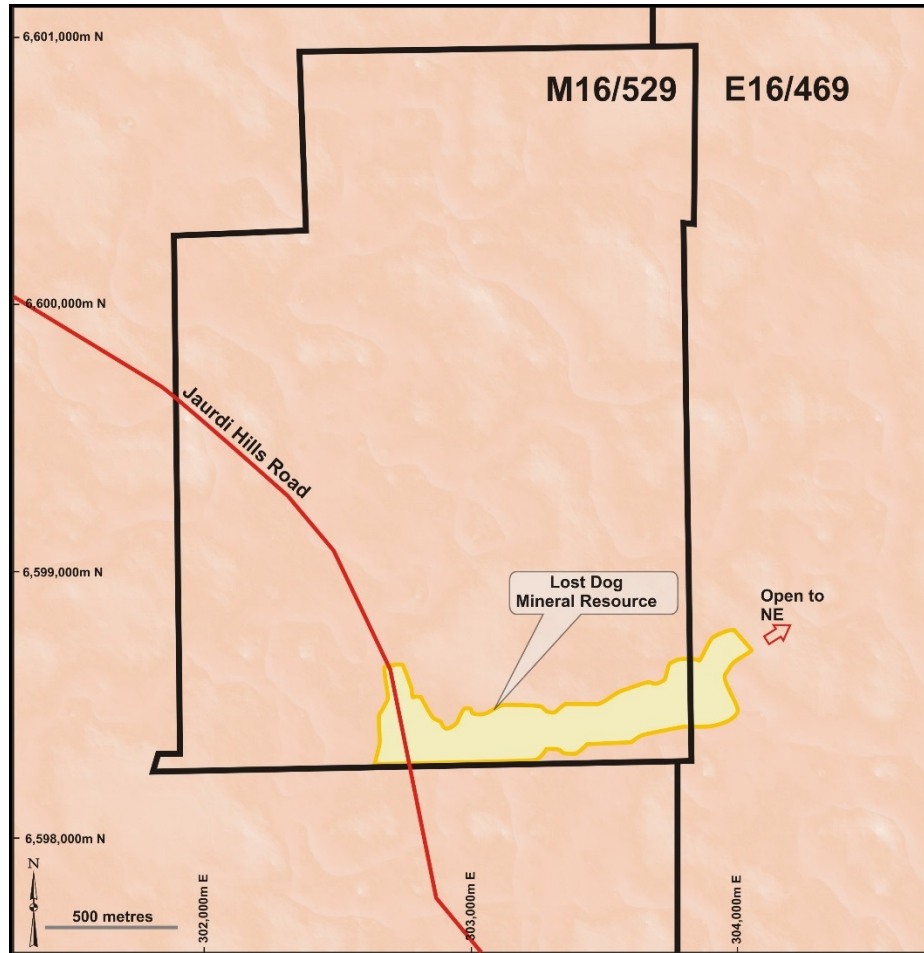


Figure 10: Location of the Lost Dog Mineral Resource North East Extension on E16/469

North East Extensional Drilling

During April 2017, Beacon completed an RC campaign targeting a gravity-low anomaly. The anomaly was identified by the recent gravity survey over the Lost Dog prospect and is located 200 metres to the North-East of the previous drilling. A total of 21 RC drill holes was completed for 751 metres, with most drill holes intersecting significant mineralisation in a North-East trend. Mineralisation in this region remains open in all directions. An increased proportion of clays were identified within this mineralised horizon, with the insitu bulk densities modelled to reflect the increased clay component.

Figure 11 shows the spatial relationship between the early Lost Dog drilling and the NE extensional drilling targeting the gravity anomaly and Figure 12 shows the individual intercepts of mineralisation.

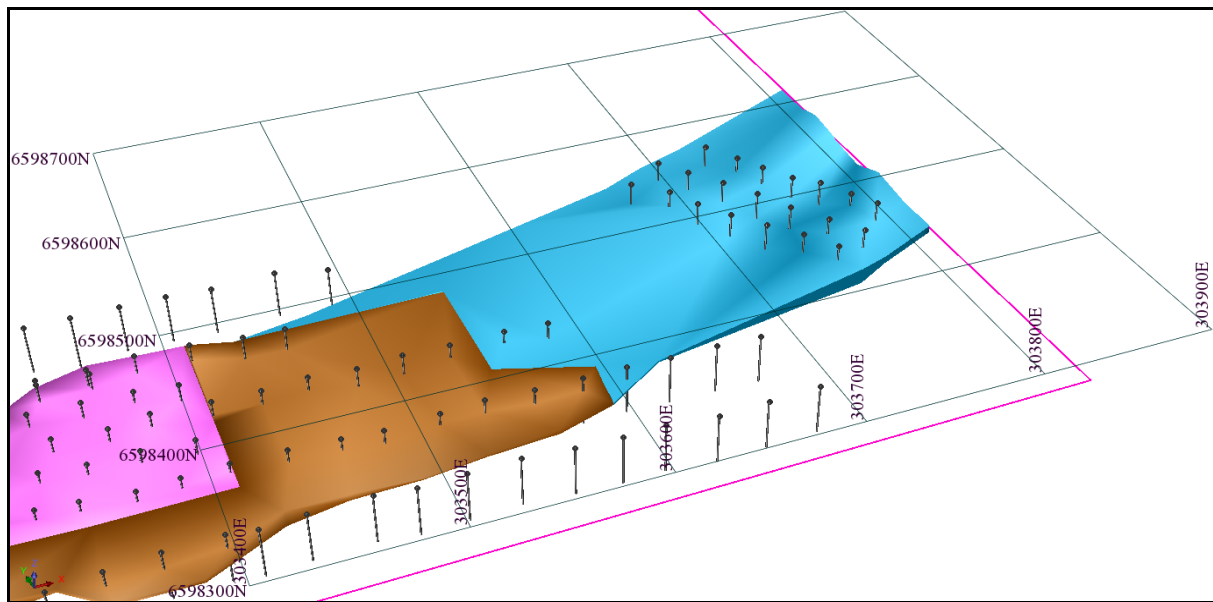


Figure 11: NE extensional drilling at the Lost Dog prospect showing the trend of mineralisation is open to the NE

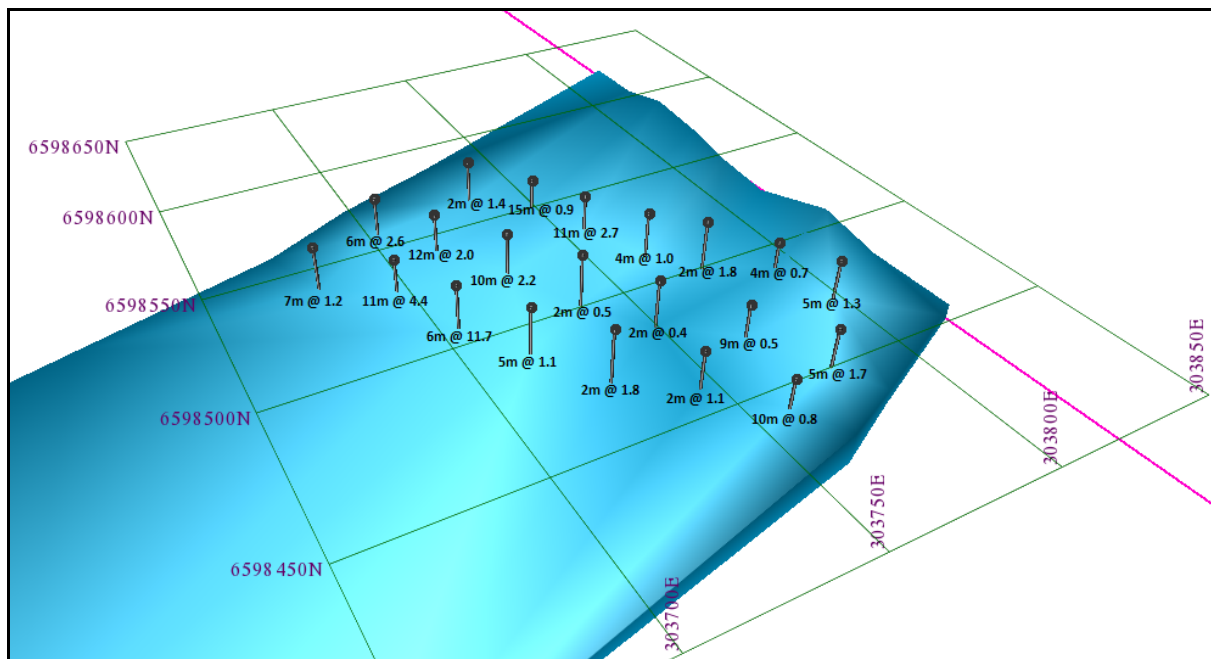


Figure 12: Drill results from the NE extension drilling showing mineralisation open in all directions

Two N-NW targets defined by the gravity survey were drilled during the April 2017 campaign. No significant intervals of mineralisation were intersected.

Infill Drilling of Lost Dog

In addition to the extensional drilling completed NE of the Lost Dog deposit, Beacon completed an RC infill program reducing the 50 metres North-South spacing down to 25 metres within the North Central area of the Eastern Arm. Previous drilling in this region had identified significant gold intercepts along strike on this East-West axis. The infill program was aimed at further defining the width and continuity of the high-grade zone across strike. The infill program resulted in exceptional grades and intercept thicknesses; defining high grade continuity across strike in both the North and South directions. As a result of the infill program a 10.9% increase in ounces (Table 3) was observed within this area of the Eastern Arm of the Lost Dog Deposit (pink area in Figure 13).

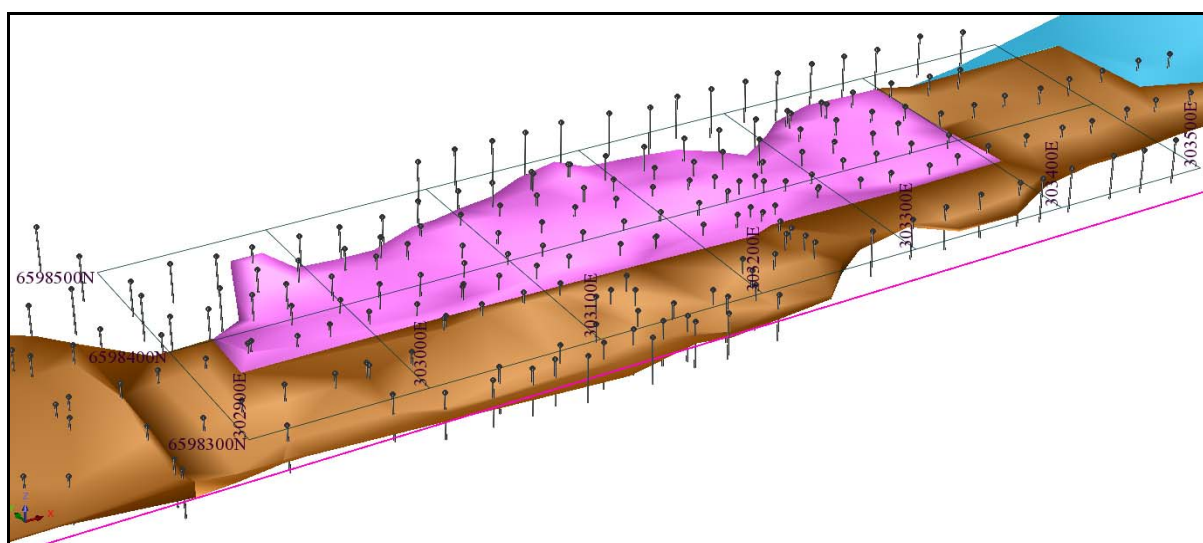


Figure 13: Infill drilling in the North Central area of the Eastern Arm of the Lost Dog deposit

Table 3: May 2017 Lost Dog Mineral Resource comparison within the North Central Area of the Eastern Arm

	Volume m ³	Tonnes t	Grade Au g/t	Ounces Oz
Apr-17	582,013	988,918	2.06	65,497
May-17	622,961	1,051,942	2.15	72,612
Variance	7.0%	6.4%	4.4%	10.9%

Eastern Arm Extensional Drilling

During the year Beacon completed 101 RC holes for 2,520 metres in the recent RC drilling programme at the Lost Dog prospect. A total of 66 holes for 1,647 metres was drilled to the North East of the M16/529 lease boundary on the adjoining tenement E16/469, which is under option to Beacon (see Figure 14). All holes were drilled to a depth of 25 metres (please see ASX announcement 30 June 2017 “*Jaurdi Gold Project – June Drilling Highlights*” for Table of Results).

