

Beacon Minerals Limited

(ABN 64 119 611 559)

Annual Financial Report

For the year ended 30 June 2009

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CORPORATE INFORMATION

ABN 64 119 611 559

Directors

Paul Lloyd (Chairman)

Darryl Harris (Managing Director)

Matthew Egan

Company Secretary

Paul Lloyd

Principal place of business

Level 2, 46 Ord Street

West Perth, Western Australia 6005

Telephone: +61 8 9476 9200

Facsimile: +61 8 9476 9099

Email: admin@beaconminerals.com

Website: www.beaconminerals.com

Share Register

Advanced Share Registry Services

150 Stirling Highway

Nedlands, Western Australia, 6009

Solicitors

Murcia Pestell Hillard Pty Ltd

Level 3, 23 Barrack Street

Perth, Western Australia 6000

Auditors

HLB Mann Judd

Level 2, 15 Rheola Street

West Perth WA 6005

ASX Codes

BCN (shares)

BCNOA (options)

BCNO (options)

Registered office

30 Ledger Road

Balcatta, Western Australia 6021

DIRECTORS' REPORT

Your directors submit the annual financial report of the consolidated entity for the financial year ended 30 June 2009. 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 year 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 Lloyd, B.Bus CA (Chairman/Company Secretary)

Paul Lloyd is a Chartered Accountant with over 25 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 Riviera Resources Limited.

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*
- Riviera Resources Limited*

Darryl Harris B.Sc.MAusIMM (Managing Director)

Darryl Harris is an engineering metallurgist with over 30 years experience in the development, design and commissioning of various metallurgical plants, including iron and steel, sulphuric acid, alumina and base metal projects. Mr Harris has had a long association with consultant engineering companies including Nedpac, Signet Engineering, Lurgi, Outokumpu and Outotec.

This includes coordination of various studies and concept development of various metallurgical plants including steel projects such as Kingstream and specific metallurgical experience includes detailed feasibility studies, laboratory testwork, and project development for a variety of gold, ferrous, diamond and base metal projects.

Mr Harris is currently the Non Executive Chairman of Indo Mines Limited and has been a director of the company since 16 June 1987. The ASX listed Indo Mines Limited are developing the Jogjakarta Ironsands Project in Indonesia.

Mr Harris was appointed to the Board on 31 July 2008.

During the last three years, Mr Harris has also served as a director of Indo Mines Limited*, an ASX listed company.

Matthew Egan (Non-Executive Director)

Matthew Egan has been associated with the exploration and mining industry for over 25 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 growth of the company to employing 135 staff. The company was later purchased by DrillCorp Ltd.

He is currently the Managing Director and owner of Egan Drilling Services, a mineral drilling contractor operating in Western Australia.

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.

** denotes current directorships*

DIRECTORS' REPORT (continued)

Lyle Thorne B.App Sc(Hons) (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, Mr Thorne 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.

Mr Thorne was appointed to the Board on 9 May 2006 and resigned 2 October 2008.

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

John Hebenton Assoc.Mech Eng, FIEAust, CPEng, NPER(Chem), MAusIMM (Non Executive Director)

John Hebenton is a mechanical/chemical engineer with over 30 years international experience in the design, project management, construction and commissioning of a diverse range of large scale process plant technologies. He has established many large multi-disciplinary Project task forces incorporating overseas engineering specialists, resulting in successful turn key completion of many significant projects including unique, first of their kind plants such as Hismelt Kwinana, WA. He was Consortium Project Manager for the successful implementation of Turkey's first privately owned resource project- a Copper/Zinc Mine and Concentrate Processing Plant - in partnership with one of Turkey's largest construction companies, heading up an international design team in Ankara.

Mr Hebenton has consulted to the WA Government on Swiss waste to energy technologies and has prepared business plans and marketing for integrated waste to energy projects in Australia, China, India, Indonesia, Malaysia and Thailand as well as developing proposals for solar projects in Germany and Australia.

Mr Hebenton is a former President of the West Australian-German Business Association and former Vice-President of the International Business Council WA.

Mr Hebenton was appointed to the Board on 31 July 2008 and resigned 31 March 2009.

During the last three years, Mr Hebenton has also served as a director of Nimrodel Resources Limited*, an ASX listed company.

DIRECTORS' REPORT (continued)**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 | Number of other options | Number of fully paid ordinary shares |
|---------------|--------------------------------|-------------------------|--------------------------------------|
| Paul Lloyd | 2,000,000 (i) | 2,100,000 (iv) | 4,330,000 |
| Darryl Harris | 1,500,000 (ii) | 962,000 (v) | 1,016,000 |
| Matthew Egan | 2,000,000 (i) | 635,974 (iii) | 1,521,947 |

- (i) Exercisable at 20 cents on or before 31 May 2011.
- (ii) Exercisable at 30 cents on or before 31 August 2010.
- (iii) 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.
- (iv) Exercisable at 1 cent on or before 31 August 2010.
- (v) 800,000 Exercisable at 30 cents on or before 31 August 2010 and 162,000 exercisable at 1 cent 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 | 239,290,684 | 1 cent | 31 August 2010 |
| Beacon Minerals Limited | 6,000,000 | 20 cents | 31 May 2011 |
| Beacon Minerals Limited | 16,587,934 | 20 cents | 31 August 2010 |
| Beacon Minerals Limited | 45,283,580 | 30 cents | 31 August 2010 |
| Beacon Minerals Limited | 150,000 | 27 cents | 1 August 2012 |

1,120,418 ordinary shares were issued during the financial year as a result of the exercise of options.

Dividends

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

Principal Activities

The principal activities of the entities within the consolidated entity during the year were the exploration for minerals in Australia and Kyrgyzstan.

The entity commenced exploration activities in Kyrgyzstan during the year and concluded those activities before the end of the year. The entities within the consolidated entity now remained focused on Australian exploration.

DIRECTORS' REPORT (continued)**Review of operations**

This reporting year was again a very active and exciting one for the company, with a continued aggressive exploration approach at priority project areas. Exploration continued at both the company's Queensland and Western Australian Projects with particular focus and success achieved from the Barlee Gold Project in Western Australia. The company also reviewed several international mineral opportunities which resulted in the acquisition of four mineral projects in the Central Asian country of Kyrgyzstan. Following the global financial downturn the company could not maintain the financial commitments in Kyrgyzstan and had to divest itself of these assets as well as the majority of its Joint Venture interests in Queensland.

Barlee Gold Project

Two drilling programs were completed at Barlee (located 200 kilometres north of Southern Cross in Western Australia) which included further Rotary Air Blast (RAB) and Reverse Circulation (RC) drilling. These programs, completed in August 2008 (3,750 m of RC) and May 2009 (1,853 m of RC and 2,275 m of RAB), returned further highly encouraging results from several of the prospects including Halleys East and Phil, whilst regional RAB drilling and geochemical sampling outlined additional gold anomalies. Reprocessed aeromagnetic data also identified twenty three highly prospective targets.

Significant shallow drill intercepts were returned from the drilling campaigns and included:

Selected RC Drilling Results – August 2009 Program Barlee Project

| Prospect | Hole (BRC) | East | North | Depth (m) | From (m) | Results (g/t Au) |
|---------------------|-------------------|-------------|--------------|------------------|-----------------|-------------------------|
| <i>Halleys East</i> | 48 | 703182 | 6737571 | 75 | 27 | 2m @ 3.6 |
| | 49 | 703219 | 6737535 | 80 | 75 | 5m @ 7.0 (EOH) |
| | | | | inc | 82 | 2m @ 15.7 |
| | 50 | 703237 | 6737516 | 90 | 50 | 4m @ 8.4 |
| | | | | | 82 | 1m @ 23.3 |
| | 51 | 703211 | 6737583 | 70 | 26 | 6m @ 3.0 |
| | | | | | 59 | 5m @ 26.6 |
| | | | | | 60 | 2m @ 59.9 |
| | 54 | 703224 | 6737615 | 85 | 70 | 1m @ 8.1 |
| | | | | | 73 | 4m @ 2.3 |
| | 56 | 703260 | 6737572 | 100 | 27 | 4m @ 4.0 |
| | | | | inc. | 28 | 1m @ 10.4 |
| | 59 | 703203 | 6737501 | 70 | 17 | 7m @ 1.1 |
| | | | | | 37 | 3m @ 6.4 |
| | | | | inc | 38 | 1m @ 17.4 |
| | | | | | 51 | 1m @ 5.6 |
| | | | | | 57 | 2m @ 3.0 |
| | | | | | 68 | 2m @ 10.4 (EOH) |
| | 60 | 703180 | 6737502 | 70 | 25 | 2m @ 4.2 |
| | | | | | 37 | 27m @ 36.4 |
| | | | | inc | 46 | 3m @ 114.8 |
| | | | | inc | 56 | 2m @ 121.8 |
| | | | | inc | 59 | 2m @ 85.2 |

DIRECTORS' REPORT (continued)**Review of operations (continued)**

| | | | | | | |
|--------------|-----------|--------|---------|------|----|-------------------|
| | 61 | 703146 | 6737529 | 70 | 15 | 9m @ 3.7 |
| | | | | inc | 18 | 3m @ 9.5 |
| | | | | | 53 | 2m @ 2.9 |
| | | | | | 84 | 1m @ 13.0 |
| | 82 | 703170 | 6737446 | 152 | 47 | 6m @ 4.2 |
| | | | | Inc. | 48 | 1m @ 8.9 |
| | 83 | 703203 | 6737461 | 151 | 99 | 2m @ 9.4 |
| Buddy | 72 | 702800 | 6737110 | 90 | 67 | 3m @ 2.4 |
| | 75 | 702846 | 6737148 | 86 | 34 | 1m @ 5.7 |
| | | | | | 72 | 1m @ 11.8 |
| | 80 | 702810 | 6737240 | 70 | 19 | 2m @ 4.5 |
| Phil | 88 | 702960 | 6739265 | 100 | 55 | 15m @ 11.5 |
| | | | | Inc. | 59 | 2m @ 29.5 |
| | | | | Inc. | 64 | 4m @ 20.6 |

