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BEACON
MINERALS LIMITED

ABN 64 119 611 559

FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

This Interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2019 and any public announcements made by Beacon Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.



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The Directors are pleased to submit their report on Beacon Minerals Limited (ASX:BCN) ("Beacon" or "Consolidated Entity") for the half-year ended 31 December 2019.

DIRECTORS

The names of the directors who held office during or since the end of the half-year and up to the date of this report are:

Director	Title	Date of Appointment
Geoffrey Greenhill	Executive Chairman	19 March 2012
Graham McGarry	Managing Director	19 March 2012
Alexander McCulloch	Executive Director	19 August 2019
Sarah Shipway	Non-Executive Director	11 June 2015

REVIEW OF FINANCIAL RESULTS

A summary of revenues and results for the half-year is set out below:

	2019
	\$
Revenues	10,648,975
(Loss)	<u>(2,255,961)</u>

For the six-month period golds sales were \$10,625,394 and cost of goods sold for the period was \$10,767,034. Administration costs during the period was \$1,195,429, exploration and exploration expenditure of \$289,964, finance costs were \$1,530,574, interest income during the period of \$23,581 and other income of \$878,065.

The result for the six-month period is a loss of \$2,255,961.

**REVIEW OF OPERATIONS**

Beacon Minerals Limited (ASX:BCN) (Beacon or the Company) is pleased to present its review of operations for the half-year ended 31 December 2019.

HIGHLIGHTS

- **Processing plant continued to perform well with the Company ramping up towards full production in the December Quarter**
- **Mining activities recommenced during the period**
- **Jaurdi Gold Mine Officially Opened on 29 November 2019**
- **Production continued to ramp up at the Jaurdi Gold Project:**
 - **2,089 ounces of gold produced during the month of February 2020**
 - **2,125 ounces of gold produced during the month of January 2020**
 - **1,774 ounces of gold produced during the month of December 2019**
 - **1,511 ounces of gold produced during the month of November 2019**
 - **1,364 ounces of gold produced during the month of October 2019**
- **Forward sales contract executed for a portion of 2020 gold production equating to 5,000 ounces at a forward price of A\$2,331 per ounce and 2,000 ounces at a forward price of A\$2,475 per ounce**
- **Two exploration campaigns completed on the Jaurdi and Stockdale Prospects**
- **Drilling to test intersections to the east of Jaurdi to be completed in the March 2020 quarter**
- **Acquisition of the Panther lease located 7kms from the Jaurdi Project. The lease contains a JORC Resource of over 10,000 ounces of gold with significant exploration potential**
- **\$8.0m raised via a placement that raised additional funds to accelerate exploration and resource definition programmes at Jaurdi Gold Project**

JAURDI GOLD PROJECT**Plant Commissioning and Production Update**

During the period the Company was pleased to advise that the processing plant continued to perform well with gold production increasing during the commissioning phase. The first full quarter of production was completed during the quarter ended 31 December 2019.

On the 16 January 2020 Beacon was pleased to provide the production numbers for the first three months of commercial production.

- **October 2019 gold production of 1,364 ounces (oz);**
- **November 2019 gold production of 1,511 oz, approximately 11% higher than the month of October 2019.**
- **December 2019 gold production of 1,774 oz, approximately 17% higher than the month of November 2019.**

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In December Beacon commissioned a third leach tank to allow for higher clay/silcrete ratios at lower process pulp densities.

Mining activities have also been ramped up using two fleets of gear. The following ore and waste volumes were moved over the last three months:

- 116,414 BCM for October (corrected from 123,623);
- 146,073 BCM for November; and
- 94,105 BCM for December (mining ceased on 20 December 2019 for the Christmas break).

The increase in mining activities will remain until March 2020 to complete the mining of Panel 1 and the establishment of a new in pit tailings dam.



Figure 1 – Maiden Gold Bar from the Jaurdi Gold Project – 10 September 2019



Figure 2 – Screening and Crushing on the Jaurdi ROM pad

Beacon is continually reviewing operations and making changes to optimise operational costs. To this end, Beacon purchased new equipment to limit hire charges and lower operating costs. The equipment purchased is listed below and can be seen in Figure 2.

- Findlay 893 screen;
- Caterpillar 980M front end loader; and
- a Caterpillar 349F excavator.

Jaurdi Gold Mine Officially Opened

Beacon was pleased to advise that the Jaurdi Gold mine was officially opened by the Minister of Mines and Petroleum; Energy; Industrial Relations the Hon. Bill Johnston MLA on 29 November 2019.

The opening of the Jaurdi Gold Mine was a key milestone achieved by the Company as it moved to being a gold production Company.



Figure 3 (Left) – Jaurdi Gold Project Official Mine Open Ceremony 29 November 2019.

Beacon's Chairman Geoffrey Greenhill and the Minister of Mines and Petroleum; Energy; Industrial Relations the Hon. Bill Johnston MLA



Forward Contract

Subsequent to the period end Beacon advised that it had entered into a 5,000 ounce forward gold contract to be delivered in monthly instalments from February to June 2020 at a forward price of A\$2,331 per ounce.

Beacon also advised that a 2,000 ounce forward gold contract, to be delivered in monthly instalments from July and August 2020, at a forward price of A\$2,475 per ounce had been entered into.

The forward contracts provide a secure cash margin on a portion of Beacon's future gold production.

EXPLORATION UPDATE

Two exploration campaigns were completed during the period which included aircore drilling on the Jaurdi leases and a first pass aircore program at the Stockdale Prospect.

In addition to this Beacon completed a final round of grade control drilling in Panel 1 at the Lost Dog mine which resulted in better than expected grades and depths of mineralisation as defined by the July 2017 Mineral Resource.

Lost Dog Grade Control

A small grade control programme was completed in the north east corner of Mining Panel 1 at Lost Dog . A total of 55 holes (LDGC344 to 398) for 1,234 metres was completed in October 2019. The results were encouraging with some better than expected results received: LDGC353: 9 metres @ 5.14 g/t Au from 8 metres, LDGC356: 7 metres @ 4.51 g/t Au from 14 metres, LDGC357: 10 metres @ 3.94 g/t Au from 12 metres, LDGC358: 13 metres @ 4.92 g/t Au from 9 metres, LDGC359: 14 metres @ 5.92 g/t Au from 8 metres and LDGC394: 6 metres @ 6.05 g/t Au from 12 metres (Appendix 1 please see 10 January 2020 ASX Release titled "Jaurdi and Stockdale Exploration Update").

