

BEACON MINERALS LIMITED
ACN 119 611 559

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of 2 Share for every 5 Shares held by those Shareholders registered at the Record Date at an issue price of \$0.004 per Share to raise up to approximately \$1,592,117 (based on the number of Shares on issue as at the date of this Prospectus) together with 1 free attaching option (**New Option**) (together, the **Offer**).

PARTIAL UNDERWRITING

This Offer is partially underwritten up to a maximum of \$1,000,000 by Lamerton Pty Ltd (**Lamerton**), Geoda Pty Ltd (**Geoda**), Riverfront Nominees Pty Ltd (**Riverfront**), Oceanic Capital Pty Ltd (**Oceanic**) and St Barnabas Investments Pty Ltd (**St Barnabas**) (together, **Underwriters**). Refer to Section 8.4 of this Prospectus for a summary of the terms of the Underwriting Agreements.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Geoffrey Greenhill (Chairman)
Graham McGarry (Managing Director)
Marcus Michael (Executive Director)

Company Secretary

Sarah Shipway

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Auditor*

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PERTH WA 6000

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Solicitors

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Underwriters

Lamerton Pty Ltd
1B Eureka Street
HANNANS WA 6430

Geoda Pty Ltd
26 Spencer Street
BUNBURY WA 6230

Riverfront Nominees Pty Ltd
Level 1, 115 Cambridge Street
WEST LEEDERVILLE WA 6007

Oceanic Capital Pty Ltd
Level 1, 115 Cambridge Street
WEST LEEDERVILLE WA 6007

St Barnabas Investments Pty Ltd
Level 1, 115 Cambridge Street
WEST LEEDERVILLE WA 6007

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE

Lodgement of Prospectus with the ASIC	17 September 2012
Lodgement of Prospectus & Appendix 3B with ASX	17 September 2012
Notice sent to Shareholders	19 September 2012
Ex date	24 September 2012
Record Date for determining Entitlements	28 September 2012
Prospectus despatched to Shareholders & Company announces despatch has been completed	5 October 2012
Closing Date*	5:00pm (WST) on 19 October 2012
Securities quoted on a deferred settlement basis	22 October 2012
ASX and Underwriters notified of under subscriptions	24 October 2012
Despatch of holding statements	29 October 2012
Quotation of Securities issued under the Offer*	2 November 2012

*The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 17 September 2012 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 4 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

3.2 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4 of this Prospectus.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of 2 Share for every 5 Shares held by Shareholders registered at the Record Date at an issue price of \$0.004 per Share together with 1 New Option for every 1 Share issued. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 398,029,370 Shares will be issued pursuant to this Offer to raise up to \$1,592,117.

All of the New Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6.2 of this Prospectus.

As at the date of this Prospectus the Company has no Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6.1 for further information regarding the rights and liabilities attaching to the Shares.

All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of this Prospectus.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

4.2 Minimum subscription

There is no minimum subscription.

4.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.004 per Share); or

- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

4.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "**Beacon Minerals Share Offer Account**" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5.00pm WST on the Closing Date.

4.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the Company's share registry by no later than 5.00pm (WST) on the Closing Date. You should be aware that your financial institution may implement either cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

One New Option with an exercise price of \$0.005 each and an expiry date of 30 September 2015 will be issued for every 1 Share subscribed for and issued under the Offer.

4.6 Partial Underwriting

The Offer is underwritten up to a maximum of \$1,000,000, being a total of 250,000,000 Shortfall Shares and 250,000,000 Shortfall New Options, under the following Underwriting Agreements:

- (a) Lamerton, to underwrite up to a maximum of \$200,000 (50,000,000 Shortfall Shares and 50,000,000 Shortfall New Options);
- (b) Geoda, to underwrite up to a maximum of \$200,000 (50,000,000 Shortfall Shares and 50,000,000 Shortfall New Options);
- (c) Riverfront, to underwrite up to a maximum of \$200,000 (50,000,000 Shortfall Shares and 50,000,000 Shortfall New Options);
- (d) Oceanic, to underwrite up to a maximum of \$300,000 (75,000,000 Shortfall Shares and 75,000,000 Shortfall New Options); and

- (e) St Barnabas, to underwrite up to a maximum of \$100,000 (25,000,000 Shortfall Shares and 25,000,000 Shortfall New Options).

Further details of the Underwriting Agreements are set out in to Section 8.4 of this Prospectus. Details of the current and potential voting power of the Underwriters are set out at Section 8.6 of this Prospectus. Details of the current intention of the Underwriters are set out in Section 8.7 of this Prospectus.

4.7 Non-Renounceable

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.8 Shortfall Offer

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall and will be dealt with by the Directors.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.004, being the price at which Shares have been offered under the Offer. Each Share subscribed for under the Shortfall Offer will be issued together with 1 New Option.

The Board reserves the right to issue Shortfall Securities at its absolute discretion, provided underwritten Shortfall Securities are issued pursuant to the Underwriting Agreements. Accordingly, do not apply for Shortfall Securities unless instructed to do so by the Board.