Selected RC Drilling Results – May 2009 Program Barlee Project

| | Hole | East | North | Depth (m) | From (m) | Results (g/t Au) |
|----------------------|------------|--------|---------|-----------|----------|-------------------|
| Halley's East | 092 | 703253 | 6737650 | 120 | 92 | 2m @ 21.3 |
| | 095 | 703248 | 6737583 | 120 | 43 | 10m @ 11.9 |
| | | | | | 46 | 4m @ 23.3 |
| | 097 | 703217 | 6737570 | 110 | 53 | 8m @ 8.0 |
| | | | | | 53 | 2m @ 19 |
| | | | | | 57 | 1m @ 22.3 |
| | | | | | 107 | 2m @ 9.2 |
| | 098 | 703206 | 6737543 | 80 | 26 | 6m @ 1.8 |
| | | | | | 37 | 5m @ 3.3 |
| | | | | | 54 | 6m @ 4.5 |
| | | | | | 64 | 8m @ 24.7 |
| | | | | | 66 | 3m @ 46.8 |
| | 099 | 703250 | 6737501 | 130 | 100 | 3m @ 6.9 |
| Halley's SW | 102 | 703035 | 6737405 | 120 | 70 | 1m @ 4.3 |
| | 103 | 702975 | 6737400 | 109 | 19 | 4m @ 1.8 |
| Phil | 109 | 702970 | 6739248 | 120 | 84 | 5m @ 7.2 |
| | | | | | 87 | 1m @ 20.6 |
| | 110 | 702947 | 6739238 | 120 | 68 | 1m @ 4.5 |

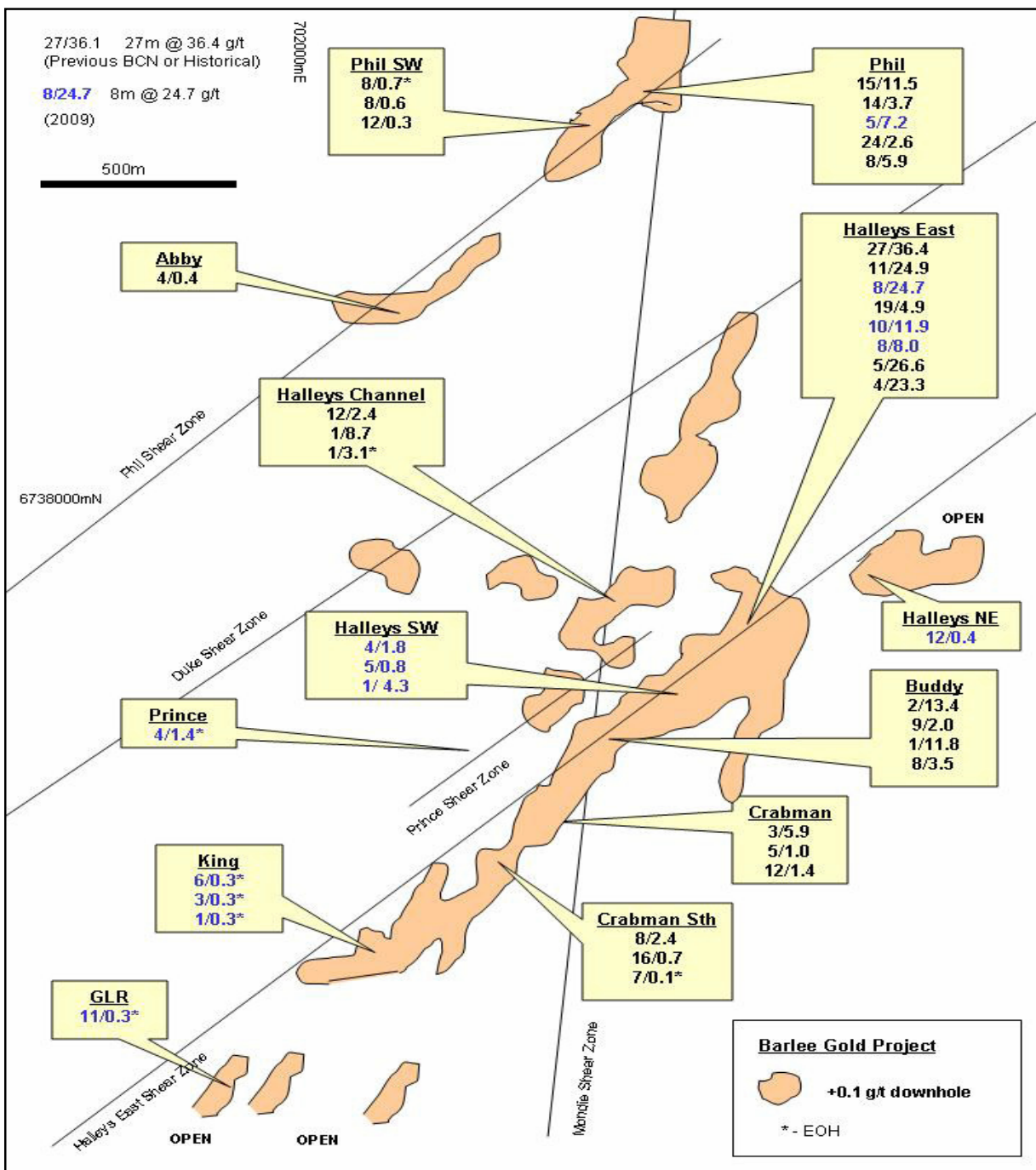
DIRECTORS' REPORT (continued)

Review of operations (continued)

The shallow mineralisation defined to date at Barlee is interpreted to have a spatial association with north east trending shear zones and quartz-feldspar porphyries. Gold occurs in sheared, bleached, silicified sulphide-quartz zones which are interpreted to dip to the southeast. At present, a number of zones have been identified along these north east trending shear zones, in particular the Halleys East and Phil Shear Zones. Mineralisation to date is open at depth and along strike and the company plans to complete further drilling as a priority along these shears to further define the mineralised zones and determine their potential to host shallow resources. Regional exploration targeting other, untested structural targets is also considered a priority.

Further aggressive exploration and drilling is planned for the Barlee Gold Project and an initial JORC resource will be developed for the Halleys East prospect.

Highlighted Aircore and Reverse Circulation Results to Date – Barlee Gold Project



DIRECTORS' REPORT (continued)

Review of operations (continued)

Greenvale

Minimal exploration activities were undertaken at Steam Engine and Galah Dam within the Lucky Creek Joint Venture during the financial year. Following review by Board and refocussing on the Barlee project the company withdrew from the Lucky Creek JV in February 2009. The company still has two licences at Greenvale, EPM 15069 & ML6750.

Kyrgyzstan

In June 2008, the company signed a Heads of Agreement to acquire Silcom Resources Ltd, an unlisted company with mineral interests in the Central Asian country of Kyrgyzstan. The acquisition was subsequently approved by shareholders on 24 July 2008.

Acquired projects included the Baladjan and Djelidysu Silicon Projects and the Keptash and Kumushtak Au-Ag-Cu projects. Silcom Resources Limited had an established geological team and base in Kyrgyzstan.

The company completed exploration activities in the second half of 2008 but due to the global financial crisis the company divested itself of these interests in May 2009.

In accordance with Listing Rules 5.6 of the Australian Securities Exchange, the technical information contained in this report has been compiled by Mr. Lyle Thorne, a consultant to the company. Mr. Thorne is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has the relevant experience with the mineralisation reported on to qualify as a Competent Person as defined by the Australasian Code for Reporting of Mineral Resources and Reserves. Mr. Thorne consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Operating results for the year

| | |
|---|---------------|
| Net loss attributable to equity holders of the parent for the year ended 30 June 2009 | \$(4,696,904) |
| Basic loss per share (cents) | (3.44) |

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

The Company announced on 21 September 2009 the intention to complete a pro-rata non-renounceable rights issue of 1 New Share in the capital of Beacon Minerals Limited for every 1 existing Share held as at 5.00pm WST on 30 September 2009 at an issue price of \$0.022 per New Share to raise up to approximately \$7.85 million.

There were no other matter or circumstance that have 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 years.

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 D Harris, 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 total amount of premiums paid was \$8,869.

DIRECTORS' REPORT (continued)

Remuneration report

This report outlines the remuneration arrangements in place for directors and executives of Beacon Minerals Limited (the "company"), for the financial year ended 30 June 2009.

The following persons acted as directors during or since the end of the financial year:

Paul Lloyd (Chairman)
Darryl Harris (Managing Director)
Matthew Egan
Lyle Thorne (resigned 2 October 2008)
John Hebenton (resigned 31 March 2009)

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 year ended 30 June 2009 is detailed below and in Note 22 of this financial 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

The current directors hold significant numbers of options and or shares. Therefore there exists a direct link between the creation of shareholder wealth performance, and the financial rewards for the directors.

Employment Contract

No current Directors are employed under employment agreements.

DIRECTORS' REPORT (continued)

Remuneration report (continued)

| | Primary benefits | Post employment | | | Equity | Total | % |
|---------------------|------------------|-----------------------|-----------------|---------------------|----------------|----------------|---------------------|
| | Salary & Fees | Non Monetary Benefits | Super-annuation | Prescribed benefits | Options/Shares | | Performance related |
| 30 June 2008 | | | | | | | |
| M Egan | 24,000 | 1,602 | 2,160 | - | - | 27,762 | - |
| D Harris | - | - | - | - | - | - | - |
| P Lloyd | 120,000 | 1,602 | 6,480 | - | - | 128,082 | - |
| L Thorne | 180,000 | 1,602 | 16,200 | - | - | 197,802 | - |
| J Hebenton | - | - | - | - | - | - | - |
| Total | 324,000 | 4,806 | 24,840 | - | - | 353,646 | - |
| 30 June 2009 | | | | | | | |
| M Egan | 24,000 | 2,245 | 2,160 | - | - | 28,405 | - |
| D Harris | 211,200 | 2,058 | - | - | 56,341 | 269,599 | 21 |
| P Lloyd | 221,641 | 2,245 | 17,158 | - | 125,000 | 366,044 | 34 |
| L Thorne | 42,604 | 561 | 3,834 | - | - | 46,999 | - |
| J Hebenton | 16,000 | 1,497 | 1,440 | - | 18,780 | 37,717 | 50 |
| Total | 515,445 | 8,606 | 24,592 | - | 200,121 | 748,764 | 27 |

Table 2: Options and shares granted as part of remuneration

| | Value of options/shares granted at grant date | Value of options exercised at exercise date | Value of options lapsed at time of lapse | Total value of options/shares granted, exercised and lapsed | Value of options lapsed during period | Value of Options/shares included in remuneration for the year | % remuneration consisting of options for the year |
|---------------------|---|---|--|---|---------------------------------------|---|---|
| 30 June 2009 | | | | | | | |
| P Lloyd | 125,000 | - | - | 125,000 | - | 125,000 | 34 |
| D Harris | 56,341 | - | - | 56,341 | - | 56,341 | 21 |
| J Hebenton | 18,780 | - | - | 18,780 | - | 18,780 | 50 |
| | 200,121 | - | - | 200,121 | - | 200,121 | 27 |

No options were granted as part of remuneration during the year ended 30 June 2008.