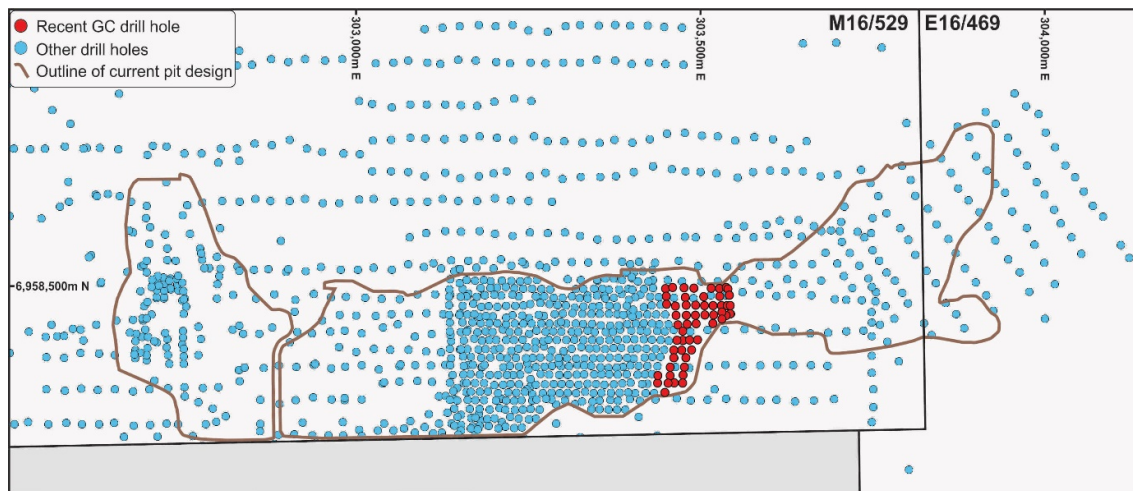


Figure 4 - Location of Grade Control Drilling in the North East Corner of Mining Panel 1 at Lost Dog

An update of the Lost Dog Mineral Resource will be completed in the first half of 2020 to include the October 2019 RCGC drilling results and the aircore drilling results extending the Lost Dog mineralisation to the west.



Stockdale Air Core Drilling

The Stockdale Prospect is located 66km south of Leonora and circa 15km along strike from the Apollo Hill gold deposit within the Keith-Kilkenny Tectonic Zone (Figure 5). The aircore drill program recently completed by Beacon at the Stockdale prospect consisted of 66 holes for 2,518 metres (SAC001 to 066). Holes were drilled to refusal and achieved maximum depths between 9 to 75 metres. Lithologies encountered in the drilling included granites, fine grained basalts and porphyries. Two of the holes intersected significant mineralisation; SAC014: 5 metres @ 0.65 g/t Au from 32 metres and SAC041: 4 metres at 1.78 g/t Au from 52 metres (Appendix 2 please see 10 January 2020 ASX Release titled "Jaurdi and Stockdale Exploration Update").

These holes align on a 300° trend as described by the gold in soil anomalism, albeit not coincident with the peak soil values. A line of drilling occurred between the two drill holes without intersecting any significant mineralisation (Figure 6).

A further drill program at the Stockdale Prospect is being reviewed by our geological consultants.



Figure 5 - Locality of E31/1039 relative to Leonora and Menzies in the Eastern Goldfields of WA

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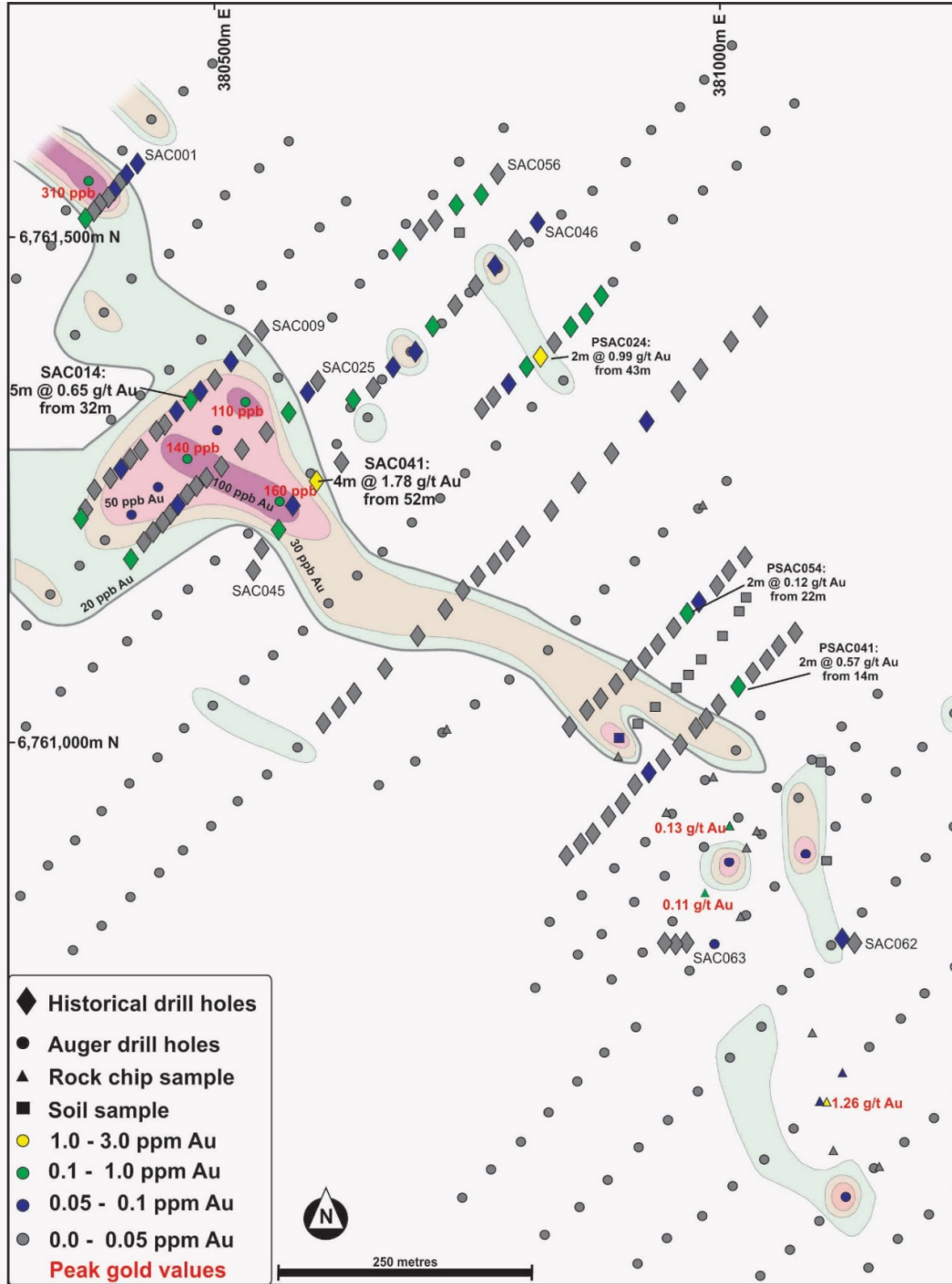