4.9 ASX listing

Application for Official Quotation of the Securities offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Securities offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Securities and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

4.10 Allotment

Securities issued pursuant to the Offer will be allotted in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Securities issued pursuant to the Shortfall Offer will be allotted on a progressive basis. Where the number of Securities issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Any Shortfall under the Offer not taken up by Shareholders will be taken up by the Underwriters up to a maximum amount of \$1,000,000 in accordance with the Underwriting Agreements as summarised in Section 8.4.

Pending the allotment and issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

4.11 Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the Securities act (Overseas Companies) Exemption Notice 2002.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.12 Enquiries

Any questions concerning the Offer should be directed to Sarah Shipway, Company Secretary, on 08 9322 6600.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to approximately \$1,592,117 before expenses. No funds will be raised from the issue of the New Options.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Purpose ¹	Amount (\$)	Percentage
Progress of Barlee Gold Project ²	600,000	37.69%
Working capital	901,756	56.64%
Expenses of the Offer ³	90,361	5.67%
Total	\$1,592,117	100%

Notes:

1. If the Offer is not fully subscribed and only the Total Underwritten Amount is raised, then the amount set out above for working capital will be reduced by \$592,117.
2. Subject to intervening events and new circumstances that might arise funds will be applied to progress the Barlee Gold Project, including but not limited to exploration and sterilisation drilling, water bore testing, heritage and site surveys, metallurgical testwork, geotechnical evaluation, pit design, resource evaluation and contingent expenses. Additional funds will be used to acquire certain capital items including a motor vehicle.
3. Refer to Section 8.11 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted, will be to:

- (a) increase the cash reserves by \$1,501,756 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 995,073,426 as at the date of this Prospectus to 1,393,102,796 Shares; and
- (c) increase the number of Options on issue from nil as at the date of this Prospectus to 398,029,370 Options.

5.3 Pro-forma balance sheet

The unaudited balance sheet as at 31 August 2012 and the unaudited pro-forma balance sheet as at 31 August 2012 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted and includes expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	NOTES	UNAUDITED 31 AUGUST 2012 ACTUAL \$	UNAUDITED 31 AUGUST 2012 PRO-FORMA \$
CURRENT ASSETS			
Cash and cash equivalents	1	404,077	1,905,833
Trade and other receivables		20,872	20,872
Other current assets		777,028	777,028
TOTAL CURRENT ASSETS		1,201,977	2,703,733
NON-CURRENT ASSETS			
Exploration and evaluation		5,990,293	5,990,293
Plant and equipment		4,297	4,297
TOTAL NON-CURRENT ASSETS		5,994,590	5,994,590
TOTAL ASSETS		7,196,567	8,698,323
CURRENT LIABILITIES			
Trade and other payables		160,095	160,095
TOTAL CURRENT LIABILITIES		160,095	160,095
TOTAL LIABILITIES		160,095	160,095
NET ASSETS (LIABILITIES)		7,036,472	8,538,228
EQUITY			
Share capital	2	21,958,170	23,459,926
Reserve		(88,993)	(88,993)
Retained loss		(14,832,705)	(14,832,705)
TOTAL EQUITY		7,036,472	8,538,228

Notes to the Unaudited Consolidated Statement of Financial Position Actual and Proposed Transactions to arrive at Pro-Forma Unaudited Statement of Financial Position

Proposed transactions adjusting the 31 August 2012 unaudited consolidated statement of financial position for Beacon Minerals and the 31 August 2012 pro-forma consolidated statement of financial position are as follows:

- (a) Offer of 398,029,370 Shares at \$0.004 per Share to raise a gross \$1,592,117; and
- (b) estimated payment of cash expenses of the Offer totalling an estimated \$90,361 and the expensing of such costs charged against issued capital.

	NOTE	UNAUDITED ACTUAL 31 AUGUST 2012 \$	UNAUDITED PRO-FORMA 31 AUGUST 2012 \$
1. CASH ASSETS			
The movement in cash assets is as follows:			
Unaudited 31 August 2012 balance		404,077	404,077
issue of Shares pursuant to Offer	(a)	-	1,592,117
Offer costs	(b)	-	(90,361)
		404,077	1,905,833
2. ISSUED CAPITAL			
995,073,426 Shares at 31 August 2012		21,958,170	21,958,170
398,029,370 Shares pursuant to Offer	(a)	-	1,592,117
		21,958,170	23,550,287
Less: estimated Offer costs		-	(90,361)
		21,958,170	23,459,926

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are subscribed for and allotted, is set out below.

Shares

	Number
Shares currently on issue	995,073,426
Shares offered pursuant to the Offer	398,029,370
Total Shares on issue after completion of the Offer	1,393,102,796

Options

	Number
Options currently on issue	Nil
New Options offered pursuant to the Offer	398,029,370
Total Options on issue after completion of the Offer	398,029,370

5.5 Details of substantial holders

Based on publicly available information as at the date of this prospectus, there are no persons with a relevant interest in 5% or more of the Shares.

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Rights and Liabilities attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy or attorney to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote for each partly paid Share. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of persons (if any) entitled by Shares with special rights to dividends, the Directors declare a final dividend out of profits in accordance with the Corporations Act and may authorise payment or crediting by the Company to the Shareholders of such dividend.