For details on the valuation of the options, including models and assumptions used, please refer to Note 11. 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 year and the number of meetings attended by each director was as follows:

| Directors during the year ended 30 June 2009 | Full meetings Of Directors | |
|--|----------------------------|----|
| | A | B |
| P Lloyd | 11 | 11 |
| D Harris | 9 | 9 |
| M Egan | 11 | 11 |
| L Thorne | 3 | 2 |
| J Hebenton | 7 | 7 |

A = Number of meetings held during the time that the director held office

B = Number of meetings attended in person

DIRECTORS' REPORT (continued)

Auditor Independence

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 20 and forms part of this directors' report for the year ended 30 June 2009.

Non-Audit Services

There were no non-audit services provided by our auditors, HLB Mann Judd, during the year.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'P Lloyd', is positioned above the printed name and title.

Paul Lloyd
Chairman

Perth, 30 September 2009

CORPORATE GOVERNANCE STATEMENT

The board of Directors is responsible for the corporate governance of the Company. The Board guides and monitors business activities and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with company's needs. The Corporate Governance Statement has been structured with reference to ASX Corporate Governance Council's ("council") "Principles of Good Corporate Governance and Best Practise Recommendations" to the extent that they are applicable to the Company.

Information about the Company's corporate governance practises are set out below.

Board of Directors

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report. Directors of Beacon Minerals Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgment.

In the context of director independence, 'materiality' is considered from both the company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Beacon Minerals Limited are considered to be independent:

| Name | Position |
|--------------|------------------------|
| Matthew Egan | Non Executive Director |

There are procedures in place, agreed by the Board, to enable directors in the furtherance of their duties to seek independent professional advice at the company's expense.

The term in office held by each director in office at the date of this report is as follows:

| Name | Office | Date of Appointment | Period of Tenure (months) | Date of most recent re-election by members |
|---------------|------------------------|---------------------|---------------------------|--|
| Paul Lloyd | Chairman | 9 May 2006 | 37 | November 2007 |
| Darryl Harris | Managing Director | 31 July 2008 | 11 | November 2008 |
| Matthew Egan | Non Executive Director | 9 May 2006 | 37 | November 2008 |

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.

CORPORATE GOVERNANCE STATEMENT (continued)

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 Managing Director. 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 company 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.

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.

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.

Mr Matthew Egan is considered an "Independent Director" in terms of ASX Recommendations as he does not hold a substantial amount of shares in the Company.

Chairman

The Company is not currently considered to be of a size, nor is its affairs of such complexity to justify the need for an independent Chairman. The Chairman has been selected to bring specific skills and industry experience relevant to the company.

CORPORATE GOVERNANCE STATEMENT (continued)

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 company 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.

CORPORATE GOVERNANCE STATEMENT (continued)

Audit committee (continued)

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 company. The company 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 company.

Risk Profile

The company 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).

CORPORATE GOVERNANCE STATEMENT (continued)

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 year, 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 significant 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.

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 ("ASX"), the Company on behalf of the directors must advise the ASX 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.

CORPORATE GOVERNANCE STATEMENT (continued)

Communication with Shareholders (continued)

In summary, the continuous disclosure processes operate as follows:

- The chairman and the Managing Director 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

Other Information

Further information relating to the company's corporate governance practices and policies has been made publicly available on the company's web site at www.beaconminerals.com.



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 year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) 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'.

**Perth, Western Australia
30 September 2009**

**L DI GIALLONARDO
Partner, HLB Mann Judd**

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

| | Notes | Consolidated Group | | Parent Entity | |
|--|-------|--------------------|------------------|---------------------|--------------------|
| | | 2009 \$ | 2008 \$ | 2009 \$ | 2008 \$ |
| Revenue | 2 | 16,379 | - | 16,379 | 148,493 |
| Other income | 2 | 12,376 | - | 12,376 | 133,111 |
| Accounting expense | | (42,112) | - | (42,112) | (58,185) |
| Audit fees | | (24,290) | - | (24,290) | (16,360) |
| Consultants | | (341,846) | - | (341,846) | (309) |
| Depreciation expense | 9 | (10,594) | - | (10,594) | (10,122) |
| Directors' fees | | (24,000) | - | (24,000) | (24,000) |
| Employee benefits expense | | (259,653) | - | (259,653) | (206,492) |
| Exploration expense | 10 | (2,024,282) | - | (2,024,282) | (1,316,762) |
| Insurance | | (18,729) | - | (18,729) | (21,456) |
| Interest | | (113,652) | - | (113,652) | (436) |
| Legal expense | | (9,262) | - | (9,262) | (12,028) |
| Listing fees | | (32,296) | - | (32,296) | (22,482) |
| Office expense | | (96,494) | - | (96,494) | (81,133) |
| Option and share issue expense | | (200,121) | - | (200,121) | (27,908) |
| Other expenses | | (21,062) | - | (21,062) | (37,412) |
| Impairment of non-current financial asset | | (135,000) | - | (135,000) | - |
| Impairment of investment in controlled entity | 2 | - | - | (5,907,733) | - |
| Impairment of loan to controlled entity | 2 | - | - | (1,009,110) | - |
| Promotions and advertising | | (37,563) | - | (37,563) | (17,300) |
| Share registry expense | | (13,473) | - | (13,473) | (20,526) |
| Travel and accommodation | | (80,886) | - | (80,886) | (117,559) |
| Loss before income tax expense from continuing operations | 2 | (3,456,560) | - | (10,373,403) | (1,708,866) |
| Loss before income tax expense from discontinued operations | 23 | (1,240,344) | (376,156) | - | - |
| Income tax expense | 3 | - | - | - | - |
| Net Loss for the year | | (4,696,904) | (376,156) | (10,373,403) | (1,708,866) |

Basic loss per share (cents per share) 5 (3.44) (1.1)

Basic loss per share from continuing operations (cents per share) 5 (2.53)

The accompanying notes form part of these financial statements

**BALANCE SHEET
AS AT 30 JUNE 2009**

| | Notes | Consolidated Group | | Parent Entity | |
|--------------------------------------|-------|--------------------|------------|------------------|-------------|
| | | 2009 \$ | 2008 \$ | 2009 \$ | 2008 \$ |
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | 6 | 990,577 | 128,388 | 990,577 | 1,243,617 |
| Trade and other receivables | 7 | 50,345 | 167,306 | 45,150 | 95,154 |
| Total Current Assets | | 1,040,922 | 295,694 | 1,035,727 | 1,338,771 |
| Non-Current Assets | | | | | |
| Other financial assets | 8 | 125,000 | - | 125,000 | 240,000 |
| Property, plant and equipment | 9 | 12,608 | 91,361 | 12,608 | 23,202 |
| Deferred exploration expenditure | 10 | 248,826 | 362,238 | 248,826 | 1,371,317 |
| Total Non-Current Assets | | 386,434 | 453,599 | 386,434 | 1,634,519 |
| Total Assets | | 1,427,356 | 749,293 | 1,422,161 | 2,973,290 |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Trade and other payables | 12 | 29,640 | 34,899 | 29,640 | 89,174 |
| Total Current Liabilities | | 29,640 | 34,899 | 29,640 | 89,174 |
| Non-Current Liabilities | | | | | |
| Borrowings | 13 | 1,612,937 | 477,966 | 1,612,937 | - |
| Total Non Current Liabilities | | 1,612,937 | 477,966 | 1,612,937 | - |
| Total Liabilities | | 1,642,577 | 512,865 | 1,642,577 | 89,174 |
| Net Assets/(Liabilities) | | (215,221) | 236,428 | (220,416) | 2,884,116 |
| Equity | | | | | |
| Issued capital | 14 | 4,715,158 | 612,584 | 11,661,762 | 4,535,573 |
| Reserves | 14 | 142,681 | - | 472,634 | 329,952 |
| Accumulated losses | 14 | (5,073,060) | (376,156) | (12,354,812) | (1,981,409) |
| Total Equity/(Deficiencies) | | (215,221) | 236,428 | (220,416) | 2,884,116 |

The accompanying notes form part of these financial statements

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

| | Notes | Consolidated Group | | Parent Entity | |
|--|-------|------------------------|------------------------|------------------------|------------------------|
| | | 2009 \$ | 2008 \$ | 2009 \$ | 2008 \$ |
| | | Inflows/ (Outflows) | Inflows/ (Outflows) | Inflows/ (Outflows) | Inflows/ (Outflows) |
| Cash flows from operating activities | | | | | |
| Payments to suppliers and employees | | (1,489,029) | (506,663) | (953,496) | (544,166) |
| Interest received | | 16,379 | 10,544 | 18,618 | 146,254 |
| Net cash provided by/(used in) operating activities | 6 | (1,472,650) | (496,119) | (934,878) | (397,912) |
| Cash flows from investing activities | | | | | |
| Loan to controlled entity | | - | - | (1,506,397) | - |
| Cash introduced on acquisition of Silcom Resources Pty Ltd | 21 | 1,243,617 | - | - | - |
| Proceeds from sale of non-current assets | | - | - | - | 77,412 |
| Purchase of property, plant and equipment | | - | (103,805) | - | (2,320) |
| Payments for deferred exploration expenditure | | (1,520,838) | (362,238) | (901,791) | (1,446,574) |
| Net cash provided by/(used in) investing activities | | (277,221) | (466,043) | (2,408,188) | (1,371,482) |
| Cash flows from financing activities | | | | | |
| Proceeds from borrowings | | 1,021,319 | 477,966 | 1,499,285 | - |
| Proceeds from issue of shares | | 1,692,337 | 612,584 | 1,692,337 | - |
| Share issue expenses | | (101,596) | - | (101,596) | (5,950) |
| Net cash provided by/(used in) financing activities | | 2,612,060 | 1,090,550 | 3,090,026 | (5,950) |
| Net increase/(decrease) in cash and cash equivalents | | 862,189 | 128,388 | (253,040) | (1,775,344) |
| Cash and cash equivalents at beginning of year | | 128,388 | - | 1,243,617 | 3,018,961 |
| Cash and cash equivalents at 30 June 2009 | 6 | 990,577 | 128,388 | 990,577 | 1,243,617 |