Figure 6 - Location of significant gold mineralisation recorded in SAC014 and SAC041 in relation to the gold in soil auger anomalism



Jaurdi East Aircore Drilling

The palaeo-drainage system, as defined by the VTEM imagery and previous drilling, was further tested to the east of the Lost Dog deposit. Two lines of aircore were completed, the first in the far east of E16/469 and the second the far west of E15/1582. A total of 41 holes (LDW105 to 145) for 1,606 metres of aircore was drilled. Both traverses were testing for indications of further gold mineralisation to the east of the known Lost Dog gold system where potentially gold-bearing drainage systems from the north intersect the main, regionally extensive east-west palaeo-drainage and modern-day drainage systems. The main palaeochannel was identified on both traverses and significant water inflows were also identified on both traverses.

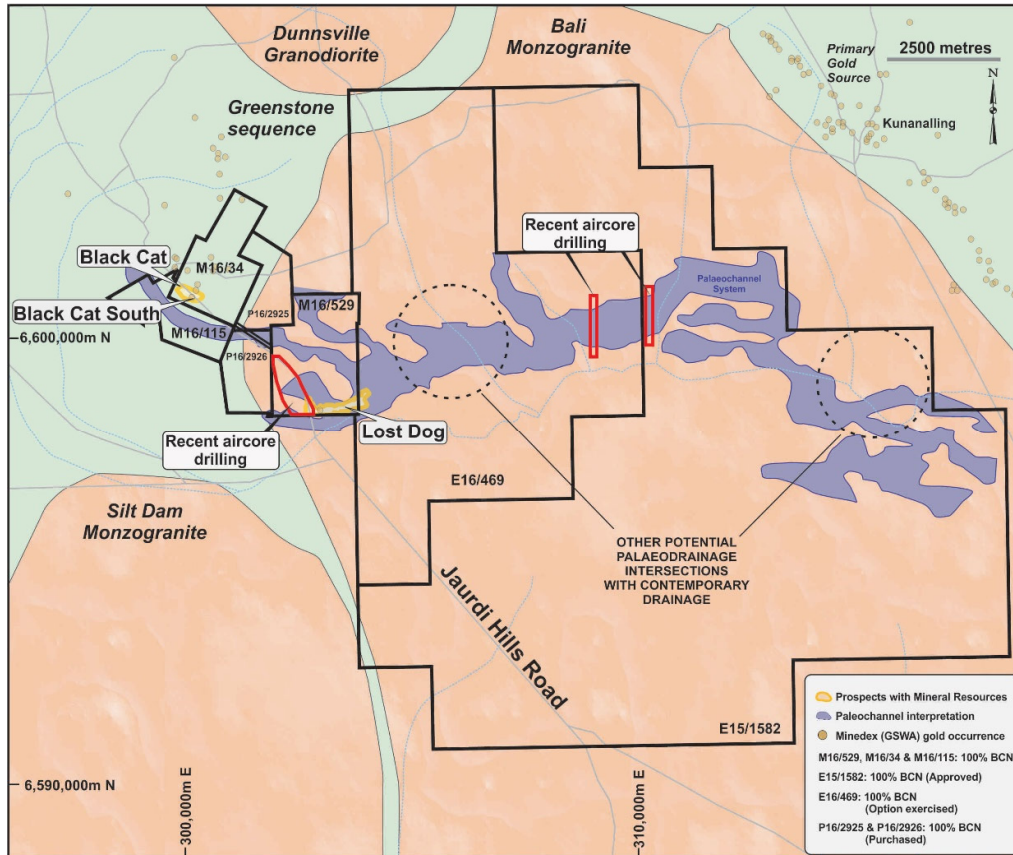


Figure 7 - Location of Aircore Drilling to the East of the Lost Dog Deposit

The aircore traverse within E15/1582 returned anomalous gold, while the traverse within the far eastern parts of E16/469 was completely barren. This represents the first break in the anomalous gold trend within the palaeo-drainage system east of Lost Dog. The fact that anomalous gold is again picked up in the E15/1582 traverse may indicate re-introduction of gold into the palaeo drainage system within E15/1582, potentially from a different source to that supplying the Lost Dog gold-mineralised system. The best results from the E15/1582 traverse were modest at 4 metres at 0.39 g/t Au (LDW134) from 20 metres and 1 metre at 0.46g/t Au from 30 metres (LDW139) (Figure 8). Further exploration will be completed within the central and eastern parts of E15/1582, which are close to the extensive Kunanalling mining centre.

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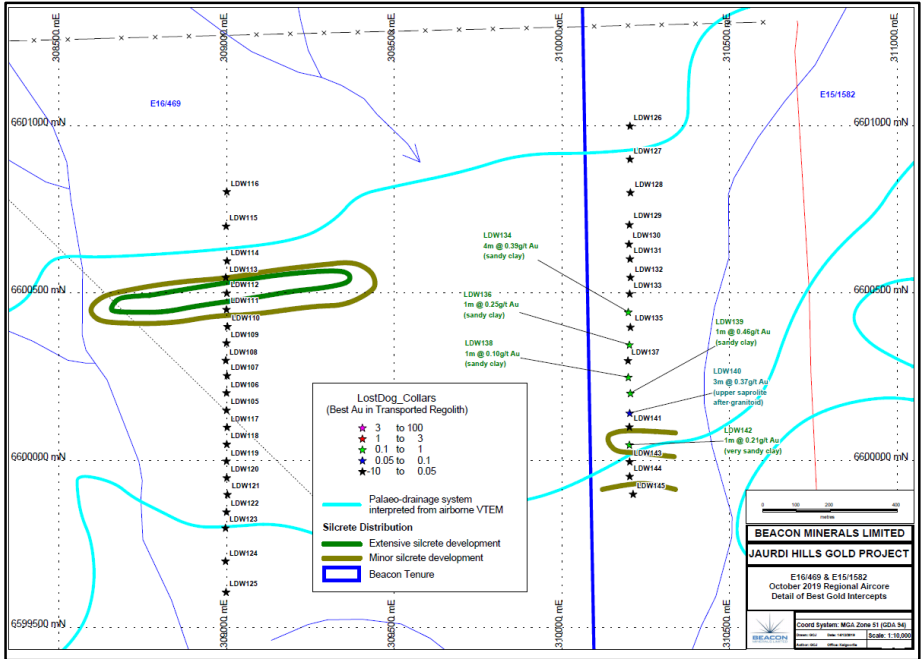


