



7 August 2019

ASX Limited
Level 40 Central Park
152-158 St Georges Terrace
PERTH WA 6000

Attention: Madeleine Green

Beacon Minerals Limited (Company or BCN)

I refer to your Appendix 5B query letter dated 2 August 2019 and provide the following responses.

1. Does BCN expect that it will continue to have negative operating cash flow for the time being and, if not, why not.

BCN commenced commissioning of the plant at the Jaurdi Gold project during the June 2019 quarter. Full production is expected to be reached in Q4 2019 for an initial target throughput of 500,000 tpa and circa 25,000 ounces of gold recovered per annum.

The Company expects that it will continue to have a negative operating cash flow for the time being. When in full production the Company expects to have positive operating cash flow.

2. Has BCN taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful.

The Company expects to be able to fund its operations through the proceeds from the Jaurdi Gold Project. The proceeds from the sale of gold recovered at the Jaurdi Gold Project will fund the operations of the Company.

The Company further notes that production costs in the Appendix 5B of \$4.27 million are not expected to be incurred until the Company is in production.

The Company has previously advised that commissioning is progressing in line with schedule. The Company expects that by the end of the September 2019 quarter to have a positive cash balance due to gold sales.

The Company further notes that on 26 July 2019 the Company received \$2.9 million on exercise of Listed Options.

3. Does BCN expect to be able to continue its operations and to meet its business objectives and, if so, on what basis.

Yes, the Company expects to be able to continue its operations and meet its business objectives. Full production is expected to be reached in Q4 2019 for an initial target throughput of 500,000 tps and circa 25,000 ounces of gold recovered per annum.

The proceeds from the sale of gold recovered at the Jaurdi Gold Project will fund the operations of the Company.

4. Please confirm that BCN is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.

BEACON MINERALS LIMITED ACN 119 611 559

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The Company confirms that it is compliant with Listing Rule 3.1 and there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.

- 5. Please confirm that the BCN's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its Board or an officer of the Entity with delegated authority from the Board to respond to ASX on disclosure matters.**

The Company confirms that its responses to the questions above have been authorised and approved by its Board.

Yours sincerely,

Sarah Shipway
Non-Executive Director/Company Secretary
Beacon Minerals Limited



2 August 2019

Reference: ODIN04851

Ms Sarah Shipway
Company Secretary
Beacon Minerals Limited

By email: sarahjshipway@outlook.com

Dear Ms Shipway

Beacon Minerals Limited ('BCN'): Appendix 5B Query

ASX refers to BCN's Appendix 5B quarterly report for the period ended 30 June 2019 lodged with ASX Market Announcements Platform on 31 July 2019 (the 'Appendix 5B').

ASX notes that BCN has reported:

- negative net operating cash flows for the quarter of \$6,699,000;
- cash at the end of the quarter of \$4,256,000; and
- estimated cash outflows for the next quarter of \$8,390,000.

It is possible to conclude, based on the information in the Appendix 5B that if BCN were to continue to expend cash at the rate indicated by the Appendix 5B, BCN may not have sufficient cash to continue funding its operations.

In view of that, ASX asks BCN to respond separately to each of the following questions and requests for information:

1. Does BCN expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has BCN taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does BCN expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that BCN is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that BCN's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of BCN with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **7:30 AM AWST Wednesday, 7 August 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in BCN's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, BCN's obligation

is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to BCN’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that BCN’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in BCN’s securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Madeleine Green
Senior Adviser, Listings Compliance (Perth)