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

| | Ordinary Shares | Accumulated losses | Option Premium Reserve | Employee Equity Benefits Reserve | Fair Value Reserve | Total |
|---|--------------------|-----------------------|------------------------------|---|--------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Parent Entity | | | | | | |
| Opening Balance 1 July 2007 | 4,541,523 | (272,543) | 169,250 | 92,794 | - | 4,531,024 |
| Transaction costs | (5,950) | - | - | - | - | (5,950) |
| Loss attributable to members of the parent entity | - | (1,708,866) | - | - | - | (1,708,866) |
| Issue of options to employee | - | - | - | 27,908 | - | 27,908 |
| Revaluation of listed investments | - | - | - | - | 40,000 | 40,000 |
| Balance at 30 June 2008 | 4,535,573 | (1,981,409) | 169,250 | 120,702 | 40,000 | 2,884,116 |
| Opening Balance 1 July 2008 | 4,535,573 | (1,981,409) | 169,250 | 120,702 | 40,000 | 2,884,116 |
| Shares issued during the year | 7,227,785 | - | - | - | - | 7,227,785 |
| Transaction costs | (101,596) | - | - | - | - | (101,596) |
| Loss attributable to members of the parent entity | - | (10,373,403) | - | - | - | (10,373,403) |
| Issue of options to employees and consultants | - | - | - | 122,682 | - | 122,682 |
| Revaluation of listed investments | - | - | - | - | 20,000 | 20,000 |
| Balance at 30 June 2009 | 11,661,762 | (12,354,812) | 169,250 | 243,384 | 60,000 | (220,416) |
| Consolidated Group | | | | | | |
| Opening Balance 1 July 2007 | - | - | - | - | - | - |
| Shares issued during the year | 612,584 | - | - | - | - | 612,584 |
| Transaction costs | - | - | - | - | - | - |
| Loss attributable to members of the parent entity | - | (376,156) | - | - | - | (376,156) |
| Balance at 30 June 2008 | 612,584 | (376,156) | - | - | - | 236,428 |
| Opening Balance 1 July 2008 | 612,584 | (376,156) | - | - | - | 236,428 |
| Shares issued during the year | 1,817,257 | - | - | - | - | 1,817,257 |
| Transaction costs | (101,596) | - | - | - | - | (101,596) |
| Loss attributable to members of the parent entity | - | (4,696,904) | - | - | - | (4,696,904) |
| Acquisition of Beacon Minerals Limited | 2,386,913 | - | - | - | - | 2,386,913 |
| Issue of options to employees and consultants | - | - | - | 122,681 | - | 122,681 |
| Revaluation of listed investments | - | - | - | - | 20,000 | 20,000 |
| Balance at 30 June 2009 | 4,715,158 | (5,073,060) | - | 122,681 | 20,000 | (215,221) |

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of Preparation**

The consolidated 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, except for available for sale investments which have been measured at fair value.

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. During the financial year, the company commenced exploration activities in Kyrgyzstan and concluded these activities before the end of the year. The company's principal activity is the exploration and development of minerals projects.

Going Concern

In the past 12 months, the Group has continued with exploration at the Barlee Gold project. At 30 June 2009, there was a net asset deficiency of \$215,221 (parent \$220,416).

The Annual Report has been prepared on a going concern basis as outlined below:

The Directors have prepared projections to September 2010 which disclosed a requirement to generate funds via future capital raisings. The Directors announced on 21 September 2009 the intention to raise approximately \$7.85 million via a rights issue. Refer Note 19 for further information. If the Group is unable to obtain these additional funds, there is significant uncertainty as to whether the Group can continue as a going concern and therefore whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The Directors are satisfied that additional funding can be obtained and therefore the report can be prepared on a going concern basis.

At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2009. Accordingly, no adjustments have been made to the financial report in relation to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Basis of consolidation

Reverse acquisition accounting

Under AIFRS, the acquisition of Silcom Resources Pty Ltd (Silcom) by the Company in the current year has been accounted for as a business combination. In applying the requirements of AASB 3 Business Combinations, a number of factors, in particular the vendor of Silcom acquiring a majority shareholding in Beacon Minerals Limited (Beacon Minerals), results in this being treated as a reverse acquisition. As a result:

- Beacon Minerals is the legal parent entity of the Group and presents consolidated financial information.
- Silcom, which is neither the legal parent nor legal acquirer, is deemed to be the accounting parent for the Group.

The consolidated financial information incorporates the assets and liabilities of Beacon Minerals and the results of that entity from the date acquired by Silcom. The assets and liabilities of Beacon Minerals were recorded at fair value while the assets and liabilities of Silcom were maintained at their book value. The impact of all transactions between the entities is eliminated in full.

Subsidiaries

The consolidated financial report comprises the financial statements of the Company and its controlled entity (together referred to as the 'Group' or 'Consolidated Entity'). A controlled entity is any entity controlled by the Company whereby the parent entity has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those applied by the parent entity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries (continued)

Where a subsidiary enters or leaves the consolidated entity during the year, its operating results are included or excluded from the date control was obtained or until the date control ceased.

Investments in subsidiaries are carried at cost in the Company's financial statements.

Business combinations

All business combinations are accounted for by applying the purchase method which includes the reverse acquisition method. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identification net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange using the entity's incremental borrowing rate.

(b) Adoption of new and revised standards

In the year ended 30 June 2009, 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 2008. 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 on 30 September 2009.

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) Critical accounting judgments and key resources of estimation uncertainty

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 Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by applying the Black and Scholes model, using the assumptions detailed in Note 11.

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes model taking into account the terms and conditions upon which the instruments were granted, and discussed in Note 11.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance 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.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Derecognition of financial assets and financial liabilities (continued)

(ii) Financial liabilities

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

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 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.

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Other taxes (continued)

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.

(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 other expenses 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Intangible assets (continued)

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 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 asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Provisions (continued)

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. 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 and Scholes option pricing model, further details of which are given in Note 11.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Share-based payment transactions (continued)

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.

(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, evaluation and development expenditure

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 in the year in which they are incurred where 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 assets are 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. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

(x) Foreign currency translation

Both the functional and presentation currency of Beacon Minerals Limited is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the foreign operation, Closed Joint Stock Company Silcom (CJSC Silcom), is United States dollars (US\$).

As at the reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency of Beacon Minerals Limited at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 2: REVENUES AND EXPENSES

| | Consolidated Group | | Parent Entity | |
|--|--------------------|------|---------------|---------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$ | \$ | \$ | \$ |
| (a) Revenue and other income from continuing operations | | | | |
| Interest | 16,379 | - | 16,379 | 148,493 |
| Profit on sale of tenement | - | - | - | 92,300 |
| Other | 12,376 | - | 12,376 | 40,811 |
| (b) Expenses from continuing operations | | | | |
| Depreciation of non-current assets | 10,594 | - | 10,594 | 10,122 |
| Option and share issue expense | 200,121 | - | 200,121 | 27,908 |
| Contribution to employee superannuation plans | 27,326 | - | 27,326 | 32,715 |
| Impairment of investment in controlled entity* | - | - | 5,907,733 | - |
| Impairment of loan to controlled entity* | - | - | 1,009,110 | - |

* The controlled entity was acquired and disposed of during the current financial year. The impairment losses arose from the company ceasing operations in Kyrgyzstan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 3: INCOME TAX

| | Consolidated Group | | Parent Entity | |
|---|--------------------|------|---------------|------|
| | 2009 | 2008 | 2009 | 2008 |
| 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) | - | - | - | - |

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 from continuing operations before tax | (3,456,560) | (376,156) | (10,373,403) | (1,708,866) |
| Accounting loss from discontinued operations before tax | (1,240,344) | - | - | - |
| Accounting loss before tax | (4,696,904) | (376,156) | (10,373,403) | (1,708,866) |
| Income tax benefit calculated at 30% | 1,409,071 | 112,847 | 3,112,021 | 512,659 |
| Non-deductible expenses: | | | | |
| Option issue expense | (60,036) | - | (60,036) | (8,372) |
| Exploration expenditure written off | (607,285) | - | (607,285) | (395,029) |
| Impairment of Non current financial asset | (40,500) | - | (40,500) | - |
| Impairment of Investment in controlled entity | - | - | (1,772,320) | - |
| Impairment of loan to controlled entity | - | - | (302,734) | - |
| Non deductible foreign expenditure | (372,103) | (69,961) | - | - |
| Unrecognised tax losses | (329,147) | (42,886) | (329,146) | (109,258) |
| Income tax expense reported in the income statement | - | - | - | - |
| Unrecognised deferred tax assets: | | | | |
| Deferred tax assets have not been recognised in respect of the following items: | | | | |
| Tax losses | 372,033 | 42,886 | 492,330 | 163,184 |
| Capital raising costs | 128,880 | - | 128,880 | 98,402 |
| Potential unrecognised tax benefit at 30% | 500,913 | 42,886 | 621,210 | 261,586 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

NOTE 4: SEGMENT REPORTING

The Company operates in one geographical segment, for primary reporting, being Australia, and in one business segment for secondary reporting, being mineral exploration. The consolidated entity did acquire exploration projects during the year in Kyrgyzstan, Central Asia, but those projects was disposed of before the end of the financial year. Segment information in relation to the Kyrgyzstan geographical segment is represented in Note 23 Discontinued Operations.