This has resulted in extending the Lost Dog deposit a further 250 metres to the North East. The deposit has narrowed in this area and is now 120 metres wide opposed to the average width of 180 metres. However, it attains a maximum width of 260 metres on the “elbow” as it’s orientation rotates to the North-East at a bearing of 040 degrees after striking predominantly East-West. This variation in orientation correlates well with significant auger derived Au in soil sample anomalies located approximately 240 metres to the North-East of the current extent of mineralisation (see Figures 15 to 21).

It should be noted the initial discovery hole (JA13; 1m @ 5.18 g/t Au) drilled into the Lost Dog system in 2002 targeted a geochemical anomaly with a peak value of 34.2 ppb Au.

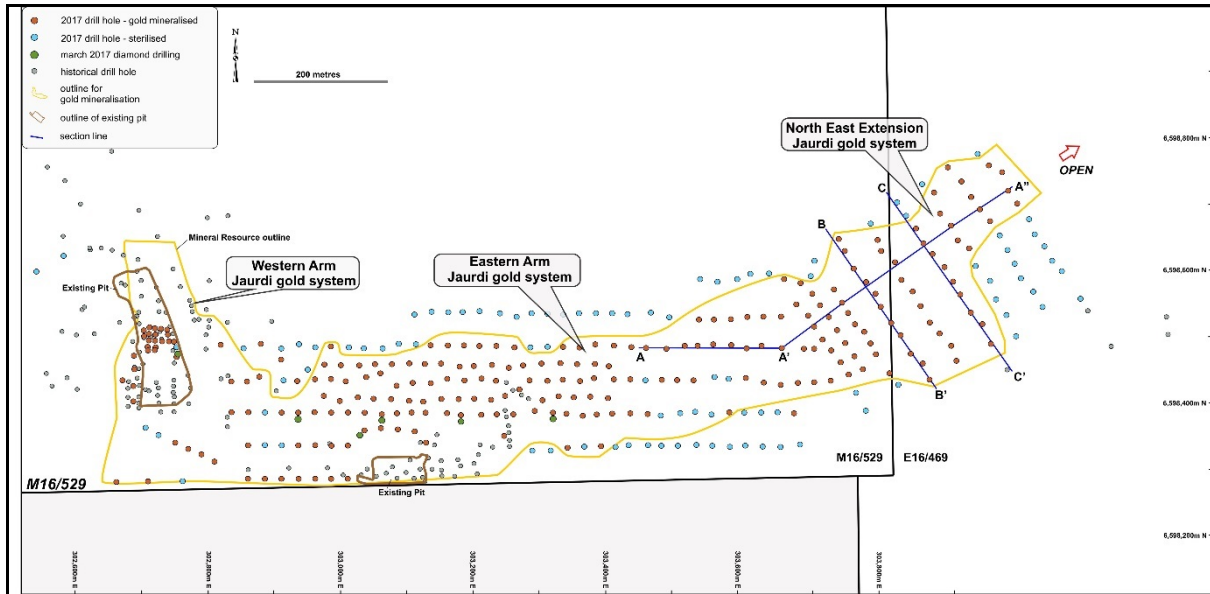


Figure 14: Lost Dog drilling plan showing plan view of mineralised system open to the North West

The overall strike length of the Eastern Arm mineralisation is now 1,450 metres and has an average width of 180 metres and average thickness of 8 metres. The Lost Dog mineralization remains open to the North West.

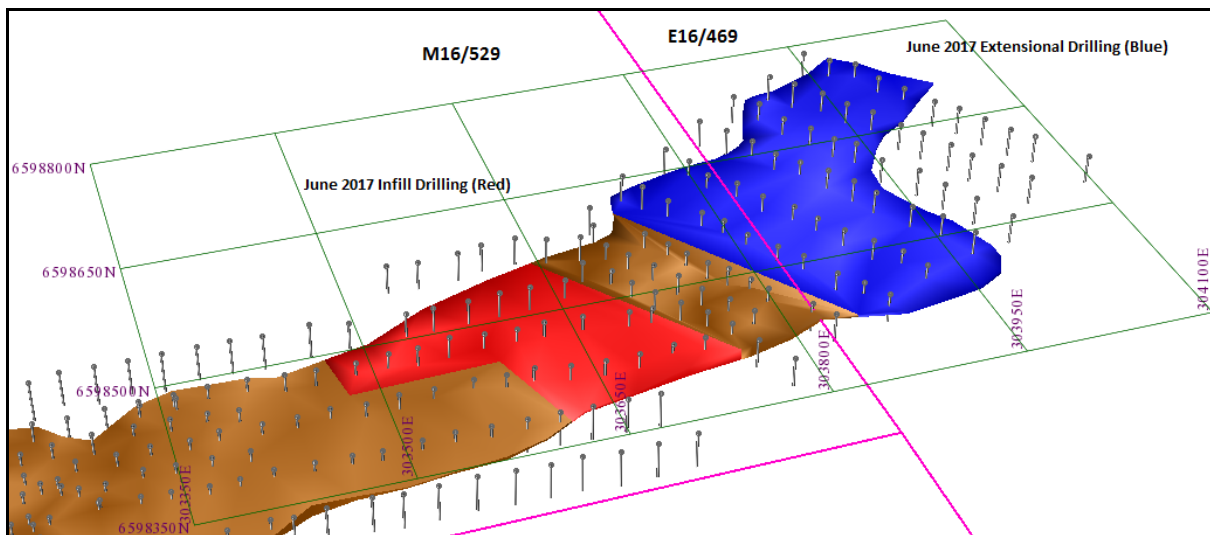


Figure 15: North East Extensional (blue) and Infill RC Drilling (red) Programmes completed in June 2017

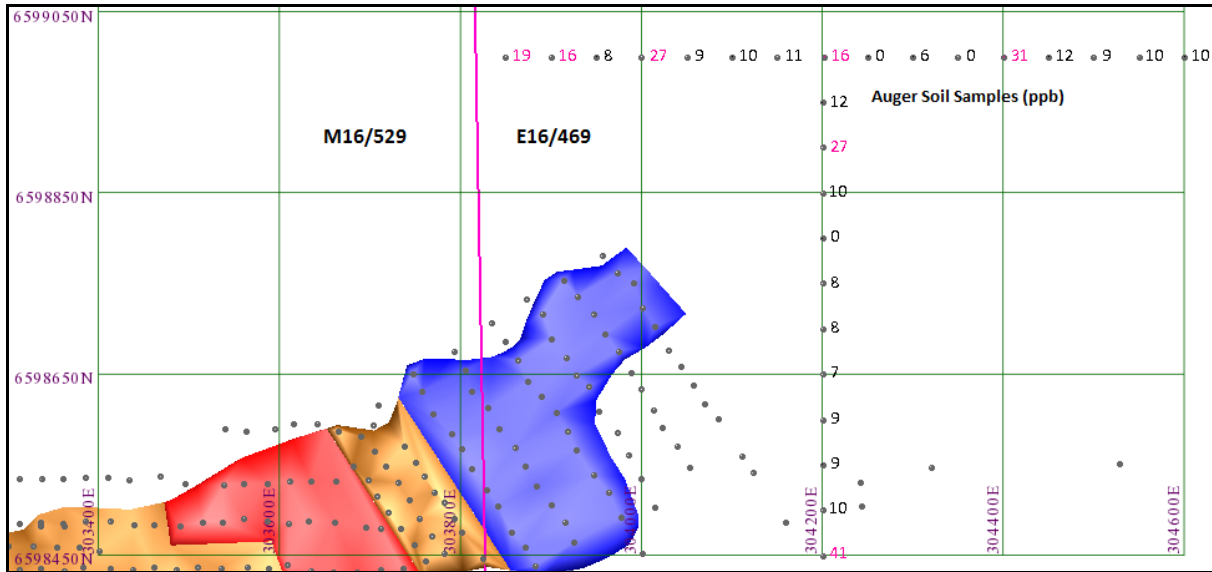


Figure 16: North Eastern extent of the Lost Dog deposit relative to the highly anomalous gold-in-auger soil results

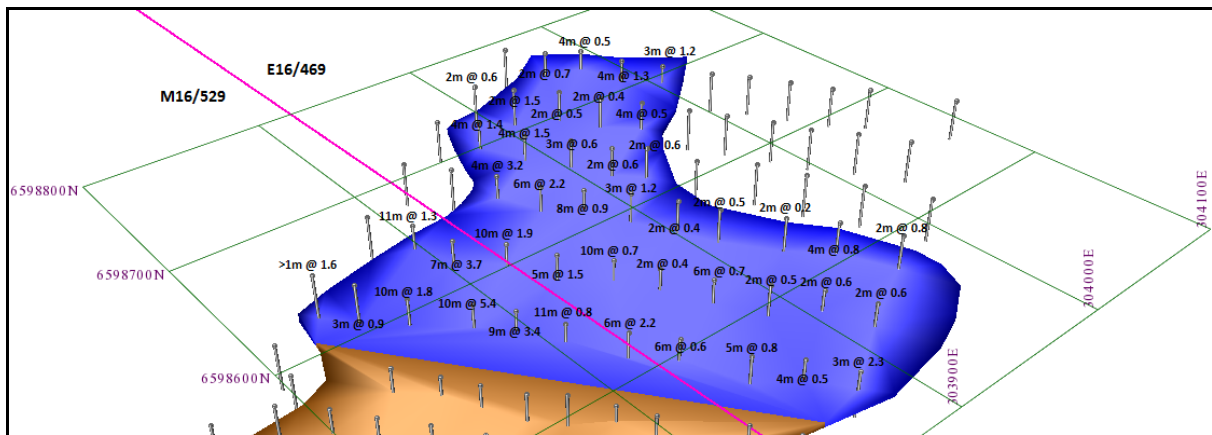


Figure 17: Rotated view of the North East extension of the Lost Dog prospect showing drill results

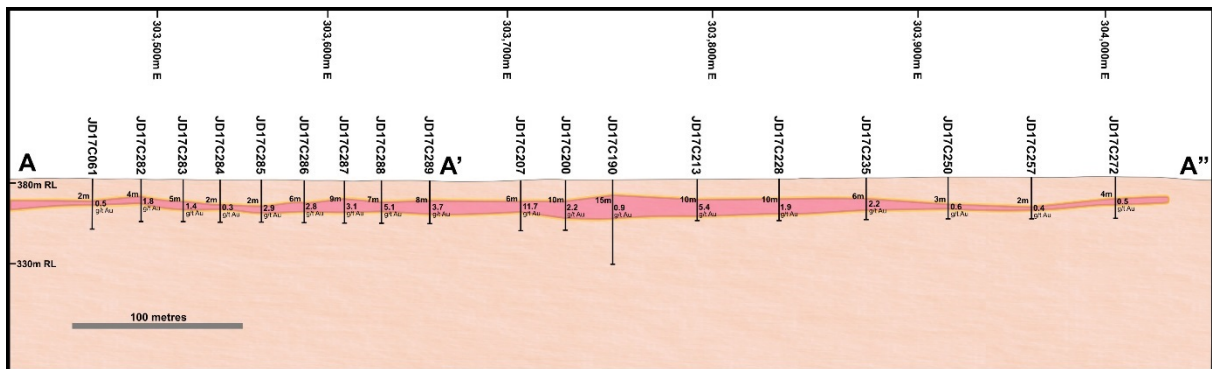


Figure 18: Long section view A – A' – A'' through the Eastern Arm and North Eastern Arm of the Lost Dog