The Directors may authorise the payment or crediting by the Company to the Shareholders of such interim dividend as appear to the Directors to be justified by the profits of the Company. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

The Directors may set aside out of the profits of the Company any

amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Directors may in their absolute discretion, implement a dividend reinvestment plan or a dividend election plan on such terms and conditions as the Directors think fit. The Directors may in their absolute discretion, modify, suspend or terminate all or any established dividend reinvestment plans or dividend election plans on not less than one month's notice to all Shareholders.

(d) **Winding-up**

If the Company is wound up, then on a distribution of assets to Shareholders, shares classified by ASX as restricted securities at the time of the commencement of the winding up shall rank in priority after all other Shares.

Subject to the rights of Shareholders (if any) entitled to Shares with special rights in a winding up, all monies and property that are to be distributed among Shareholders on a winding up, shall be distributed in proportion to the Shares held by them respectively, irrespective of the amount paid-up or credited as paid up on the Shares.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class. Any variation shall be subject to

Sections 246B to 246E of the Act.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6.2 Rights and Liabilities attaching to New Options

The New Options to be issued pursuant to this Prospectus entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Subject to paragraph (k), each New Option gives the Optionholder the right to subscribe for one Share.
- (b) The New Options will expire at 5:00pm (WST) on 30 September 2015 (**Expiry Date**). Any New Option not exercised before the Expiry Date will automatically lapse.
- (c) The amount payable upon exercise of each New Option is \$0.005 (**Exercise Price**).
- (d) The New Options held by each Optionholder may be exercised in whole or in part.
- (e) An Optionholder may exercise their New Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of New Options specifying the number of New Options being exercised (**Exercise Notice**); and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of New Options being exercised.
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Exercise Notice.
- (h) All Shares allotted upon the exercise of New Options will upon allotment rank *pari passu* in all respects with other Shares.
- (i) Subject to the satisfaction of the requirements of the ASX Listing Rules, the Company will apply for quotation of the New Options on ASX.
- (j) The Company will apply for quotation of all Shares allotted pursuant to the exercise of New Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

- (l) There are no participating rights or entitlements inherent in the New Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.

- (m) Other than as contemplated by paragraph (k), a New Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the New Option can be exercised.

7. RISK FACTORS

7.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Additional requirements for capital

Should the funds raised be insufficient to fulfil the Company's planned short term expenditure requirements, the Company may have an immediate requirement to raise further funds. As the Offer does not contain a minimum subscription amount, this will be a risk to investors who take up the Offer.

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising.

Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

(b) Potential for dilution

Upon implementation of the Offer, assuming all Entitlements are accepted the number of Shares in the Company will increase from 995,073,426 currently on issue to 1,393,102,796. This means that each Share will represent a lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the prospectus being lodged is not a reliable indicator as to the potential trading price of Shares after implementation of the Proposed Transaction.

(c) **Mining Risks**

The primary business of the Company is exploration for, and commercial development of, mineral ore bodies, which is subject to the risks inherent in these activities. Its operations are still in the exploratory phase. The current and future operations of the Company may be affected by a range of factors including:

- (i) geological conditions;
- (ii) limitations on activities due to seasonal weather patterns
- (iii) alterations to joint venture programs and budgets;
- (iv) unanticipated operational and technical difficulties encountered in trenching, drilling, development, production and treatment activities;
- (v) mechanical failure of operating plant and equipment;
- (vi) adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- (vii) unavailability of drilling and other equipment;
- (viii) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and labour;
- (ix) prevention of access by reason of political or civil unrest, outbreak of hostilities;
- (x) inability to obtain regulatory or landowner consents or approvals, or native title issues;
- (xi) risks of default or non-performance by third parties providing essential services;

(d) **Exploration Risks**

No assurance can be given that exploration will be successful or that a commercial mining operation will eventuate.

The ultimate success and financial viability of the Company depends on the discovery and delineation of economically recoverable ore reserves, design and construction of efficient mining and processing facilities, and competent operational and managerial performance.

There is no assurance that exploration and development of the mineral interests held by the Company (which are all at an exploration stage), or any other projects that may be acquired by the Company in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited.

Development of a commercial mining operation is also dependent on the Company's ability to obtain necessary titles and governmental and other regulatory approvals.

(e) **Exploration Costs**

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ

from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

7.3 Mining Industry specific

(a) Metal Market Conditions

The Company's ability to benefit from any future mining operations will depend on market factors, some of which may be beyond its control. The world market for gold and other minerals is subject to many variables and may fluctuate markedly.