NOTE 5: EARNINGS PER SHARE

| | Consolidated Group | |
|---------------------------------------|---------------------------|-----------------|
| | 2009 | 2008 |
| | Cents per share | Cents per share |
| <i>Basic loss per share:</i> | | |
| <i>Continuing operations</i> | 2.53 | - |
| <i>Discontinued operations</i> | 0.91 | 1.10 |
| <i>Total basic earnings per share</i> | 3.44 | 1.10 |

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

| | | |
|-----------------------------------|-------------|-----------|
| Loss from continuing operations | (3,456,560) | - |
| Loss from discontinued operations | (1,240,344) | (376,156) |
| Total loss for the year | (4,696,904) | (376,156) |

| | | |
|---|-------------|------------|
| Weighted average number of ordinary shares for the purposes of basic loss per share | 136,859,157 | 34,186,648 |
|---|-------------|------------|

NOTE 6: CASH AND CASH EQUIVALENTS

| | Consolidated Group | | Parent Entity | |
|---------------------|---------------------------|-------------|----------------------|-------------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$ | \$ | \$ | \$ |
| Cash at bank | 990,577 | 128,3 | 990,577 | 243,617 |
| Short term deposits | - | | - | 1,000,000 |
| | 990,577 | 128,3 | 990,577 | 1,243,617 |

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 | 990,577 | 128,388 | 990,57 | 1,243,61 |
| | 990,577 | 128,388 | 990,577 | 1,243,617 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 6: CASH AND CASH EQUIVALENTS (continued)

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

| | Consolidated Group | | Parent Entity | |
|---|--------------------|------------|---------------------|-------------|
| | 2009 \$ | 2008 \$ | 2009 \$ | 2008 \$ |
| Loss for the year | (4,696,904) | (376,156) | (10,373,403) | (1,708,866) |
| Option issue expense | 200,121 | - | 200,121 | 27,908 |
| Depreciation expense | 10,594 | 12,444 | 10,594 | 10,122 |
| Deferred exploration expenditure written off | 2,024,282 | - | 2,024,282 | 1,316,762 |
| Impairment of Non current financial assets | 135,000 | - | 135,000 | - |
| Impairment of Investment in controlled entity | - | - | 5,907,733 | - |
| Impairment of loan to controlled entity | - | - | 1,009,112 | - |
| Profit on sale of tenement | - | - | - | (92,300) |
| Loss from discontinued operations | 1,240,344 | - | - | - |
| (Increase)/decrease in operating assets: | | | | |
| Trade and other receivables | 116,961 | (167,306) | 50,004 | 77,964 |
| Increase/(decrease) in operating liabilities: | | | | |
| Trade and other payables | (5,259) | 34,899 | (59,534) | (29,502) |
| Other | (497,789) | - | 161,213 | - |
| Net cash from operating activities | (1,472,650) | (496,119) | (934,878) | (397,912) |
| (iii) Non-cash investing activities: | | | | |
| Consideration on sale of tenements in the form of listed company shares | - | - | - | 200,000 |

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

| | | | | |
|-------------------|---------------|---------|---------------|--------|
| Trade receivables | - | 12,931 | - | 67,607 |
| Prepayments | 6,105 | 137,866 | 6,105 | 9,833 |
| GST recoverable | 39,045 | 4,098 | 39,045 | 14,250 |
| Other | 5,195 | 12,411 | - | 3,464 |
| | 50,345 | 167,306 | 45,150 | 95,154 |

Trade receivables are non-interest bearing and are generally on 30 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. At balance date, there are no past due debtors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 8: OTHER FINANCIAL ASSETS

| | Consolidated Group | | Parent Entity | |
|-------------------------------------|--------------------|------|----------------|---------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$ | \$ | \$ | \$ |
| Investment in listed shares: | | | | |
| At cost | 200,000 | - | 200,000 | 200,000 |
| Revaluation to current market value | (75,000) | - | (75,000) | 40,000 |
| | 125,000 | - | 125,000 | 240,000 |

The investment in listed shares has been decreased to reflect the market value at 30 June 2009. The value will be reviewed six monthly to coincide with the preparation of financial statements. The listed shares have been sold after the end of the financial year for a profit of approximately \$171,000.

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

| | Office Equipment | Computer Equipment | Motor Vehicles | Land | Total |
|---|---------------------|-----------------------|----------------|------|----------|
| | \$ | \$ | \$ | \$ | \$ |
| Opening written down value 1 July 2007 | 16,677 | 14,327 | - | - | 31,004 |
| Additions | - | 2,320 | - | - | 2,320 |
| Disposals | - | - | - | - | - |
| Depreciation charge for the year | (2,566) | (7,556) | - | - | (10,122) |
| Closing written down value 30 June 2008 | 14,111 | 9,091 | - | - | 23,202 |
| Additions | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| Depreciation charge for the year | (2,566) | (8,028) | - | - | (10,594) |
| Net carrying amount 30 June 2009 | 11,545 | 1,063 | - | - | 12,608 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Office Equipment | Computer Equipment | Motor Vehicles | Land | Total |
|--|---------------------|-----------------------|----------------|----------|----------|
| Consolidated Group | \$ | \$ | \$ | \$ | \$ |
| Opening written down value 1 July 2007 | - | - | - | - | - |
| Additions | 11,886 | - | 72,394 | 19,524 | 103,804 |
| Depreciation charge for the year | (2,506) | - | (9,937) | - | (12,443) |
| Closing written down value 30 June 2008 | 9,380 | - | 62,457 | 19,524 | 91,361 |
| Acquisition through business combination | 14,111 | 9,091 | - | - | 23,202 |
| Discontinued operations | (9,380) | - | (62,457) | (19,524) | (91,361) |
| Depreciation charge for the year | (2,566) | (8,028) | - | - | (10,594) |
| Net carrying amount 30 June 2009 | 11,545 | 1,063 | - | - | 12,608 |

The useful life of the assets was estimated as follows for 2009:

| | |
|--------------------|--------------|
| Office equipment | 5 to 8 years |
| Computer equipment | 2.5 years |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 10: DEFERRED EXPLORATION EXPENDITURE

| | Consolidated Group | | Parent Entity | |
|---|--------------------|---------|------------------|-------------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$ | \$ | \$ | \$ |
| Costs carried forward in respect of: | | | | |
| Exploration and evaluation phase – at cost | | | | |
| Balance at beginning of period | 362,238 | - | 1,371,317 | 1,476,617 |
| Acquisition through business combinations | 1,371,317 | - | - | - |
| Sale of exploration projects | - | - | - | (235,112) |
| Expenditure incurred | 1,520,838 | 362,238 | 901,791 | 1,446,574 |
| | 3,254,393 | 362,238 | 2,273,108 | 2,688,079 |
| Discontinued operations | (981,285) | - | - | - |
| Expenditure written off | (2,024,282) | - | (2,024,282) | (1,316,762) |
| Total exploration expenditure | 248,826 | 362,238 | 248,826 | 1,371,317 |

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

NOTE 11 : 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:

| | 2009 No. | 2009 Weighted average exercise price | 2008 No. | 2008 Weighted average exercise price |
|--|-------------|---|-------------|---|
| Outstanding at the beginning of the year | 6,150,000 | 20.2 cents | 6,000,000 | 20 cents |
| Granted during the year | 2,000,000 | 30 cents | 150,000 | 27 cents |
| Forfeited during the year | - | - | - | - |
| Exercised during the year | - | - | - | - |
| Expired during the year | - | - | - | - |
| Outstanding at the end of the year | 8,150,000 | 22.6 cents | 6,150,000 | 20.2 cents |
| Exercisable at the end of the year | 8,150,000 | 22.6 cents | 6,150,000 | 20.2 cents |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 11: SHARE BASED PAYMENT PLANS (continued)

The outstanding balance as at 30 June 2008 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.
- 150,000 options over ordinary shares with an exercise price of 27 cents each, exercisable on or before 1 August 2012.

The weighted average fair value of options granted during the year was \$27,908.

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black and 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 year ended 30 June 2008:

| | |
|--|------|
| Volatility (%) | 120 |
| Risk-free interest rate (%) | 6.14 |
| Expected life of option (years) | 5 |
| Exercise price (cents) | 27 |
| Weighted average share price at grant date (cents) | 31 |

The outstanding balance as at 30 June 2009 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.
- 150,000 options over ordinary shares with an exercise price of 27 cents each, exercisable on or before 1 August 2012.
- 2,000,000 options over ordinary shares with an exercise price of 30 cents each, exercisable on or before 31 August 2010.

The weighted average fair value of options granted during the year was \$98,893.

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black and 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 year ended 30 June 2009:

| | |
|--|------|
| Volatility (%) | 118 |
| Risk-free interest rate (%) | 9.00 |
| Expected life of option (years) | 2 |
| Exercise price (cents) | 30 |
| Weighted average share price at grant date (cents) | 12.5 |

The expected life of the options is based on yearly 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

| NOTE 12: TRADE AND OTHER PAYABLES (CURRENT) | Consolidated Group | | Parent Entity | |
|---|--------------------|--------|---------------|--------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$ | \$ | \$ | \$ |
| Trade payables ¹ | 5,589 | 34,899 | 5,589 | 61,580 |
| Employee entitlements | - | - | - | 15,594 |
| Accruals | 12,000 | - | 12,000 | 12,000 |
| Other payables | 12,051 | - | 12,051 | - |
| | 29,640 | 34,899 | 29,640 | 89,174 |

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

In 2008 an amount of \$9,729 (2009: nil) was payable to Target Energy Limited. Target Energy Limited is a related party due to the fact that Paul Lloyd is a Director of the company.