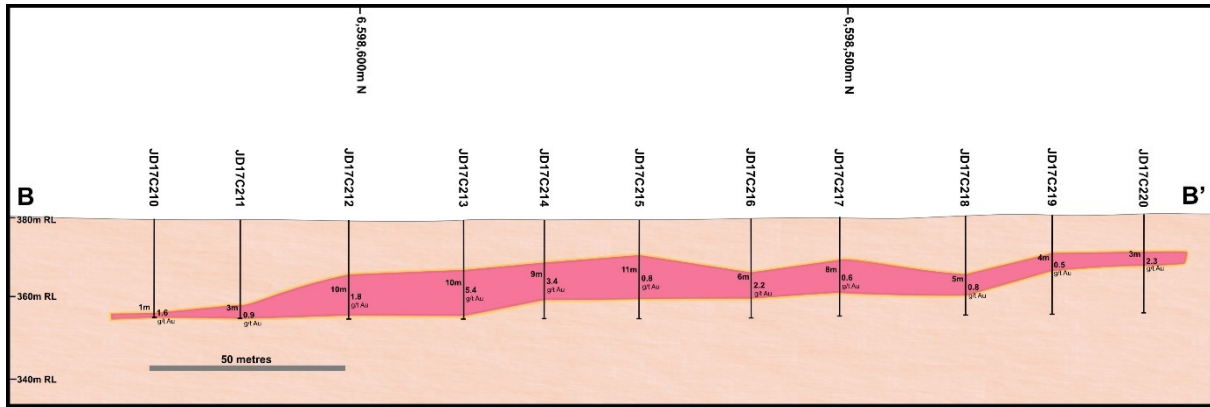


Figure 19: Cross sectional view B – B' through the Lost Dog

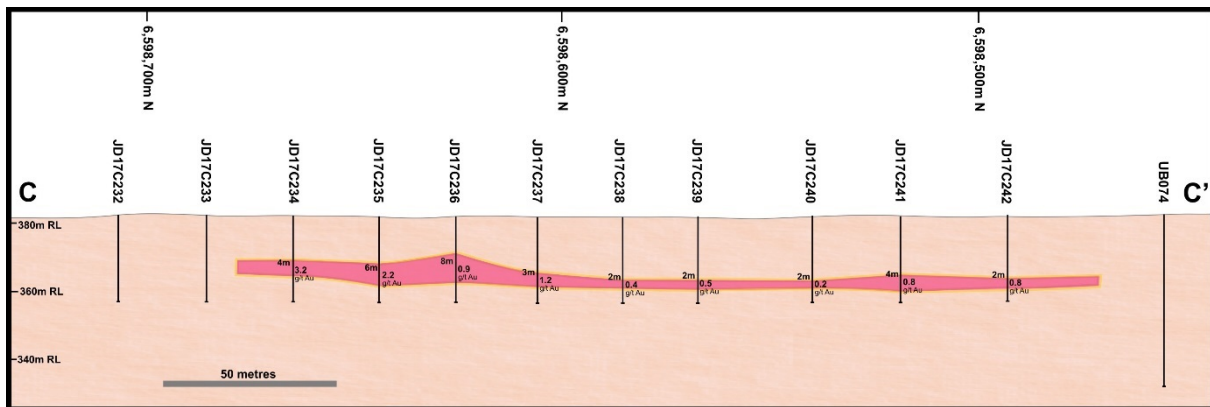


Figure 20: Cross sectional view C – C' through the Lost Dog

An area immediately to the west of the M16/529 tenement boundary required infill drilling to improve the continuity of mineralisation within this portion of the Lost Dog prospect. A total of 35 RC holes for 873 metres was drilled in this area which had been previously been classified as Inferred in the May 2017 Mineral Resource. Results received from this drilling were highly successful and demonstrated the strong continuity of mineralisation observed in the Eastern Arm of the Lost Dog prospect (see Figure 21).

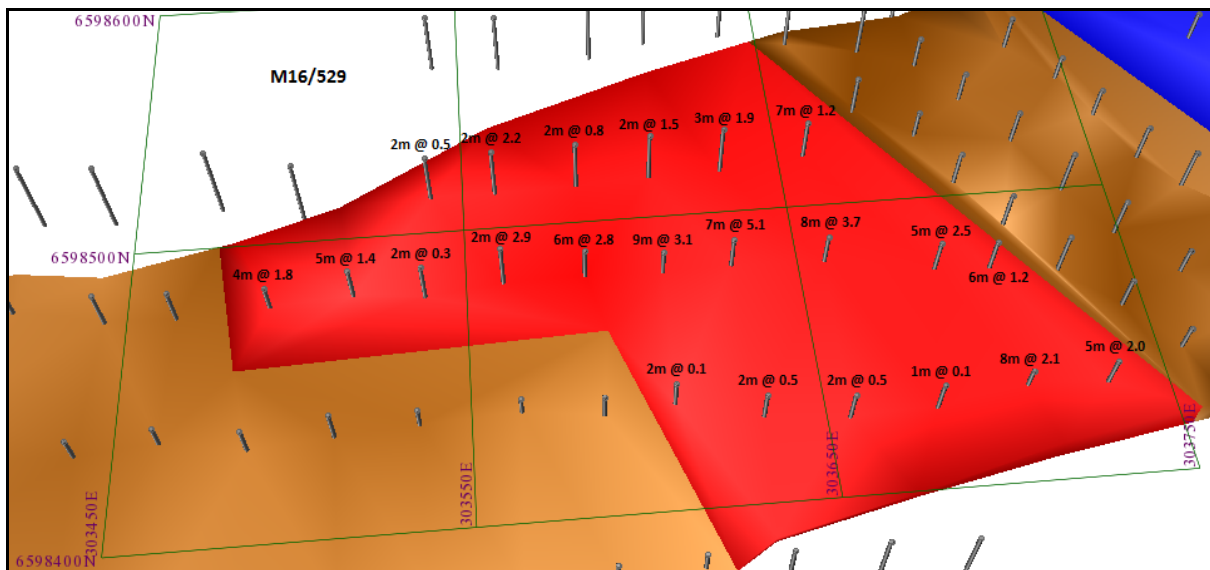


Figure 21: Results from the Infill drilling programme completed in June 2017

Black Cat Mineral Resource Update

Subsequent to the year end Beacon completed 14 RC drill holes which were primarily drilled to test the veracity of the historical drilling at Black Cat. This drilling has enabled the Black Cat Mineral Resource to be determined using the JORC 2012 guidelines (Table 4).

Table 4: September 2017 Black Cat Mineral Resource by classification (Au > 1.0 g/t)

Resource Category	Volume ('000)	Tonnes ('000)	Grade (g/t Au)	Ounces
Indicated	96	164	1.9	9,860
Inferred	144	244	1.5	12,020
Total	240	408	1.7	21,880

The Mineral Resource has been drilled out using both reverse circulation and air core drilling techniques; the two techniques were required to drill through the host lithology's. The Mineral Resource estimate was carried out using 12 holes drilled by Beacon (798 metres) and 165 historical RC and AC drill holes (10,223 metres) were also used (Figure 22). A total of 9 Beacon drill holes were designed to twin historical drill holes and were successfully able to confirm the veracity of the historical dataset. Figure 23 shows the successful twinning of an historical hole. The mineralisation observed dips moderately to the west and is associated with shear zone structures within a highly weathered/altered porphyry unit hosted in a basalt/gabbro. Sampling was collected through a cyclone and split through a rig mounted cone splitter. One metre samples were collected to obtain a 3 to 4 Kg sample. All samples were pulverised to typically 95% passing -75µm to produce a 50g charge for Fire Assay with an AAS finish.

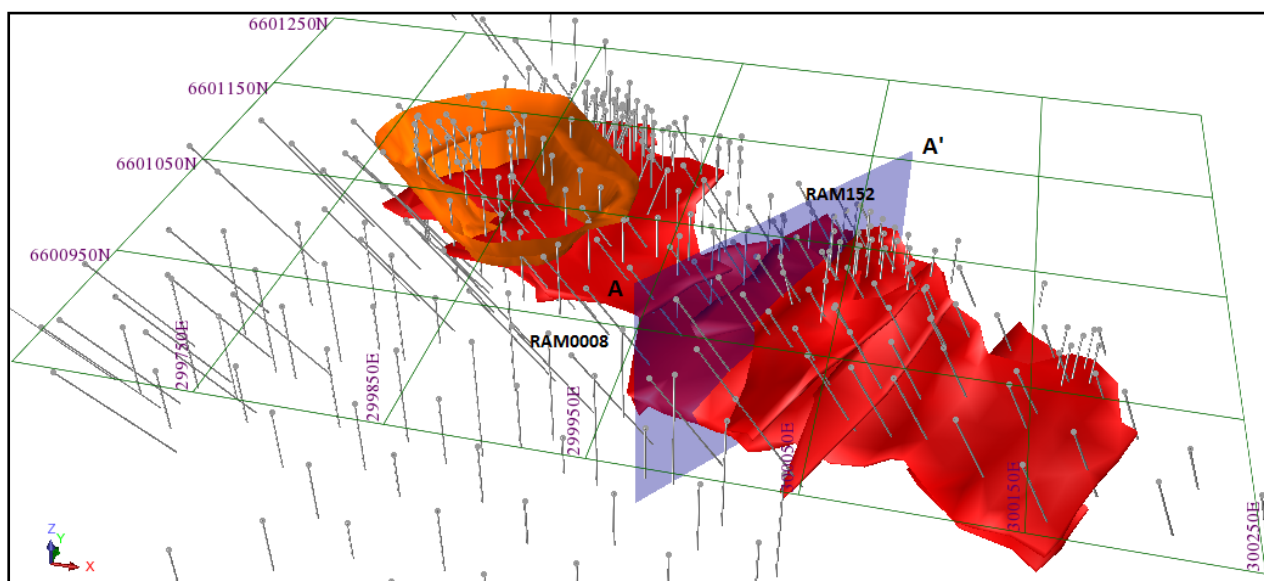


Figure 22: Oblique view of the Black Cat and Black Cat South lodes (red) with historical pit (orange)

Grade estimation was completed using Ordinary Kriging and Inverse-Distance-Squared techniques. Snowden Supervisor was utilised to develop a nested spherical variogram with two structures for each domain hosting a suitable sample population. The dataset underwent a normal scores transformation for variogram modelling, before being back-transformed for grade estimation with 3DS Surpac. Domains lacking a suitable sample population for variogram modelling were estimated using Inverse-Distance-Squared techniques. Resource classification was assigned based on sample density and slope of regression values (Figure 24). A range of cut-off grades was reviewed (Figure 25); however, 1.0 g/t Au was selected as the cut-off grade for reporting.

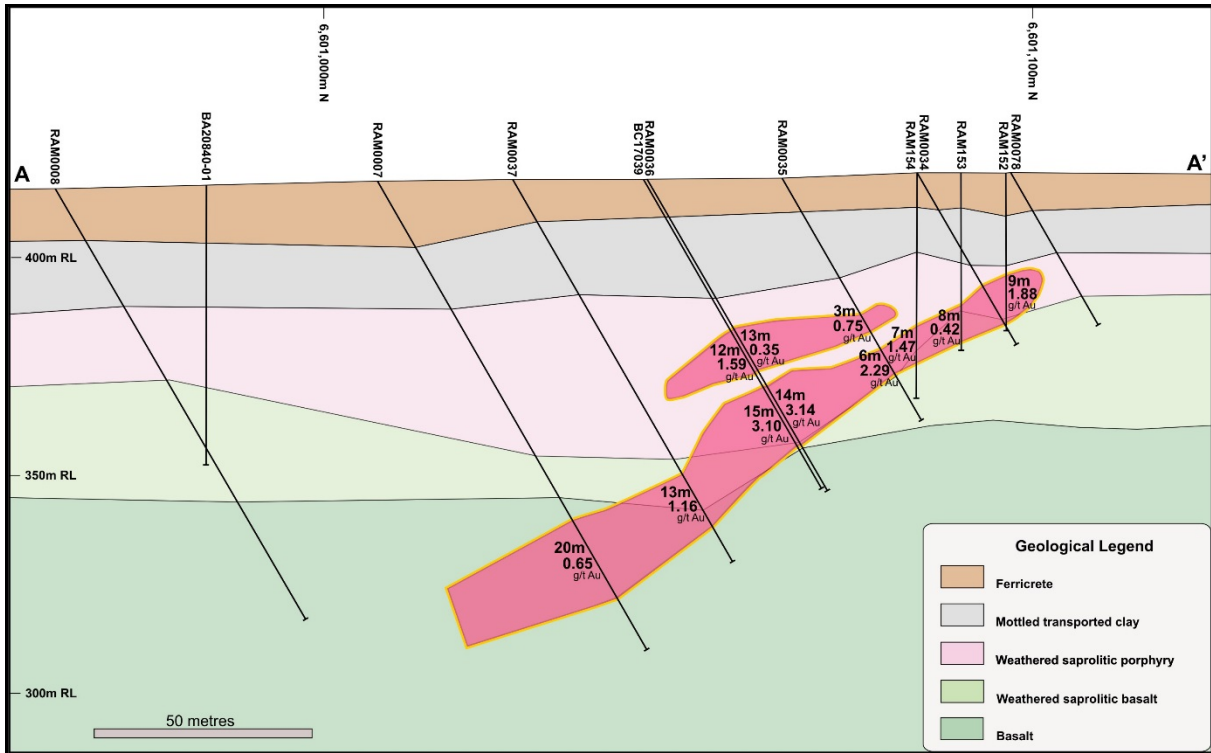


Figure 23: Cross section A – A’ showing the Black Cat mineralisation and one of the Beacon twin holes