(b) Environmental Risks

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(c) Mine development

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and

equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

(d) **Failure to satisfy Expenditure Commitments**

Interests in tenements in Western Australia are governed by the mining acts and regulations that are current in those States and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

7.4 **General risks**

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Resource estimates**

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(d) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial report most recently lodged by the Company with the ASIC;
- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
14/09/2012	Non-Renounceable Entitlement Issue
11/09/2012	Halley's East RC and Diamond Drill Results
02/08/2012	Expiry of Unlisted Options
04/07/2012	Notice to Option Holder
03/07/2012	Quarterly Activities and Cashflow Report
25/06/2012	Barlee Gold Project Update
07/06/2012	Appendix 3Y x2
01/06/2012	Notice of Change of Interests of Substantial Holder for CSD
30/05/2012	Interim Company Update
08/05/2012	Company Update – Changes to the Board
27/04/2012	Quarterly Activities and Cashflow Report
05/04/2012	Withdrawal from negotiations on African Assets
21/03/2012	Appendix 3X x3
20/03/2012	Appendix 3Z x3
19/03/2012	Withdrawal of 249D Notice
19/03/2012	Company Update
19/03/2012	Beacon Board Changes

Date	Description of Announcement
15/03/2012	Half Yearly Accounts
12/03/2012	Results of Meeting
09/03/2012	Director Appointment/Resignation
07/03/2012	Clarification of SXG release
07/03/2012	SXG: Clarification of SXG Shareholders – Barlee Gold Project
29/02/2012	Change of Director’s Interest Notice
28/02/2012	Clarification of Toll Treatment Costs
27/02/2012	Change of Director’s Interest Notice
23/02/2012	Letter to Shareholders – Sale of Barlee Mining Lease
17/02/2012	Notice of General Meeting/Proxy Form
10/02/2012	Field Work commences at Barlee
08/02/2012	Notice of Meeting for Sale of Barlee ML
03/02/2012	Letter to Shareholders
02/02/2012	Final Barlee Sale Agreement Signed
30/01/2012	Section 249D Notice received
24/01/2012	Quarterly Activities and Cashflow Report
10/01/2012	Details of Company Address
08/12/2011	Beacon Sells Barlee Mining Lease
08/12/2011	RMS: Purchase of Barlee Gold Resource
24/11/2011	Mining Proposal submitted
22/11/2011	Results of Annual General Meeting

ASX maintains files containing publicly available information for all listed companies. The Company’s file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company’s website www.beaconminerals.com.au.

8.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the

three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.009	14 September 2012
Lowest	\$0.005	4 July, 10 July, 9 August, 20-21 August and 14 September 2012
Last	\$0.005	14 September 2012

8.4 Underwriting Agreements

The Company entered into individual Underwriting Agreements with the following entities:

- (a) Lamerton, which will underwrite 20% of the Shortfall (maximum underwritten amount will be \$200,000 of Total Underwritten Amount);
- (b) Geoda, which will underwrite 20% of the Shortfall (maximum underwritten amount will be \$200,000 of Total Underwritten Amount);
- (c) Riverfront, which will underwrite 20% of the Shortfall (maximum underwritten amount will be \$200,000 of Total Underwritten Amount);
- (d) Oceanic, which will underwrite 30% of the Shortfall (maximum underwritten amount to will be \$300,000 of Total Underwritten Amount); and
- (e) St Barnabas, which will underwrite 10% of the Shortfall (maximum underwritten amount will be \$100,000 of Total Underwritten Amount),

of the Shortfall.

The Offer will be underwritten up to a maximum of \$1,000,000 being a total of up to 250,000,000 Shortfall Shares and 250,000,000 Shortfall New Options (**Total Underwritten Amount**).

An underwriting fee of 5% will be payable to each of the Underwriters in respect of the amount they underwrite. If the Shortfall is less than the Total Underwritten Amount, the Shortfall will be allocated to each Underwriter on a pro rata basis, according to the Underwriter's relevant percentage of the Total Underwritten Amount, as set out above.

The Underwriters are entitled to terminate their respective Underwriting Agreement upon the occurrence of any one or more of the termination events:

- (f) **(Prospectus)** A statement contained in this Prospectus is or becomes misleading or deceptive or likely to mislead or deceive, or this Prospectus omits any information it is required to contain or any forecast, expression of opinion, intention or expectation expressed in this Prospectus is not, in all material respects, fair and honest and based on reasonable assumptions, when taken as a whole, or any person other than the Underwriter who consented to.
- (g) **(correcting notice)** In the reasonable opinion of the Underwriter, the Company becomes required to give, or the Company gives, a correcting notice under section 708AA(10) or section 708(A)(9).

