

# BEACON MINERALS LIMITED

ABN 64 119 611 559

## 2007 ANNUAL REPORT



**DIRECTORS**

Paul Lloyd  
Executive Chairman

Lyle Thorne  
Managing Director

Matthew Egan  
Non Executive Director

**COMPANY SECRETARY**

Paul Lloyd

**PRINCIPAL PLACE OF BUSINESS**

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WEST PERTH WA 6005

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**ASX CODE**

BCN (shares)  
BCNO (options)



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## 01

## CHAIRMAN'S LETTER

I have great pleasure in presenting to you the first Annual Report for Beacon Minerals Limited, after what has been a very exciting and successful period.

Beacon was formed just over a year ago to carry out mineral exploration on three projects of considerable landholding in proven mineral producing provinces in Queensland and Western Australia. The Company commenced drilling the Greenvale project on the day that the Company's securities were successfully listed on the ASX.

The company's management has a dedication to aggressive mineral exploration and this has been demonstrated during the short life of the company. The team applied this discipline when committing to the VTEM helicopter survey of 150 square kilometres over the Greenvale project. The use of this modern technology and the expenditure of in excess of \$250,000, may provide the company with targets that would have taken many years to produce from traditional exploration techniques.

With in excess of 800 square kilometres of exploration ground in Queensland and Western Australia the Company is well placed for further exploration successes which will assist with the aim of discovering and developing shallow oxidized copper and gold resources that can provide early cash flows.

The Directors are committed to the growth of the Company via exploration success and will maximise the potential for discoveries by effective exploration techniques and the constant monitoring and minimisation of off site and administration expenditures.

The Company's exploration efforts have been driven by a small, but very competent exploration team, guided by Managing Director Lyle Thorne. On behalf of the shareholders, I would like to congratulate Lyle and the team on the exploration success and am confident that their continued hard work and professionalism will result in further success.

Beacon looks forward to the coming year as we continue the aggressive exploration programs at Greenvale and Barlee, which should provide further market acceptance of the exploration successes and result in the appreciation of shareholder wealth.



Paul Lloyd  
Chairman

## PROJECT REVIEW

Since listing in October 2006, the Company has been very active in its exploration efforts. Drilling commenced immediately upon listing, and since then a number of exploration programs have been completed at both the Greenvale Project in Queensland and Barlee Project in Western Australia, with significant success.

Exploration activities have consisted of:

- Over 13,000 metres of Reverse Circulation (RC) and Aircore (AC) drilling;
- Collection of over 2,500 soil samples;
- Completion of airborne EM (VTEM survey); and
- Expansion of ground holdings in Queensland and Western Australia.

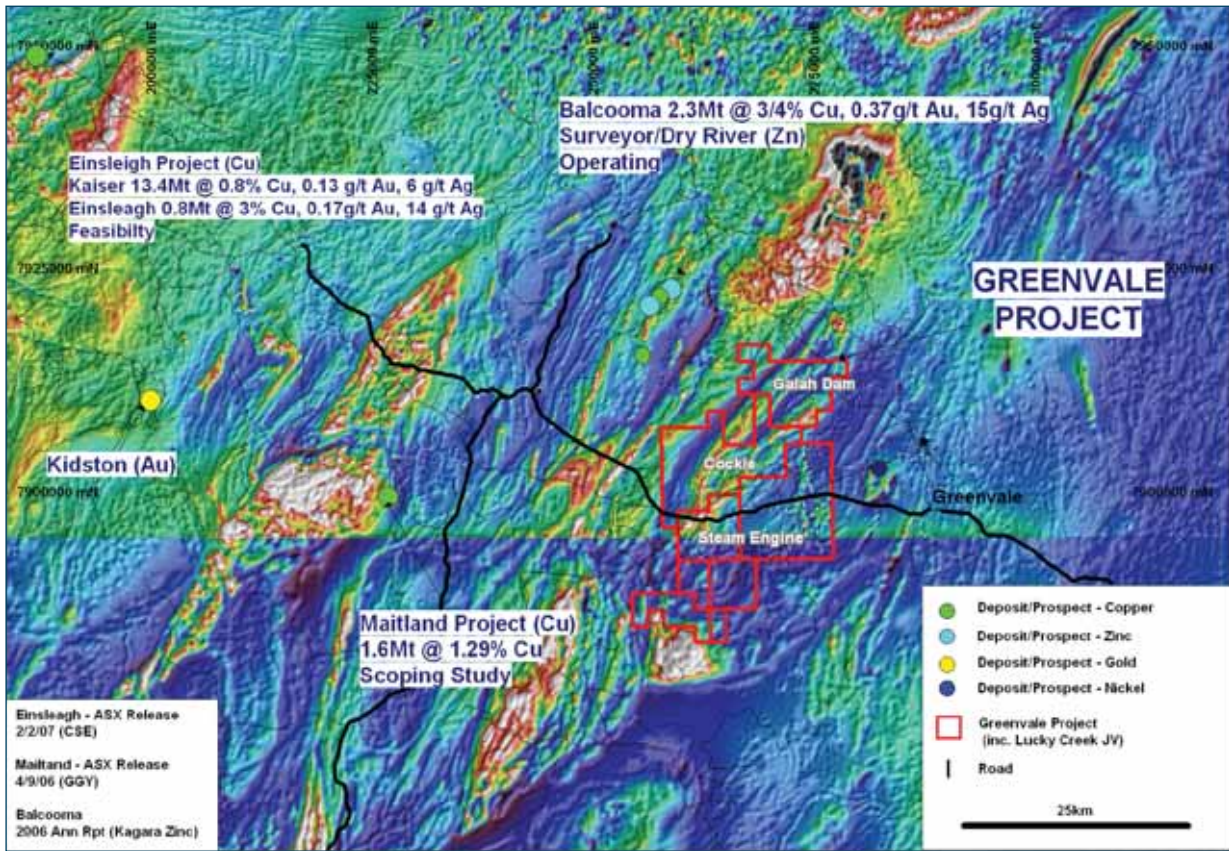
With further focussed, efficient exploration the Company believes that several prospects in Queensland and at Barlee have potential to define shallow resources that may be brought into production. The Company has built a committed and enthusiastic team and plans to continue its aggressive exploration approach to fulfil its strategies.

### GREENVALE PROJECT (Qld)

The Company's key focus is the Greenvale Project located in Northern Queensland. The Greenvale Project lies 200 kilometres west of Townsville in a highly endowed mineralised province - close to existing base metal mines (Balcooma, Dry River South); advanced mineral projects being considered for development (Einsleigh, Maitland); rail lines, towns, power and major arterial roads.



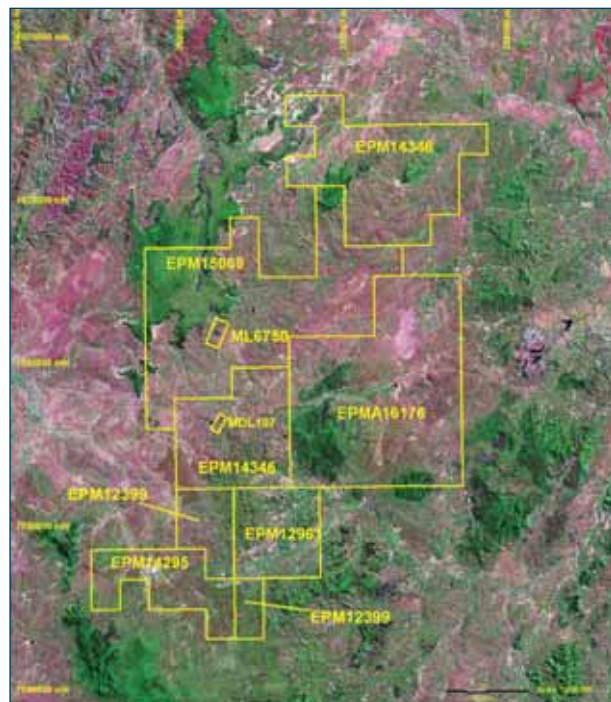




Greenvale Project – Regional Overview

In November 2006, the Company entered into a Joint Venture (Lucky Creek Joint Venture) with Glengarry Resources Ltd to explore the Lucky Creek area, adjacent to the Companies existing 100% owned tenure. Under the terms of the Joint Venture, Beacon must spend \$850,000 over three years to earn 80% equity in the Lucky Creek project, with Glengarry free-carried until the completion of a positive feasibility study. With the additional Joint Venture ground, the Greenvale Project now exceeds 400 square kilometres and provides the company with several high quality exploration targets prospective for gold, copper, silver and zinc. These compliment similar, existing priority targets within our wholly owned ground.

Below: Project Geologist Kelly Everitt Field Mapping  
Right: Greenvale Project Area - Tenure



Three major styles of mineralisation are being targeted at Greenvale, which are prospective for copper (Cu), molybdenum (Mo), zinc (Zn), gold (Au) and silver (Ag);

### 1. Porphyry-related Cu-Mo-Au-Ag (Cockie Prospect)

At the Cockie Prospect, mineralisation occurs within and proximal to the contact between the Cockie Springs Tonalite, a porphyry intrusive rock as well as within metamorphosed sediments and volcanics belonging to the Lucky Creek Group. The base of oxidation lies approximately 25-30 metres below surface.

The Company has at least 22 kilometres of potentially mineralised strike along the Cockie trend to explore. To date, geochemical sampling has covered approximately 50% of this area which has resulted in the discovery of a 5 kilometre long geochemical anomaly named the Cockie Trend Anomaly. To date, only 1 kilometre of this trend has been drill tested.



Malachite Staining at Cockie West.

RC Drilling at Cockie West

The Company has completed several phases of RC drilling at Cockie. A total of 29 holes for 4,073 metres have been drilled. As the table below suggests, a number of these holes have returned some significant, shallow intercepts.

Hole	GDA_E	GDA_N	Depth	Result
CRC002	267380	7904295	100	34m @ 1.0% Cu, 0.2 g/t Au, 1.4 g/t Ag, 150 ppm Mo from 8m
CRC008	267394	7904315	90	18m @ 0.6% Cu, 0.2 g/t Au, 0.9 g/t Ag from surface
CRC011	267320	7904295	90	33m @ 0.6% Cu, 2.0 g/t Ag, 110 ppm Mo from 29m Inc. 7m @ 0.9% Cu, 3.7 g/t Ag, 170 ppm Mo from 30m
CRC014	267019	7904155	100	21m @ 0.7% Cu, 0.1 g/t Au, 2.2 g/t Ag, 90 ppm Mo from 22m Inc. 8m @ 1.0%, 0.2 g/t Au, 3.7 g/t Ag from 35m
CRC026	266995	7904137	90	6m @ 1.0% Cu, 0.1 g/t Au, 5 g/t Ag & 300 ppm Mo from 17m

Samples collected at 1 metre intervals via cyclone and 75:25 splitter, sent to ALS Chemex in Townsville. Gold analysed via Fire Assay and AAS finish. Base Metals analysed by Aqua Regia digest and ICP-OES. Intervals calculated with a maximum of 2m of internal dilution, at +0.3% Cu. Holes drilled -60°\328°. Results rounded to one significant figure.



At Cockie East, three deeper holes were also completed to test the continuity of the mineralisation at depth below the base of oxidation. Broad intervals of mineralisation were intersected and remain open at depth. Significant intervals include;

Hole	GDA_E	GDA_N	Depth	Result
CRC009	267356	7904243	163	66m @ 0.6% Cu, 0.1 g/t Au, 1.4 g/t Ag, 170 ppm Mo from 97m Inc 8m @ 1.0% Cu, 0.1 g/t Au, 2.2 g/t Ag, 400 ppm Mo from 114m
CRC017	267378	7904226	234	57m @ 0.6% Cu, 1.2 g/t Ag from 122m Inc. 27m @ 0.6% Cu, 0.1 g/t Au, 1.3 g/t Ag & 200 ppm Mo from 150m
CRC023	267037	7904120	144	28m @ 0.6% Cu, 1.3 g/t Ag from 114m Inc. 9m @ 1.0% Cu, 0.1 g/t Au & 2.1 g/t Ag from 130m

Samples collected at 1 metre intervals via cyclone and 75:25 splitter, sent to ALS Chemex in Townsville. Gold analysed via Fire Assay and AAS finish. Base Metals analysed by Aqua Regia digest and ICP-OES. Intervals calculated with a maximum of 2m of internal dilution, at +0.3% Cu. Holes drilled -60°\328°. Results rounded to one significant figure.