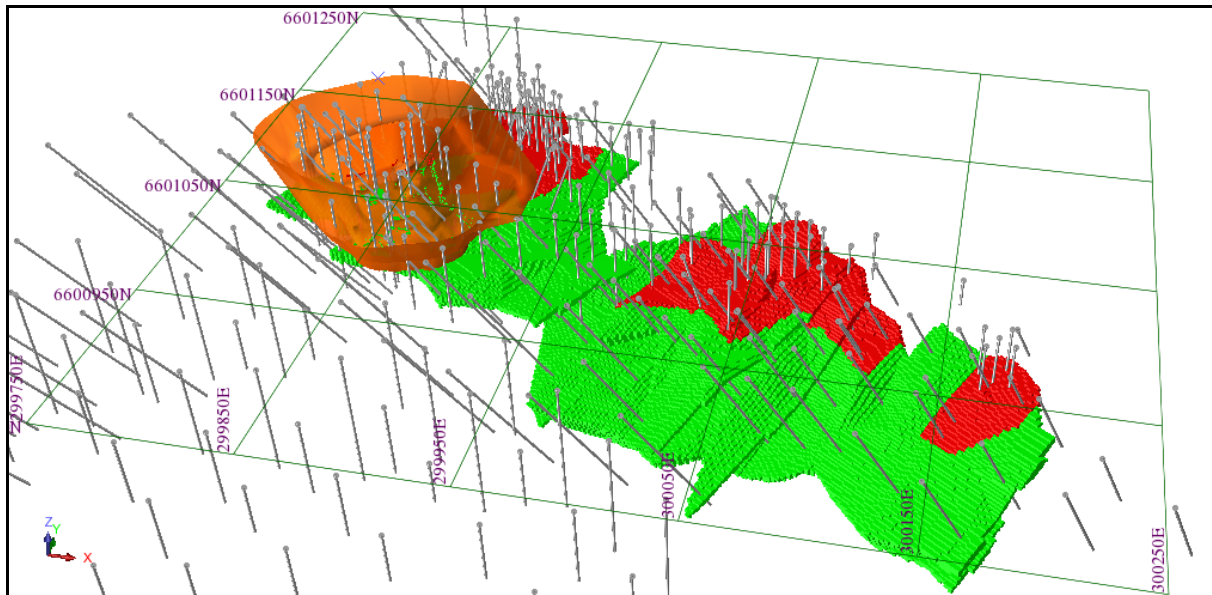


Figure 24: Oblique view of Black Cat Mineral Resource classification showing the Indicated (red) and Inferred (green) Mineral Resource

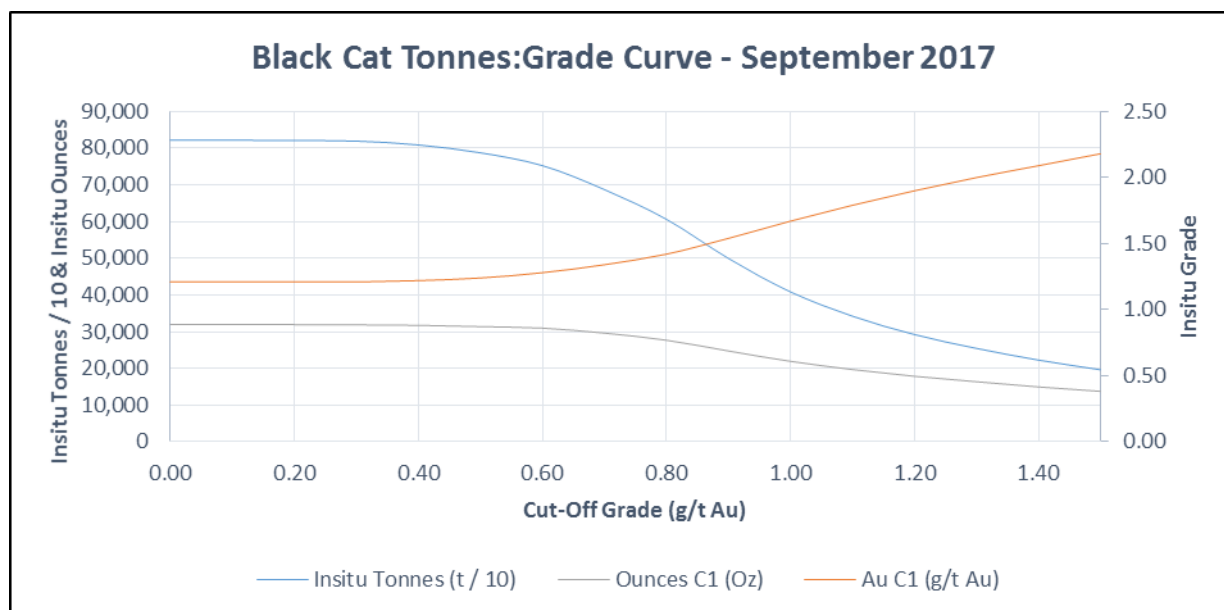


Figure 25: Grade tonnage curve for the September 2017 Black Cat Mineral Resource

The mining method considered at this early stage is conventional drill and blast and load and haul using an excavator and articulated dump trucks. Preliminary metallurgical work indicates recoveries within the 90% to 94% range can be expected.

The current defined Mineral Resource estimate is situated entirely on granted Mining Lease M16/34.

HALLEYS EAST

Sale of Refractory Ore

On 4 February 2016 the Company announced that it had entered into a letter of intent (LoI) with Northern Star Resources Limited (**Northern Star**) to process the Company’s high grade refractory ore under an ore purchase agreement.

A lengthy, but necessary, metallurgical testing program followed.

The Company advised on 13 July 2016 that it had entered into an agreement with Northern Star to purchase Beacon’s high grade refractory ore under an Ore Purchase Agreement.

A total of 12,199 tonnes of ore was sold to Northern Star at \$611.87 per tonne, nett of all costs.

The average grade of the parcel was 15.53g/t with a metallurgical recovery of 87.5%.

A total of 18,349.13 oz has been sold for an average price per ounce of AUD\$1,438.49 from the Halleys East Project.

CORPORATE

Inaugural Dividend Payment

The Board of Beacon announced on 29 September 2016 that a dividend of \$0.0025 per share would be paid to shareholders.

The unfranked dividend for Australian taxation purposes was paid to shareholders on 3 November 2016.

The payment of the dividend is in line with the previously stated objectives of the Directors.

Appointment of Project Manager

The Board of Directors advised that Mr Alex McCulloch had been appointed Project Manager of the Jaurdi Project for the due diligence period and, if the option is exercised, to Manage the project through to production.

Mr McCulloch is a mining engineer who graduated from the School of Mines in WA in 1997. He has over 37 years experience in the mining industry. Mr McCulloch has previously worked at a number of open pit operations in Australia and overseas, including the start-up and ongoing production of an open pit copper/gold mine in NSW and has more recently been involved in the evaluation, planning and operation of mineral projects in the WA Goldfields.

Mr McCulloch has been providing technical assistance to the Executive Management of Beacon since September 2015. Mr McCulloch has assisted Beacon in the evaluation of more than 40 projects, which have included desk top studies and where required, local and overseas site visits.

For more information in relation to Mr McCulloch's appointment please see Beacon's ASX announcement dated 3 January 2017 "*Beacon Executes Option to Purchase Jaurdi Gold Project*".

\$7.5 Million Underwritten Non-Renounceable Entitlement Issue

Beacon Minerals announced on 10 July 2017, a 1 for 3 non-renounceable entitlement issue at \$0.015 to raise approximately \$7.5 million before costs. Eligible shareholders who subscribe to the offer will also receive 1 free attaching option for every new share subscribed for, exercisable at \$0.025 expiring 17 August 2022.

The Offer was fully underwritten by Patersons Securities Limited who is acting as Lead Manager and Underwriter to the Issue. The Entitlement Issue was made pursuant to a prospectus dated 10 July 2017 (the "Entitlement Prospectus").

The Board of Beacon have taken up their full entitlements totaling approximately \$785,000 and Directors Graham McGarry and Geoff Greenhill are also sub-underwriting the issue for a total of \$1.948m.

On the 18 August 2017 the Company announced that the Non-Renounceable Entitlement issue was completed.

COMPETENT PERSON STATEMENT:

The information in this report that relates to the Jaurdi Gold Project Mineral Resource estimation is based on information compiled by Mr Richard Finch and Mr Darryl Mapleson, both full time employees of BM Geological Services. Mr Finch is a Member of the Australian Institute of Mining and Metallurgy, while Mr Mapleson is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Finch and Mr Mapleson have sufficient experience that is relevant to the style of the mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

This report contains information extracted from the following reports, which are available on the Company's website at www.beaconminerals.com.au.

- 22 September 2017 Jaurdi Gold Project – Black Cat Mineral Resource Update
- 12 July 2017 Jaurdi Gold Project – Lost Dog Mineral Resource Update
- 30 June 2017 Jaurdi Gold Project – June Drilling Highlights

- 22 May 2017 Jaurdi Gold Project – Progress Update
- 5 April 2017 Jaurdi Gold Project – Update
- 10 March 2017 Jaurdi Mineral Resource – Lost Dog Maiden Resource Update
- 3 March 2017 Jaurdi Gold Project – Lost Dog Maiden Mineral Resource

The Company confirms that it is not aware of any new information or data that materially affects the exploration results included in any original market announcements referred to in this report and that no material change in the results has occurred. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

The Directors of Beacon Minerals Limited (“Beacon” or “the Company”) submit herewith the annual financial report of Beacon Minerals Limited and its subsidiaries (“the Group”) for the period 1 July 2016 to 30 June 2017. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report is as follows:

DIRECTORS

The names and particulars of the directors of the Group during the financial year and as at the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Geoffrey Greenhill AWASM, MAusIMM
 Executive Chairman
 Appointed 19 March 2012

Geoffrey Greenhill graduated from the Western Australian School of Mines obtaining an Associateship in Metallurgy in 1973. Mr Greenhill has held various senior metallurgical roles and has designed and commissioned ore processing facilities across Australia. He is highly respected within the mining industry and has a strong track record in creating shareholder value. Mr Greenhill and Mr McGarry have been business partners for 34 years and have had substantial success in developing mining projects in WA, SA, QLD and the NT.

During the past three years he has not served as a director of any other public company.

Graham McGarry CPA, CD
 Managing Director
 Appointed 19 March 2012

Graham McGarry is an experienced and seasoned ‘hands on’ miner, with an impressive track record in turning early stage projects into viable and attractive investment propositions. Mr McGarry spent eight years with Amalg Resources NL as a Managing Director and was responsible for the development of the Eloise Copper Mine in Queensland from ‘bare paddock’ to an underground mine producing 500,000 tpa of copper/gold ore. Mr McGarry has developed numerous successful mining projects across Australia.

During the past three years he has not served as a director of any other public company.

Mr Greenhill and Mr McGarry are the executives in charge of the day to day management of the Group’s activities.

Sarah Shipway CA, B.Com
 Non-Executive Director
 Appointed 11 June 2015

Sarah Shipway was appointed Non-Executive Director on 11 June 2015 and was appointed Company Secretary on 19 March 2012. Ms Shipway has a Bachelor of Commerce from Murdoch University and is a member of Chartered Accountants Australia and New Zealand.

Ms Shipway is the director in charge of corporate governance and statutory reporting activities.

During the past three years she has served as a director of the following public companies;

Company	Date of Appointment	Date of Resignation
Argent Minerals Limited	11 June 2015	16 September 2015
St George Mining Limited	11 June 2015	Not Applicable

COMPANY SECRETARY

Sarah Shipway was appointed Company Secretary on 19 March 2012. For details relating to Sarah Shipway, please refer to the details on directors above.

DIRECTORS' INTERESTS

At the date of this report, the Directors held the following interests in Beacon Minerals.

Name	Ordinary Fully Paid Shares	Listed Options
Geoffrey Greenhill	113,311,239	53,447,905
Graham McGarry	147,039,186	52,559,061
Sarah Shipway	3,389,333	847,333

SHARE OPTIONS

At the date of this report the Group had 583,490,321 options on issue. During the year 80,000,000 Unlisted Options, exercisable at \$0.004 on or before 31 January 2022 were issued. No Options were exercised during the financial year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Group is mineral exploration and development in Western Australia.

RESULTS AND REVIEW OF OPERATIONS

The result of the consolidated entity for the financial year ended 30 June 2017 is an after income tax profit of \$1,601,707 (2016: after income tax loss \$1,849,719).

A review of operations of the consolidated entity during the year ended 30 June 2017 is provided in the "Review of the Operations" immediately preceding this Directors' Report.

LIKELY DEVELOPMENTS

The consolidated entity's focus over the next financial year will be on its key project, the Jaurdi Gold Project. Further commentary on the Company's planned activities over the forthcoming year is provided in the Review of Operations.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have not been any significant changes in the state of affairs of the Group during the financial year, other than those noted in the "Review of Operations" immediately preceding this Directors' Report.

ENVIRONMENTAL ISSUES

The Group is aware of its environmental obligations and ensures that it complies with all environmental regulations.

DIVIDENDS PAID OR RECOMMENDED

The directors paid a dividend during the year ended 30 June 2017.