- (h) **(proceedings)** If at any time after the date of the Underwriting Agreement, any regulatory body issues or gives formal notice of an intention to issue proceedings (including an application by ASIC for an order under Part 9.5) in relation to the Offer, this Prospectus, the Company or an officer in his or her capacity as an officer of the Company or commences or gives formal notice of an intention to commence any enquiry or investigation (including under Part 3 of the *Australian Securities and Investments Commission Act 2001*) into the Offer, this Prospectus, the Company or an officer in his or her capacity as an officer of the Company.
- (i) **(ASX unconditional approval)** Unconditional approval (or conditional approval, provided such condition would not, in the reasonable opinion of the Underwriter, have a material adverse effect on the success or settlement of the Offer) by the ASX for official quotation of the Shares and New Options (**Offer Securities**) is refused, or is not granted by the Quotation Approval Date (or such later date agreed in writing by the Underwriter in its absolute discretion) or is subsequently withdrawn, qualified or withheld or ASX makes an official statement to any person or indicates to the Company or the Underwriter that official quotation of the Offer Securities will not be granted.
- (j) **(Timetable)** Any event specified in the timetable, as contained in the Underwriting Agreement, is delayed for more than 10 Business Days without the prior written approval of the Underwriter.
- (k) **(issue of ASX Materials)** The Company fails to issue the Appendix 3B and an announcement to the market regarding the Offer (**ASX Materials**) and give them to ASX on or before the Opening Date (or such later date approved in writing by the Underwriter).
- (l) **(listing)** The Company ceases to be admitted to the official list of ASX or the Company's Shares are suspended, from trading on, or cease to be quoted on ASX (which, for the avoidance of doubt, does not include the trading halt requested by the Company for the purposes of conducting the Offer).
- (m) **(new circumstance)** In the reasonable opinion of the Underwriter, at any time on or after the Opening Date a new circumstance arises which would have been required by the Corporations Act to be included in the ASX Materials (or otherwise to have been included in material previously disclosed to ASX) had the new circumstance arisen before the ASX Materials were given to ASX.
- (n) **(material adverse change)** There is a material adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or its subsidiaries and controlled entities (**Group**) including:
- (i) any change in the earnings, future prospects or forecasts of the Group from those disclosed in this Prospectus; or
 - (ii) any change in the assets, liabilities, financial position or performance, profits, Losses or prospects of the Group from those respectively disclosed in this Prospectus.

- (o) **(insolvency)** A member of the Group is insolvent or there is an act or omission which is likely to result in a member of the Group becoming insolvent.
- (p) **(Director)** A Director:
- (i) is charged with an indictable offence relating to any financial or corporate matter or any regulatory body commences any public action against the director in his or her capacity as a director of the Company or announces that it intends to take any such action; or
 - (ii) is disqualified from managing a corporation under sections 206B, 206C, 206D, 206E, 206F or 206G of the Corporations Act.
- (q) **(misleading or deceptive conduct)** Civil or criminal proceedings are brought against the Company or any officer of the Company in relation to any fraudulent, misleading or deceptive conduct whether or not in connection with the Offer.
- (r) **(withdrawal)** The Company withdraws the Offer.
- (s) **(debt facilities)**
- (i) The Company breaches, or defaults under, any provision, undertaking covenant or ratio of a material debt or financing arrangement or any related documentation to which that entity is a party which has a material adverse effect on the Company;
 - (ii) an event of default, potential event of default, review event which gives a lender or financier the right to accelerate or require repayment of the debt or financing or other similar event occurs under or in respect to any such debt or financing arrangement or related documentation; or
 - (iii) the Company suspends payment of its debts generally.
- (t) **(failure to comply)** A member of the Group fails to comply with any of the following:
- (i) a provision of its constitution;
 - (ii) any statute;
 - (iii) a requirement, order or request, made by or on behalf of ASIC or any governmental agency; or
 - (iv) any material agreement entered into by it
- which is likely to prohibit or materially restrict the business of the Company or the Offer.
- (u) **(investigation)** Any person is appointed under any legislation in respect of companies to investigate the affairs of a member of the Group.

- (v) **(judgment against a related corporation)** A judgment in an amount exceeding \$50,000 is obtained against a member of the Group and is not set aside or satisfied within 7 days.
- (w) **(alteration of capital structure or constitution)** A member of the Group alters its capital structure or its constitution without the prior written consent of the Underwriter.
- (x) **(return of capital or financial assistance)** A member of the Group takes any steps to undertake a proposal contemplated under section 257A or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter.
- (y) **(force majeure)** A force majeure, affecting the Company's business or any obligation under the Underwriting Agreements lasting in excess of 7 days occurs (**calamity**). The occurrence of any calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or controls in Australia or any restriction or limitation on the nature/basis of trading of equities on ASX.
- (z) **(ASX All Ordinaries Gold Index fall)** The All Ordinaries Gold Index of ASX is at any time prior to 4.00pm on the Closing Date at a level which is greater than or equal to 10% below its level as at close of business on the day the Underwriting Agreement is executed.
- (aa) **(disruption in financial markets)** Any of the following occurs:
 - (i) a general moratorium on commercial banking activities in Australia, the United States of America, the United Kingdom, Hong Kong or Singapore is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
 - (ii) trading in all securities quoted or listed on ASX, the London Stock Exchange, the New York Stock Exchange or NASDAQ is suspended or limited in a material respect; or
 - (iii) the occurrence of any other adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, a member of the European Union, the United States of America, Hong Kong or Singapore or any change or development involving a prospective adverse change in any of those conditions or markets.
- (bb) **(action by government agency)** Any government agency commences any public action against the Company or any of its directors in their capacity as a director of the Company, or announces that it intends to take such action.
- (cc) **(misrepresentation)** A representation or warranty made under the Underwriting Agreement, to have been made or given by the Company under the Underwriting Agreement proves to be, or has been, or becomes, untrue or incorrect.
- (dd) **(compliance with regulatory requirements)** The Offer or this Prospectus does not comply with any applicable law or regulatory requirement or

there is a contravention by the Company or any of its subsidiaries of the Corporations Act, its constitution or any of the ASX Listing Rules.