NOTE 13: BORROWINGS

Non Current Borrowings:

| | | | | |
|------------------------------|------------------|---------|------------------|---|
| Loan from Shareholder | 1,612,937 | 477,966 | 1,612,937 | - |
| Total Non Current Borrowings | 1,612,937 | 477,966 | 1,612,937 | - |

The loan has been provided by a major shareholder and has a term of 2 years, interest rate of 10.5% per annum and is secured by a mortgage over the Barlee Gold project. The loan is repayable on 25 September 2010.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 14: ISSUED CAPITAL AND RESERVES

| Issued Capital | Consolidated Group | | Parent Entity | |
|---------------------------------------|--------------------|---------|---------------|-----------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$ | \$ | \$ | \$ |
| Ordinary shares issued and fully paid | 4,715,158 | 612,584 | 11,661,762 | 4,535,573 |

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

| | Consolidated Group | | Parent Entity | |
|--|--------------------|-----------|---------------|------------|
| | 2009 | 2009 | 2009 | 2009 |
| | Number | \$ | Number | \$ |
| <i>Movement in ordinary shares on issue</i> | | | | |
| At 1 July 2008 | 43,283,580 | 612,584 | 34,186,648 | 4,535,573 |
| Acquisition of Beacon Minerals Limited | 34,186,648 | 2,386,833 | 43,283,580 | 5,410,448 |
| Director shares | 1,000,000 | 125,000 | 1,000,000 | 125,000 |
| Rights Issue | 235,410,684 | 1,177,053 | 235,410,684 | 1,177,053 |
| Exercise of options | 1,120,418 | 11,284 | 1,120,418 | 11,284 |
| Share placement | 42,000,000 | 504,000 | 42,000,000 | 504,000 |
| Share issue costs | - | (101,596) | - | (101,596) |
| At 30 June 2009 | 357,001,330 | 4,715,158 | 357,001,330 | 11,661,762 |
| <i>Movement in 20 cent options on issue</i> | | | | |
| | | | 2009 | 2009 |
| | | | Number | \$ |
| At 1 July 2008 | | | - | - |
| Acquisition of Beacon Minerals Limited | | | 16,588,352 | - |
| Conversion of options during the year | | | (418) | - |
| At 30 June 2009 | | | 16,587,934 | - |
| <i>Each option entitles the holder to subscribe for one share at an issue price of 20 cents on or before 31 August 2010.</i> | | | | |
| <i>Movement in 20 cent Director options on issue</i> | | | | |
| At 1 July 2008 | | | - | - |
| Acquisition of Beacon Minerals Limited | | | 6,000,000 | - |
| At 30 June 2009 | | | 6,000,000 | - |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 14: ISSUED CAPITAL AND RESERVES (continued)

| | Parent Entity | |
|--|----------------|----------------|
| | 2009 Number | 2008 Number |
| <i>Each option entitles the holder to subscribe for one share at an issue price of 20 cents on or before 31 May 2011.</i> | | |
| <i>Movement in 27 cent Employee options on issue</i> | | |
| At 1 July 2008 | | |
| Acquisition of Beacon Minerals Limited | 150,000 | - |
| At 30 June 2009 | 150,000 | - |
| <i>Each option entitles the holder to subscribe for one share at an issue price of 27 cents on or before 1 August 2012.</i> | | |
| <i>Movement in 30 cent options on issue</i> | | |
| At 1 July 2008 | - | - |
| Issue to Directors | 2,000,000 | - |
| Issue to consultants | 1,000,000 | - |
| Acquisition of Beacon Minerals Limited | 42,283,580 | - |
| At 30 June 2009 | 45,283,580 | - |
| <i>Each option entitles the holder to subscribe for one share at an issue price of 30 cents on or before 31 August 2010.</i> | | |
| <i>Movement in 1 cent options on issue</i> | | |
| At 1 July 2008 | - | - |
| Rights Issue | 235,410,684 | - |
| Issue to consultants | 5,000,000 | - |
| Conversion of options during the year | (1,120,000) | - |
| At 30 June 2009 | 239,290,684 | - |
| <i>Each option entitles the holder to subscribe for one share at an issue price of 1 cent on or before 31 August 2010.</i> | | |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 14: ISSUED CAPITAL AND RESERVES (continued)

Accumulated losses

Movements in accumulated losses were as follows:

| | Consolidated Group | | Parent Entity | |
|-------------------------|--------------------|-----------|---------------|-------------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$ | \$ | \$ | \$ |
| Opening balance | (376,156) | - | (1,981,409) | (272,543) |
| Net loss for the year | (4,696,904) | (376,156) | (10,373,403) | (1,708,866) |
| Balance at 30 June 2009 | (5,073,060) | (376,156) | (12,354,812) | (1,981,409) |

Reserves

| | Fair Value Reserve | Employee Equity Benefits Reserve | Option Premium Reserve | Total |
|-----------------------------------|--------------------|----------------------------------|------------------------|---------|
| | \$ | \$ | \$ | \$ |
| Parent Entity | | | | |
| At 1 July 2007 | - | 92,794 | 169,250 | 262,044 |
| Share-based payments | - | 27,908 | - | 27,908 |
| Revaluation of listed investments | 40,000 | - | - | 40,000 |
| At 30 June 2008 | 40,000 | 120,702 | 169,250 | 329,952 |
| Share-based payments | - | 122,682 | - | 122,682 |
| Revaluation of listed investments | 20,000 | - | - | 20,000 |
| At 30 June 2009 | 60,000 | 243,384 | 169,250 | 472,634 |
| Consolidated Group | | | | |
| At 30 June 2008 | - | - | - | - |
| Share-based payments | - | 122,681 | - | 122,681 |
| Revaluation of listed investments | 20,000 | - | - | 20,000 |
| At 30 June 2009 | 20,000 | 122,681 | - | 142,681 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 14: ISSUED CAPITAL AND RESERVES (continued)

Nature and purpose of reserves

Fair value reserve

This reserve is used to record the value of the investment in listed shares at current market value.

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 11 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 15: CONSOLIDATED ENTITIES

| Name | Country of Incorporation | Ownership interest | |
|---|--------------------------|--------------------|------|
| | | 2009 | 2008 |
| <i>Legal Parent</i> | | | |
| Beacon Minerals Limited | Australia | | |
| <i>Legal subsidiaries</i> | | | |
| Silcom Resources Pty Ltd | Australia | 100% | - |
| CJSC Silcom (Acquired and disposed of during the year) | Kyrgyzstan | - | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 16: 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.

The Directors consider that the carrying amounts of the financial assets and liabilities recorded in the financial statements approximate their fair value.

The following tables detail the company's and the Group's remaining contractual maturity for its non-derivative financial assets. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

| ASSETS | Weighted average effective interest rate % | Less than 1 month | 1 – 3 Months | 3 months – 1 year | 1 – 5 years | 5+ years |
|------------------------------------|---|----------------------|-----------------|----------------------|----------------|-------------|
| Consolidated Group | | | | | | |
| 2009 | | | | | | |
| Non-interest bearing | - | - | 44,240 | 6,105 | - | 125,000 |
| Variable interest rate instruments | 1.51 | 990,577 | - | - | - | - |
| | | 990,577 | 44,240 | 6,105 | - | 125,000 |
| 2008 | | | | | | |
| Non-interest bearing | - | 128,388 | 29,440 | 137,866 | - | - |
| | | 128,388 | 29,440 | 137,866 | - | - |
| Parent Entity | | | | | | |
| 2009 | | | | | | |
| Non-interest bearing | - | - | 39,045 | 6,105 | - | 125,000 |
| Variable interest rate instruments | 1.51 | 990,577 | - | - | - | - |
| | | 990,577 | 39,045 | 6,105 | - | 125,000 |
| 2008 | | | | | | |
| Non-interest bearing | - | - | 85,321 | 9,833 | - | 240,000 |
| Variable interest rate instruments | 5.75 | 243,617 | - | - | - | - |
| Fixed interest rate instruments | 7.43 | 1,000,000 | - | - | - | - |
| | | 1,243,617 | 85,321 | 9,833 | - | 240,000 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 16: FINANCIAL INSTRUMENTS (CONTINUED)

The following table details the company's and the Group's expected maturity for its non-derivative financial liabilities. These have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the company/Group anticipates that the cash flow will occur in a different period.

| LIABILITIES | Weighted average effective interest rate % | Less than 1 month | 1 – 3 Months | 3 months – 1 year | 1 – 5 years | 5+ years |
|------------------------------------|---|----------------------|-----------------|----------------------|----------------|-------------|
| Consolidated Group | | | | | | |
| 2009 | | | | | | |
| Non-interest bearing | - | - | 17,640 | 12,000 | - | - |
| Finance lease liabilities | - | - | - | - | - | - |
| Variable interest rate instruments | - | - | - | - | - | - |
| Fixed interest rate instruments | 10.5 | - | - | - | 1,612,937 | - |
| | | - | 17,640 | 12,000 | 1,612,937 | - |
| 2008 | | | | | | |
| Non-interest bearing | - | - | 34,899 | - | - | - |
| Finance lease liabilities | - | - | - | - | - | - |
| Variable interest rate instruments | - | - | - | - | - | - |
| Fixed interest rate instruments | 10.5 | - | - | - | 477,966 | - |
| | | - | 34,899 | - | 477,966 | - |
| Parent Entity | | | | | | |
| 2009 | | | | | | |
| Non-interest bearing | - | - | 17,640 | 12,000 | - | - |
| Finance lease liabilities | - | - | - | - | - | - |
| Variable interest rate instruments | - | - | - | - | - | - |
| Fixed interest rate instruments | 10.5 | - | - | - | 1,612,937 | - |
| | | - | 17,640 | 12,000 | 1,612,937 | - |
| 2008 | | | | | | |
| Non-interest bearing | - | - | 61,580 | 27,594 | - | - |
| Finance lease liabilities | - | - | - | - | - | - |
| Variable interest rate instruments | - | - | - | - | - | - |
| Fixed interest rate instruments | - | - | - | - | - | - |
| | | - | 61,580 | 27,594 | - | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 16: FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives

The Company's principal financial instruments comprise of cash and short-term deposits.

The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. The main risks arising from the Company's financial instruments are interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to ensure continuity of tenure to exploration assets and to be able to conduct the Company's business in an orderly and professional manner. Cash deposits are only held with one of the Australian "Big 4" banks.