DIRECTORS' MEETINGS

During the financial year, 9 meetings of Directors were held. Attendances by each director during the year were as follows:

Name	Eligible to attend	Attended
G Greenhill	9	9
G McGarry	9	9
S Shipway	9	9

REMUNERATION REPORT – AUDITED
Remuneration policy

The remuneration policy of Beacon Minerals Limited has been designed to align directors' objectives with shareholder and business objectives by providing fixed remuneration which is assessed on an annual basis. The remuneration policy does not provide a performance linked component.

The Board of Beacon Minerals Limited believes the remuneration policy to be appropriate. All key management personnel are directors of the Group.

The Board's policy for determining the nature and amount of remuneration for Board members is as follows:

- Executives receive a base salary and superannuation. Options and performance incentives may be issued and key performance indicators such as profit and production and reserves growth can be used as measurements for assessing executive performance.
- The Board policy is to remunerate non-executive directors for time, commitment and responsibilities. The Executive Directors, determine payments to the non-executives and review their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is currently \$250,000 per annum. Fees for non-executive directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Details of directors and executives

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the entity.

Directors	Title	Date of Appointment	Date of Retirement
G Greenhill	Executive Chairman	19 March 2012	Not Applicable
G McGarry	Managing Director	19 March 2012	Not Applicable
S Shipway	Non-Executive Director	11 June 2015	Not Applicable

The Group does not have any key management personnel that are not Directors.

Executive Directors' remuneration and other terms of employment are reviewed annually by the executive directors having regard to performance against goals set at the start of the year, relative to comparable information and independent expert advice.

Except as detailed in the Remuneration Report, no director has received or become entitled to receive, during or since the financial year end, a benefit because of a contract made by the Group or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a

substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in the Remuneration Report, prepared in accordance with the Corporations Regulations, or the fixed salary of a full time employee of the Group.

Remuneration of directors

Remuneration for the financial year ended 30 June 2017.

	Short Term Benefits	Post Employment Benefits	Long Term Benefits	Equity settled share-based payments	
Directors	Salary and Fees	Superannuation	Long Service Leave	Shares/Options (i)	Total
	\$	\$	\$	\$	\$
G Greenhill					
2017	58,333	5,542	-	-	63,875
2016	198,332	17,417	-	-	215,749
G McGarry					
2017	58,333	5,542	-	-	63,875
2016	198,332	17,417	-	-	215,749
S Shipway (ii)					
2017	22,914	-	-	-	22,914
2016	-	-	-	-	-
Total					
2017	139,580	11,084	-	-	150,664
2016	396,664	34,834	-	-	431,498

(i) No options or shares were granted as part of remuneration.

(ii) Staff of Marshall Michael Pty Ltd, including Non-Executive Director and Company Secretary Sarah Shipway, have provided corporate secretarial, accounting, bookkeeping and general administrative services from 1 July 2016 to 30 September 2016. Amounts that have been paid or are payable total \$22,363 (2016: \$74,460).

(iii) No performance based remuneration was paid during the current or previous year.

Employment contracts of directors

The Group has entered into an executive services agreement with Mr Geoffrey Greenhill and Mr Graham McGarry (collectively the Directors) whereby each Director receives remuneration of \$50,000 per annum plus statutory superannuation from May 2016. The Directors' termination provisions are as follows:

	NOTICE PERIOD	PAYMENT IN LIEU OF NOTICE
Employer initiated termination:		
- without reason	0-3 months	6 months
- serious misconduct	0 months	0 months
Employee initiated termination:	3 months	Not specified

Equity based remuneration payments

During the financial year ended 30 June 2017 no equity was granted to directors as part of their remuneration.

Ordinary shareholdings of key management personnel

Directors	Balance at 1 July 2016	Options exercised during the year	Net other change (i)	Balance at 30 June 2017
Geoffrey Greenhill	59,863,334	-	-	59,863,334
Graham McGarry	85,937,376	-	8,542,749	94,480,125
Sarah Shipway	2,542,000	-	-	2,542,000
Total	148,342,710	-	8,542,749	156,885,459

Directors	Balance at 1 July 2015	Options exercised during the year	Net other change (i)	Balance at 30 June 2016
Geoffrey Greenhill	59,863,334	-	-	59,863,334
Graham McGarry	85,937,376	-	-	85,937,376
Sarah Shipway	2,542,000	-	-	2,542,000
Total	148,342,710	-	-	148,342,710

(i) On market transaction for cash consideration.

Option holdings of key management personnel

Directors	Balance at 1 July 2015	Options exercised during the year	Net other change (i)	Balance at 30 June 2016
Geoffrey Greenhill	92,371,667	-	(92,371,667)	-
Graham McGarry	138,691,667	-	(138,691,667)	-
Sarah Shipway	2,512,000	-	(2,512,000)	-
Total	233,575,334	-	(233,575,334)	-

(i) Expired during the year.

McVerde Minerals Pty Ltd, of which Graham McGarry and Geoffrey Greenhill are directors, provided equipment hire to the Company on ordinary commercial terms. Amounts that have been paid or payable total \$11,660 (2016: \$93,974). At 30 June 2017 \$0 (2016: \$0) was payable to McVerde Minerals. During the year ended 30 June 2016 the Company sold McVerde plant and equipment for \$110,825, the transaction was at arms-length.

Mangelsdorf Engineering Pty Ltd, of which Graham McGarry and Geoffrey Greenhill are directors, provided manufacturing and repairs to sampling equipment and general engineering maintenance to the Company on ordinary commercial terms. Amounts that have been paid or payable total \$0 (2016: \$517). At 30 June 2017 \$0 (2016: \$0) was payable to Mangelsdorf Engineering.

Staff of Marshall Michael Pty Ltd, including Non-Executive Director and Company Secretary Sarah Shipway, have provided corporate secretarial, accounting, bookkeeping and general administrative services from 1 July 2016 to 30 September 2016. Amounts that have been paid or are payable total \$22,363 (2016: \$74,460).

Company Performance

The table below shows the performance of the Group as measured by the Group's revenue, profits/(loss), share price and EPS over the last five years. Remuneration of Key Management Personnel is not dependent on the performance of the Company.

	2013	2014	2015	2016	2017
	\$	\$	\$	\$	\$
Revenue	26,333	2,558,186	13,508,884	2,958,285	7,533,762
Net profit/(loss)	(1,300,948)	(7,535,996)	5,257,100	(1,897,256)	1,601,707
Share price 30 June	0.003	0.003	0.003	0.004	0.020
EPS (cents per share)	(0.0010)	(0.0051)	0.3414	(0.1234)	0.1071

END OF REMUNERATION REPORT
INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer or agent of the Group shall be indemnified out of the property of the entity against any liability incurred by him in his capacity as Officer or agent of the Group or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the year the Group agreed to pay an annual insurance premium of \$11,284 (2016: \$8,880) in respect of directors' and officers' liability and legal expenses' insurance contracts, for directors, officers and employees of the Group. The insurance premium relates to:

- Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and what ever the outcome.
- Other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty.

No indemnity has been obtained for the auditor of the Group.

SHARE OPTIONS
Unissued shares

The Group at 30 June 2017 had 80,000,000 options on issue.

CORPORATE GOVERNANCE STATEMENT

Beacon Minerals Limited is committed to ensuring that its policies and practices reflect a high standard of corporate governance. The Board has adopted a comprehensive framework of Corporate Governance Guidelines.

The Group's Corporate Governance Statement can be viewed at <http://beaconminerals.com.au/corporate-governance>.

EVENTS SUBSEQUENT TO REPORTING DATE

On 18 August 2017 the Company completed a Non-Renounceable Entitlement Issue made pursuant to the Prospectus dated 10 July 2017. Under the Entitlement Issue 498,490,321 New Shares and 498,490,321 Free Attaching Option, were issued on the basis of:

- One (1) New Share for every three (3) Shares held by Shareholders on the Record Date at an issue price of \$0.015 per New Share; and
- One (1) Free Attaching Option for every one (1) New Share issued.

Under the Entitlement Issue \$7,477,354 was raised before costs.

Other than the above no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated entity, the results of those operations, or the state of the affairs of the consolidated entity in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

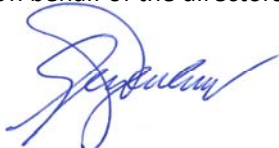
The auditor's independence declaration for the year ended 30 June 2017 has been received, forms part of the directors' report and can be found on page 56 of the annual report.

NON-AUDIT SERVICES

The Company's auditor, William Buck Audit (WA) Pty Ltd, did not provide any non-audit services to the Group during the financial year ended 30 June 2017.

Signed in accordance with a resolution of the directors made pursuant to s 298(2) of the *Corporations Act 2001*.

On behalf of the directors.



GEOFFREY GREENHILL

Executive Chairman

Dated this 28 September 2017

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

Australian Dollar (\$)	Note	30 JUNE 2017 \$	30 JUNE 2016 \$
Gold sales		7,464,202	2,947,119
Interest revenue		69,560	11,166
REVENUE		<u>7,533,762</u>	<u>2,958,285</u>
Cost of goods sold	4(a)	<u>(4,045,678)</u>	<u>(4,330,974)</u>
GROSS PROFIT/(LOSS)		3,488,084	(1,372,689)
Other income	3	-	5,397
Administration expenses		(756,638)	(280,800)
Exploration and development expenditure written off		(1,129,739)	(130,641)
Finance costs	4(b)	-	(70,986)
PROFIT/(LOSS) BEFORE INCOME TAX		<u>1,601,707</u>	<u>(1,849,719)</u>
Income tax refund/(expense)	5	-	-
PROFIT/(LOSS) AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE COMPANY		<u>1,601,707</u>	<u>(1,849,719)</u>
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss:			
Revaluation of other financial assets to fair value		-	-
Reclassification adjustments relating to available for sale financial assets disposed of during the year	17(b)	-	(47,537)
TOTAL COMPREHENSIVE PROFIT/(LOSS)		<u>1,601,707</u>	<u>(1,897,256)</u>
TOTAL COMPREHENSIVE PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE GROUP		<u>1,601,707</u>	<u>(1,897,256)</u>
EARNINGS/(LOSS) PER SHARE			
Basic earnings/(loss) per share	20(a)	0.1071	(0.1234)
Diluted earnings/(loss) per share	20(b)	<u>0.1056</u>	<u>(0.1234)</u>

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

Australian Dollar (\$)	Note	30 JUNE 2017 \$	30 JUNE 2016 \$
CURRENT ASSETS			
Cash and cash equivalents	21(a)	934,920	194,063
Trade and other receivables	7	29,974	806
Other assets	8	1,358,327	71,222
Inventory	9	-	3,698,446
TOTAL CURRENT ASSETS		<u>2,323,221</u>	<u>3,964,537</u>
NON CURRENT ASSETS			
Plant and equipment	10	79,360	64,306
Exploration and evaluation expenditure	11	-	6,270
TOTAL NON CURRENT ASSETS		<u>79,360</u>	<u>70,576</u>
TOTAL ASSETS		<u>2,402,581</u>	<u>4,035,113</u>
CURRENT LIABILITIES			
Trade and other payables	13	286,447	55,669
TOTAL CURRENT LIABILITIES		<u>286,447</u>	<u>55,669</u>
TOTAL LIABILITIES		<u>286,447</u>	<u>55,669</u>
NET ASSETS		<u>2,116,134</u>	<u>3,979,444</u>
EQUITY			
Issued Capital	16	23,776,759	23,776,759
Reserves	17	273,660	-
Accumulated losses	19	(21,934,285)	(19,797,315)
TOTAL EQUITY		<u>2,116,134</u>	<u>3,979,444</u>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

Australian Dollar (\$)	ISSUED CAPITAL \$	SHARE OPTION RESERVE \$	FAIR VALUE RESERVE \$	ACCUMULATED LOSSES \$	TOTAL EQUITY \$
BALANCE AT 1 JULY 2016	23,776,759	-	-	(19,797,315)	3,979,444
Total comprehensive income	-	-	-	1,601,707	1,601,707
Shares issued during the year	-	-	-	-	-
Options issued during the year	-	273,660	-	-	273,660
Dividend Paid	-	-	-	(3,738,677)	(3,738,677)
BALANCE AT 30 JUNE 2017	23,776,759	273,660	-	(21,934,285)	2,116,134
BALANCE AT 1 JULY 2015	23,766,550	579,500	47,537	(18,527,096)	5,866,491
Total comprehensive (loss)	-	-	(47,537)	(1,849,719)	(1,897,256)
Shares issued during the year	-	-	-	-	-
Options exercised during the year	10,209	-	-	-	10,209
Options expired during the year	-	(579,500)	-	579,500	-
Share issue expense	-	-	-	-	-
BALANCE AT 30 JUNE 2016	23,776,759	-	-	(19,797,315)	3,979,444

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

Australian Dollar (\$)	Note	30 JUNE 2017 \$	30 JUNE 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from the sale of gold		7,464,202	2,947,119
Expenditure on mining interests		(2,559,697)	-
Payments to suppliers and employees		(470,449)	(2,909,116)
Interest received		69,823	13,248
GST and fuel tax rebates received		(24,084)	37,690
Net cash inflows/(outflows) from operating activities	21(b)	<u>4,479,795</u>	<u>88,941</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		-	163,033
Proceeds from the sale of listed investments		-	704,216
Purchase of plant and equipment		(261)	(3,856)
Payments for deferred exploration expenditure		-	(136,651)
Net cash outflows from investing activities		<u>(261)</u>	<u>726,742</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of options		-	10,209
Payments in relation to debenture notes		-	(90,840)
Repayment of debenture notes		-	(2,000,000)
Payment of dividend		(3,738,677)	-
Net cash inflows/(outflows) from financing activities		<u>(3,738,677)</u>	<u>(2,080,631)</u>
Net increase/(decrease) in cash and cash equivalents		<u>740,857</u>	<u>(1,264,948)</u>
Cash and cash equivalents at the beginning of the financial year		<u>194,063</u>	<u>1,459,011</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	21(a)	<u><u>934,920</u></u>	<u><u>194,063</u></u>

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

1 CORPORATE INFORMATION

The consolidated financial report of Beacon Minerals Limited (“Beacon” or “the Company”) and its consolidated entities (“consolidated entity” or “group”) for the year 1 July 2016 to 30 June 2017 was authorized for issue in accordance with a circular resolution of the directors on 28 September 2017.