- (ee) **(unauthorised public statements)** The Company issues a public statement concerning the Offer which has not been approved by the Underwriter.
- (ff) **(change in law)** There is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a law or any new regulation is made under any law, or a government agency adopts a policy, or there is any official announcement on behalf of the Government of the Commonwealth of Australia or any State or Territory of Australia or a government agency that such a law or regulation will be introduced or policy adopted (as the case may be).
- (gg) **(breach)** The Company fails to perform or observe any of its obligations under the Underwriting Agreement.
- (hh) **(hostilities)** Hostilities not existing at the date of the Underwriting Agreement commencing (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, Canada, any member state of the European Union, North or South Korea, Indonesia, Japan, Russia or the Peoples Republic of China, or a national emergency is declared by any of those countries, or a significant terrorist act is perpetrated anywhere in the world.
- (ii) **(change in management)** A change in the senior management or Board is announced or occurs.

8.5 Related Party Underwriting

Geoffrey Greenhill is a director of Geoda, and holds 50% of the shares in, Geoda. On this basis, Geoda is a related party of the Company.

Graham McGarry is a director of, and a majority shareholder in, Lamerton. On this basis, Lamerton is a related party of the Company.

Marcus Michael is the sole director of, and holds all of the shares in, Riverfront. On this basis, Riverfront is a related party of the Company.

Michael Michael and Adel Michael are the Directors of Oceanic and are also the parents of a Director of the Company, Marcus Michael. On this basis, Oceanic is a related party of the Company.

St Barnabas is not a related party of the Company.

The Company has not sought Shareholder approval for the execution of the Underwriting Agreements between the Company and the Board and Oceanic on the basis that they have been negotiated at arm's length and contain standard commercial terms and therefore fall within the exception in Section 210 of the Corporations Act.

In support of this, the Company advises that:

- (a) the Company originally agreed the underwriting fee of 5% with St Barnabas. Following this, the Directors, through their companies, Geoda,

Lamerton and Riverfront and Oceanic, decided to underwrite their agreed amount, on the same terms and conditions as St Barnabas;

- (b) the Company has chosen a non-renounceable rights issue at a discount to the Company's recent market price to encourage take up of the Offer and is encouraging Shareholders to apply for their full Entitlement; and
- (c) the Directors will not benefit from the proposed use of capital, other than as a holder of Shares and the receipt of the underwriting fee by their companies, Geoda, Lamerton and Riverfront, and salaries to the extent paid from proceeds of the Offer.

It is the view of the Board that the Offer period gives Shareholders a reasonable opportunity to accept the Offer.

8.6 Current and Potential Voting Power of the Underwriters

Geoda and its associates currently have a relevant interest in 10,825,000 Shares, representing 1.09% of the voting power of the Company. Pursuant to the terms of the underwriting agreement between the Company and Geoda, Geoda has agreed to underwrite up to 50,000,000 Shortfall Shares and 50,000,000 Shortfall New Options, raising a total of \$200,000 under the Offer.

Lamerton and its associates currently have a relevant interest in 20,375,000 Shares, representing 2.05% of the voting power of the Company. Pursuant to the terms of the underwriting agreement between the Company and Lamerton, Lamerton has agreed to underwrite up to 50,000,000 Shortfall Shares and 50,000,000 Shortfall New Options, raising a total of \$200,000 under the Offer.

Riverfront and its associates currently have a relevant interest in 6,800,000 Shares, representing 0.68% of the voting power of the Company. Pursuant to the terms of the underwriting agreement between the Company and Riverfront, Riverfront has agreed to underwrite up to 50,000,000 Shortfall Shares and 50,000,000 Shortfall New Options, raising a total of \$200,000 under the Offer.

Oceanic and its associates currently have a relevant interest in 44,765,932 Shares, representing 4.50% of the voting power in the Company. Pursuant to the terms of Oceanic's underwriting agreement, Oceanic has agreed to underwrite up to 75,000,000 Shortfall Shares and 75,000,000 Shortfall New Options, raising a total of \$300,000 under the Offer.

St Barnabas currently has no relevant interest in the Company's Shares. Pursuant to the terms of St Barnabas's underwriting agreement, St Barnabas has agreed to underwrite up to 25,000,000 Shortfall Shares and 25,000,000 Shortfall New Options, raising a total of \$100,000 under the Offer.

The potential effect that the issue of Shares under the Offer will have on the control of the Company is as follows:

- (a) if all Shareholders take up all of the Entitlement under the Offer, the percentage interest in the Shares of the Company held by the Underwriters (and any other major Shareholders) would not change and there would not be any effect on the control of the Company; and
- (b) if some or all of the Shareholders do not take up their Entitlement under the Offer, and there is a Shortfall, then the issue may have an effect on the control of the Company as detailed below.

In order to fully disclose the Underwriters' potential voting power in the Company on completion of the Offer, the table below sets out various scenarios to indicate the effect on the Company's shareholding depending on the Shortfall (if any). Investors should note that the Underwriters' potential voting power will also be reduced to the extent that any Shortfall is applied for, and allocated, to the other Shareholders of the Company.

In the table below, it is assumed that the Underwriters and their associates will take up their full Entitlements as Shareholders under the Offer and each Underwriter will take up their respective maximum Shortfall and no Free Options are exercised.