Interest rate risk

All cash at bank balances attract a floating rate of interest. Excess funds that are not required in the short term are placed on deposit for a period of no more than 6 months at a fixed interest rate. The Company's exposure to interest rate risk and the effective interest rate by maturity periods is set out below. As the Company has no borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits.

Interest rate risk sensitivity analysis

During 2009, if interest rates had been 5% higher or lower than the prevailing rates realised, with all other variable held constant, there would have been an immaterial change in post tax loss for the year. The impact on equity would have been the same.

Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2008.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements. The Group has no debt facilities outside of normal creditor trading terms and thus the board does not deem necessary a formal Capital Risk Management charter.

Credit risk

Credit risk relates to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from any defaults.

The exposure of the Group to credit risk in relation to each class of recognised financial asset is the carrying amount as indicated in the balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 16: FINANCIAL INSTRUMENTS (continued)

Equity price sensitivity

The group is exposed to equity price risks arising from equity instruments. Equity instruments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

At reporting date if equity prices had been 5% higher or lower, the impact on loss and equity would have been immaterial.

NOTE 17: EXPENDITURE COMMITMENTS

| | Consolidated Group | | Parent Entity | |
|------------------------------------|--------------------|------|---------------|---------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$ | \$ | \$ | \$ |
| Exploration expenditure committed: | | | | |
| Not longer than 1 year | 220,000 | - | 220,000 | 190,000 |
| 1-5 years | - | - | - | - |
| Longer than 5 years | - | - | - | - |
| | 220,000 | - | 220,000 | 190,000 |
| Remuneration commitment | | | | |
| Not longer than 1 year | - | - | - | 90,000 |
| | 220,000 | - | 220,000 | 280,000 |

NOTE 18: OPERATING LEASES

| | | | | |
|---|---------|---|---------|---------|
| Non cancellable operating lease for premises: | | | | |
| Not longer than 1 year | 127,284 | - | 127,284 | 114,264 |
| 1 to 5 years | 421,326 | - | 421,326 | 447,672 |
| Longer than 5 years | - | - | - | - |
| | 548,610 | - | 548,610 | 561,936 |

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

NOTE 19: EVENTS AFTER THE BALANCE SHEET DATE

The Group announced on 21 September 2009 the intention to complete a pro-rata non-renounceable rights issue of 1 New Share in the capital of Beacon Minerals Limited for every 1 existing Share held as at 5.00pm WST on 30 September 2009 at an issue price of \$0.022 per New Share to raise up to approximately \$7.85 million.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 20: AUDITORS' REMUNERATION

The auditors of Beacon Minerals Limited are HLB Mann Judd.

| | Consolidated Group | | Parent Entity | |
|---|--------------------|----------|---------------|---------------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$ | \$ | \$ | \$ |
| <i>Amounts received or due and receivable by HLB Mann Judd for:</i> | | | | |
| An audit or review of the financial report of the entity | 24,290 | - | 24,290 | 16,360 |
| Other services in relation to the entity | - | - | - | - |
| | <u>24,290</u> | <u>-</u> | <u>24,290</u> | <u>16,360</u> |

NOTE 21: ACQUISITION OF SUBSIDIARY

Silcom Resources Pty Ltd (SRL)

On 24 July 2008, shareholders approved the acquisition of all the issued share capital in Silcom Resources Pty Ltd, and its 100% owned subsidiary company, the owner of four mineral exploration projects in Kyrgyzstan, Central Asia, the consideration being the issue of 43,283,580 ordinary shares at 12.5 cents per share and 42,283,580 options exercisable at 30 cents on or before 31 August 2010. The acquisition was completed on 1 August 2008.

The acquisition of Silcom Resources Pty Ltd has been deemed a reverse acquisition for accounting purposes. Therefore the following represents the net assets of Beacon Minerals Limited.

The major classes of assets and liabilities comprising the acquisition of the companies as the date of acquisition are as follows:

| | |
|--|------------------|
| | \$ |
| Cash and cash equivalents | 1,243,617 |
| Trade and other receivables | 95,154 |
| Other financial assets | 240,000 |
| Property, plant and equipment | 23,202 |
| Deferred exploration expenditure | 1,371,317 |
| Trade and other payables | <u>(89,174)</u> |
| Net assets acquired | <u>2,884,116</u> |
| Consideration paid | |
| -Ordinary shares (34,186,648 shares issued to acquire Beacon Minerals Limited) | 2,236,832 |
| Discount on acquisition | <u>647,284</u> |
| | <u>2,884,116</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 22: DIRECTORS AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

| | |
|---------------|--------------------------|
| Paul Lloyd | Chairman (non executive) |
| Darryl Harris | Managing Director |
| Matthew Egan | Director (non executive) |

(ii) Executives

None

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

(b) Compensation of Key Management Personnel

The key management personnel compensation included in 'employee benefits expense' are as follows:

| | Consolidated Group | | Parent Entity | |
|----------------------|--------------------|------|---------------|---------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$ | \$ | \$ | \$ |
| Short-Term | 524,051 | - | 524,051 | 328,806 |
| Post Employment | 24,592 | - | 24,592 | 24,840 |
| Share-based Payments | 200,121 | - | 200,121 | - |
| | 748,764 | - | 748,764 | 353,646 |

(i) Individual Directors' and executives' compensation disclosures:

The Group has transferred the detailed remuneration disclosures to the Directors' Report in accordance with Corporations Amendment Regulations 2006 (no. 4). These remuneration disclosures are provided in the Remuneration Report section of the Directors' Report and are designated as audited.

(ii) Contract for Services

No current Directors are employed under employment agreements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 22: DIRECTORS AND EXECUTIVE DISCLOSURES (continued)

(c) Option holdings of Key Management Personnel

Parent Entity

| 30 June 2008 | Balance at beginning of year | Granted as remuneration | Options exercised | Net Change other | Balance at end of year | Vested as at Year end | | |
|------------------|------------------------------|-------------------------|-------------------|------------------|------------------------|-----------------------|-------------|-----------------|
| | | | | | | Total | Exercisable | Not Exercisable |
| Directors | | | | | | | | |
| Matthew Egan | 2,635,974 | - | - | - | 2,635,974 | 2,635,974 | 2,635,974 | - |
| Darryl Harris | - | - | - | - | - | - | - | - |
| Paul Lloyd | 4,015,000 | - | - | - | 4,015,000 | 4,015,000 | 4,015,000 | - |
| Lyle Thorne | 2,537,500 | - | - | - | 2,537,500 | 2,537,500 | 2,537,500 | - |
| John Hebenton | - | - | - | - | - | - | - | - |
| | 9,188,474 | - | - | - | 9,188,474 | 9,188,474 | 9,188,474 | - |

Consolidated Group

30 June 2009

Directors

| | | | | | | | | |
|---------------|-----------|-----------|---|-------------|-----------|-----------|-----------|---|
| Matthew Egan | 2,635,974 | - | - | - | 2,635,974 | 2,635,974 | 2,635,974 | - |
| Darryl Harris | - | 1,500,000 | - | 962,000 | 2,462,000 | 2,462,000 | 2,462,000 | - |
| Paul Lloyd | 4,015,000 | - | - | 85,000 | 4,100,000 | 4,100,000 | 4,100,000 | - |
| Lyle Thorne | 2,537,500 | - | - | (2,537,500) | - | - | - | - |
| John Hebenton | - | 500,000 | - | (500,000) | - | - | - | - |
| | 9,188,474 | 2,000,000 | - | (1,990,500) | 9,197,974 | 9,197,974 | 9,197,974 | - |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 22: DIRECTORS AND EXECUTIVE DISCLOSURES (continued)

(d) Shareholdings of Key Management Personnel

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

| Parent Entity | Balance at beginning of year | Granted as remuneration | On Exercise of Options | Net Change Other | Balance 30 June 2009 |
|-------------------------------|---|------------------------------------|-----------------------------------|-------------------------|---------------------------------|
| 30 June 2008 | Ord | Ord | Ord | Ord | Ord |
| Directors | | | | | |
| Paul Lloyd | 3,030,000 | - | - | 300,000 | 3,330,000 |
| Darryl Harris | - | - | - | - | - |
| Matthew Egan | 1,271,947 | - | - | 100,000 | 1,371,947 |
| Lyle Thorne | 775,000 | - | - | 166,370 | 941,370 |
| John Hebenton | - | - | - | - | - |
| | 5,076,947 | - | - | 566,370 | 5,643,317 |
| Consolidated Group | | | | | |
| 30 June 2009 | | | | | |
| Directors | | | | | |
| Paul Lloyd | 3,330,000 | 1,000,000 | - | - | 4,330,000 |
| Darryl Harris | - | - | - | 1,016,000 | 1,016,000 |
| Matthew Egan | 1,371,947 | - | - | 150,000 | 1,521,947 |
| Lyle Thorne | 941,370 | - | - | (941,370) | - |
| John Hebenton | - | - | - | - | - |
| | 5,643,317 | 1,000,000 | - | 224,630 | 6,867,947 |

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 Group would have adopted if dealing at arm's length.

(e) Loans to Key Management Personnel

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

(f) Other transactions and balances with Key Management Personnel

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 23: DISCONTINUED OPERATIONS

CJSC Silcom was disposed of as at 31 March 2009.

The results of the discontinued operation which have been included in the income statement are as follows:

| | Consolidated Group | |
|---|--------------------|-----------|
| | 2009 | 2008 |
| | \$ | \$ |
| Revenue | 648 | 12,182 |
| Expenses | (1,240,992) | (388,338) |
| Gross loss | (1,240,344) | (376,156) |
| Loss recognised on the re-measurement to fair value | - | - |
| Loss before tax from discontinued operations | (1,240,344) | (376,156) |
| Tax income | - | - |
| Loss for the year from discontinued operations | (1,240,344) | (376,156) |
| Cash flows from discontinued operations: | | |
| Net cash flows from operating activities | (537,772) | (496,119) |
| Net cash flows from investing activities | (619,047) | (466,043) |
| Net cash flows from financing activities | - | 1,090,550 |
| Net cash flows | (1,156,819) | 128,388 |

DIRECTORS' DECLARATION

1. In the opinion of the directors:
 - a. the financial statements and notes of the company and consolidated entity are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2009 and of their performance for the year 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 year ended 30 June 2009.