Future exploration will aim at locating further shallow mineralised zones along the Cockie Trend Anomaly. The Company is highly encouraged by these early results at Greenvale, and believes that the porphyritic Cockie Springs Tonalite has the potential to host a number of significant mineralised zones, and is highly prospective for copper, gold, molybdenum and silver mineralisation.

## 2. Balcooma-type VMS Au-Zn-Cu -Ag

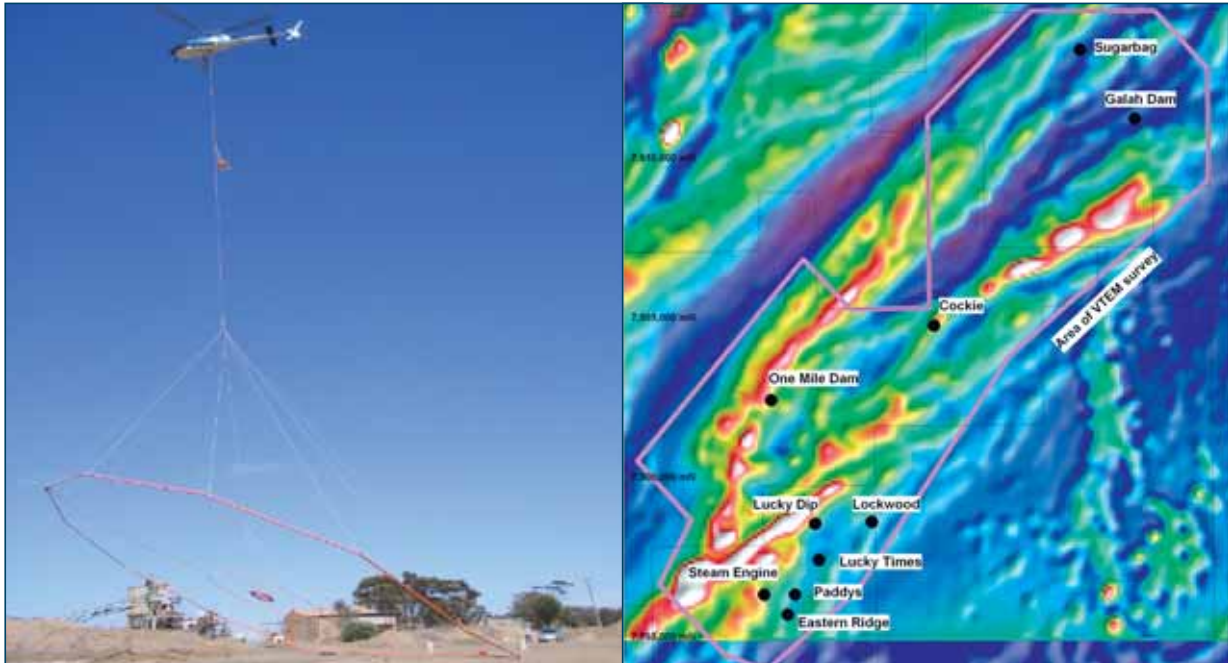
The Greenvale Project lies 17 kilometres southeast of the Balcooma polymetallic mine, which is interpreted to exist in a similar geological setting to the Greenvale Project. Previous exploration has located a number of prospects that may be examples of volcanic-hosted massive sulphide mineralisation (VMS). These prospects include Galah Dam, One Mile Dam and Sugarbag.

At Galah Dam, historical drilling intersected polymetallic mineralisation worthy of follow-up work. Better drill intercepts include;

- 16m @ 4.5% Zn, 1.1 g/t Au, 0.5% Cu, 13 g/t Ag (inc. 5m @ 8.5% Zn),
- 8m @ 3.5% Zn, 0.2 g/t Au (inc. 1m @ 6.9% Zn)

Geotech Airborne Pty Ltd completed an airborne electromagnetic (EM) survey using their VTEM system at Greenvale, which encompassed tenements 100% owned by Beacon, as well as tenements within the Lucky Creek Joint Venture.





Airborne VTEM survey area and system in operation

The airborne VTEM survey tested over 150 square kilometres of terrain, which will aid in Beacon's exploration efforts targeting Balcooma-style VMS mineralisation as well as improving the overall geological model for the Greenvale Project. Interpretation and prioritisation of targets is being finalised and the Company plans to test any high priority targets identified from the survey as soon as possible.



Old workings at Steam Engine and the 'Steam Engine'

### 3. Shear Hosted Gold (Au)

Located in the southern portion of the Greenvale Project area, within the Lucky Creek Joint Venture, are a series of old mine workings that exploited shallow gold mineralisation in the early 20th century. The prospect, known collectively as Steam Engine, has not been systematically explored since the late 1980's, when drilling and soil geochemistry defined several prospects within a mineralised trend over 5km long. The Company completed an RC drilling program in May to test the depth extensions and continuity within the oxide zone of gold mineralisation defined by previous explorers. A total of 9 inclined RC holes for 690 metres were drilled (SERC01-9) at three prospects: Steam Engine, Eastern Ridge and Paddy's, with significant results received, including:

Prospect	Hole (SERC)	East	North	Depth (m)	From (m)	Result (Au)
SteamEngine	001	262206	7895908	114 Inc.	82 95 96	4m @ 2.5 g/t Au 6m @ 5.5 g/t Au 2m @ 15.6 g/t Au
	004	262314	7895924	42	10 12	12m @ 3.5 g/t 6m @ 5.8 g/t Au
Paddy's	005	263137	7896029	54	36	5m @ 1.3 g/t Au
Eastern Ridge	008	262770	7895484	72 Inc.	19 19	5m @ 4.5 g/t Au 1m @ 11 g/t
	009	262688	7895297	54 Inc.	24 27	5m @ 4.3 g/t 1m @ 14.2 g/t

Results of >0.5g/t Au, max. of 2m internal dilution. Samples collected as single metres split from cyclone.

Assays sent to ALS-Chemex Laboratories in Townsville. Gold determination via Fire Assay; silver, arsenic, antimony, tin and tungsten by mixed acid/ICP-OES. Holes drilled -60°\108°, except SERC009, -60°\070°. Results rounded to one significant figure.

At the Steam Engine Propsect, historical drilling has defined mineralisation over 350 metres, which is offset by a fault in the south, but is open to the north and at depth. At the Eastern Ridge Prospect, a series of old workings over 500 metres of strike were targeted. These have been lightly tested by shallow drilling in the past. Gold mineralisation occurs as a series of outcropping, south westerly plunging shoots hosted in sulphidic quartz-muscovite schist, with anomalous levels of silver and arsenic associated.

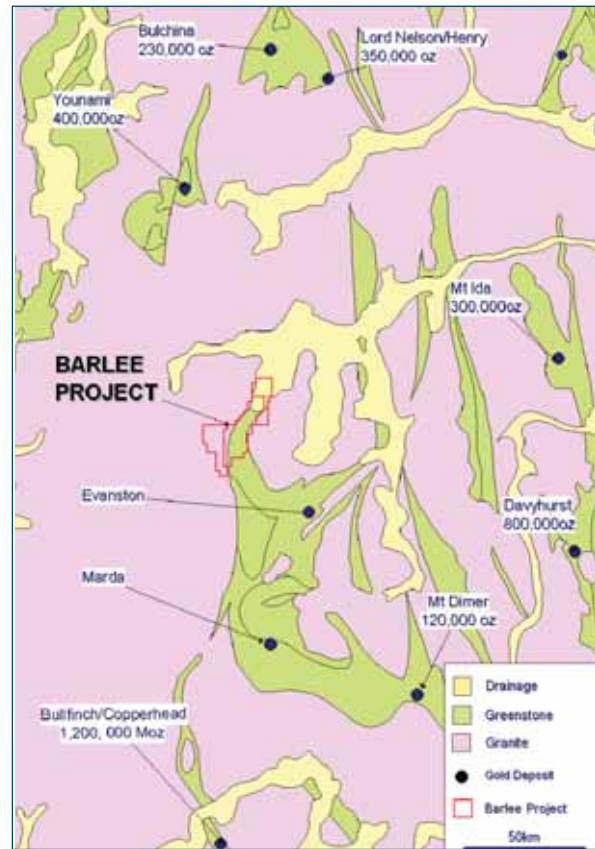
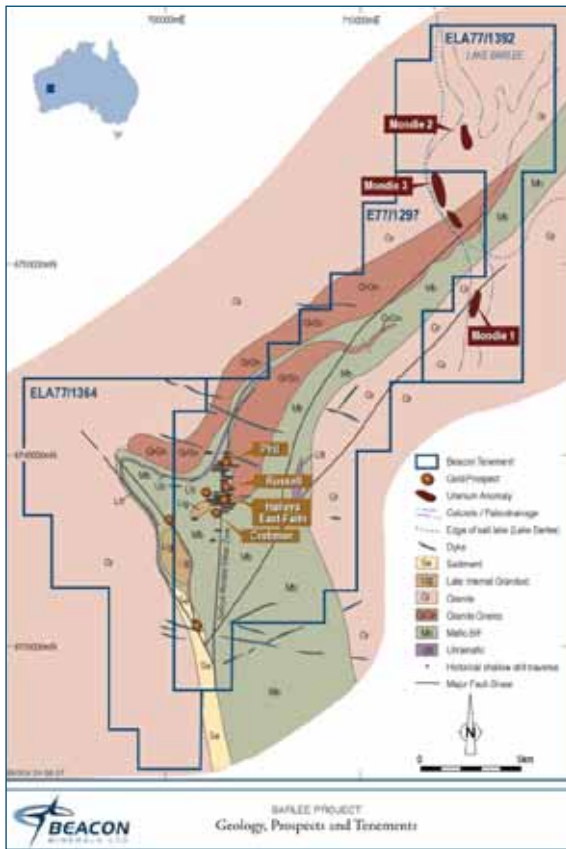
No formal resource was calculated by previous explorers, and Beacon intends to complete further drilling, prior to commissioning a resource study within the project area. Regional exploration will also continue along the mineralised structures testing for other potential zones of shallow gold mineralisation.

## BARLEE PROJECT (WA)

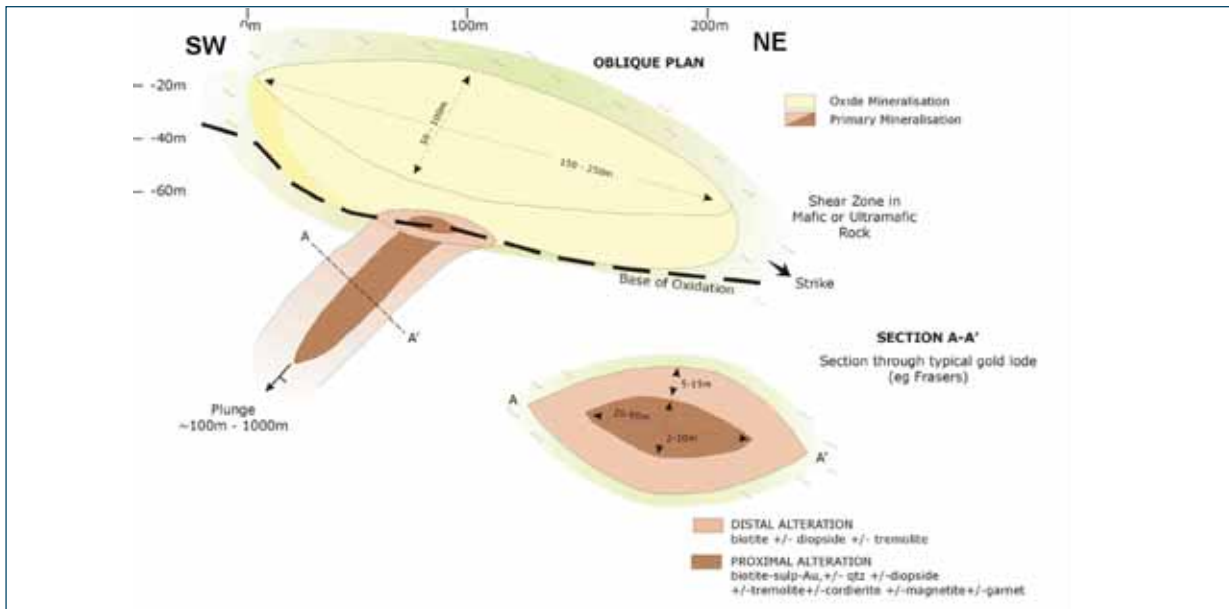
The Barlee Project covers over 400 square kilometres of highly prospective Greenstone terrain in the Western Australian Goldfields region that remarkably has received very little systematic modern exploration.