Event/Date	Number of Shares held by Underwriter and its associates	Voting Power of Underwriter
Geoda		
Date of Prospectus	10,825,000	1.09%
After issue of Shares assuming 100% shortfall to Geoda	65,155,000	4.68%
After issue of Shares assuming 75% shortfall to Geoda	52,655,000	3.78%
After issue of Shares assuming 50% shortfall to Geoda	40,155,000	2.88%
After issue of Shares assuming 25% shortfall to Geoda	27,655,000	1.99%
Lamerton		
Date of Prospectus	20,375,000	2.05%
After issue of Shares assuming 100% shortfall to Lamerton	78,525,000	5.64%
After issue of Shares assuming 75% shortfall to Lamerton	66,025,000	4.74%
After issue of Shares assuming 50% shortfall to Lamerton	53,525,000	3.84%
After issue of Shares assuming 25% shortfall to Lamerton	41,025,000	2.94%
Riverfront		
Date of Prospectus	6,800,000	0.68%
After issue of Shares assuming 100% shortfall to Riverfront	59,520,000	4.27%
After issue of Shares assuming 75% shortfall to Riverfront	47,020,000	3.38%

After issue of Shares assuming 50% shortfall to Riverfront	34,520,000	2.48%
After issue of Shares assuming 25% shortfall to Riverfront	22,020,000	1.58%
Oceanic		
Date of Prospectus	44,765,932	4.50%
After issue of Shares assuming 100% shortfall to Oceanic	137,672,305	9.88%
After issue of Shares assuming 75% shortfall to Oceanic	118,922,305	8.54%
After issue of Shares assuming 50% shortfall to Oceanic	100,172,305	7.19%
After issue of Shares assuming 25% shortfall to Oceanic	81,422,305	5.84%
St Barnabas		
Date of Prospectus	-	0.00%
After issue of Shares assuming 100% shortfall to St Barnabas	25,000,000	1.79%
After issue of Shares assuming 75% shortfall to St Barnabas	18,750,000	1.35%
After issue of Shares assuming 50% shortfall to St Barnabas	12,500,000	0.90%
After issue of Shares assuming 25% shortfall to St Barnabas	6,250,000	0.45%

The number of Shares held by the Underwriters and their voting power in the table above show the potential effect of the partial underwriting of the Offer. However, it is unlikely that no Shareholders, other than Geoda, Lamerton, Riverfront and Oceanic, will take up Entitlements under the Offer. The underwriting obligations, and therefore voting power of Geoda, Lamerton, Riverfront and Oceanic will reduce by a corresponding amount for the amount of Entitlements under the Offer taken up by the other Shareholders.

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 25% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may affect Shareholders upon the future exercise of the New Options are set out in the table below:

Holder	Holding as at Record date	% at Record Date ¹	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer ²
<u>Shareholder 1</u>	100,000,000	10.05%	40,000,000	100,000,000	7.18%
<u>Shareholder 2</u>	50,000,000	5.02%	20,000,000	50,000,000	3.59%
<u>Shareholder 3</u>	15,000,000	1.51%	6,000,000	15,000,000	1.08%
<u>Shareholder 4</u>	4,000,000	0.40%	4,000,000	4,000,000	0.29%
<u>Shareholder 5</u>	500,000	0.05%	200,000	500,000	0.04%

Notes:

1. This is based on a share capital of 995,073,426 at the date of this Prospectus.
2. The dilutionary effect shown in the table is the maximum percentage dilution on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Shortfall Offer and that Shareholders 1 – 5 do not take up any of their Entitlement and no New Options are exercised. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

8.7 Intentions of the Underwriters

The Underwriters have each indicated that their current intentions are based on the facts and information regarding the Company and the general business environment which are known to them as at the date of this Prospectus. Any future decisions will, of course, be reached by the Underwriters based on all material information and circumstances at the relevant time. Accordingly, if circumstances change or new information becomes available in the future, the Underwriters' intentions could change.

The Underwriters have each informed the Company that on the facts and circumstances presently known to them, they are supportive of the Company's current direction. The Underwriters have indicated that they are presently willing to consider any proposals that the Board and the Company's management may put forward as to how they could support and assist the Company towards its objectives.

The Underwriters have advised the Company that they do not currently intend to make any major changes to the direction and objectives of the Company, and that other than as disclosed in this Prospectus, they:

- (a) do not currently intend to make any significant changes to the existing businesses of the Company;
- (b) do not currently intend to inject further capital into the Company other than participating in the Offer and underwriting the Offer;
- (c) do not currently intend to become involved in decisions regarding the future employment of the Company's present employees and contemplate that they will continue in the ordinary course of business;
- (d) do not currently intend for any property to be transferred between the Company and the Underwriters or any person associated with them;
- (e) do not currently intend to redeploy the fixed assets of the Company; and
- (f) do not currently intend to change the Company's existing financial or dividend policies.

The Underwriters will each make decisions on their course of action in light of material facts and circumstances at the relevant times and after they receive appropriate legal and financial advice on such matters, where required, including in relation to any requirement for Shareholder approvals.