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



Paul Lloyd
Chairman

Dated this 30th day of September 2009



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

**To the members of
Beacon Minerals Limited**

Report on the Financial Report

We have audited the accompanying financial report of Beacon Minerals Limited ("the company"), which comprises the balance sheet as at 30 June 2009, the income statement, statement of changes in equity, cash flow statement and notes to the financial statements for the year ended on that date, and the directors' declaration for both the company and the consolidated entity as set out on pages 21 to 58. The consolidated entity comprises the company and the entities it controlled at the end of the financial year or from time to time during the financial year.

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.

Independence

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

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 and the consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; 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).

Continuation as a Going Concern

Without qualification to the opinion expressed above, we draw attention to Note 1(a) in the financial report which indicates that the company will require additional sources of funding to enable it to continue as a going concern. If the company is unable to obtain additional funding, there is significant uncertainty whether the company will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 11 to 12 of the directors' report for the period ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Beacon Minerals Limited for the year ended 30 June 2009 complies with section 300A of the Corporations Act 2001.



HLB MANN JUDD
Chartered Accountants



L DI GIALLONARDO
Partner

Perth, Western Australia
30 September 2009

SHAREHOLDER INFORMATION

DISTRIBUTION OF EQUITY SECURITIES

The distribution of members and their holdings of fully paid ordinary shares as at 28 September 2009 were as follows:

| Shares held | No. of Shareholders | Percentage |
|------------------|---------------------|---------------|
| 1 – 1,000 | 34 | 0.003 |
| 1,001 – 5,000 | 125 | 0.105 |
| 5,001 – 10,000 | 129 | 0.325 |
| 10,001 – 100,000 | 663 | 9.774 |
| 100,001 and over | 552 | 89.793 |
| Total | 1,503 | 100.00 |

| | Min Parcel size | Holders | Units |
|-----------------------------|-----------------|---------|-----------|
| Less than marketable parcel | 21,739 | 424 | 3,847,544 |

BCN - TWENTY LARGEST SHARE SECURITY HOLDERS

The names of the 20 largest holders of fully paid ordinary shares as at 28 September 2009 are listed below:

| Name | Number of Shares | Percentage |
|---|--------------------|---------------|
| Geocrystal Limited | 47,000,000 | 13.16 |
| Forty Traders Limited | 14,900,000 | 4.17 |
| Ownit Brisbane Service Company Pty Ltd | 6,000,000 | 1.68 |
| Flush Nominees Pty Ltd | 5,380,000 | 1.51 |
| L & S Davies Pty Ltd | 4,911,127 | 1.37 |
| Mr Geoffrey Alan Drew | 4,744,333 | 1.33 |
| Comsec Nominees Pty Limited | 3,958,986 | 1.11 |
| Mr Paul Geoffrey Lloyd & Mrs Sharon Marie Lloyd | 3,780,000 | 1.06 |
| Mr Michael John Bereza | 3,500,000 | 0.98 |
| Mr Aaron Geason | 3,097,855 | 0.87 |
| Mr Matthew Mark Sabato | 3,000,000 | 0.84 |
| Longjohn Investments Pty Ltd | 3,000,000 | 0.84 |
| Mr Christopher Duffy | 3,000,000 | 0.84 |
| Tromso Pty Ltd | 3,000,000 | 0.84 |
| Etrade Australia Nominees Pty Limited | 2,505,080 | 0.70 |
| Bruce Birnie Pty Ltd | 2,500,000 | 0.70 |
| Mr Michael Dieter Runte | 2,271,591 | 0.64 |
| Mr Dietmar Runte & Mrs Giovanna Denise Runte | 2,238,011 | 0.63 |
| Mr Russell Callander | 2,000,000 | 0.56 |
| Mr Richard Peric | 2,000,000 | 0.56 |
| Total | 122,786,983 | 34.39% |

SHAREHOLDER INFORMATION (CONTINUED)

BCNOA - TWENTY LARGEST OPTION HOLDERS

The names of the 20 largest holders of options (exercisable at 1 cent on or before 31 August 2010) as at 28 September 2009 are listed below:

| Name | Number of Shares | Percentage |
|---|-------------------------|-------------------|
| Forty Traders Limited | 10,000,000 | 4.18 |
| Mr Sergio Cavaiuolo | 7,300,000 | 3.05 |
| Beacon Minerals Limited (Option exercise account) | 6,714,000 | 2.81 |
| BE Copymart Pty Ltd | 5,085,613 | 2.13 |
| Mr David Adam Beamond | 4,095,000 | 1.71 |
| Mrs Gail Beamond | 4,000,000 | 1.67 |
| Equipment Finance Pty Ltd | 4,000,000 | 1.67 |
| AJL Trading Co Pty Ltd | 4,000,000 | 1.67 |
| Mr Rhett Jones | 3,750,000 | 1.57 |
| Mr Rodney James Caple & Ms Frances Margaret Cameron | 3,600,000 | 1.50 |
| Peak Electrical Services Pty Ltd | 3,500,000 | 1.46 |
| Mr Gregory Peter Plumb & Mrs Joanne Plumb | 3,440,000 | 1.44 |
| Mr Joshua Benjamin Taylor & Mrs Heida Eva Taylor | 3,280,000 | 1.37 |
| Comsec Nominees Pty Limited | 3,130,758 | 1.31 |
| Monacan Nominees Pty Ltd | 3,000,000 | 1.25 |
| Rare Earths & Minerals Pty Ltd | 3,000,000 | 1.25 |
| Mr Peter Murray Cleaver | 2,970,000 | 1.24 |
| Mr Aaron Geason | 2,641,586 | 1.10 |
| Televue Pty Limited | 2,525,000 | 1.06 |
| Mr Yusuf Kurucu | 2,500,000 | 1.05 |
| Total | 82,531,957 | 34.49% |

SHAREHOLDER INFORMATION (CONTINUED)

BCNO - TWENTY LARGEST OPTION HOLDERS

The names of the 20 largest holders of options (exercisable at 20 cents on or before 31 August 2010) as at 28 September 2009 are listed below:

| Name | Number of Shares | Percentage |
|---|-------------------|---------------|
| Mr Abraham Martin Van Berkel & Mrs Carol Christian Van Berkel | 1,960,334 | 11.82 |
| Mr Bin Liu | 1,429,000 | 8.62 |
| Comsec Nominees Pty Limited | 1,061,000 | 6.40 |
| Mrs Jenni Denise Williams | 955,530 | 5.76 |
| Mywest Investments Pty Ltd | 605,000 | 3.65 |
| Guritali Pty Ltd | 536,513 | 3.23 |
| Sharon Gaye Schreck | 500,000 | 3.01 |
| Mr Brian Boyd Bradford | 500,000 | 3.01 |
| Mr John Robyn Adamson & Ms Fay Jynette Ngataua | 500,000 | 3.01 |
| Mr Stephen Spurrier | 401,500 | 2.42 |
| Mr David James Willett | 380,000 | 2.29 |
| Mr Drew Griffin Money | 340,000 | 2.05 |
| Mr Christopher Michael Calder | 323,365 | 1.95 |
| Mr Ricky Maxwell Thorn & Mrs Deirdre Thorn | 250,000 | 1.51 |
| Mr Hongyu Liu | 230,000 | 1.39 |
| Phylmac Nominees Pty Ltd | 218,550 | 1.30 |
| Mrs Ponmoly Sriskantharajah | 200,000 | 1.21 |
| Miss Marnie Elizabeth Grubisa | 200,000 | 1.21 |
| Mr Andrew John Robinson | 200,000 | 1.21 |
| Mrs Amanda Penelope Preece & Jeffrey James Preece | 200,000 | 1.21 |
| Total | 10,990,792 | 66.26% |

SHAREHOLDER INFORMATION (CONTINUED)

The names of the holders of options (exercisable at 20 cents on or before 31 May 2011, as at 28 September 2009 are listed below:

| Name | Number of Shares | Percentage |
|--------------|-------------------------|-------------------|
| Paul Lloyd | 2,000,000 | 33.33 |
| Lyle Thorne | 2,000,000 | 33.33 |
| Matthew Egan | 2,000,000 | 33.33 |
| Total | 6,000,000 | 100% |

TWENTY LARGEST OPTION HOLDERS

The names of the 20 largest holders of options (exercisable at 30 cents on or before 31 August 2010) as at 28 September 2009 are listed below

| Name | No of Options | Percentage |
|---|----------------------|-------------------|
| Nikolajs Zuks | 15,683,570 | 34.63 |
| Jumaliev Imanbek Asankulovich | 9,500,000 | 20.98 |
| Abdykaparov Chynbek | 6,000,000 | 13.25 |
| Equipment Finance Pty Ltd | 2,000,000 | 4.42 |
| Darryl Harris | 1,500,000 | 3.31 |
| Kyla Pty Ltd | 1,450,000 | 3.20 |
| Jumalieva Djamilya Imanbekovna | 1,000,000 | 2.21 |
| Pit n Portal Equipment Hire Pty Ltd | 1,000,000 | 2.21 |
| Cadogan Grove Pty Ltd | 841,670 | 1.86 |
| Dasmac (WA) Pty Ltd | 741,680 | 1.64 |
| Emmanuel Correira | 575,000 | 1.27 |
| Shane Hartwig | 575,000 | 1.27 |
| Champion Financial Services Pty Ltd | 550,000 | 1.22 |
| Nomial Pty Ltd | 516,660 | 1.14 |
| Stuart Andrew Tucker, Lisa Karen Tucker | 500,000 | 1.10 |
| John Hebenton | 500,000 | 1.10 |
| Roscious Pty Ltd | 500,000 | 1.10 |
| Bremworth Superannuation Fund | 500,000 | 1.10 |
| Watkins Investment Trust | 400,000 | 0.88 |
| Bremworth and Associates Pty Ltd | 300,000 | 0.67 |
| Total | 44,633,580 | 98.56% |

SHAREHOLDER INFORMATION (CONTINUED)

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 28 September 2009:

| Name | Number of Shares | Class of share |
|--------------------|-------------------------|-----------------------|
| Geocrystal Limited | 47,000,000 | ORD |