Beacon is a Company limited by shares, incorporated in Australia. The Company’s shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activity of the consolidated entity are described in the Directors’ Report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Statement of compliance*

Compliance with AASB ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (“IFRS”).

(b) *Basis of Preparation of the Financial Report*

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 also complies with the International Financial Report Standards. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

(c) *Principles of Consolidation*

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Beacon Minerals Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in note 29.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(d) *Significant accounting estimates and judgements*

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Significant accounting estimates and judgements include site rehabilitation in note 2(p).

(e) Revenue

Revenue is recognised and measured at fair value of the consideration received or receivable to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised.

Gold Sales

Revenue is recognised when there has been a transfer of risks and rewards from the Group to an external party, no further processing is required by the Group, quality and quantity of the goods has been determined with reasonable accuracy, the selling price is fixed or determinable, and collectability is probable.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(f) Income Tax

Current income tax refunded/(expensed) charged to profit or loss is tax refundable/(payable). Those amounts recognised are expected to be recovered from/(paid to) the relevant taxation authority.

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 where the deferred income tax liability 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 that accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all the 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 assets and unused tax losses can be utilised.

The carrying amount of deferred income tax 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.

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 reporting date.

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

(g) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

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 account is used when there is objective

evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of profit or loss and other 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 profit or loss and other comprehensive income.

(h) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (“ATO”). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash Flows are included in the statement of cash flows on a net basis. The GST components of cash flows arising from investing and financial activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed as part of financing costs in the period incurred. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

(j) Inventories

Gold bullion, gold in circuit and ore stockpiles are physically measured or estimated and valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product.

Cost is determined by the weighted average method and comprises of direct purchase costs and an appropriate portion of fixed and variable overhead costs.

(k) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such costs include 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 plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

The cost of acquired assets also includes the initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow or resources required to settle the obligation or from changes in the discount rate.

Where parts of an item of plant and equipment have different lives, they are accounted for as separate items (major components) of plant and equipment.

Depreciation

Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:

Plant and equipment – 2-7 years

Motor vehicles – 2-5 years

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

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 approximate fair value.

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 profit or loss and other comprehensive income in the cost of sales line item.

Derecognition and disposal

An item of 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 statement of profit or loss and other comprehensive income in the year the asset is derecognised.

(I) Impairment of assets

The Group 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 Group makes an estimate of the asset's recoverable amount. As 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, 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 the 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 systemic basis over its remaining useful life.

(m) Exploration and evaluation expenditure

Exploration and evaluation expenditure on areas of interest are expensed as incurred. Costs of acquisition will normally be expensed but will be assessed on a case by case basis and may be capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

(n) Development expenditure

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Exploration and evaluation expenditure is reclassified to development expenditure once the technical feasibility and commercial viability of extracting the related mineral resource is demonstrable. Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the mine on a units-of-production basis.

Changes in factors such as estimates of proved and probable reserves that affect unit-of-production calculations are dealt with on a prospective basis.

(o) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(p) Provisions

Provisions are recognised when the Group 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. Provisions are not recognised for future operating losses.

When the Group 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 profit or loss and other comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

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 an interest expense.

Site rehabilitation

The Group recorded the present value of the estimated costs of legal and constructive obligations to restore operating locations in the period in which the obligation is incurred. The nature of rehabilitation activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, and reclamation and revegetation of affected areas. The provision is a best estimate of the present value of the expenditure required to settle the rehabilitation obligation at the reporting date, based on current legal requirements and technology.

(q) Contributed equity

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

(r) Earnings per share

Basic earnings per share is calculated as net profit/(loss) attributable to members of the Group, 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.

As at 30 June 2017 there were 80,000,000 options on issue (2016: no Options on issue). The effect of these options is dilutive on the earnings per share calculation as the exercise price of the options is below the average market value for the year.

(s) Cash and cash equivalents

Cash and cash equivalents comprises of cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Group's statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(t) Share based payments

The Company may provide benefits to employees (including directors) of the Company in the form of share-based payment transactions, 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 at the date at which they are granted. The fair value of these payments is determined using a Black-Scholes option pricing model.

(u) Employee benefits*Short-term employee benefits*

Provision is made for the Group's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Defined contribution superannuation benefits

All employees of the Group other than those that receive defined benefit entitlements received defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.50% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of the employee's defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to the employees' defined contribution entitlements is limited to its obligation for unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

(v) Adoption of new and revised standards

The Group has consistently applied the following accounting policies to all periods presented in the financial statements. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(w) Comparative information

Comparative information has been amended where necessary to ensure compliance with current year disclosures.

3 OTHER INCOME

	30 JUNE 2017	30 JUNE 2016
	\$	\$
Gain on sale of assets	-	196
Fuel tax rebates	-	5,201
	<u>-</u>	<u>5,397</u>

4 EXPENSES**(a) Cost of Goods Sold**

	30 JUNE 2017	30 JUNE 2016
	\$	\$
Opening inventory	3,698,446	5,123,543
Costs of production	41,504	1,688,247
Salary and wages	-	465,571
Superannuation	-	43,558
Royalties	305,728	60,369
Depreciation of mine plant and equipment	-	53,219
Amortisation of exploration and development costs	-	594,913
Closing inventory	-	(3,698,446)
	<u>4,045,678</u>	<u>4,330,974</u>

(b) Finance costs

	30 JUNE 2017	30 JUNE 2016
	\$	\$
Finance costs	-	70,986
	<u>-</u>	<u>70,986</u>

5 INCOME TAX**(a) Prima facie income tax benefit at 30% on profit/(loss) from ordinary activities is reconciled to the income tax provided in the financial statements**

	30 JUNE 2017	30 JUNE 2016
	\$	\$
Profit/(loss) before income tax	<u>1,601,707</u>	<u>(1,849,719)</u>
Income tax calculated at 30%	480,512	(554,916)
Tax effect of;		
- Expenses not allowed	246	16,801
- Temporary differences	1,106,923	564,984
- Section 40-880 deduction	(5,122)	(5,122)
Recoupment of prior year losses	(1,582,559)	(21,747)
Deferred tax asset not brought to account	-	-
Income tax attributable to operating losses	<u>-</u>	<u>-</u>

(b) Deferred tax assets

The potential deferred tax asset arising from the tax losses and temporary differences have not been recognised as an asset because recovery of tax losses is not yet probable.

	30 JUNE 2017 \$	30 JUNE 2016 \$
Australian accumulated tax losses	6,117,453	6,613,967
Provisions net of prepayments	(394,172)	(28,003)
Deferred exploration expenditure	-	(1,881)
Section 40-880 deduction	5,122	5,122
Unrecognised deferred tax assets relating to the above temporary differences	5,728,403	6,589,205

The benefits will only be obtained if;

- (i) The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised.
- (ii) The Company continues to comply with the conditions in deductibility imposed by the Law; and
- (iii) No change in tax legislation adversely affected the Company in realising the benefits from the deductions or the losses.

6 AUDITOR'S REMUNERATION

Amounts received or due and receivable by the Company's Auditors;

	30 JUNE 2017 \$	30 JUNE 2016 \$
Auditing and review of the Company's financial statements	19,020	16,110
	19,020	16,110

7 RECEIVABLES AND OTHER ASSETS

Trade and Other Receivables

	30 JUNE 2017 \$	30 JUNE 2016 \$
Current		
Accrued interest	1,385	151
GST refund	28,589	655
	29,974	806

GST amounts are non-interest bearing and have repayment terms applicable under the relevant government authorities.

8 OTHER ASSETS

	30 JUNE 2017 \$	30 JUNE 2016 \$
Short term deposits	20,302	21,799
Prepayments (i)	1,337,625	48,823
Borrowing costs	400	600
	1,358,327	71,222

- (i) Includes \$900,000 pre-paid royalty to Fenton and Martin Mining Developments Pty Ltd for Mining Lease M16/529 and \$400,000 pre-paid royalty to Mr Steven Argus and Zephyr Mining Pty Ltd, the holders of exploration licence E16/469.

9 INVENTORY

	30 JUNE 2017 \$	30 JUNE 2016 \$
At cost		
Ore stockpiles	-	3,698,446
	<u>-</u>	<u>3,698,446</u>

10 PLANT AND EQUIPMENT

	30 JUNE 2017 \$	30 JUNE 2016 \$
Plant and Equipment		
At cost	112,426	88,581
Less: accumulated depreciation	(63,608)	(66,355)
Total plant and equipment	<u>48,818</u>	<u>22,226</u>

	30 JUNE 2017 \$	30 JUNE 2016 \$
Motor Vehicles		
At cost	100,713	100,713
Less: accumulated depreciation	(70,171)	(58,633)
Total motor vehicles	<u>30,542</u>	<u>42,080</u>

	30 JUNE 2017 \$	30 JUNE 2016 \$
Plant and equipment		
Carrying amount at the beginning of the year	22,226	144,261
Additions	38,500	3,856
Disposals	(7,818)	(91,591)
Depreciation expense	(4,090)	(34,300)
Total carrying amount at end of the year	<u>48,818</u>	<u>22,226</u>

	30 JUNE 2017 \$	30 JUNE 2016 \$
Motor Vehicles		
Carrying amount at the beginning of the year	42,080	76,188
Additions	-	-
Disposals	-	(15,189)
Depreciation expense	(11,538)	(18,919)
Total carrying amount at end of the year	<u>30,542</u>	<u>42,080</u>

Total plant and equipment	<u>79,360</u>	<u>64,306</u>
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11 EXPLORATION AND EVALUATION EXPENDITURE

	30 JUNE 2017	30 JUNE 2016
	\$	\$
Exploration and evaluation – at cost		
Balance at the beginning of the year	6,270	6,746
Expenditure incurred	-	130,165
Expenditure written off (i)	<u>(6,270)</u>	<u>(130,641)</u>
	<u>-</u>	<u>6,270</u>

(i) During the year the Group relinquished L77/243 (2016: L30/57 and L29/124). During the year exploration expenditure is written off as incurred.

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 on sale of the respective area.

12 DEVELOPMENT EXPENDITURE

	30 JUNE 2017	30 JUNE 2016
	\$	\$
Halleys East		
Balance at beginning of period	-	594,913
Transferred from exploration and evaluation expenditure	-	-
Amortisation expense	<u>-</u>	<u>(594,913)</u>
Balance at reporting date	<u>-</u>	<u>-</u>

13 TRADE AND OTHER PAYABLES

	30 JUNE 2017	30 JUNE 2016
	\$	\$
Trade and other payables	<u>286,447</u>	<u>55,669</u>
	<u>286,447</u>	<u>55,669</u>

Trade and other payables amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are yet to be paid. The amounts are unsecured and are usually paid within 30 days of recognition.

14 PROVISIONS

	30 JUNE 2017	30 JUNE 2016
	\$	\$
Current		
Rehabilitation (i)	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

(i) Provision for Rehabilitation

	30 JUNE 2017	30 JUNE 2016
	\$	\$
Balance at beginning of reporting period	-	136,000
Provisions made during the year	-	-
Provisions used during the year	-	(136,000)
Provisions reversed during the year	-	-
	<u>-</u>	<u>-</u>

Nature and Purpose of Provision for Rehabilitation

The nature of rehabilitation activities include dismantling and removing structures, rehabilitating mines, reclamation and revegetation of affected areas. Additional disturbances or changes in rehabilitation cost estimates will be recognised as additional or changes to the corresponding asset and rehabilitation liability when incurred.