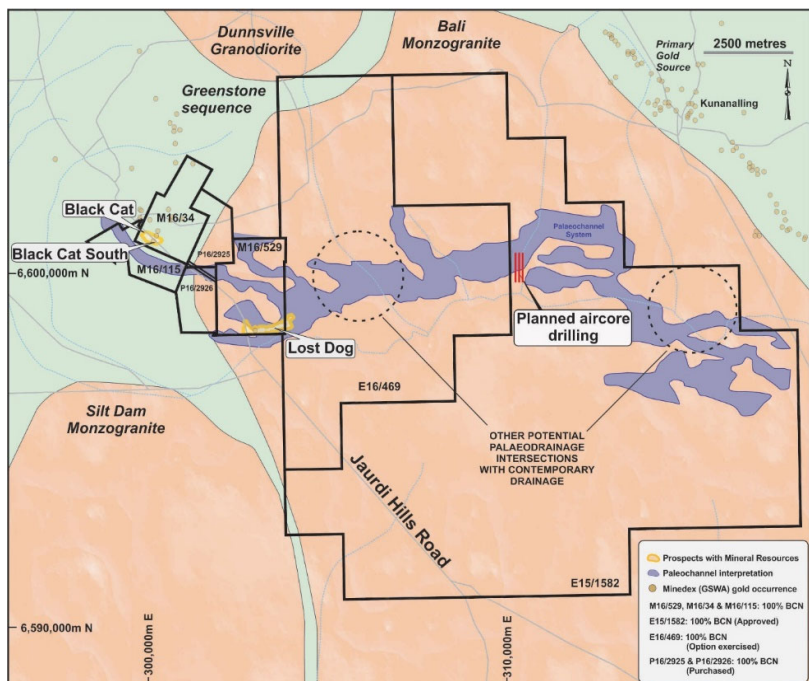
Figure 8 (left) - Location of Two Aircore Drill Lines and Anomalous Au Intercepts

A programme of three, 100m-spaced north-south oriented traverses has been planned to the east of the 310,200E traverse to test the immediate area east of the known anomalous palaeochannel-hosted gold (Figure 9).

The best results from the 310,200E traverse were modest at 4 metres at 0.39 g/t Au (LDW134) from 20 metres and 1 metre at 0.46g/t Au from 30 metres (LDW139). Please see ASX announcement 10 January 2020 "Jaurdi and Stockdale Exploration Update" for more information. These thicknesses and grades are consistent with the margins of the Lost Dog deposit.

Drill holes will be spaced 50m apart along lines but may be closed up if this provides better information about the depth and distribution of the palaeochannel.

Figure 9 (right) - Location of Planned Aircore Drilling to the East of the Lost Dog Deposit



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TENEMENT ACQUISITIONS

Panther Prospect

During the period Beacon was pleased to announce the acquisition of the Panther tenement. The newly acquired tenement was purchased from Corinthian Mining Pty Ltd for the sum of \$125,000.

The Tenement is located approximately 7 kilometres northwest along the Jaurdi Hills Road from the Jaurdi processing plant (see Figure 10).

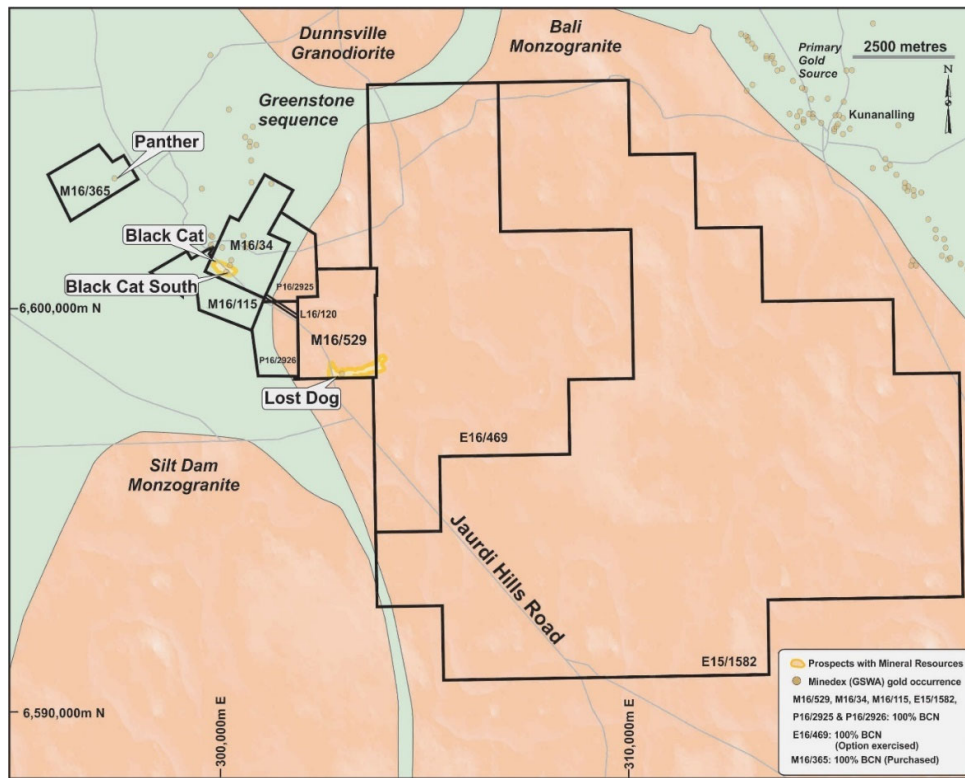


Figure 10: Locality diagram detailing Beacon Minerals tenement holding relative to the Panther deposit

A Mineral Resource was estimated in line with the JORC 2012 guidelines and is reported in Table 1.

