



ASX ANNOUNCEMENT

3 September 2018

\$18M IN DEBENTURES TO BE ISSUED TO BRING JAURDI INTO PRODUCTION

- **Pre-Feasibility study results confirm Jaurdi Gold Project to be a technically and economically viable project at a 500,000tpa processing capacity;**
- **Processing an estimated 2.5Mt @1.9g/t (148koz) over 5 years will deliver:**
 - **126koz of recovered gold**
 - **\$98.4 million in surplus cashflow**
 - **NPV of \$70.5m**
 - **IRR of 75%**
 - **Payback of 11 months**
- **\$18m raised via Debenture Issue to bring the Jaurdi Gold Project into production, targeting Q1 2019 production commencement.**
- **Mine life is likely to increase with the inclusion of the Black Cat Resources and Exploration upside**

Beacon Minerals Limited ("**Beacon**" or the "**Company**") is pleased to announce that it has received firm commitments to raise \$18 million via a debenture issue to professional and sophisticated investors ("**Debenture Issue**"). The Company is now in the closing stages of finalising relevant transaction documents in relation to a debenture issue.

Directors Graham McGarry and Geoff Greenhill and persons associated with them ("**Related Parties**") have committed to subscribe for \$4.6m of the Debenture Issue. As a result of the involvement of the Related Parties in the proposed transaction, the Company will seek shareholder approval in accordance with section 195(4) of the Corporations Act 2001 Cth (Corporations Act) (and various other provisions of the Corporations Act and the ASX Listing Rules) at a general meeting to be convened shortly.

The Company's ASX announcement on 29 August 2018 titled "*Pre-Feasibility Study Results for the Jaurdi Gold Project*" advised that the Company has completed its Pre-Feasibility Study (**PFS**), which demonstrated an economically and technically viable project with considerable upside. The key financial parameters are tabled below:

BEACON MINERALS LIMITED ACN 119 611 559

Kalgoorlie Office 144 Vivian Street, Boulder, WA 6432

Registered Office Level 1, 115 Cambridge Street, PO Box 1305, West Leederville, WA 6007

Website www.beaconminerals.com **Phone** 08 9322 6600 **Facsimile** 08 9322 6610

Key Financial Parameter*	A\$1,650 oz
NPV (A\$M)	\$70.49m
Revenue (A\$M) ¹	\$208.5m
Operating Costs (A\$M)	\$89.5m
Royalties	\$15.5m
Surplus Cashflow (A\$M)	\$98.4m
Initial Capital Costs (A\$M)	\$21.4m
Sustaining Capital Costs (A\$M)	\$5.0m
EBITD (A\$M)	\$103.5m
C1 Cash Cost (A\$/oz)	\$830
AISC (A\$/oz)	\$870
IRR (%)	75.04%
Payback (months)	11 months

1. Includes year 5 Lost Dog mill feed will be supplemented with approx. 30,000 tonnes from the Black Cat North open pit to fill the mill to its 500,0000 tpa capacity.
2. For further information, refer to the Company's ASX announcement of 29 August 2018 titled "Pre-Feasibility Study Results for the Jaurdi Gold Project". Pre-Feasibility Parameters – Cautionary Statement. The PFS is based on Proved and Probable Ore Reserves derived from Measured and Indicated Mineral Resources respectively. No Inferred Mineral Resource was included in the estimate of Ore Reserves. The PFS was prepared to an overall level of accuracy of +10%/-5%. It is based on material assumptions outlined elsewhere in that announcement and in Appendix 1 Material Assumptions PFS. The Company has concluded it has a reasonable basis for providing the forward-looking statements included in that announcement.

Subject to obtaining the necessary approvals at the general meeting, the proposed \$18 million Debenture Issue will provide the Company with funding to bring the Jaurdi Gold Project into Production in Q1 2019. The proposed debentures will be secured by a mortgage against Mining Leases 16/0529, 16/0034, 16/0115 and L16/120 (being the mining leases upon which the Jaurdi Gold Project is located), and security over the Company's plant and equipment used at the mining leases.

The funding will support the Jaurdi Gold Project as it moves into production Q1 2019. Pre-production activities at Jaurdi include the following:

- Identification and development of a process water borefield (completed);
- Mining fleet mobilisation (completed);
- Construction of offices, workshops/store and camp (completed);
- Clearing, grubbing and stockpiling of top-soil and wood mulch (partially completed);
- The construction of a processing plant (on-going);
- Preparation of the ROM pad (partially completed); and
- Construction of the TSF tailings line and decant water line to the Black Cat open pit (on-going).