Rehabilitation work at the Halleys East project was completed during the previous year and the tenement position reduced to the minimum size while maintaining the monitoring commitment to the DMP.

15 BORROWINGS – DEBENTURE NOTES

	30 JUNE 2017	30 JUNE 2016
	\$	\$
(a) Total non-current secured liabilities		
Debenture notes		
Balance at the beginning of the year	-	2,000,000
Issue of debenture notes	-	-
Repayment of debenture notes (i)	-	(2,000,000)
	<u>-</u>	<u>-</u>

- (i) On the 5 August 2015 the Company repaid \$2.0 million of Debenture notes. There are no Debentures Notes on issue at the date of this report.

	Interest rates	30 JUNE 2017	30 JUNE 2016
	%	\$	\$
(b) Maturity dates			
11 November 2015	18%	-	-
18 November 2015	18%	-	-
31 December 2015	18%	-	-
		<u>-</u>	<u>-</u>

16 ISSUED CAPITAL

Issued and paid up capital

	30 JUNE 2017	30 JUNE 2016
	\$	\$
At the beginning of reporting year	23,776,759	23,766,550
Shares issued during the year	-	-
Shares issued pursuant to exercise of options	-	10,209
Transaction costs	-	-
At reporting date 1,495,470,963 (30 June 2016: 1,495,470,963)		
fully paid ordinary shares	<u>23,776,759</u>	<u>23,776,759</u>

Movement in Ordinary Shares	Number	Number
At the beginning of reporting year	1,495,470,963	1,493,429,242
Shares issued pursuant to exercise of options	-	2,041,721
At reporting date	1,495,470,963	1,495,470,963

The Group does not have authorised capital or par value in respect of its issued capital.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote.

On 18 August 2017, the Company completed a Non-Renounceable Entitlement Issue made pursuant to the Prospectus dated 10 July 2017. The Entitlement Issue offered 498,490,321 New Shares and 498,490,321 Free Attaching Option, to raise \$7,477,354 before costs, on the basis of:

- One (1) New Share for every three (3) Shares held by Shareholders on the Record Date at an issue price of \$0.015 per New Share; and
- One (1) Free Attaching Option for every one (1) New Share issued.

Capital Management

The Board's policy in relation to capital management is to regularly and consistently monitor future cash flows against expected expenditures for a rolling period of up to 12 months in advance. The Board determines the Group's needs for additional funding by way of either share issues or loan funds depending on market conditions at the time. The Board defines working capital in such circumstances as its excess liquid funds over liabilities, and defines capital as being the ordinary share capital of the Group.

There were no changes in the Group's approach to capital management during the year.

17 RESERVES

(a) Option Reserves

	30 JUNE 2017	30 JUNE 2016
	\$	\$
At the beginning of reporting year	-	579,500
Expiry of options	-	(579,500)
Transaction costs	-	-
Issued during the year (note 17(c))	273,660	-
At reporting date	273,660	-

	2017	2016
	Number	Number
Movement in \$0.004 31 January 2022 Options (i)		
At the beginning of the reporting period	-	-
Expired during the year	-	-
Issued during the year	80,000,000	-
At reporting date	80,000,000	-

- (i) Each option entitles the holder to subscribe to one share at an issue price of \$0.004 on or before 31 January 2022.

	2017 Number	2016 Number
Movement in \$0.005 30 September 2015 Options (i)		
At the beginning of the reporting period	-	797,702,924
Expired during the year	-	(795,661,203)
Exercised during the year	-	(2,041,721)
At reporting date	<u>-</u>	<u>-</u>

- (ii) Each option entitles the holder to subscribe to one share at an issue price of \$0.005 on or before 30 September 2015.

(b) Fair Value Reserve (i)

	30 JUNE 2017 \$	30 JUNE 2016 \$
At the beginning of the reporting period	-	47,537
Revaluation of listed investments	-	-
Reclassification adjustments relating to available for sale financial assets disposed of during the year	-	(47,537)
	<u>-</u>	<u>-</u>

- (i) The fair value reserve records the movement in the market value of the investment in listed shares held by Company.

(c) Reserves

Nature and Purpose of Reserves

The share option reserve is used to record the value of share-based payments.

	30 JUNE 2017 \$	30 JUNE 2016 \$
Option reserve (note 22(i))	273,660	-
Fair value reserve (Note 17(b))	-	-
At reporting date	<u>273,660</u>	<u>-</u>

18 DIVIDEND

	30 JUNE 2017 \$	30 JUNE 2016 \$
Dividend paid:		
Unfranked ordinary dividend of \$0.0025 (2016: Nil) per share	3,738,677	-
	<u>3,738,677</u>	<u>-</u>

On 29 September 2016, the directors declared an unfranked dividend of \$0.0025 per share to holders of fully paid ordinary shares and was paid to shareholders on 3 November 2016.

19 ACCUMULATED LOSSES

	30 JUNE 2017	30 JUNE 2016
	\$	\$
Accumulated losses at the beginning of the year	(19,797,315)	(18,527,096)
Gain/(Loss) for the year	1,601,707	(1,849,719)
Dividend paid	(3,738,677)	-
Expiry of options	-	579,500
	<u>(21,934,285)</u>	<u>(19,797,315)</u>

20 EARNINGS/(LOSS) PER SHARE
(a) Basic Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	30 JUNE 2017	30 JUNE 2016
	\$	\$
Earnings used in calculation of total basic earnings per share	<u>1,601,707</u>	<u>(1,849,719)</u>
Earnings used in the calculation of diluted earnings per share	<u>1,601,707</u>	<u>(1,849,719)</u>
	Number	Number
Weighted average number of shares on issue during the financial year used in the calculation of basic earnings per share	<u>1,495,470,963</u>	<u>1,499,053,518</u>
Basic earnings/(loss) per share after income tax attributable to members of the Company	<u>0.1071</u>	<u>(0.1234)</u>
Basic earnings/(loss) per share	<u>0.1071</u>	<u>(0.1234)</u>

On 18 August 2017, the Company completed a Non-Renounceable Entitlement Issue made pursuant to the Prospectus dated 10 July 2017. The Entitlement Issue offered 498,490,321 New Shares and 498,490,321 Free Attaching Options.

(b) Diluted Earnings Per Share

As at 30 June 2017 the Company had 80,000,000 options on issue (30 June 2016: no Options on issue) the effect of these options are dilutive on the earnings per share calculation.

The earnings used in the calculation of diluted earnings per share is as follows:

	30 JUNE 2017	30 JUNE 2016
	\$	\$
Earnings used in calculation of total basic earnings per share	<u>1,601,707</u>	<u>(1,849,719)</u>
Earnings used in the calculation of diluted earnings per share	<u>1,601,707</u>	<u>(1,849,719)</u>

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Number	Number
Weighted average number of shares on issue during the financial year used in the calculation of basic earnings per share	1,495,470,963	1,499,053,518
Shares deemed to be issued for no consideration in respect of:		
- Employee options	21,424,657	-
Weighted average number of ordinary shares for diluted earnings per share	1,516,895,620	1,499,053,518
Diluted earnings/(loss) per share after income tax attributable to members of the Company	0.1056	(0.1234)
Diluted earnings/(loss) per share	0.1056	(0.1234)

21 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

	30 JUNE 2017	30 JUNE 2016
	\$	\$
Current - Cash at bank	934,920	194,063
	934,920	194,063

(b) Reconciliation of cash flows from operations with profit/(loss) after income tax

	30 JUNE 2017	30 JUNE 2016
	\$	\$
Profit/(Loss) after income tax	1,601,707	(1,849,719)
Non cashflows from profit/(loss)		
Depreciation of plant and equipment	15,628	53,219
Exploration and development expenditure written off	(6,270)	595,389
Option based payments	273,660	-
Gain on sale of investment	-	(196)
Finance costs	-	70,987
(Increase) /decrease in assets		
- Trade and other receivables	(29,168)	34,571
- Other assets	(1,287,105)	(5,727)
- Inventory	3,698,446	1,425,097
Increase / (decrease) in liabilities		
- Trade and other payables	212,897	(234,680)
- Provisions	-	-
Net cash inflows from operating activities	4,479,795	88,941

22 SHARE BASED PAYMENTS

- (i) On 3 January 2017 the Company agreed to issue 80,000,000 Unlisted Options exercisable at \$0.004 on or before 31 January 2022 to Mr Alex McCulloch.

Using the Black & Scholes option mode and based on the assumptions below, the Unlisted Options were ascribed the following value:

Class of Options	Number of Options	Valuation Date	Market Price of Shares	Exercise Price	Expiry Date	Risk Free Interest Rate	Volatility (discount)	Indicative Value per Option
Unlisted Options	80,000,000	03.01.2017	\$0.004	\$0.004	31.01.2022	2.17%	155.70%	\$0.0034

23 KEY MANAGEMENT PERSONNEL

(a) Details of key management personnel

Directors and Executives

Geoffrey Greenhill – Executive Chairman

Graham McGarry – Managing Director

Sarah Shipway – Non Executive Director

(b) Compensation of key management personnel

	30 JUNE 2017 \$	30 JUNE 2016 \$
Short term employment benefits		
Salary, fees and leave	139,580	396,664
Post employment benefits		
Superannuation	11,084	34,834
Total key management personnel compensation	150,664	431,498

(c) Other transactions and balances with Key Management Personnel

Staff of Marshall Michael Pty Ltd, including Non-Executive Director and Company Secretary Sarah Shipway, have provided corporate secretarial, accounting, bookkeeping and general administrative services from 1 July 2016 to 30 September 2016. Amounts that have been paid or are payable total \$22,363 (2016: \$74,460).

McVerde Minerals Pty Ltd, of which Graham McGarry and Geoffrey Greenhill are Directors, provided equipment hire to the Company on ordinary commercial terms. Amounts that have been paid or payable total \$11,660 (2016: \$93,974). At 30 June 2017 \$0 (2016: \$0) was payable to McVerde Minerals. During the year ended 30 June 2016 the Company sold McVerde plant and equipment for \$110,825, the transaction was at arms-length.

Mangelsdorf Engineering Pty Ltd, of which Graham McGarry and Geoffrey Greenhill are directors, provided manufacturing and repairs to sampling equipment and general engineering maintenance to the Company on ordinary commercial terms. Amounts that have been paid or payable total \$0 (2016: \$517). At 30 June 2017 \$0 (2016: \$0) was payable to Mangelsdorf Engineering.

24 COMMITMENTS AND CONTINGENCIES

(a) Commitment

Mineral exploration commitment

In order to maintain the current rights of tenure to exploration tenements, the Group has the following discretionary exploration expenditure requirements.

	30 JUNE 2017	30 JUNE 2016
	\$	\$
Not later than one year	158,625	20,511
Later than one year but not later than five years	4,030	-
Later than five years	-	-
	<u>162,655</u>	<u>20,511</u>

25 EVENTS SUBSEQUENT TO REPORTING DATE

On 18 August 2017 the Company completed a Non-Renounceable Entitlement Issue made pursuant to the Prospectus dated 10 July 2017. Under the Entitlement Issue 498,490,321 New Shares and 498,490,321 Free Attaching Option, were issued on the basis of:

- One (1) New Share for every three (3) Shares held by Shareholders on the Record Date at an issue price of \$0.015 per New Share; and
- One (1) Free Attaching Option for every one (1) New Share issued.

Under the Entitlement Issue \$7,477,354 was raised before costs.

Other than the above no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated entity, the results of those operations, or the state of the affairs of the consolidated entity in future financial years.

26 FINANCIAL RISK MANAGEMENT

(a) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that the financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

Based on the cash and cash equivalents balances at 30 June 2017 a 1% movement in interest rates would increase/decrease the profit/(loss) for the year before taxation by \$9,349 (2016: \$1,941).

The consolidated entity regularly analyses its interest rate exposure and considers the cost of equity as an alternative to debt.

(b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(c) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount of those assets, net of any allowance for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

The Group has a material credit exposure to a single debtor and has adopted the policy of dealing with credit worthy counterparties as a means of mitigating the risk of financial loss from defaults.

(e) Financial risk management policies

The Group's financial instruments consist mainly of deposits with recognised banks, investment in bank bills up to 90 days, accounts receivable and accounts payable. Liquidity is managed, when sufficient funds are available, by holding sufficient funds in a current account to service current obligations and surplus funds invested in bank bills. The Directors analyse interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The main risks the Group is exposed to through its financial instruments is the depository banking institution itself, holding the funds, and interest rates. The Group's credit risk is minimal as the Group has no significant financial assets other than cash and term deposits.

(f) Commodity price risk

Commodity price risk arises from fluctuations in market prices of gold. The Group has not entered into any forward commodity price contracts as at 30 June 2017 and is currently exposed to commodity price risk on future sales. The Group monitors market expectations on future commodity prices and considers entering into longer term contracts or commodity swaps or put options positions if necessary to manage the risk in a manner consistent with its risk management objectives.