Table 1: Panther Mineral Resource by classification (Au > 0.8 g/t)

Resource Category	Tonnes ('000)	Grade (g/t Au)	Ounces
Indicated	57	2.74	5,050
Inferred	70	2.49	5,625
Total	127	2.60	10,675

Subsequent to the quarter end Beacon announced the results of its recent resource definition drilling program at the Company’s Panther Prospect (Figure 11). A total of 56 holes were drilled for 3,560 metres (Please see Appendix 1, ASX Release dated 11 March 2020 “Exploration Update and Purchase of Additional Tenement”).

The program was drilled in February 2020 and tested the shallow southern zone of mineralisation, the area immediately north of the pit and areas below the historical pit (Figures 12 and 13).

The program produced strong results including a continuous flat laying quartz structure south of the historic pit. The mineralisation below the pit is associated with a series of dilatant quartz zones hosted in a strongly

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foliated basalt and pyroxenite ultramafic saprock. The weathering profile is relatively deep with friable saprock hosting the high-grade mineralisation up to a depth of 70 vertical metres. Mineralisation to the north of the pit was generally weaker in nature.

Drilling in the southern area was highly successful and returned significant intercepts which include:

- **PBRC042: 18 metres @ 9.4 g/t Au from 25 metres; and**
- **PBRC052: 13 metres at 2.73 g/t Au from 23 metres.**

The mineralisation below the historic pit is hosted in a moderately steep west dipping structure and included:

- **PBRC010: 3 metres @ 95.4 g/t Au from 21 metres;**
- **PBRC009: 5 metres @ 4.92 g/t Au from 29 metres;**
- **PBRC032: 10 metres @ 24.8 g/t Au from 68 metres; and**
- **PBRC006: 20 metres @ 4.92 g/t Au from 54 metres (Figures 13 and 14).**

The potential for depth extensions and strike extensions to the south of Panther is highly likely with a second phase of drilling currently being planned and expected to commence in late March 2020.

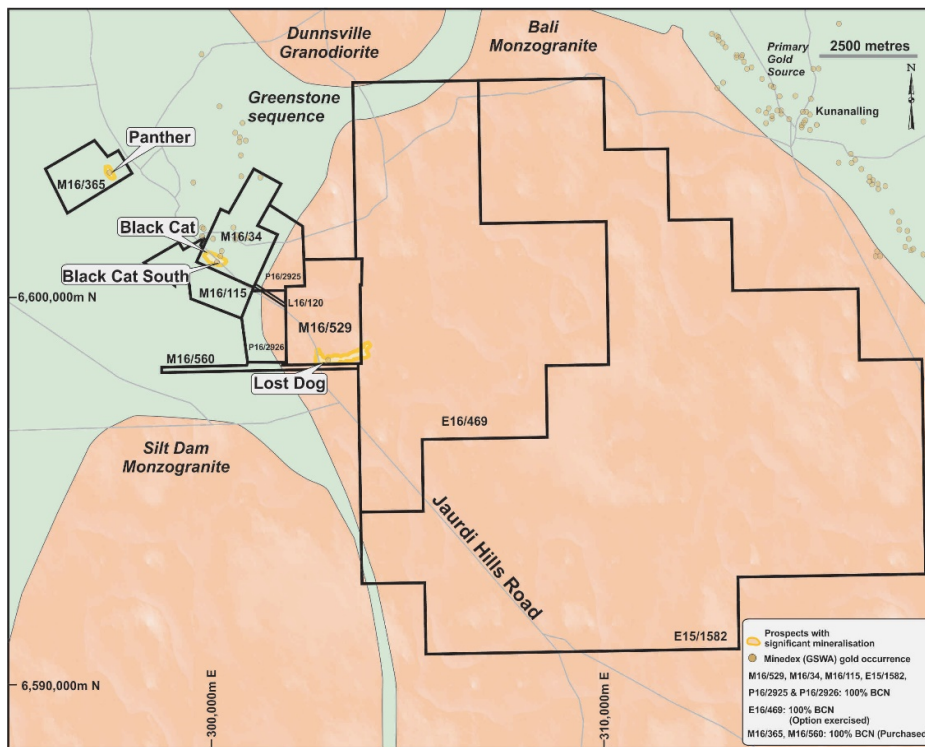


Figure 11 (left): Location diagram of the Panther deposit north west of the Jaurdi Milling Facility

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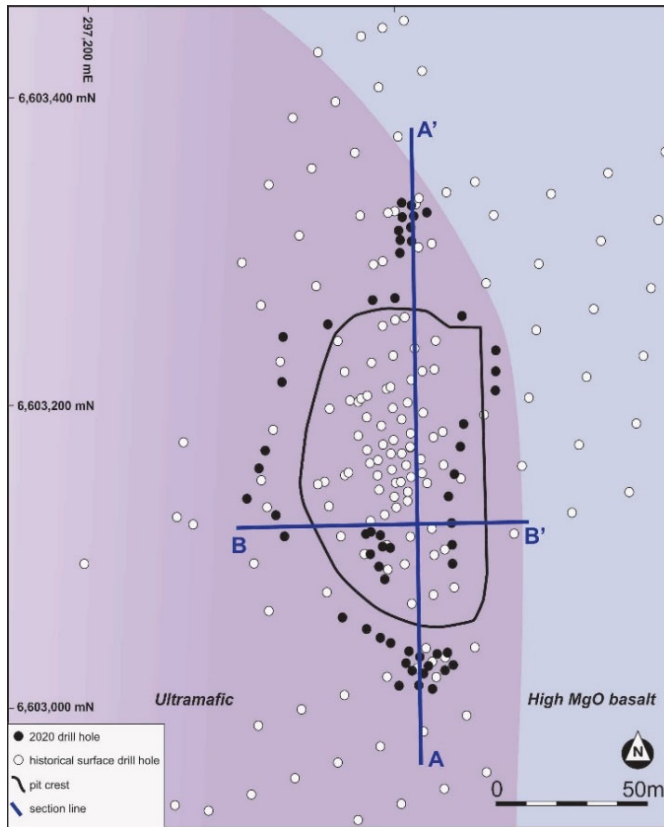


Figure 12 (left): Plan of the Panther pit showing collar locations and sections A - A' and B - B'