The Company purchased 80% of the rights for all commodities, other than iron ore, in EL77/1297 with the vendor Duketon Consolidated Ltd., having the option to contribute on a percentage basis or dilute to 10% free-carried, should a positive Bankable Feasibility Study (BFS) be completed. Beacon holds 100% interest in all commodities in ELA77/1343 and ELA77/1392, which are also prospective for calcrete-hosted U mineralisation and nickel.

The Barlee Project is located within the Archaean Southern Cross Province, 200 kilometres north of the town of Southern Cross (where over 5 million ounces of gold has been produced), and is considered highly prospective for structurally controlled, mesothermal gold mineralisation.



Barlee Project – Regional Overview



Barlee Project – Geological Model

The Company has developed a new exploration model for the area that assumes gold mineralisation is preferentially hosted in north-easterly trending shear zones. This model differs from assumptions made by previous explorers and suggests that the historical drilling was largely oblique to this trend. Drilling along several north-easterly shear zones resulted in early exploration success. Two campaigns of Air core (AC) drilling totalling over 9,000 metres has returned significant shallow gold results from a number of prospects over 3 kilometres of strike as presented in the following table:

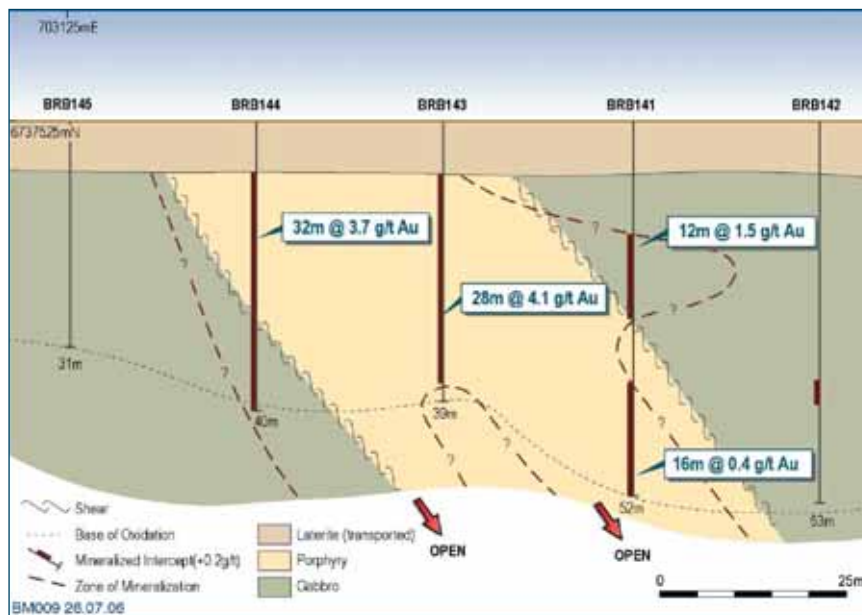
Prospect	Hole (BRB)	East	North	Depth (m)	From (m)	Result	
Russell	017	703080	6738080	29	28	1m @ 1.8 g/t Au EOH	
	018	702050	6738080	20	12	8m @ 0.7 g/t Au EOH	
	020	703100	6738120	32	12	20m @ 0.6 g/t Au EOH	
	118	703150	6738300	35	33	2m @ 1.6 g/t Au EOH	
	240	703130	6738250	28	20	4m @ 2.1 g/t Au	
Halleys East	037	703250	6737300	44 inc.	24 24	8m @ 1.7 g/t Au 4m @ 3.1 g/t Au	
	070	702325	6737400	41 inc.	8 20	8m @ 2.7 g/t Au 4m @ 5.0 g/t Au	
	081	703100	6737500	30	16	4m @ 9.3 g/t Au	
	083	703175	6737500	30 inc.	12 12	16m @ 1.4 g/t Au 8m @ 2.5 g/t Au	
	084	703200	6737500	35	16	4m @ 2.1 g.t Au	
	135	703335	6737675	46	12	12m @ 0.9 g/t Au	
	141	703200	6737525	52	16 36	12m @ 1.5 g/t Au 16m @ 0.4 g/t EOH	
	143	703175	6737525	39 inc.	8 24	28m @ 4.1 g/t Au 8m @ 10.6 g/t Au	
	144	703150	6737525	40	8	32m @ 3.7 g/t Au	
	151	703125	6737500	33	8 24	12m @ 2.6 g/t Au 4m @ 13.3 g/t Au	
	Faith	086	703250	6737500	55	20	4m @ 1.3 g/t Au
		087	703300	6737500	45	16	8m @ 1.3 g/t Au
		153	703275	6737500	46 inc.	36 44	10m @ 3.6 g/t Au EOH 2m @ 10.5 g/t Au EOH
		100	702740	6737400	41	12	8m @ 1.7 g/t Au
Phil	125	702940	6739350	27	0	27m @ 1.4 g/t Au	
	131	703000	6739450	42	28	12m @ 2.1 g/t	
	248	703040	6739475	27	24	3m @ 1.4 g/t Au EOH	
	249	703015	6739475	41	8 28	12m @ 0.6 g/t Au 13m @ 0.5 g/t Au EOH	
				inc.	40	1m @ 1.4 g/t Au	
	250	702990	6739475	35	32	3m @ 1.1 g/t Au EOH	
	254	702950	6739425	33	24	9m @ 0.5 g/t EOH	
	257	703000	6739425	37 inc.	12 24	24m @ 2.6 g/t Au 4m @ 12.2 g/t Au	
	259	703050	6739425	34 inc.	8 8	8m @ 2.0 g/t Au 4m @ 3.3 g/t Au	
	265	702925	6739300	44	20	24m @ 1.0 g/t Au EOH	
	Phil SE	273	702770	6739150	28	20	8m @ 0.7 g/t Au EOH
	Crabman	173	702700	6737000	49	36	8m @ 1.6 g/t Au
174		702675	6737000	59	20 40	4m @ 1.8 g/t Au 12m @ 0.5 g/t Au	
175		702650	6737000	49	32	12m @ 0.9 g/t Au	
					48	1m @ 1.0 g/t Au EOH	
176		702625	6737000	53	16	12m @ 1.4 g/t Au	

Results of >0.2 g/t Au. Samples collected as composites to a maximum of 4 meters. Assays sent to Ultratrace Laboratories in Perth. Gold & PGE determination via Fire Assay; Au = gold, EOH = End of Hole. All holes vertical to refusal. Results rounded to one significant figure.



At several prospects, including Halleys East, Faith, Phil and Crabman, gold mineralisation has been intersected within north easterly trending shear zones in altered porphyry and mafic to ultramafic rocks. Other areas, including Phil SE, Russell, Earl and an area to the southwest of Halleys East, returned anomalous sub-gram intercepts which may indicate continuations of, or proximity to, other zones of mineralisation, and have become high-priority exploration targets.

To date, only a small portion of the Barlee project area has been systematically explored, with the majority of the project area lying under a thin veneer of cover that may have hindered previous exploration.



Due to the continuing exploration success at Barlee, the Company intends to accelerate future work programs, with the aim of defining areas for potential resource drilling. Regional exploration targeting north easterly trending shear zones that may contain other mineralised zones, will also be tested.

The Barlee Project is also prospective for calcrete-hosted uranium mineralisation as well as for nickel in ultramafic rocks. Both of these styles of mineralisation have received minimal exploration in the past and are high priority targets for further exploration.

## 02

**PIONEER PROJECT**

The Pioneer Project is located within the Kambalda Domain of the Norseman-Wiluna Greenstone Belt, a multi-million ounce goldfield, and lies close to several existing mining operations, including Higginsville, Chalice and Norseman.

Exploration by previous companies resulted in the discovery of the Spongelite Prospect in the northern portion of the Pioneer Project. Drill intercepts, including 7m @ 5.26g/t, 9m @ 2.98g/t and 10m @ 1.3g/t, were recorded over 1 kilometre of strike, with mineralisation open to the south and at depth. Reconnaissance drilling to the east of the Spongelite Prospect returned 4m @ 4.46g/t from RAB drilling which has not been followed up.

The Company intends to further define both the Spongelite Prospect and regional RAB anomalies with infill drilling to quickly identify areas where resource potential exists.

A large gold-PGE soil anomaly overlying ultramafic lithologies within the project areas has also never been followed up, and is considered highly prospective for nickel.



## DIRECTORS' REPORT

Your directors submit the annual financial report of the entity for the financial period ended 30 June 2007. In order to comply with the provisions of the Corporations Act, the directors report as follows:

### Directors

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

#### Names, qualifications, experience

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

Paul Lloyd is a Chartered Accountant with over 20 years commercial experience. Mr Lloyd operates his own corporate consulting business, specialising in the area of corporate, financial and management advisory services. After commencing his career with an international accounting firm, he was employed for approximately 10 years as the General Manager of Finance for a Western Australian based international drilling contractor working extensively in Asia and Africa.

Mr Lloyd is a Non Executive Director of ASX listed Target Energy Limited and is currently a company secretary of a number of public companies in the resource industry.

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

During the last three years, Mr Lloyd has also served as a director of the following listed companies:

- Target Energy Limited\*

\* denotes current directorships

##### **Lyle Haxton Thorne B.App Sc(Hons) (Managing Director)**

Lyle Thorne is a geologist with over 15 years experience in the Mineral Resources industry. He holds a Bachelor of Applied Science (Hons) majoring in Geology from the University of Ballarat and is a member of the Australian Institute of Mining and Metallurgy.

He commenced his career as a geologist with various mining and exploration companies including DeBeers Ltd and Perseverance Mining Ltd, and has held senior management positions including Senior Exploration Geologist with Eagle Mining Corporation Limited and as Principal Geologist with Helix Resources Ltd. In 2003, Lyle joined and subsequently became a partner of Ravensgate Pty Ltd, a geological consulting and resource estimation company involved in preparing independent reports for companies listing on the ASX, AIM and TSX. He was part of the team that organised the IPO and successful listing of Prosperity Resources Limited on the ASX in November 2003 and held the role of Exploration Manager post the IPO. He left Ravensgate Pty Ltd in late 2005 to establish Shackleton Capital Pty Ltd, a privately owned investment and consultancy company.

On 1 March 2007, Mr Thorne resigned as a Director of Shackleton Capital Pty Ltd.

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

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

##### **Matthew Vance Egan (Non Executive Director)**

Matthew Egan has been associated with the exploration and mining industry for over 20 years. Matthew commenced his career with his family owned mineral drilling contracting company, working up to the position of Managing Director, where he negotiated and won long term contracts with key mining companies which resulted in the company employing 120 staff with an annual turn over of \$12 million. This resulted in the sale of Aquadrill to DrillCorp Ltd in 1998.

He is currently the Managing Director and owner of Egan Drilling Services, a mineral drilling contractor operating in Western Australia with an annual revenue of \$4 million and major customers such as BHP Billiton and Barrick Gold.

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

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

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

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

	Number of remuneration options (i)	Number of other options (ii)	Number of fully paid ordinary shares
Paul Lloyd	2,000,000	2,015,000	3,130,000
Lyle Thorne	2,000,000	537,500	775,000
Matthew Egan	2,000,000	635,974	1,371,947

(i) Exercisable at 20 cents on or before 31 May 2011.

(ii) These options were issued to all shareholders on the basis of 1 option for every 2 shares held as per the prospectus dated 16 February 2007. These options are exercisable at 20 cents on or before 31 August 2010.

**Share Options**

Details of unissued ordinary shares under options are as follows:

	Number of options	Exercise price	Expiry date
Beacon Minerals Limited	6,000,000	20 cents	31 May 2011
Beacon Minerals Limited	16,588,352	20 cents	31 August 2010
Beacon Minerals Limited	150,000	27 cents	1 August 2012

Details of ordinary shares issued during the financial period as a result of the exercise of options are:

	Number of shares	Amount paid per share cents	Amount unpaid on shares \$
Exercise of 20 cent options expiring 31 August 2010	336,648	20	-

**Dividends**

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

**Principal Activities**

The principal activities of the entity during the period were the exploration for minerals in Australia.

There have been no significant changes in the nature of those activities during the period.

**Review of operations**

During the reporting period, Beacon Minerals Limited has been highly active in its exploration efforts. Drilling commenced immediately upon listing, and since then a number of exploration programmes have been completed at both the Greenvale Project in Queensland and the Barlee Project in Western Australia. Activities have consisted of;

- Over 13,000 metres of Reverse Circulation (RC) and Aircore (AC) drilling,
- Collection of over 2,500 soil samples at Greenvale,
- Completion of airborne electromagnetic (EM) survey,
- Expansion of ground holdings in Queensland and Western Australia.