(g) Sensitivity

The table below summarises the impact of increases/decreases of the gold price on the Group's post-tax profit for the year. The analysis is based on the assumption that the gold price had increased/decreased by AUD\$100 per ounce (2016: increased/decreased by AUD\$100 per ounce with all other variables held constant).

Index	Impact on post-tax profit	
	2017	2016
Gold price – increase A\$100	532,935	196,503
Gold price – decrease A\$100	(532,935)	(196,503)

(h) Foreign Currency Risk

The Group is not exposed to any foreign currency risk as at 30 June 2017.

27 RELATED PARTIES

The Company has a 100% owned subsidiary disclosed in note 29. At 30 June 2017 the balance due from the subsidiary was:

Australian Dollar (\$)	30 JUNE 2017	30 JUNE 2016
	\$	\$
Beacon Mining Pty Ltd	2,596,045	245,281
	<u>2,596,045</u>	<u>245,281</u>

These amounts comprise of funds provided by the parent company for exploration activities.

Related party transactions between the Group and other related parties are disclosed in note 23(c).

28 SEGMENT REPORTING

For management purposes, the Group is organised into one main operating segment, which involves the exploration and development of minerals in Australia. All of the Group's activities are interrelated, and

discrete financial information is reported to the Board as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

Major Customers

The Group supplies to a single external customer for gold sales who accounts for 100% of the external revenue (2016: 100%).

29 SUBSIDIARIES

The parent entity, Beacon Minerals Limited, has a 100% interest in Beacon Mining Pty Ltd. Beacon Minerals is required to make all the financial and operating policy decisions for these subsidiaries.

Subsidiaries of Beacon Minerals Limited	Country of Incorporation	Percentage owned %	
		2017	2016
Beacon Mining Pty Ltd	Australia	100%	100%

30 PARENT COMPANY DISCLOSURE

(a) Financial Position as at 30 June

Australian Dollar (\$)	30 JUNE 2017 \$	30 JUNE 2016 \$
Assets		
Current assets	989,405	3,958,990
Non-current assets	79,360	315,858
Total assets	1,068,765	4,274,848
Liabilities		
Current liabilities	257,862	300,949
Non-current liabilities	-	-
Total liabilities	257,862	300,949
Net Assets	810,903	3,973,899
Equity		
Issued Capital	23,776,759	23,776,759
Reserves	273,660	-
Accumulated losses	(23,239,516)	(19,802,860)
Total equity	810,903	3,973,899

(b) Financial Performance for the year ended 30 June 2017

Australian Dollar (\$)	30 JUNE 2017 \$	30 JUNE 2016 \$
Profit (loss) for the year	4,873,274	(1,849,701)
Other comprehensive income	-	-
Total comprehensive income (loss)	<u>4,873,274</u>	<u>(1,849,701)</u>

(c) Guarantees entered into by the Parent Entity

The parent entity has not provided guarantees to third parties as at 30 June 2017.

31 NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements when it generates revenue in the future. The group is now in exploration phase and until it generates revenue it is impracticable to provide a reasonable estimate of such impact.

- AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as either operating leases or finance leases. Lessor accounting remains similar to current practice.

The main changes introduced by the new Standard are as follows:

- recognition of the right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);
- depreciating the right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lease to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity at the date of initial application.

Based on the Group's assessment the of adoption of AASB 16 unlikely to have any impact.

In the opinion of the Directors of Beacon Minerals Limited ("the Company")

- (a) The consolidated financial statements and the notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2017 and of its performance for the year ended that date; and
 - (ii) Complying with Australian Accounting Standards and the *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.
- (b) The financial statements and notes comply with International Financial Reporting Standards as disclosed in Note 2 (a).

This declaration has been made after receiving the declarations from the board of directors' required to be made in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2017.

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the *Corporations Act 2001*.

On behalf of the Board



Geoffrey Greenhill
Executive Chairman

Dated this 28 September 2017
Perth, Western Australia

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF BEACON MINERALS
LIMITED AND ITS CONTROLLED ENTITY**

I declare that, to the best of my knowledge and belief during the year ended 30 June 2017 there have been:

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

A handwritten signature in blue ink that reads 'William Buck'.

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

A handwritten signature in blue ink that reads 'Conley Manifis'.

Conley Manifis
Director

Dated this 28th day of September, 2017

**CHARTERED ACCOUNTANTS
& ADVISORS**

Level 3, 15 Labouchere Road
South Perth WA 6151

PO Box 748
South Perth WA 6951

Telephone: +61 8 6436 2888

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Beacon Minerals Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Beacon Minerals Limited (the Company and its subsidiary (the Group)), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

CHARTERED ACCOUNTANTS & ADVISORS

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Beacon Minerals Limited

Independent auditor's report to members

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. The matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

SHARE BASED PAYMENTS	
Area of focus Refer also to notes 1 and 22	How our audit addressed it
<p>The Group has entered into a share-based payment on 3 January 2017. 80,000,000 unlisted options were issued exercisable at \$0.004 on or before 31 January 2022 to provide long term incentives for the project manager to deliver long term shareholder returns.</p> <p>Participation in the plan was at the board's discretion.</p> <p>The above arrangement required significant judgments and estimations by management, including the following:</p> <ul style="list-style-type: none"> — The evaluation of the grant date for the arrangement, and the evaluation of the fair value of the underlying share price of the company as at the grant date; — The evaluation of key inputs into the Black Scholes option pricing model, including the significant judgment of 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Evaluating the fair value of the share-based payment arrangement by agreeing assumptions to third party evidence. In determining the grant date, we evaluated what was the most appropriate date based on the terms and conditions of the share-based payment arrangement. — For the specific application of the Black Scholes model, we assessed the experience of the company secretary who advised the value of the arrangement. We retested some of the assumptions used in the model and recalculated those fair values. We considered that the forecast volatility applied in the model to be appropriately reasonable and within industry norms.

Beacon Minerals Limited

Independent auditor's report to members

<p>the forecast volatility of the share option over its exercise period.</p> <p>The results of these share-based payment arrangements materially affect the disclosures.</p>	<p>We also reconciled the vesting of the share-based payment arrangement to disclosures made in note 22.</p>
--	--

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Beacon Minerals Limited

Independent auditor's report to members

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Beacon Minerals Limited

Independent auditor's report to members

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Beacon Minerals Limited

Independent auditor's report to members

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 24 to 27 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Beacon Minerals Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.



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



Conley Manifis
Director

Dated this 28th day of September 2017

The following table sets out Beacon Minerals Limited ore reserves as at 30 June 2017.

Project	Commodity Type	Category of Ore Reserve	30 June 2017	30 June 2016	Geographical Location
Halleys East	Gold	Probable Ore Reserve	-	12,199t @ 15.53/t gold and 6,091oz of contained gold	Australia

The Company engaged Minecomp to complete the 30 June 2016 annual review of Mineral Resources and Ore Reserves. Minecomp is an independent mining engineering consulting practice located in Kalgoorlie Western Australia. Minecomp maintains best in class industry standard governance arrangements and internal controls with respect to the calculation of ore reserves.

JORC 2012 Mineral Resources and Ore Reserve Statement - Competent Person Statement

The information in the Mineral Resources and Ore Reserves Statement is based on information compiled by Gary McCrae, Mining Engineer and full time employee of Minecomp Pty Ltd. The information in the Mineral Resources and Ore Reserve Statement is based on, and fairly represents, information and supporting documentation prepared by Mr McCrae. Mr McCrae is a corporate member the Australasian Institute of Mining and Metallurgy. Mr McCrae has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Resources Committee, the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Mineral Council of Australia." The Mineral Resources and Ore Reserves Statement as a whole is approved by Mr McCrae in the form in which it appears.

This mineral resource and ore reserve statement contains information extracted from the following report, which are available on the Company's website at www.beaconminerals.com.au.

- 21 September 2016 30 June 2016 Annual Report to Shareholders

The Company confirms that it is not aware of any new information or data that materially affects this mineral resource and ore reserve statement results included in the original market announcement referred to in this statement and that no material change in the result has occurred. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

1. Distribution of holders at 28 September 2017

As at 28 September 2017 the distribution of shareholders was as follows:

Ordinary shares

Size of holding	Number of holders
1 – 1,001	46
1,001 – 5,000	24
5,001 – 10,000	21
10,001 – 100,000	451
100,001 and over	1,231
Total	1,773

2. Voting Rights

There are no restrictions to voting rights attached to the ordinary shares. On a show of hands every member present in person will have one vote and upon a poll, every member present or by proxy will have one vote each share held.

3. Substantial shareholders

The names of the substantial shareholders who have notified the Company in accordance with Section 671B of the Corporations Act 2001 are;

Shareholder	Shares held	Percentage of Interest %
Oceanic Capital Pty Ltd	106,200,333	7.62%
Graham McGarry	147,039,186	7.37%
Geoffrey Greenhill	113,311,239	5.68%

4. Top 20 Shareholders

The names of the 20 largest shareholders as at 28 September 2017 who hold 42.28% of the fully paid ordinary shares of the Company were as follows;

	Number
Oceanic Capital PL	161,333,333
Greenhill G W + G J <Greenhill S/F A/C>	100,866,794
McGarry Helen Gayle	74,577,585
Lamerton PL	73,145,390
Davis Robert F + Y E <Davies Minyama S/F>	70,585,353
Lamerton PL <Mac's S/F A/C>	50,059,020
Amalgamated Dairies Ltd	46,480,000
Aigle Royal Super fund PL <A Poli S/F A/C>	43,676,553
Yarandi Inv PL <Griffith Fam No 2>	40,000,000
Barstow Mining PL	39,000,000
Ocean View WA PL	21,733,333
Stewart Bond PL <Super 2000 S/F A/C>	19,505,865
Stewart Bond PL <Steward Bond PL A/C>	18,277,216
Flinders Exp Ltd	18,000,000
BT Portfolio SVCS Ltd <Beardsley S/F A/C>	15,733,333
Bond Gregory Francis J <Bond Fam Prop A/C>	14,000,000
Rangview Asset PL	13,833,333
Siebuhr David Victor	13,333,333
Riverfront Nom PL <MCM Fam A/C>	13,333,333
Bowler Danial Gerard	13,210,888

5. Top 20 Option holders

The names of the 20 largest option holders as at 28 September 2017 who hold 59.35% of the listed options of the Company were as follows;

	Number
Greenhill G W + G J <Greenhill S/F A/C>	50,336,794
Oceanic Capital Pty Ltd	50,333,333
Lamerton PL	28,314,020
McGarry Helen Gayle	18,569,396
Lamerton PL	18,286,347
Stewart Bond PL <Steward Bond PL A/C>	18,277,216
Davis Robert F + Y E <Davies Minyama S/F>	14,583,353
Amalgamated Dairies Ltd	11,620,000
Aigle Royal Super fund PL <A Poli S/F A/C>	10,919,138
Loktor Hldgs PL <Taybird A/C>	10,196,620
Peter J Woodford PL	10,000,000
Yarandi Inv PL <Griffith Fam No 2>	10,000,000
Barstow Mining PL	9,912,309
St Barnabas Inv PL <Melvista Fam A/C>	8,201,970
Ocean View WA PL	5,733,333
Stewart Bond PL <Super 2000 S/F A/C>	4,876,466
Cheng Siu Lap + Sau Yin	4,068,333
Ryan John Albert James	4,000,000
BT Portfolio SVCS Ltd <Beardsley S/F A/C>	3,933,333
Bond Gregory Francis J <Beardsley S/F A/C>	3,500,000

Beacon Minerals Limited mineral interests at 28 September 2017:

PROJECT/LOCATION	TENEMENT	REGISTERED HOLDER	INTEREST
Jaurdi Hills, Western Australia	M16/0034	Beacon Mining Pty Ltd	100%
Jaurdi Hills, Western Australia	M16/0115	Beacon Mining Pty Ltd	100%
Jaurdi Hills, Western Australia	M16/0529	Beacon Mining Pty Ltd	100%
Jaurdi, Western Australia ⁽ⁱ⁾	P16/2925	Australian Live Stock Suppliers	-
Jaurdi, Western Australia ⁽ⁱ⁾	P16/2926	Australian Live Stock Suppliers	-
Jaurdi, Western Australia ⁽ⁱⁱ⁾	E16/0469	Mr Steven Argus and Zephyr Mining Pty Ltd	-

(i) In September 2017 Beacon signed an Option to Purchase Agreement with Australian Live-Stock Suppliers Pty Ltd to acquire P16/2925 and P16/2926.

(ii) In May 2017 Beacon executed an Option to Purchase Agreement with Mr Steven Argus and Zephyr Mining Pty Ltd, the holders of exploration licence E16/469.