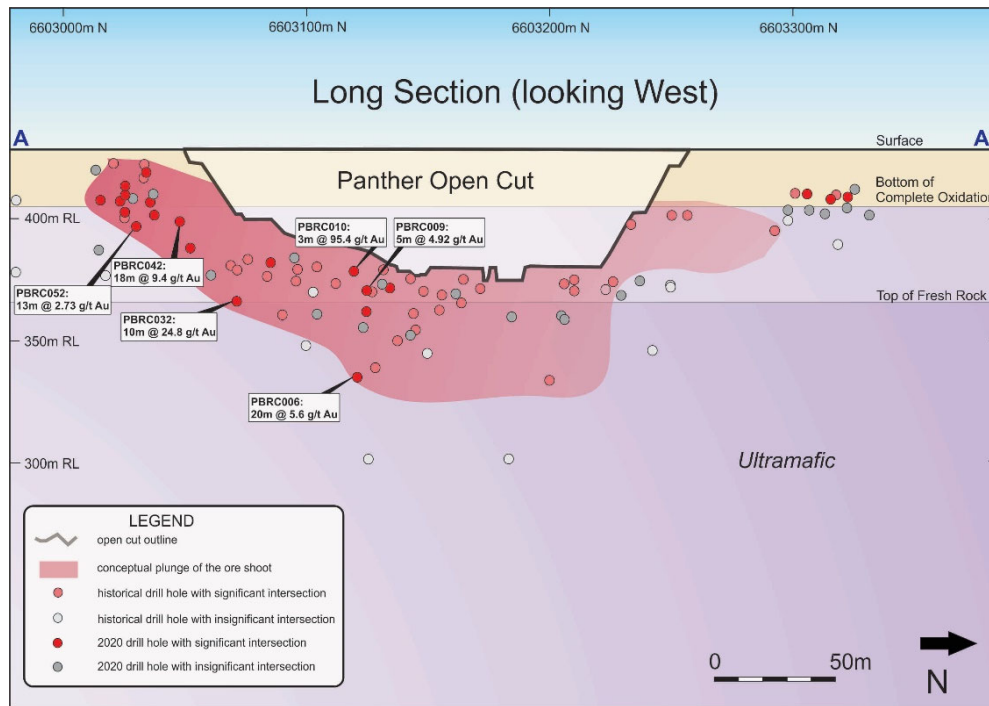


Figure 13: Long section of the Panther deposit showing significant intersections

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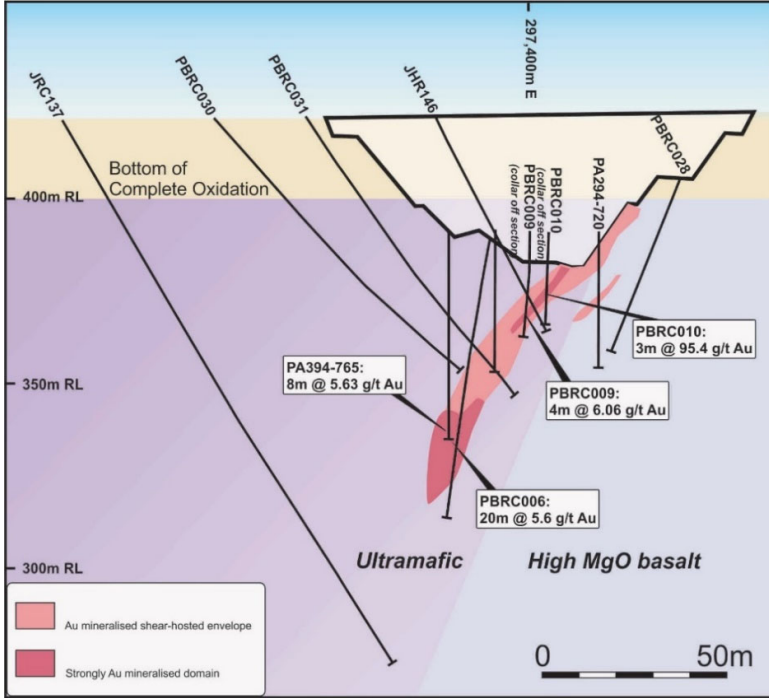


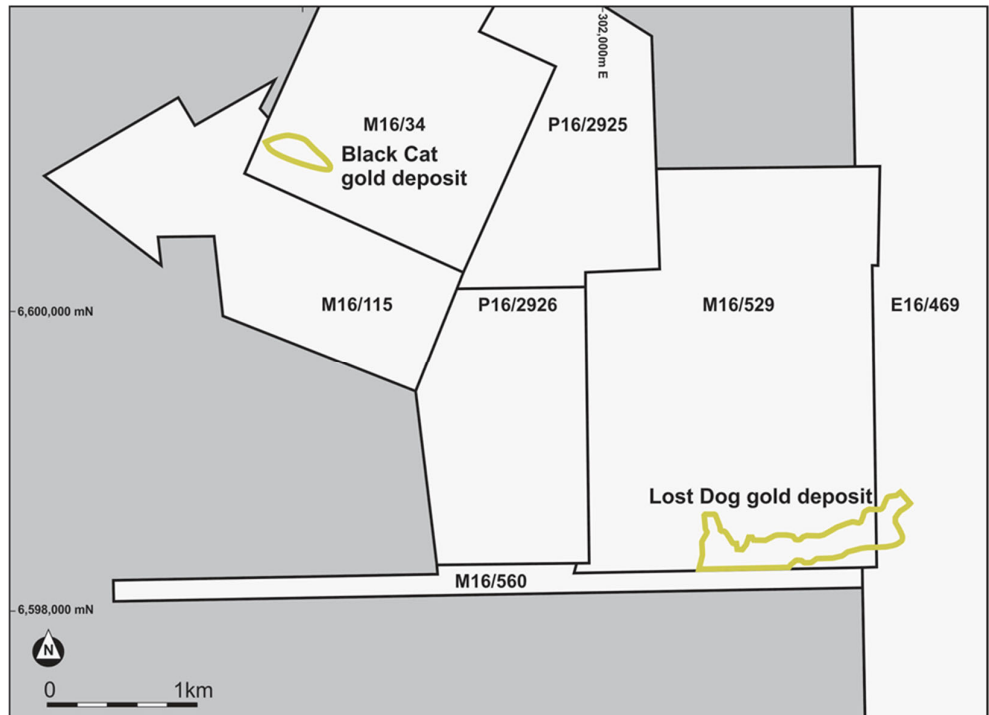
Figure 14 (left): Cross section showing variable strength of gold mineralisation within the Panther structure

M16/560

Subsequent to the period Beacon advised that the Company had purchased mining lease M16/560 from Boulder Investments Group Pty Ltd for the sum of \$1.0 million.

The tenement lies immediately to the south of Beacons M16/529 and contains a part of the known Lost Dog orebody. Approximately 60 x 25m air-core holes have been drilled on M16/560 by the previous owners and Beacon will drill additional grade control holes prior to commencing mining.