### Greenvale

The company's key focus is the Greenvale Project in Northern Queensland, located 200 kilometres west of Townsville. Two RC drilling campaigns at the Cockie Copper (Cu)-Molybdenum (Mo)-Gold (Au)-Silver (Ag) Project resulted in significant drill intercepts being received from two prospects, Cockie East and Cockie West. At Cockie West, drilling returned 34m @ 1.0% Cu, 0.16 g/t Au, 1.4 g/t Ag and 150 ppm Mo from 8m whilst deeper drilling returned 66m @ 0.6% Cu, 0.1 g/t Au, 1.4 g/t Ag and 170 ppm Mo. In all, 29 holes for 4,073 metres of RC drilling has been completed.

Regional soil sampling identified an anomaly over 5 kilometres long named the Cockie Trend. Future exploration will aim at locating further shallow mineralised zones within the Cockie Trend anomaly.

In November 2006, the Company entered into a Joint Venture (Lucky Creek Joint Venture) with Glengarry Resources Ltd. Under the terms of the Joint Venture, Beacon must spend \$850,000 over three years to earn 80% equity in the project, with Glengarry free carried until the completion of a positive feasibility study. With the additional Joint Venture ground, the Greenvale Project now exceeds over 400 square kilometres in size and provides the company with several high quality exploration targets prospective for gold, copper, silver and zinc. These compliment similar, existing priority targets within our wholly owned ground.

Within the Joint Venture ground at the Steam Engine Prospect, the company completed nine RC holes for 690 metres, aimed at further defining shallow gold mineralisation at three Prospects. Encouraging results were received from all three areas drilled, including 6m @ 5.5 g/t Au (inc. 2m @ 15.6 g/t Au) from 95m and 12m @ 3.5 g/t Au from 10m at Steam Engine, 5m @ 4.5 g/t Au (inc. 1m @ 11 g/t Au) from 19m and 5m @ 4.3 g/t Au (inc 1m @ 14.2 g/t Au) from 24m at Eastern Ridge and 5m @ 1.3 g/t Au from Paddys. Future exploration will consist of further drilling at priority prospects to determine the potential for shallow resources as well as continuing regional exploration. Over 5 kilometres of old workings and geochemical anomalies have been identified at Steam Engine.

Geotech Airborne Pty Ltd completed an airborne electromagnetic survey (EM) using their VTEM system at Greenvale, which encompassed 100% owned Beacon tenure as well as tenements within the Lucky Creek Joint Venture.

The survey tested over 150 square kilometres of terrain, which will aid in Beacon's exploration efforts targeting VMS mineralisation as well as improving the overall geological model for the project. Interpretation and prioritisation of targets are being finalised, and the company plans to quickly test any high priority targets identified from the survey.

The Project lies some 15-20 kilometres southeast of the Balcooma polymetallic mine, which is interpreted to exist in a similar geological setting to that seen within the Greenvale Project. Previous exploration has located a number of prospects that may be examples of volcanic-hosted massive sulphide mineralisation (VMS). These include Galah Dam, One Mile Dam and Sugarbag. At Galah Dam, historical drilling intersected polymetallic mineralisation worthy of follow-up work. Better drill intercepts include:

- 16m @ 4.5% Zn, 1.1 g/t Au, 0.5% Cu, 13 g/t Ag (inc. 5m @ 8.5% Zn),
- 8m @ 3.5% Zn, 0.2 g/t Au (inc. 1m @ 6.9% Zn)

### Barlee

The Barlee Project covers over 400 square kilometres of highly prospective Greenstone terrain that remarkably has received little, systematic modern day exploration. Beacon have purchased 80% of the rights for all commodities other than iron ore in EL77/1297, with the vendor, Duketon Consolidated Ltd having the option to contribute on a percentage basis or dilute to 10% free carried should a positive Bankable Feasibility Study be completed. Beacon holds 100% of all commodities in ELA77/1343 and ELA77/1392. The latter is also prospective for calcrete-hosted Uranium mineralisation. The Company has enjoyed early exploration success at the Barlee Project. Two campaigns of Aircore drilling totalling over 9,000 metres has returned significant shallow gold results from a number of prospects over some 3 kilometres of strike, confirming the new exploration model, that assumes gold mineralisation is preferentially hosted in north-easterly trending shear zones. Significant results were received from several prospects, including:

#### Halley's East Prospect

- o 28m @ 4.1 g/t (inc. 8m @ 10.6 g/t) from 8m
- o 32m @ 3.7 g/t (inc. 8m @ 7.8 g/t EOH) from 12m
- o 12m @ 2.6 g/t from 8m, and 4m @ 13.3 g/t from 24m

**Faith Prospect**

- o 10m @ 3.6 g/t (inc. 2m @ 10.5 g/t EOH) from 36m

**Phil Prospect**

- o 24m @ 2.7 g/t (inc. 4m @ 12.4 g/t) from 12m
- o 24m @ 1.0 g/t EOH from 20m

Due to the continuing exploration success at Barlee, the company intends to accelerate future work programmes, with the aim of defining areas for potential resource drilling. Regional exploration targeting north easterly trending shear zones that may contain other mineralised zones will also be tested.

**Pioneer**

The Pioneer Project is located within the Kambalda Domain of the Norseman-Wiluna Greenstone Belt, a multi-million ounce goldfield, and lies close to several existing mining operations including Higginsville, Chalice and Norseman.

Exploration by previous explorers resulted in the discovery of the Spongite Prospect in the northern portion of the project. Drill intercepts including 7m @ 5.26 g/t, 9m @ 2.98 g/t and 10m @ 1.3 g/t were recorded over 1 kilometre of strike, with mineralisation open to the south and at depth. Beacon intends to further define both the Spongite Prospect and regional RAB anomalies with infill drilling to quickly identify areas where resource potential exists.

**Operating results for the year**

Net loss attributable to equity holders for the period ended 30 June 2007	\$272,543
Basic loss per share (cents)	1.12

**Significant changes in the state of affairs**

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

**Significant events after balance date**

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

**Likely developments and expected results**

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

**Environmental legislation**

The Company is not subject to any significant environmental legislation.

**Indemnification and insurance of Directors and Officers**

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

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

The total amount of premiums paid was \$13,353.

### Remuneration report

This report outlines the remuneration arrangements in place for directors and executives of Beacon Minerals Limited (the "company").

#### Remuneration philosophy

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

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

#### Remuneration structure

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

#### Non executive director remuneration

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

The ASX Listing Rules specify that the aggregate remuneration of non executive directors shall be determined from time to time by a general meeting.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the company.

The remuneration of non executive directors for the period ended 30 June 2007 is detailed in note 18 of this report.

#### Senior manager and executive director remuneration

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

#### Fixed Remuneration

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

#### Variable Remuneration

All the current directors were involved in the creation of the company and therefore hold significant numbers of shares and options, the board does not consider it necessary at the present time to take additional steps to link the remuneration of Directors with the creation of shareholder wealth. Given the current structure, there exists a direct link between the creation of shareholder wealth performance, and the financial rewards for the directors.

#### Employment Contract

The Managing Director, Mr Lyle Thorne is employed under contract. The current employment contract commenced on 20 November 2006 and has no defined termination date. The main terms of the employment contract with Mr Thorne are as follows:

- Remuneration of \$135,000 pa plus superannuation
- Salary reviewed each year at the discretion of the Company
- Either party is entitled to terminate the agreement by six months notice.

## Remuneration of directors

Table 1: Directors' remuneration for the period ended 30 June 2007

	Primary benefits		Post employment	Equity	Total	
	Salary & Fees	Non Monetary Benefits	Superannuation	Options	Performance related	
	\$	\$	\$	\$	\$	%
P Lloyd	73,189	2,596	3,647	30,931	110,363	28
L Thorne	103,729	2,596	9,112	30,931	146,368	21
M Egan	18,000	2,596	1,620	30,932	53,148	58
<b>Total</b>	<b>194,918</b>	<b>7,788</b>	<b>14,379</b>	<b>92,794</b>	<b>309,879</b>	<b>30</b>

Table 2: Options granted as part of remuneration

	Value of options granted at grant date	Value of options exercised at exercise date	Value of options lapsed at time of lapse	Total value of options granted, exercised and lapsed	Value of options lapsed during period	Value of options included in remuneration for the period	% remuneration consisting of options for the period
P Lloyd	30,931	-	-	30,931	-	30,931	28
L Thorne	30,931	-	-	30,931	-	30,931	21
M Egan	30,932	-	-	30,932	-	30,932	58

For details on the valuation of the options, including models and assumptions used, please refer to Note 10. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

**Directors' Meetings**

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

<b>Directors' Meetings</b>	
Number of meetings held:	7
Number of meetings attended:	
P Lloyd	7
L Thorne	7
M Egan	7



### Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 26 and forms part of this directors' report for the period ended 30 June 2007.

### Non-Audit Services

The following non-audit services were provided by our auditors, HLB Mann Judd. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

HLB Mann Judd received or are due to receive the following amounts for the provision of non-audit services:

Preparation of Independent Accountant's report in IPO prospectus	\$ 7,500
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Signed in accordance with a resolution of the directors.



Paul Lloyd  
Chairman  
Perth, 27 September 2007

## CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices in place throughout the period, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

### Board of Directors

#### Role of the board

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

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

#### Board Processes

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

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

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

#### Director Education

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

#### Independent Professional Advice and Access to Company Information

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

#### Composition of the Board

The names of the Directors of the Company in office at the date of this report are set out in the Directors' Report on page 14.

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

- A minimum of three directors, with a broad range of expertise both nationally and internationally
- Directors having extensive knowledge of the Company's industries, and those which do not, have extensive expertise in significant aspects of auditing and financial reporting, or risk management and financing of public companies

- The roles of Chairman and Managing Director are not to be exercised by the same individual; and
- A maximum period of three years service, subject to re-election every two years (except for the Managing Director).

#### Board of directors

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

#### Nomination Committee

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

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

#### Remuneration Committee

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

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

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

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

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

The board has no established retirement or redundancy schemes.

#### Audit committee

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

- Reviewing the annual and interim financial reports and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles, and assessing whether the financial information is adequate for shareholders needs;
- Assessing corporate risk assessment processes;

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

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

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

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

### Risk Management

#### Overview of the Risk Management System

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

#### Risk Profile

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

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

#### Risk Management, Compliance and Control

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



Practices have been established to ensure:

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

#### Quality and Integrity of Personnel

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

#### Financial Reporting

The company secretary has declared, to the board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.

Following the reporting period, monthly actual results are reported against budgets approved by the directors and revised forecasts for the year are prepared regularly.

#### Environmental Regulation

The Company's operations are subject to environmental regulation in relation to its operational activities. The Company is committed to achieving a high standard of environmental performance. The board is responsible for the regular monitoring of environmental exposures and compliance with environmental regulations.

The board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

#### Internal Audit

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

#### Ethical Standards

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

#### Conflict of Interest

Directors must keep the board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The board has developed procedures to assist directors to disclose potential conflicts of interest.

Where the board believes that a significant conflict exists for a director on a board matter, the director concerned is not present at the meeting whilst the item is considered.

#### Code of conduct

The Company has established a Code of Conduct (Code) which aims to develop a consistent understanding of, and approach to, the desired standards of conduct and behaviour of the directors, officers, employees and contractors (collectively, the Employees) in carrying out their roles for the Company. Through this Code, the Company seeks to

encourage and develop a culture of professionalism, honesty and responsibility in order to maintain and enhance our reputation as a valued employer, business operator and “corporate citizen”. The Code is designed to broadly outline the ways in which the Company wishes to conduct its business. The Code does not cover every possible situation that Employees may face, but is intended to provide Employees with a guide to taking a commonsense approach to any given situation, within an overall framework.

#### Trading in the Company’s securities by directors and employees

The Company has established a Security Trading Policy that is provided to all Directors and employees on commencement.

The constitution permits directors to acquire shares in the Company. Company policy prohibits directors from dealing in shares whilst in possession of price sensitive information. Directors must notify the company secretary once they have bought or sold shares in the Company or exercised options over ordinary shares. In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the Australian Securities Exchange, the Company on behalf of the directors must advise the Australian Securities Exchange of any transactions conducted by them in shares and / or options in the Company.

#### Communication with Shareholders

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

In summary, the continuous disclosure processes operate as follows:

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

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

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



Accountants | Business and Financial Advisers

### Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Beacon Minerals Limited for the period ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Beacon Minerals Limited.

A handwritten signature in black ink, appearing to read 'L Di Giallonardo'.