The statements reflect current intentions only as at the date hereof which may change as new information becomes available or circumstances change or with the passage of time.

8.8 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	Entitlement		
			Shares	New Options	\$
Graham McGarry	20,375,000 ¹	Nil	8,150,000 ¹	8,150,000	32,600
Geoff Greenhill	10,825,000 ²	Nil	4,330,000 ²	4,330,000	17,320
Marcus Michael	6,800,000 ³	Nil	2,720,000 ³	2,720,000	10,880

Notes:

1. 12,700,000 held by Lamerton Pty Ltd and 7,675,000 held by Lamerton Pty Ltd <Mac's Super Fund A/C>.
2. 10,825,000 held by Geoda Pty Ltd.
3. 4,800,000 held by Riverfront Nominees Pty Ltd <MCM Family AC> and 2,000,000 held by Mr Marcus Michael & Mrs Kathryn Michael <Riverfront S/F A/C>.

In addition to their respective Entitlements set out above, each Director, as a partial Underwriter to the Offer, may subscribe for additional Shares and New Options as an Underwriter. Refer to Section 8.6 for further information in relation to the effect the Directors' underwriting will have on the Offer and the Directors' interests in the Company.

The Board recommends all Shareholders take up their Entitlement and advises that all Directors intend to take up their respective Entitlements in full.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process.

The structure of non-executive and executive Director remuneration is separate and distinct.

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 following table shows the total remuneration paid and to be paid per financial year to the Directors (inclusive of superannuation).

Director	2010/2011 ¹	2011/2012	2012/2013 ²
Graham McGarry	Nil	\$13,750	\$54,500
Geoff Greenhill	Nil	\$13,750	\$54,500
Marcus Michael	Nil	\$13,750	\$54,500

Notes:

1. The Directors were not appointed until 19 March 2012.
2. As the Company's circumstances change, the amount of remuneration payable to the Directors in the 2012/2013 may change to reflect any additional commitment from the Directors.

8.9 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (i) the formation or promotion of the Company; or
- (ii) the Offer.

Geoda, Lamerton, Riverfront, Oceanic and St Barnabas have acted as the Underwriters to the Company in relation to part of the Offer. An underwriting fee of 5% will be payable to each of the Underwriters under the Underwriting Agreements as set out in Section 8.4. During the 24 months preceding lodgement of this Prospectus with the ASIC, the Company has paid:

- (a) Geoda fees totalling nil;
- (b) Lamerton fees totalling nil;
- (c) Riverfront fees totalling nil;
- (d) Oceanic fees totalling \$50,000; and
- (e) St Barnabas fees totalling nil.

However, during the 24 months preceding lodgement of this Prospectus with the ASIC, the Company has paid the Board, which controls Geoda, Lamerton and Riverfront, fees totalling \$68,499.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$64,784.50 (excluding GST and disbursements) for legal services provided to the Company.

8.10 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

The Underwriters have given, and have not withdrawn prior to the lodgement of this Prospectus with the ASIC, their written consent to being named as the Underwriters to the Company in this Prospectus. The Underwriters have not caused or authorised the issue of this Prospectus, do not make or purport to make any statement in this Prospectus or on which a statement is made in the Prospectus is based, and to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to their name and a statement included in this Prospectus with the consent of the Underwriters.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.11 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$90,361 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,171
ASX fees	3,190
Underwriting fees	50,000
Legal fees	10,000
Printing and distribution	15,000
Miscellaneous	10,000
Total	90,361

8.12 Electronic prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61(08) 9322 6600 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.beaconminerals.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.13 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.14 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.15 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Marcus Michael
Executive Director
For and on behalf of
Beacon Minerals Limited

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Securities pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Beacon Minerals or the **Company** means Beacon Minerals Limited (ACN 119 611 559).

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company or **Beacon Minerals** means Beacon Minerals Limited (ACN 119 611 559).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Geoda means Geoda Pty Ltd (ACN 056 002 192).

Lamerton means Lamerton Pty Ltd (ACN 008 739 928).

Oceanic means Oceanic Capital Pty Ltd (ACN 112 800 978).

Offer means the partially underwritten non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Riverfront means Riverfront Nominees Pty Ltd (ACN 050 218 169).

Securities means the Shares and Options offered pursuant to this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Shares and New Options not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall New Options means those New Options issued pursuant to the Shortfall Offer.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.8 of this Prospectus.

Shortfall Securities means the Shortfall Shares and the Shortfall New Options.

Shortfall Shares means those Shares issued pursuant to the Shortfall Offer.

St Barnabas means St Barnabas Investments Pty Ltd (ACN 088 998 387).

Total Underwritten Amount means the total amount agreed to be underwritten by the Underwriters, being a maximum of \$1,000,000 or a total of up to 250,000,000 Shortfall Shares and 250,000,000 Shortfall New Options.

Underwriters means Geoda, Lamerton, Riverfront, Oceanic and St Barnabas.

Underwriting Agreements means the underwriting agreements between the Company and each of the Directors of Beacon Minerals, Oceanic and St Barnabas, as summarised in Section 8.

WST means Western Standard Time as observed in Perth, Western Australia.