Figure 15 (right) – Location of Mining Lease M16/560



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**CORPORATE**

During the period the Company advised that it had completed a placement that raised additional funding to accelerate exploration and resource definition programmes at its Jaurdi Gold Project.

The Company issued 190,476,191 fully paid shares at \$0.042 per share to raise \$8,000,000.

Patersons Securities Limited acted as Lead Manager to the Placement.

During the period 155,369,942 Listed Options exercisable at \$0.025 on or before 17 August 2022 were exercised in the Company.

SUBSEQUENT EVENTS

Subsequent to the period end Beacon advised that it had entered into a 5,000 ounce forward gold contract to be delivered in monthly instalments from February to June 2020 at a forward price of A\$2,331 per ounce.

Beacon also advised that a 2,000 ounce forward gold contract, to be delivered in monthly instalments from July and August 2020, at a forward price of A\$2,475 per ounce had been entered into.

The forward contracts provide a secure cash margin on a portion of Beacon's future gold production.

Beacon advised on 11 March 2020 that the Company had purchased mining lease M16/560 from Boulder Investments Group Pty Ltd for the sum of \$1.0 million.

Other than the above there has been no matter or circumstance that has arisen since 31 December 2019, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

Competent Person Statement – Exploration Results

The information in this report that relates to the Jaurdi Gold Project and the Stockdale Prospect exploration is based on information compiled by Mr Darryl Mapleson, a full-time employee of BM Geological Services. Mr Mapleson is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Mapleson has been engaged as a consultant by Beacon Minerals Limited. Mr Mapleson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Mapleson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

- 11 March 2020 Exploration Update and Purchase of Additional Tenement
- 9 January 2020 Jaurdi and Stockdale Exploration Update
- 16 October 2019 Panther Gold Tenement Acquired

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



AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 18.

This report is made in accordance with a resolution of directors.

A handwritten signature in blue ink, appearing to read 'Geoffrey Greenhill', written in a cursive style.

Geoffrey Greenhill
Executive Chairman
13 March 2020

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

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2019 there have been:

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

William Buck

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



Robin Judd
Director

Dated this 13th day of March 2020

ACCOUNTANTS & ADVISORS

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Australian Dollars (\$)	Note	31 December 2019 \$	31 December 2018 \$
Gold sales		10,625,394	-
Interest revenue		23,581	68,557
REVENUE		10,648,975	68,557
Cost of goods sold		(10,767,034)	-
GROSS PROFIT/(LOSS)		(118,059)	68,557
Other Income	3	878,065	154,868
Administration expenses	3	(1,195,429)	(626,977)
Exploration and pre-production expenditure written off		(289,964)	(4,021,517)
Finance expenses		(1,530,574)	(961,611)
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		(2,255,961)	(5,386,680)
Income tax		-	-
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX		(2,255,961)	(5,386,680)
Other comprehensive income, net of income tax		-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD		(2,255,961)	(5,386,680)
PROFIT/(LOSS) PER SHARE			
Basic and diluted earnings/(loss) per share		(0.0008)	(0.0026)

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

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Australian Dollars (\$)	Note	31 December 2019	30 June 2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		5,325,227	4,256,185
Trade and other receivables		1,991,262	261,444
Other assets		2,811,456	3,639,018
Inventories		3,215,271	-
TOTAL CURRENT ASSETS		13,343,216	8,156,647
NON-CURRENT ASSETS			
Plant and equipment		4,298,063	2,631,962
Development expenditure		19,150,372	16,424,945
TOTAL NON-CURRENT ASSETS		23,448,435	19,056,907
TOTAL ASSETS		36,791,651	27,213,554
CURRENT LIABILITIES			
Trade and other payables		3,329,105	3,181,458
Provisions		333,321	51,099
TOTAL CURRENT LIABILITIES		3,662,426	3,232,557
NON-CURRENT LIABILITIES			
Borrowings – debenture notes		18,000,000	18,000,000
TOTAL NON-CURRENT LIABILITIES		18,000,000	18,000,000
TOTAL LIABILITIES		21,662,426	23,232,557
NET ASSETS		15,129,225	5,980,997
EQUITY			
Issued capital	4	49,475,067	38,070,878
Reserves	5	1,902,716	2,337,227
Accumulated losses		(36,248,558)	(34,427,108)
TOTAL EQUITY		15,129,225	5,980,997

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Australian Dollars (\$)

	ISSUED CAPITAL \$	RESERVE \$	ACCUMULATED LOSSES \$	TOTAL EQUITY \$
Balance at 1 July 2019	38,070,878	2,337,227	(34,427,108)	5,980,997
Loss for the period	-	-	(2,255,961)	(2,255,961)
Other comprehensive income for the year, net of income tax	-	-	-	-
Total comprehensive gain/(loss)	-	-	(2,255,961)	(2,255,961)
Shares issued during the period (Note 4)	8,000,000	-	-	8,000,000
Option exercised during the period (Note 4 and 5)	3,884,189	(434,511)	434,511	3,884,189
Options issued during the period	-	-	-	-
Share issue costs	(480,000)	-	-	(480,000)
Balance at 31 December 2019	49,475,067	1,902,716	(36,248,558)	15,129,225

	ISSUED CAPITAL \$	RESERVE \$	ACCUMULATED LOSSES \$	TOTAL EQUITY \$
Balance at 1 July 2018	31,128,999	348,325	(26,095,312)	5,382,012
Loss for the period	-	-	(5,386,680)	(5,386,680)
Other comprehensive income for the year	-	-	-	-
Total comprehensive gain/(loss)	-	-	(5,386,680)	(5,386,680)
Shares issued during the period	-	-	-	-
Option exercised during the period	320,000	(273,660)	-	46,340
Options issued during the period	-	2,337,227	-	2,337,227
Share issue costs	(7,410)	-	-	(7,410)
Balance at 31 December 2018	31,441,589	2,411,892	(31,481,992)	2,371,489

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



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

Australian Dollars (\$)	31 December 2019	31 December 2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt from the sale of gold	9,732,261	-
Receipt from fuel tax rebate	391,734	-
Expenditure on production activities	(10,036,293)	-
Expenditure on mining interests	(4,495,376)	(8,278,822)
Payments to suppliers and employees	(875,926)	(1,149,504)
Payments in relation to GST	(359,515)	-
Interest received	27,004	39,190
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(5,616,111)	(9,389,136)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(1,926,576)	(912,427)
Payments for development and exploration activities	(549,432)	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(2,476,008)	(912,427)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issue of shares	11,884,189	320,000
Payments in relation to issue of shares	(480,000)	(7,410)
Proceeds from Debenture Issue	-	18,000,000
Payments in relation to debenture issue	-	(566,908)
Payments in relation to interest on debenture issue	(2,243,029)	-
NET CASH INFLOW FROM FINANCING ACTIVITIES	9,161,160	17,745,682
Net increase in cash and cash equivalents	1,069,041	7,444,119
Cash and cash equivalents at the beginning of the half-year	4,256,185	2,950,367
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	5,325,226	10,394,486