**L Di Giallonardo**  
Partner, HLB Mann Judd

**Perth, Western Australia**  
**27 September 2007**

HLB Mann Judd (WA Partnership)

15 Rheola Street West Perth 6005. PO Box 263 West Perth 6872 Western Australia. DX 238 (Perth) Telephone +61 (08) 9481 0977. Fax +61 (08) 9481 3686.

Email: [hlb@hlbwa.com.au](mailto:hlb@hlbwa.com.au). Website: <http://www.hlb.com.au>

Partners: Terry M Blenkinsop, Litsa Christodoulou, Wayne M Clark, Lucio Di Giallonardo, Colin D Emmott, Trevor G Hoddy, Norman G Neill, Peter J Speechley

HLB Mann Judd (WA Partnership) is a member of  International and the HLB Mann Judd National Association of independent accounting firms

## INCOME STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2007

	Notes	2007 \$
Revenue	2	157,258
Other income	2	9,163
Accounting expense		(38,948)
Audit fees		(13,700)
Consultants		(2,430)
Depreciation expense		(4,788)
Directors' fees		(18,000)
Employee benefits expense		(135,700)
Insurance		(12,087)
Listing fees		(8,286)
Office expense		(44,291)
Option issue expense		(92,794)
Other expenses		(17,968)
Promotions and advertising		(11,876)
Share registry expense		(23,655)
Travel and accommodation		(14,441)
<b>Loss before income tax expense</b>	<b>2</b>	<b>(272,543)</b>
Income tax expense	3	-
<b>Loss after tax</b>		<b>(272,543)</b>
Basic loss per share (cents per share)	5	<b>1.12 cents</b>

The accompanying notes form part of these financial statements.



## BALANCE SHEET

AT 30 JUNE 2007

	Notes	2007 \$
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	6	3,018,961
Trade and other receivables	7	123,118
<b>Total Current Assets</b>		<u>3,142,079</u>
<b>Non-Current Assets</b>		
Property, plant and equipment	8	31,004
Deferred exploration expenditure	9	1,476,617
<b>Total Non-Current Assets</b>		<u>1,507,621</u>
<b>Total Assets</b>		<u>4,649,700</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	11	118,676
Total Current Liabilities		<u>118,676</u>
<b>Total Liabilities</b>		<u>118,676</u>
<b>Net Assets</b>		<u>4,531,024</u>
<b>Equity</b>		
Issued capital	12	4,541,523
Reserves	12	262,044
Retained earnings/(accumulated losses)	12	(272,543)
<b>Total Equity</b>		<u>4,531,024</u>

The accompanying notes form part of these financial statements.

## CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2007

	Note	2007 \$
		Inflows/ (Outflows)
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees		(336,661)
Interest received		157,258
<b>Net cash provided by/(used in) operating activities</b>	6	(179,403)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment		(35,792)
Payments for deferred exploration expenditure		(996,617)
<b>Net cash provided by/(used in) investing activities</b>		(1,032,409)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares		4,552,830
Share issue expenses		(322,057)
<b>Net cash provided by/(used in) financing activities</b>		4,230,773
<b>Net increase/(decrease) in cash and cash equivalents</b>		3,018,961
Cash and cash equivalents at beginning of period		-
<b>Cash and cash equivalents at 30 June 2007</b>	6	3,018,961

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2007

	Ordinary Shares	Retained Earnings/ (accumulated losses)	Option Premium Reserve	Employee Equity Benefits Reserve	Total
	\$	\$	\$	\$	\$
Shares issued during the year	4,863,580	-	-	-	4,863,580
Transaction costs	(322,057)	-	-	-	(322,057)
Loss attributable to members of the parent entity	-	(272,543)	-	-	(272,543)
Proceeds from the issue of options	-	-	169,250	-	169,250
Issue of options to Directors	-	-	-	92,794	92,794
<b>Balance at 30 June 2007</b>	<b>4,541,523</b>	<b>(272,543)</b>	<b>169,250</b>	<b>92,794</b>	<b>4,531,024</b>

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2007

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

The company is an Australian Securities Exchange Limited listed public company, incorporated in Australia and operating in Australia. The Company was incorporated on 9 May 2006 and therefore this report is for the period from incorporation to 30 June 2007 (14 month period). No comparative balances appear because the Company has only been in operation since 9 May 2006.

#### (b) Adoption of new and revised standards

In the period ended 30 June 2007, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2006. It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

#### (c) Statement of Compliance

The financial report was authorised for issue in accordance with a resolution of the directors on 27 September 2007.

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

#### (d) Significant accounting judgments, estimates and assumptions

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

##### *Share-based payment transactions:*

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 10.

#### (e) Revenue Recognition

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

##### *Interest income*

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



**(f) Cash and cash equivalents**

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

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

**(g) Trade and other receivables**

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

**(h) Derecognition of financial assets and financial liabilities***(i) Financial assets*

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

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

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

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

*(ii) Financial liabilities*

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

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

**(i) Impairment of financial assets**

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

*(i) Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(i) Impairment of financial assets (continued)**

the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

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

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

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

**(ii) Financial assets carried at cost**

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

**(j) Income tax**

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

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

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

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

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

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

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

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

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

#### (k) Other taxes

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

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

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

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

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

#### (l) Property, plant and equipment

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

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

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

Office Equipment – over 5 to 8 years

Computer Equipment – over 2.5 years

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

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(l) Property, plant and equipment (continued)***(i) Impairment*

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

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

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

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 income statement in the cost of sales line item.

*(ii) Derecognition and disposal*

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

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

**(m) Financial assets**

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

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

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

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

*(ii) Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This



calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

*(iii) Loans and receivables*

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

*(iv) Available-for-sale investments*

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

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

**(n) Intangible assets**

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

**(o) Impairment of assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(o) Impairment of assets (continued)**

costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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

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

**(p) Trade and other payables**

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

**(q) Provisions**

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

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

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

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

**(r) Employee leave benefits***(i) Wages, salaries, annual leave and sick leave*

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

liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

*(ii) Long service leave*

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

**(s) Share-based payment transactions**

Equity settled transactions:

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

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, further details of which are given in Note 10.

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

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

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

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

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

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

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

**(t) Issued capital**

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

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(u) Earnings per share**

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

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

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

**(v) Exploration and evaluation**

Exploration, evaluation and development expenditure in relation to separate areas of interest for which rights of tenure are current, are capitalised in the period in which they are incurred and are carried at cost less accumulated impairment losses. The cost of acquisition of an area of interest and exploration expenditure relating to that area of interest are carried forward as an asset in the Balance Sheet so long as the following conditions are satisfied:

*(i) the rights to tenure of the area of interest are current; and*

*(ii) at least one of the following conditions is also met:*

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Exploration and evaluation expenditure is assessed for impairment when facts and circumstances suggest that their carrying amount exceeds their recoverable amount and where this is the case an impairment loss is recognised. Should a project or an area of interest be abandoned, the expenditure will be written off in the period in which the decision is made.

Once an area of interest enters a production phase all capitalised expenditure in relation to that area of interest is transferred to Development Expenditure within Property, Plant and Equipment in the Balance Sheet. Capitalised Development Expenditure is amortised from the commencement of production on a unit of production basis over recoverable reserves. Recoverable reserves are subject to review annually. The recoverable reserves are estimates calculated from available production and reservoir data and are subject to change.

**NOTE 2: REVENUES AND EXPENSES**

	<b>2007</b>
	\$
<b>(a) Revenue</b>	
Interest	157,258
	<u>157,258</u>
<b>(b) Other income</b>	
Other	9,163
	<u>9,163</u>
<b>(c) Expenses</b>	
Depreciation of non-current assets	4,788
Option issue expense	92,794
Contribution to employee superannuation plans	16,337

**NOTE 3: INCOME TAX****Income tax recognised in profit or loss**

The major components of tax expense are:

Current tax expense/(income)	-
Adjustments recognised in the current period in relation to the current tax of prior years	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-
Total tax expense/(income)	<u>-</u>

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

Accounting loss before tax	<u>(272,543)</u>
Income tax benefit calculated at 30%	81,763
Non-deductible expenses:	
Option issue expense	(27,838)
Unrecognised tax losses	<u>(53,925)</u>
Income tax expense reported in the income statement	<u>-</u>

**NOTE 4: SEGMENT REPORTING****Segment Information**

The Company operates in one geographical segment, for primary reporting, being Australia, and in one business segment for secondary reporting, being mineral exploration.



## NOTE 5: EARNINGS PER SHARE

	2007
	Cents per share
<i>Basic Loss per share:</i>	<u>1.12</u>

The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follow:

Loss for the period	\$ <u>(272,543)</u>
Weighted average number of ordinary shares for the purposes of basic loss per share	No. <u>24,240,049</u>

*Diluted Loss per share*

There is no dilution of shares due to options as the potential ordinary shares are not dilutive and are therefore not included in the calculation of diluted loss per share.

## NOTE 6: CASH AND CASH EQUIVALENTS

	2007
	\$
Cash at bank	518,961
Short term deposits	<u>2,500,000</u>
	<u><u>3,018,961</u></u>

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

**(i) Reconciliation to Cash Flow Statement:**

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

Cash and cash equivalents as shown in the cash flow statement are reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	<u>3,018,961</u>
	<u><u>3,018,961</u></u>

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

Loss for the period	(272,543)
Option issue expense	92,794
Depreciation expense	4,788
(Increase)/decrease in assets:	

Trade and other receivables	(123,118)
Increase/(decrease) in liabilities:	
Trade and other payables	118,676
Net cash from operating activities	<u>(179,403)</u>

**NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES**

	<b>2007</b>
	\$
Trade receivables	65,558
Prepayments	8,688
GST recoverable	48,872
	<u>123,118</u>

Trade receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. The amount of the allowance/impairment loss has been measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors.

**NOTE 8 : PROPERTY, PLANT AND EQUIPMENT**

	Office Equipment	Computer Equipment	Total
	\$	\$	\$
<b>Period ended 30 June 2007</b>			
Opening written down value	-	-	-
Additions	17,727	18,065	35,792
Disposals	-	-	-
Depreciation charge for the period	(1,050)	(3,738)	(4,788)
Closing written down value	<u>16,677</u>	<u>14,327</u>	<u>31,004</u>
<b>At 30 June 2007</b>			
Cost or fair value	17,727	18,065	35,792
Accumulated depreciation and impairment	(1,050)	(3,738)	(4,788)
Net carrying amount	<u>16,677</u>	<u>14,327</u>	<u>31,004</u>

The useful life of the assets was estimated as follows for 2007:

Office equipment	5 to 8 years
Computer equipment	2.5 years

**NOTE 9: DEFERRED EXPLORATION EXPENDITURE**

	2007
	\$
Costs carried forward in respect of:	
<b>Exploration and evaluation phase – at cost</b>	
Balance at beginning of period	-
Purchase of exploration projects	480,000
Expenditure incurred	996,617
	<u>1,476,617</u>
Expenditure written off	-
Total exploration expenditure	<u><u>1,476,617</u></u>

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

**NOTE 10 : SHARE BASED PAYMENT PLANS**

The expense recognised in the income statement in relation to share-based payments is disclosed in Note 2.

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options issued during the year:

	2007 No.	2007 Weighted average exercise price
Outstanding at the beginning of the period	-	-
Granted during the period	6,000,000	20 cents
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	-	-
	<u>6,000,000</u>	
Outstanding at the end of the period	6,000,000	20 cents
Exercisable at the end of the period	6,000,000	20 cents

The outstanding balance as at 30 June 2007 is represented by:

- 6,000,000 options over ordinary shares with an exercise price of 20 cents each, exercisable on or before 31 May 2011.

The weighted average fair value of options granted during the period was \$92,794.

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the period ended 30 June 2007:

Volatility (%)	60
Risk-free interest rate (%)	5.7
Expected life of option (years)	5
Exercise price (cents)	20
Weighted average share price at grant date (cents)	8

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

#### NOTE 11: TRADE AND OTHER PAYABLES (CURRENT)

	2007 \$
Trade payables <sup>1</sup>	72,993
Employee entitlements	15,891
Accruals	10,000
Other payables	19,792
	<u>118,676</u>

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

## NOTE 12: ISSUED CAPITAL AND RESERVES

	2007	
	\$	
Ordinary shares issued and fully paid	<u>4,541,523</u>	
Fully paid ordinary shares carry one vote per share and carry the right to dividends.		
	Number	\$
Movement in ordinary shares on issue		
Issue of promoter and seed capital shares	11,450,000	316,250
Issue of shares as consideration for exploration projects	2,400,000	480,000
Issue of shares pursuant to the IPO Prospectus	20,000,000	4,000,000
Issue of shares pursuant to the exercise of options	336,648	67,330
Share issue costs		(322,057)
<b>At 30 June 2007</b>	<u>34,186,648</u>	<u>4,541,523</u>
Movement in 20 cent options on issue		
Issue of options pursuant to the Prospectus dated 16 February 2007	16,925,000	169,250
Conversion of options during the period	336,648	-
At 30 June 2007	<u>16,588,352</u>	<u>169,250</u>
Each option entitles the holder to subscribe for one share at an issue price of 20 cents on or before 31 August 2010.		
Movement in 20 cent Director options on issue		
Issue of options 8 June 2006 (remuneration options issued to directors)	6,000,000	-
<b>At 30 June 2007</b>	<u>6,000,000</u>	<u>-</u>
Each option entitles the holder to subscribe for one share at an issue price of 20 cents on or before 31 May 2011.		
Retained earnings/(accumulated losses)		
Movements in retained earnings/(accumulated losses) were as follows:		
	2007	
	\$	
Opening balance	-	
Net loss for the period	(272,543)	
Balance at 30 June 2007	<u>(272,543)</u>	



## Reserves

	Employee Equity Benefits Reserve	Option Premium Reserve	Total
	\$	\$	\$
<b>At 9 May 2006</b>	-	-	-
Proceeds from the issue of options	-	169,250	169,250
Share-based payments	92,794	-	92,794
<b>At 30 June 2007</b>	92,794	169,250	262,044

**Nature and purpose of reserves***Employee equity benefits reserve*

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 10 for further details.

*Option Premium reserve*

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

**NOTE 13: FINANCIAL INSTRUMENTS**

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

	Carrying Amount <b>2007</b>	Fair Value <b>2007</b>	
	\$	\$	
<i>Financial assets</i>			
Cash and cash equivalents	3,018,961	3,018,961	
Trade and other receivables	123,118	123,118	
	<u>3,142,079</u>	<u>3,142,079</u>	
<i>Financial liabilities</i>			
Trade and other payables	118,676	118,676	
	<u>118,676</u>	<u>118,676</u>	
<b>Period ended 30 June 2007</b>	Greater than 1 year \$	Total \$	Weighted average effective interest rate
<i>Financial Assets</i>			
<i>Floating rate</i>			
Cash and cash equivalents	3,018,961	3,018,961	4.5%

**NOTE 14: EXPENDITURE COMMITMENTS**

	2007
	\$
Exploration expenditure committed:	
Not longer than 1 year	566,955
1-5 years	-
Longer than 5 years	-
Total	<u>566,955</u>

**NOTE 15: OPERATING LEASES**

	2007
	\$
Non cancellable operating lease for premises:	
Not longer than 1 year	110,364
1 to 5 years	499,466
Longer than 5 years	-
	<u>609,830</u>

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

**NOTE 16: EVENTS AFTER THE BALANCE SHEET DATE**

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

**NOTE 17: AUDITOR'S REMUNERATION**

The auditors of Beacon Minerals Limited are HLB Mann Judd.

	2007
	\$
Amounts received or due and receivable by HLB Mann Judd for:	
An audit or review of the financial report of the entity	13,700
Other services in relation to the entity:	
- Independent Accountant's report for inclusion in IPO prospectus	7,500
	<u>21,200</u>

**NOTE 18: DIRECTORS AND EXECUTIVE DISCLOSURES****(a) Details of Key Management Personnel***(i) Directors*

Paul Lloyd	Chairman (executive)
Lyle Thorne	Managing Director
Matthew Egan	Director (non executive)

*(ii) Executives*

None

There were no changes of the Managing Director or key management personnel after reporting date and the date the financial report was authorised for issue.

**(b) Compensation of Key Management Personnel***(i) Compensation Policy*

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its compensation framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value;
- Significant portion of executive compensation 'at risk', dependent upon meeting predetermined performance benchmarks; and

Establish appropriate, demanding performance hurdles in relation to variable executive compensation.

**(A) Remuneration Reviews**

The Board of Directors of the Company are responsible for determining and reviewing compensation arrangements for the directors, the Managing Director and all other key management personnel.

The Board of Directors assesses the appropriateness of the nature and amount of compensation of key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

**(B) Compensation Structure**

In accordance with best practice corporate governance, the structure of non executive director and executive compensation is separate and distinct.

**(C) Non executive Director Compensation***Objective*

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

*Structure*

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non executive directors of comparable companies when undertaking the annual review process.

The compensation of non executive directors for the period ending 30 June 2007 is detailed below.

**(D) Executive Compensation***Objective*

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company, business unit and individual performance against targets set to appropriate benchmarks;

**NOTE 18: DIRECTORS AND EXECUTIVE DISCLOSURES (continued)****(b) Compensation of Key Management Personnel (continued)**

- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the company; and
- ensure total compensation is competitive by market standards.

Compensation consists of the following key elements:

- Fixed Compensation;
- Variable Compensation;
- Short Term Incentive (STI); and
- Long Term Incentive (LTI).

The proportion of fixed compensation and variable compensation (potential short term and long term incentives) is established for each key management personnel by the Directors.

**(E) Fixed Compensation***Objective*

Fixed compensation is reviewed annually by the Directors. The process consists of a review of individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

*Structure*

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans.

**(F) Variable Compensation — Short Term Incentive (STI)***Objective*

The objective of the STI program is to link the achievement of the company's operational targets with the compensation received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the company is reasonable in the circumstances.

*Structure*

Actual STI payments granted to each key management personnel depend on the extent to which specific operating targets set at the beginning of the financial year are met. The operational targets consist of a number of Key Performance Indicators ('KPIs') covering both financial and non-financial measures of performance.

**(G) Variable Pay — Long Term Incentive (LTI)***Objective*

The objective of the LTI plan is to reward executives in a manner that aligns this element of compensation with the creation of shareholder wealth.

As such LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against the relevant long term performance hurdle.

*Structure*

LTI grants to key management personnel are delivered in the form of options.

Note 10 provides details of options granted under the LTI plan.

## (ii) Compensation of Key Management Personnel for the period ended 30 June 2007

	Short-term				Post Employment		Long Term	Share Based Payment	Total	Total Performance Related
	Salary & Fees	Cash Bonus	Non Monetary Benefits	Other	Super	Retirement Benefits	Incentive Plans	Options		
30 June 2007 Directors	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Paul Lloyd</b>	73,189	-	2,596	-	3,647	-	-	30,931	110,363	28
<b>Lyle Thorne</b>	103,729	-	2,596	-	9,112	-	-	30,931	146,368	21
<b>Matthew Egan</b>	18,000	-	2,596	-	1,620	-	-	30,932	53,148	58
<b>Total</b>	194,918	-	7,788	-	14,379	-	-	92,794	309,879	30

## (iii) Compensation by category: Key Management Personnel

	2007 \$
Short-Term	202,706
Post Employment	14,379
Other Long-Term	-
Termination Benefits	-
Share-based Payments	92,794
	309,879

## (iv) Contract for Services

The Managing Director, Mr Lyle Thorne is employed under contract. The current employment contract commenced on 20 November 2006 and has no defined termination date. The main terms of the employment contract with Mr Thorne are as follows:

- Remuneration of \$135,000 pa plus superannuation
- Salary reviewed each year at the discretion of the Company
- Either party is entitled to terminate the agreement by six months notice

## (c) Compensation options: Granted and vested during the year

During the financial period options were granted as equity compensation benefits under a long-term incentive plan to certain key management personnel as disclosed above. The options were issued free of charge. The options are exercisable at any time on or before 31 May 2011 at a price of 20 cents per share. For further details relating to the options, refer to Note 10.

	Vested	Granted	Terms and Conditions for each Grant					
			Grant Date	Fair Value per option at grant date (Note 10)	Exercise price per option (Note 10)	Expiry Date	First Exercise Date	Last Exercise Date
<b>30 June 2007 Directors</b>	No.	No.						
<b>Paul Lloyd</b>	2,000,000	2,000,000	8 June 2006	1.5 cents	20 cents	31 May 2011	current	31 May 2011
<b>Lyle Thorne</b>	2,000,000	2,000,000	8 June 2006	1.5 cents	20 cents	31 May 2011	current	31 May 2011
<b>Matthew Egan</b>	2,000,000	2,000,000	8 June 2006	1.5 cents	20 cents	31 May 2011	current	31 May 2011
<b>Total</b>	6,000,000	6,000,000						



## NOTE 18: DIRECTORS AND EXECUTIVE DISCLOSURES (continued)

**(d) Shares issued on Exercise of Compensation Options**

No options were exercised during the period.

**(e) Option holdings of Key Management Personnel**

30 June 2007 Directors	Balance at beginning of period	Granted as remuneration	Options exercised	Net change Other	Balance at end of period 30/06/07	Vested as at 30 June 2007		
						Total	Exercisable	Not Exercisable
Paul Lloyd	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
Lyle Thorne	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
Matthew Egan	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
<b>Total</b>	-	6,000,000	-	-	6,000,000	6,000,000	6,000,000	-

**(f) Shareholdings of Key Management Personnel**

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

	Balance at beginning of period	Granted as remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2007
Type	Ord	Ord	Ord	Ord	Ord
<b>30 June 2007 Directors</b>					
Paul Lloyd	-	-	-	3,030,000	3,030,000
Lyle Thorne	-	-	-	775,000	775,000
Matthew Egan	-	-	-	1,271,947	1,271,947
<b>Total</b>	-	-	-	5,076,947	5,076,947

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

**(g) Loans to Key Management Personnel**

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

**(h) Other transactions and balances with Key Management Personnel**

No other transactions with key management personnel have occurred during the period.

## DIRECTORS' DECLARATION

1. In the opinion of the directors:
  - a. the financial statements and notes of the company are in accordance with the Corporations Act 2001 including:
    - i. giving a true and fair view of the company's financial position as at 30 June 2007 and of the performance for the period then ended; and
    - ii. complying with Accounting Standards and Corporations Regulations 2001; and
  - b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the period ended 30 June 2007.

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



Paul Lloyd  
Director

Dated this 27th day of September 2007



Accountants | Business and Financial Advisers

## INDEPENDENT AUDITOR'S REPORT

### To the members of BEACON MINERALS LIMITED

We have audited the accompanying financial report of Beacon Minerals Limited ("the company"), which comprises the balance sheet as at 30 June 2007, the income statement, statement of changes in equity, cash flow statement and notes to the financial statements for the period then ended, and the directors' declaration.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1 (c), the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

#### *Auditor's Responsibility*

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

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

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

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

HLB Mann Judd (WA Partnership)

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Partners: Terry M Blenkinsop, Litsa Christodoulou, Wayne M Clark, Lucio Di Giallonardo, Colin D Emmott, Trevor G Hoddy, Norman G Neill, Peter J Speechley

HLB Mann Judd (WA Partnership) is a member of  International and the HLB Mann Judd National Association of independent accounting firms



Accountants | Business and Financial Advisers

#### Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Beacon Minerals Limited and included in the Directors' Report, would be on the same terms if provided to the directors at the date of this auditor's report.

#### Auditor's Opinion

In our opinion:

- (a) the financial report of Beacon Minerals Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the period then ended; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1 (c).