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



NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial statements are prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards including AASB 134: Interim Financial Reporting (“AASB 134”). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Beacon Minerals Limited (“Beacon” or “Parent”) and its consolidated entities (“Company” or “Group”). It is recommended that this financial report be read in conjunction with the annual financial statements of the Consolidated Entity for the year ended 30 June 2019, together with any public announcements made during the half-year. The half-year report does not include full disclosures of the type normally included in an annual financial report.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. Beacon Minerals Limited has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half year.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Consolidated Entity for the half year ending 31 December 2019. The Consolidated Entity does not believe these standards will have a material impact on the financial statements in the period in which they are adopted.

Adoption of AASB 16 had no impact on the Company since the Company did not enter into any non-cancellable leases.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs.

NOTE 2: OPERATING SEGMENTS

The Consolidated Entity operates in predominantly one business and geographical segment, which involves the exploration, development and sale of minerals in Australia.

**NOTE 3: PROFIT/(LOSS) BEFORE INCOME TAX**

	31 December 2019 \$	31 December 2018 \$
The following revenue and expense items are relevant in explaining the financial performance for the half-year.		
Other Income		
Fuel tax rebates	872,327	154,868
Other	5,738	-
	878,065	154,868
Administration expenses		
Employment expenses	858,477	438,222
Corporate expenses	336,952	188,755
	1,195,429	626,977

NOTE 4: ISSUED CAPITAL

	31 December 2019 \$	30 June 2019 \$
(a) Issued and paid up capital		
At the beginning of the reporting period	38,070,878	31,128,999
Shares issued during the period (i)	8,000,000	7,119,468
Shares issued on exercise of options (ii)	3,884,189	320,825
Transaction costs (iii)	(480,000)	(498,414)
At reporting date 2,858,632,676		
(30 June 2019: 2,512,786,543) fully paid ordinary shares	49,475,067	38,070,878

	Number	Number
Movements in Ordinary Shares		
At the beginning of reporting period	2,512,786,543	2,013,961,284
Shares issued during the period (i)	190,476,191	418,792,257
Shares issued on exercise of options (ii)	155,369,942	80,033,002
Balance at reporting date	2,858,632,676	2,512,786,543

- (i) The following shares were issued during the period ended 31 December 2019:
- On 23 August 2019, 190,476,191 fully paid ordinary shares were issued at \$0.042 to sophisticated investors.
- (ii) During the period 155,369,942 Listed Options were exercised, the exercise price was \$0.025 per option.
- (iii) Transactions costs represent the costs of issuing the shares.

**NOTE 5: RESERVES****(a) Option Reserves**

	31 December 2019	30 June 2019
	\$	\$
At the beginning of the period	2,337,227	348,325
Expiry of options	-	(74,665)
Issued during the period	-	2,337,227
Exercise of options during the period	(434,511)	(273,660)
	<u>1,902,716</u>	<u>2,337,227</u>

Each option entitles the option holder to a fully paid ordinary share in the Company. All options vested upon issue.

Movement in \$0.025 17 August 2022 Listed Options (i)

	31 December 2019	30 June 2019
	Number	Number
At the beginning of the period	1,067,853,529	498,490,321
Issued during the period	-	569,392,621
Exercised during the period	(155,369,942)	(33,002)
	<u>912,483,587</u>	<u>1,067,853,529</u>

(i) Each option entitles the holder to subscribe to one share at an issue price of \$0.025 on or before 17 August 2022.

Movement in \$0.025 1 August 2021 Unlisted Options (ii)

	31 December 2019	30 June 2019
	Number	Number
At the beginning of the period	20,000,000	-
Exercised during the period	-	20,000,000
	<u>20,000,000</u>	<u>20,000,000</u>

(ii) Each option entitles the holder to subscribe to one share at an issue price of \$0.025 on or before 1 August 2021.

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**Movement in \$0.004 31 January 2022 Unlisted Options (iii)**

	31 December 2019 Number	30 June 2019 Number
At the beginning of the period	-	80,000,000
Exercised during the period	-	(80,000,000)
	<u>-</u>	<u>-</u>

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

Movement in \$0.025 5 May 2019 Unlisted Options (iv)

	31 December 2019 Number	30 June 2019 Number
At the beginning of the period	-	5,000,000
Issued during the period	-	(5,000,000)
	<u>-</u>	<u>-</u>

(iv) Each option entitles the holder to subscribe to one share at an issue price of \$0.025 on or before 5 May 2019.

NOTE 6: COMMITMENTS AND CONTINGENCIES

There have been no significant changes to commitments or contingencies since 30 June 2019.

NOTE 7: SUBSEQUENT EVENTS

Subsequent to the period end Beacon advised that it had entered into a 5,000 ounce forward gold contract to be delivered in monthly instalments from February to June 2020 at a forward price of A\$2,331 per ounce.

Beacon also advised that a 2,000 ounce forward gold contract, to be delivered in monthly instalments from July and August 2020, at a forward price of A\$2,475 per ounce had been entered into.

The forward contracts provide a secure cash margin on a portion of Beacon's future gold production.

Beacon advised on 11 March 2020 that the Company had purchased mining lease M16/560 from Boulder Investments Group Pty Ltd for the sum of \$1.0 million.

Other than the above there has been no matter or circumstance that has arisen since 31 December 2019, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.



DIRECTORS' DECLARATION

The directors of the Consolidated Entity declare that:

1. the financial statements and notes, as set out on pages 19 to 26 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the financial position as at 31 December 2019 and of the performance for the half year ended on that date of the Consolidated Entity;
2. In the directors' opinion there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

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

Geoffrey Greenhill
Executive Chairman
Beacon Minerals Limited
Perth, 13 March 2020

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Beacon Minerals Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Beacon Minerals Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity) on pages 19 to 27, which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, condensed consolidated notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Beacon Minerals Limited on pages 19 to 27 is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Responsibilities of the Directors' for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ("ASRE 2410"), in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

ACCOUNTANTS & ADVISORS

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Independent auditor's review report to members (cont.)

As the auditor of Beacon Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

William Buck

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



Robin Judd
Director

Dated this 13th day of March 2020

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