*HLB Mann Judd*

**HLB MANN JUDD**  
Chartered Accountants

*L Di Giallonardo*

**L DI GIALLONARDO**  
Partner

**Perth, Western Australia**  
**27 September 2007**

HLB Mann Judd (WA Partnership)

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## SHAREHOLDER INFORMATION

### DISTRIBUTION OF EQUITY SECURITIES

The distribution of members and their holdings of fully paid ordinary shares as at 13 September 2007 were as follows:

Shares held	No. of Shareholders	Percentage	
1 – 1,000	29	3.55	
1,001 – 5,000	191	23.41	
5,001 – 10,000	211	25.86	
10,001 – 100,000	331	40.56	
100,001 and over	54	6.62	
Total	816	100.00	
	Min Parcel size	Holders	Units
Less than marketable parcel	1,960	69	77,964

### TWENTY LARGEST SHARE SECURITY HOLDERS

The names of the 20 largest holders of fully paid ordinary shares (BCN) as at 13 September 2007 are listed below:

Name	Number of Shares	Percentage
Mr Paul Geoffrey Lloyd & Mrs Sharon Marie Lloyd	2,880,000	8.42
Straits Exploration (Australia) Pty Ltd	1,500,000	4.39
Roscious Pty Ltd	1,400,000	4.10
Mywest Investments Pty Ltd	1,210,000	3.54
Forty Traders Ltd	900,000	2.63
Mr Lyle Haxton Thorne & Ms Sharon Gaye Schreck	700,000	2.05
Menzies Limited	650,000	1.90
Mrs Judy Calcei	628,000	1.84
Duketon Consolidated Ltd	500,000	1.46
Castle Bailey Pty Ltd	500,000	1.46
Castle Bailey Pty Ltd	450,000	1.32
Shackleton Capital Pty Ltd	346,875	1.01
Paul Jurman	325,000	0.95
Mr George Bryant Macfie	315,000	0.92
Greatside Holdings Pty Ltd	300,000	0.88
Mrs Kerrie Maltby	300,000	0.88
Ouro Pty Ltd	280,000	0.82
Cityside Investments Pty Ltd	257,715	0.75
Bruce Birnie Pty Ltd	250,000	0.73
Mrs Sharon Marie Lloyd	250,000	0.73
<b>Total</b>	<b>13,942,590</b>	<b>40.78%</b>



**TWENTY LARGEST OPTION HOLDERS**

The names of the 20 largest holders of options (BCNO) exercisable at 20 cents on or before 31 August 2010, as at 13 September 2007 are listed below:

<b>Name</b>	<b>Number of Shares</b>	<b>Percentage</b>
Mr Paul Geoffrey Lloyd & Mrs Sharon Marie Lloyd	1,890,000	11.39
French Consulting Pty Ltd	760,000	4.52
Dr Rosemary Elizabeth Anne Green	750,000	4.52
Mrs Angela Jurman	736,577	4.44
Mywest Investments Pty Ltd	605,000	3.65
Shackleton Capital Pty Ltd	537,500	3.24
Sharon Gaye Schreck	500,000	3.02
Mr Michael Kipling Mazalevskis	472,700	2.85
Forty Traders Ltd	450,000	2.71
Reyer Investments Pty Ltd	400,000	2.41
Mr Cliff Yorke & Mrs Ann Yorke	300,000	1.81
Mr Mark Henry Cornell	290,000	1.75
Mr Cliff Yorke & Mrs Ann Yorke	250,000	1.51
Mr Hongyu Liu	225,000	1.38
Mr Stephen Spurrier	200,000	1.22
Mr Andrew John Robinson	200,000	1.22
Mrs Gail Sandra Willett	200,000	1.22
Mr Ricky Maxwell Thorn & Mrs Dierdre Thorn	160,000	0.96
Mrs Christine Wibl-Grenz	153,502	0.93
Mr Michael Sai Chiu Yu	150,000	0.89
<b>Total</b>	<b>9,230,279</b>	<b>55.64%</b>

The names of the holders of options (unquoted and exercisable at 20 cents on or before 31 May 2011) as at 13 September 2007 are listed below:

<b>Name</b>	<b>Number of Shares</b>	<b>Percentage</b>
Paul Lloyd	2,000,000	33.33
Lyle Thorne	2,000,000	33.33
Matthew Egan	2,000,000	33.33
<b>Total</b>	<b>6,000,000</b>	<b>100%</b>

The names of the holders of options (unquoted and exercisable at 27 cents on or before 1 August 2012) as at

13 September 2007 are listed below:

Name	Number of Shares	Percentage
Kelly Everitt	150,000	100.00

#### RESTRICTED SECURITIES

The Company has on issue the following restricted securities:

Class	Number	Date cease to be restricted securities
Ordinary fully paid shares	8,390,500	20 October 2008
Ordinary fully paid shares	2,400,000	9 October 2007
Options exercisable at 20 cents on or before 31 May 2011	6,000,000	20 October 2008

#### SUBSTANTIAL SHAREHOLDERS

The Company's Register of Substantial Shareholders, prepared in accordance with section 715 of the Corporations Act 2001, recorded the following information as at 13 September 2007:

Name	Number of Shares	Class of share
Mr Paul Geoffrey Lloyd & Mrs Sharon Marie Lloyd	3,030,000	ORD

## TENEMENT SCHEDULE

Project	Tenement	Registered Holder	Expiry Date	Size	Commitment	Comments/Notes
Greenvale	EPM15069	Beacon Minerals Ltd	04/05/2011	110 km2	30,000	BCN 100% 1
	ML6750	Beacon Minerals Ltd	31/10/2010	128 Ha	N/A	BCN 100% 1
	EPMA16176	Beacon Minerals Ltd	NYG	120 km2		BCN 100%
	EPM14346	Glengarry Resources Ltd	19-12-2009	113 km2	80,000	BCN earning 80% 2
	EPM12399	Glengarry Resources Ltd	09-03-2009	23 km2	79,655	BCN earning 80% 2
	EPM14925	Glengarry Resources Ltd	21-03-2010	29 km2	39,000	BCN earning 80% 2
	EPM12961	Glengarry Resources Ltd	01-09-2009	29 km2	150,000	BCN earning 80% 2
	EPMA16012	Glengarry Resources Ltd	NYG	120 km2		BCN earning 80% 2
	MDL107	Glengarry Resources Ltd	31-10-2007	80 Ha	N/A	BCN earning 80% 2
Barlee	E77/1297	Duketon Consolidated Ltd	09-10-2011	200 km2	70,000	BCN 80% 3
	ELA77/1364	Beacon Minerals Ltd	NYG	120 km2		BCN 100%
	ELA77/1392	Beacon Minerals Ltd	NYG	90 km2		BCN 100%
Pioneer	M63/368	Mssrs Stehn, Carmody & Gill	22-07-2022	383 Ha	38,300	BCN 80% 4
	M63/329	Mssrs Stehn, Carmody & Gill	22-07-2022	68 Ha	10,000	BCN 80% 4
	E63/337	Mssrs Stehn, Carmody & Gill	See Note 5	9 km2	50,000	BCN 80% 4
	E63/733	Mssrs Stehn, Carmody & Gill	14-07-07	15 km2	20,000	BCN 80% 4
	ELA63/1117	Mssrs Stehn, Carmody & Gill	NYG	21 km2		BCN 80% 4
	MLA63/394	Mssrs Stehn, Carmody & Gill	NYG	885 Ha		BCN 80% 4
	PLA63/1429	Mssrs Stehn, Carmody & Gill	NYG	128 Ha		BCN 80% 4
	PLA63/1468	Mssrs Stehn, Carmody & Gill	NYG	13 Ha		BCN 80% 4

Notes -

NYG = Not Yet Granted, N/A = Not Applicable

1 - Straits Resources Ltd has a 2% Net Smelter Royalty on any mineral concentrate produced

2 - Lucky Creek Joint Venture (Glengarry Resources Ltd) - Beacon can earn 80% by spending AUD\$850,000 over three years, and must spend a minimum of \$AUD125,000 in first six months. Glengarry are free carried until the completion of a positive feasibility study, after which they can contribute or dilute via standard dilution clause.

3 - Beacon has purchased 80% of E77/1297 from Duketon Consolidated Pty Ltd for \$AUD10,000 and 500,000 ordinary shares at 20c, escrowed for 12 months. Duketon are free carried until the completion of a positive feasibility study, after which they can dilute to 10% contributing.

4 - Beacon has purchased 80% of Pioneer Project tenements from Mssr Stehn, Carmody & Gill, for \$AUD20,000 and 400,000 ordinary shares at 20c, escrowed for 12 months. Vendors are free carried until the completion of a positive feasibility study, after which they can dilute to 10% contributing.

5 - Converted to MLA 63/394

## GLOSSARY

The following definitions apply throughout this document unless the context requires otherwise.

<b>Aeolian</b>	Formed or deposited by wind.	<b>Banded Iron Formation (BIF)</b>	A rock that consists of alternating layers of chert and iron oxide mineral (usually hematite) with the iron oxide in high enough concentration to be of economic value.
<b>aerial photography</b>	Photographs of the Earth's surface taken from an aircraft.	<b>base metals</b>	A non-precious metal, usually referring to copper, lead and zinc.
<b>Aeromagnetic</b>	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the Earth's magnetic field.	<b>bedrock</b>	Any solid rock underlying unconsolidated material.
<b>Aircore Drilling</b>	A drilling method in which the fragmented sample is brought to the surface inside the drill rods.	<b>Bi</b>	Chemical symbol for Bismuth.
<b>airborne geophysical data</b>	Data pertaining to the physical properties of the Earth's crust at or near surface and collected from an aircraft.	<b>biotite</b>	Dark brown to black mica.
<b>Ag</b>	Chemical symbol for silver.	<b>Breccia</b>	Coarse-grained angular rock that can form through igneous and mineralising processes.
<b>alkali</b>	Used in reference to materials that are rich in sodium and/or potassium	<b>Brittle</b>	Rock deformation characterised by brittle fracturing and brecciation.
<b>alluvial</b>	Pertaining to silt, sand and gravel material, transported and deposited by a river.	<b>bornite</b>	Lustrous Brownish-bronze copper mineral. $Cu_5FeS_4$ .
<b>alluvium</b>	Clay silt, sand, gravel, or other rock materials transported by flowing water and deposited in comparatively recent geologic time as sorted or semi-sorted sediments in riverbeds, estuaries, and flood plains, on lakes, shores and in fans at the base of mountain slopes and estuaries.	<b>Cainozoic</b>	An era of geological time spanning the period from 65 million years ago to the present.
<b>alteration</b>	The change in the mineral composition of a rock, commonly due to hydrothermal activity.	<b>Calcareous</b>	Rock that contains a significant portion of calcium ie: calcareous siltstone, calcrete.
<b>amphibolite</b>	A gneiss or schist largely made up of amphibole and plagioclase minerals.	<b>Calcite</b>	A common mineral, $CaCO_3$ .
<b>anomalies</b>	An area where exploration has revealed results higher than the local background level.	<b>Calc-alkaline</b>	Series of silica-oversaturated volcanic rocks typical of arc-volcanic settings.
<b>anticline</b>	A fold in the rocks in which strata dip in opposite directions away from the central axis.	<b>Cambrian</b>	A period in geological time, 506 to 544 Ma.
<b>antiformal</b>	An anticline-like structure.	<b>Carbonaceous</b>	Containing carbon.
<b>Archaean</b>	The oldest rocks of the Precambrian era, older than about 2,500 million years.	<b>Calcite</b>	Rock of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and $CO_3$ . Essential component of limestones and marbles.
<b>assayed</b>	The testing and quantification metals of interest within a sample.	<b>Chalcocite</b>	Black to brown copper mineral, $Cu_2S$ . Formed via supergene enrichment of primary copper minerals.
<b>Au</b>	Chemical symbol for gold.	<b>Chert</b>	Fine grained sedimentary rock composed of cryptocrystalline silica.
<b>augite</b>	A mineral of the pyroxene group.	<b>Chalcopyrite</b>	A brassy coloured sulphide mineral $Cu Fe S_2$ , an important source of copper.
<b>Auriferous</b>	Rock that contains gold (Au).	<b>chlorite</b>	A green coloured hydrated aluminium-iron-magnesium silicate mineral (mica) common in metamorphic rocks.
<b>AusIMM</b>	Australian Institute of Mining and Metallurgy.	<b>clastic</b>	Pertaining to a rock made up of fragments or pebbles (clasts).
<b>argillic</b>	A type of hydrothermal alteration where rock minerals are converted to clays.	<b>clays</b>	A fine-grained, natural, earthy material composed primarily of hydrous aluminium silicates.
<b>basalt</b>	A volcanic rock of low silica (<55%) and high iron and magnesium composition, composed primarily of plagioclase and pyroxene.	<b>Colluvium</b>	A loose, heterogeneous and incoherent mass of soil material deposited by slope processes.
<b>Basin</b>	The site of accumulation of a large thickness of sediments.	<b>conduits</b>	The main pathways that facilitate the movement of hydrothermal fluids.

<b>conglomerate</b>	A rock type composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.	<b>folding</b>	A term applied to the bending of strata or a planar feature about an axis.
<b>Copper (Cu)</b>	A reddish metallic element, used as an electrical conductor and is the basis of brass and bronze.	<b>foliated</b>	Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.
<b>Cretaceous</b>	An era of geological time spanning the period from 135 million years ago to 65 million years.	<b>follow-up</b>	A term used to describe more detailed exploration work over targets generated by regional exploration.
<b>D1, D2</b>	Deformational event.	<b>Feldspar</b>	Common rock forming mineral. $X(\text{Al, Si})_3\text{O}_8$ , where X may = K, Na, Ca, BA, Rb, Sr or Fe.
<b>depletion</b>	The lack of gold in the near-surface environment due to leaching processes during weathering.	<b>Feldspathic</b>	Containing a major proportion of feldspar.
<b>diamond drilling</b>	Mineral exploration hole completed using a diamond set or diamond impregnated bit for retrieving a cylindrical core of rock.	<b>Fractionated</b>	Chemical partitioning of elements during the crystallization of igneous rocks.
<b>dilational</b>	Open space within a rock mass commonly produced in response to folding or faulting.	<b>g/t</b>	Grammes per tonne, a standard volumetric unit for demonstrating the concentration of precious metals in a rock.
<b>diatreme</b>	A breccia filled volcanic pipe that formed by a gaseous explosion.	<b>Ga</b>	Billion years
<b>dip</b>	Angle at which a planar feature is inclined from the horizontal.	<b>Gangue</b>	Waste mineral in an ore deposit.
<b>Dissemination</b>	Distribution of mineral in rock.	<b>Gabbro</b>	A fine to coarse grained, dark coloured, igneous rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.
<b>Dolomite</b>	Magnesium-rich carbonate rock.	<b>galena</b>	PbS. Blue-grey sulphide mineral of lead.
<b>Ductile</b>	Deformation of rocks or rock structures involving stretching or bending in a plastic manner without breaking.	<b>geochemical</b>	Pertains to the concentration of an element.
<b>dykes</b>	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.	<b>geophysical</b>	Pertains to the physical properties of a rock mass.
<b>ELA</b>	Exploration Licence Application (WA).	<b>geothite</b>	Iron oxide mineral, $\text{Fe}_2\text{O}_3$ .
<b>EL</b>	Exploration Licence, granted by the relevant Government bodies.	<b>GIS database</b>	A system devised to present partial data in a series of compatible and interactive layers.
<b>Electromagnetic (EM) survey</b>	System of measuring the alternating magnetic fields associated with electrical currents artificially or naturally maintained in the sub-surface. Often used to locate massive sulphide occurrences.	<b>glauconite</b>	Greenish variety of the mica group.
<b>en-echelon</b>	Repeating parallel, but offset, occurrences of lenticular bodies such as ore veins.	<b>gneissic</b>	Coarse grained metamorphic rocks characterised by mineral banding of the light and dark coloured constituent minerals.
<b>Epidote</b>	Lustrous green, yellow or black mineral. $\text{Ca}_2(\text{Al, Fe})_3(\text{SiO}_4)_3\text{OH}$ .	<b>gossan</b>	The leached and oxidised near-surface part of an ore deposit, usually composed of iron oxide/hydroxide and quartz.
<b>Epithermal</b>	Hydrothermal deposit formed within 1km of the earth's surface. Two styles are recognised, high and low sulphidation.	<b>granite</b>	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
<b>EPM</b>	Exploration Permit Minerals (Qld)	<b>Granodiorite</b>	A coarse grained igneous rock composed of quartz, feldspar and hornblende and/or biotite.
<b>Erosional</b>	The group of physical and chemical processes by which earth or rock material is loosened or dissolved and removed from any part of the Earth's surface.	<b>granitoid</b>	General term to describe intrusive plutonic rocks with granitic affinities.
<b>extrusive</b>	Igneous rocks that have erupted on surface.	<b>Gravity survey</b>	Measurement and collection of the Earth's gravitational field that can differentiate different rock types based on the distribution of densities.
<b>Fault zone</b>	A wide zone of structural dislocation and faulting.	<b>greenschist</b>	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
<b>feldspar</b>	A group of rock forming minerals.	<b>greenstone belt</b>	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
<b>Felsic</b>	An adjective indicating that a rock contains abundant feldspar and silica.	<b>Hanging wall</b>	The mass of rock above a fault, vein or zone of mineralisation.
<b>Ferruginised</b>	Altered by iron minerals.	<b>hematite</b>	Iron oxide mineral, $\text{Fe}_2\text{O}_3$ .

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## GLOSSARY

<b>Hinge zone</b>	A zone along a fold where the curvature is at a maximum.	<b>magnetite</b>	A mineral comprising iron and oxygen which commonly exhibits magnetic properties.
<b>Hornblende</b>	Mineral of the amphibole group.	<b>Massive sulphide</b>	Rock containing abundant sulphides that constitutes 100% of mass.
<b>hydrothermal fluids</b>	Pertaining to hot aqueous solutions, usually of magmatic origin, which may transport metals and minerals in solution.	<b>Mesothermal</b>	Style of deposit that has developed at moderate depths in the Earth's crust.
<b>Igneous</b>	Rocks that have solidified from a magma.	<b>metamorphic</b>	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.
<b>Ignimbrite</b>	The deposit of a pyroclastic flow.	<b>metasedimentary</b>	A rock formed by metamorphism of sedimentary rocks.
<b>IP</b>	Induced polarisation. The product of electric charge displacement. A type of geophysical survey.	<b>Mesozoic</b>	An era of geological time spanning the period from 255 million years ago to 65 million years ago.
<b>Indicated Resource</b>	A mineral resource inferred from drill holes, geology, underground openings or other sampling procedures at locations too widely spaced to ensure continuity but close enough to give a reasonable level of continuity, and where geoscientific data is known with a reasonable level of reliability.	<b>Mica</b>	Lustrous flaky mineral eg: Muscovite.
<b>infill</b>	Refers to sampling or drilling undertaken between pre-existing sample points.	<b>ML</b>	Mining Lease
<b>Inferred Resource</b>	A mineral resource inferred from drill holes, geology, underground openings or other sampling procedures where the gaps in data are such that continuity can't be predicted with confidence, and where geoscientific data may not be known with a reasonable level of certainty.	<b>Mo</b>	Chemical symbol for Molybdenum.
<b>inlier</b>	An area or formation of older rocks completely surrounded by younger rocks.	<b>Moz</b>	Millions of ounces.
<b>insitu</b>	In the natural or original position.	<b>Mt</b>	Million tonnes.
<b>interflow</b>	Refers to the occurrence of other rock types between individual lava flows within a stratigraphic sequence.	<b>muscovite</b>	Variety of white mica.
<b>intrusions</b>	A body of igneous rock which has forced itself into pre-existing rocks.	<b>mylonite</b>	A hard compact rock with a streaky or banded structure produced by extreme granulation of the original rock mass in a fault or thrust zone.
<b>intrusive contact</b>	The zone around the margins of an intrusive rock.	<b>Nickel (Ni)</b>	Silvery-white metal used in alloys.
<b>ironstone</b>	A rock formed by cemented iron oxides.	<b>open pit</b>	A mine working or excavation open to the surface.
<b>isoclinal</b>	A series of folds that dip in the same direction at the same angle.	<b>Outcrops</b>	Surface expression of underlying rocks.
<b>Joint Venture</b>	A business agreement between two or more commercial entities.	<b>oxide</b>	Highly weathered material
<b>komatiitic</b>	Magnesium-rich mafic to ultramafic extrusive rock.	<b>PGE</b>	Platinum Group Metals
<b>laterite</b>	A cemented residuum of weathering, generally leached in silica with a high alumina and/or iron content.	<b>Proterozoic</b>	An era in geological time from 1600Ma to 2500Ma.
<b>Lead (Pb)</b>	A metallic element, the heaviest and softest of the common metals.	<b>Pathfinder</b>	Term used to describe an element that while not being of ore grade is associated with ore minerals and is easier to locate.
<b>lineament</b>	A significant linear feature of the Earth's crust, usually equating a major fault or shear structure.	<b>Palaeochannel</b>	Ancient drainage system.
<b>lithological contacts</b>	The contacts between different rock types.	<b>Pb</b>	Chemical symbol for lead.
<b>lithotypes</b>	Rock types.	<b>pegmatite</b>	A very coarse grained intrusive igneous rock which commonly occurs in dyke-like bodies containing lithium-boron-fluorine-rare earth bearing minerals.
<b>Ma</b>	Million years ago.	<b>plagioclase</b>	A mineral of the feldspar group, a common rock forming mineral.
<b>Mafic</b>	Rock types enriched in magnesium and iron.	<b>porphyries</b>	Felsic intrusive or sub-volcanic rock with larger crystals set in a fine groundmass.
		<b>porphyritic</b>	Texture containing larger crystals set in a fine groundmass.
		<b>ppb</b>	Parts per billion; a measure of low level concentration.
		<b>ppm</b>	Parts per million; a measure of low level concentration.
		<b>Pyrrhotite</b>	A brassy-yellow sulphide mineral Fe <sub>1-x</sub> S <sub>2</sub>



<b>pyrite</b>	A yellow sulphide mineral, FeS <sub>2</sub> .	<b>Skarn</b>	Term used to describe silicate gangue minerals associated with iron and sulphide ore deposits, formed through hydrothermal processes.
<b>quartz</b>	Mineral composed of SiO <sub>2</sub>	<b>soil sampling</b>	The collection of soil specimens for mineral analysis.
<b>Proterozoic</b>	An era of geological time from 544Ma to 2500Ma.	<b>sphalerite</b>	Principal mineral of Zinc (Zn). Can be white, red, yellow. ZnS.
<b>Quaternary</b>	Upper time period of the Cainozoic, above the Tertiary (younger).	<b>stockwork</b>	Net-like formation of veins and or fracture fillings in mineralised rock.
<b>RAB Drilling</b>	A drilling method in which the fragmented sample is brought to the surface outside of the drill rods. Generally used a first pass method, where indications of mineralisation are obtained, but are not of a sufficient quality for resource calculations.	<b>strata</b>	Sedimentary rock layers.
<b>radiometric</b>	Geophysical survey where elements such as uranium, potassium and thorium are measured.	<b>stratigraphic</b>	Composition, sequence and correlation of stratified rocks.
<b>RC (percussion) drilling</b>	A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.	<b>stream sediment sampling</b>	The collection of samples of stream sediment with the intention of analysing them for trace elements.
<b>regolith</b>	The layer of unconsolidated material which overlies or covers in situ basement rock.	<b>strike</b>	Horizontal direction or trend of a geological structure.
<b>residual</b>	Soil and regolith which has not been transported from its point of origin.	<b>subaerial</b>	Occurring at or near the surface of the earth.
<b>resources</b>	In situ mineral occurrence from which valuable or useful minerals may be recovered.	<b>subcrop</b>	Poorly exposed bedrock.
<b>rock chip sampling</b>	The collection of rock specimens for mineral analysis.	<b>sulphide</b>	A general term to cover minerals containing sulphur and commonly associated with mineralisation.
<b>saline</b>	Salty	<b>supergene</b>	Process of mineral enrichment produced by the chemical remobilisation of metals in an oxidised or transitional environment.
<b>saprock</b>	Zone of weathered rock preserved within the weathered profile.	<b>syncline</b>	A fold in rocks in which the strata dip inward from both sides towards the axis.
<b>saprolite</b>	Disintegrated, in-situ rock, partially decomposed by the chemical and physical processes of oxidation and weathering.	<b>tectonic</b>	Pertaining to the forces involved in or the resulting structures of movement in the Earth's crust.
<b>satellite imagery</b>	The images produced by photography of the Earth's surface from satellites.	<b>Tertiary</b>	An era of geological time spanning the period from 65 million years ago to the present.
<b>sand</b>	Loose material consisting of grains of rock or coral.	<b>thrust fault</b>	A reverse fault or shear that has a low angle inclination to the horizontal.
<b>schist</b>	A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of the constituent minerals.	<b>tonalite</b>	An intrusive rock like granodiorite, but containing less quartz (20-60%) and plagioclase feldspar well in excess of alkali feldspar
<b>scree</b>	The rubble composed of rocks that have formed down the slope of a hill or mountain by physical erosion.	<b>tuff</b>	A volcanic rock formed by the settling of particles from the air after an eruption.
<b>Sedimentary</b>	A term describing a rock formed from sediment.	<b>U</b>	Chemical symbol for uranium.
<b>sericite</b>	A white or pale apple green potassium mica, very common as an alteration product in metamorphic and hydrothermally altered rocks.	<b>U3O8</b>	Uranium Oxide, produced from the milling and concentration of uranium ore. Also known as yellowcake.
<b>shear</b>	A zone in which rocks have been deformed primarily in a ductile manner in response to applied stress.	<b>Ultramafic</b>	Igneous rocks consisting essentially of ferromagnesian minerals with trace quartz and feldspar.
<b>silica</b>	Dioxide of silicon, SiO <sub>2</sub> , usually found as the various forms of quartz.	<b>unconformity</b>	Discontinuity between strata of different ages, signifying a cessation in deposition.
<b>silicified</b>	Alteration product caused by the addition of silica.	<b>veins</b>	A thin infill of a fissure or crack, commonly bearing quartz.
<b>sills</b>	Sheets of igneous rock which is flat lying or has intruded parallel to stratigraphy.	<b>vesicular</b>	Texture of an igneous rock. Contains cavities that represent trapped gases.