Details in relation to the proposed debenture issue will be contained in the Company's notice of meeting which will be sent to shareholders in due course. However, a summary of the key terms of the proposed debenture issue is set out in the Annexure to this announcement.



The Directors of the Company caution that although the proposed debenture issue is in its final transactional documentation stage and a portion of the Issue is subject to shareholder approval, there is no guarantee that the raising of funds under the proposed Debenture Issue will be successful.

For further information please contact:

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Competent Persons Consent

The information in this report that relates to the Jaurdi Gold Project Mineral Resource estimation is based on information compiled by Mr Richard Finch and Mr Darryl Mapleson, both full time employees of BM Geological Services. Mr Finch is a Member of the Australian Institute of Mining and Metallurgy, while Mr Mapleson is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Finch and Mr Mapleson have sufficient experience that is relevant to the style of the 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'.

This ASX announcement contains information extracted from the following reports, which are available on the Company's website at www.beaconminerals.com.au.

- 29 Aug 2018 PFS Results for the Jaurdi Gold Project

The Company confirms that it is not aware of any new information or data that materially affects the exploration results included in any original market announcements referred to in this report 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 announcements.

The Company confirms that all the material assumptions underpinning the production target, or the forecast information derived from a production target, in the initial ASX announcement continue to apply and have not materially changed.

Disclaimer

This ASX announcement (Announcement) has been prepared by Beacon Minerals Limited ("Beacon" or "the Company"). It should not be considered as an offer or invitation to subscribe for or purchase any securities in the Company or as an inducement to make an offer or invitation with respect to those securities. No agreement to subscribe for securities in the Company will be entered into on the basis of this Announcement.

This Announcement contains summary information about Beacon, its subsidiaries and their activities which is current as at the date of this Announcement. The information in this Announcement is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Beacon.

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By its very nature exploration for minerals is a high risk business and is not suitable for certain investors. Beacon's securities are speculative. Potential investors should consult their stockbroker or financial advisor. There are a number of risks, both specific to Beacon and of a general nature which may affect the future operating and financial performance of Beacon and the value of an investment in Beacon including but not limited to economic conditions, stock market fluctuations, gold price movements, regional infrastructure constraints, timing of approvals from relevant authorities, regulatory risks, operational risks and reliance on key personnel.

Certain statements contained in this announcement, including information as to the future financial or operating performance of Beacon and its projects, are forward-looking statements that:

- may include, among other things, statements regarding targets, estimates and assumptions in respect of mineral reserves and mineral resources and anticipated grades and recovery rates, production and prices, recovery costs and results, capital expenditures, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions;
- are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Beacon, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies; and,
- involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements.

Beacon disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise. The words 'believe', 'expect', 'anticipate', 'indicate', 'contemplate', 'target', 'plan', 'intends', 'continue', 'budget', 'estimate', 'may', 'will', 'schedule' and similar expressions identify forward-looking statements.

All forward looking statements made in this announcement are qualified by the foregoing cautionary statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

No verification: Although all reasonable care has been undertaken to ensure that the facts and opinions given in this Announcement are accurate, the information provided in this Announcement has not been independently verified.

ANNEXURE – KEY TERMS OF PROPOSED DEBENTURE ISSUE

The key terms of the proposed Debenture Issue are as follows:

- (a) the Company will issue debentures (**Debentures**) with a principal amount outstanding not exceeding \$18,000,000, however the issue of the Debentures is subject to the Company receiving subscriptions for a minimum of \$15,000,000;
- (b) the Debenture Issue is also subject to the Company receiving outstanding works and licence application approvals from the DWER, which the Company expects to receive before the date of the general meeting;
- (c) the face value of each Debenture will be \$1.00 and each Debenture Holder must subscribe for a minimum of 100,000 Debentures which will have a total face value of \$100,000 (**Minimum Subscription**);
- (d) the Company may invite a Debenture Holder to purchase Debentures in excess of the Minimum Subscription in \$25,000 increments;
- (e) for every one Debenture that is issued to a Debenture Holder, the Company will grant that Debenture Holder 20 listed Options exercisable at \$0.025 each on or before 17 August 2022 and on further terms and conditions to be set out in the notice of meeting. The maximum number of Options to be issued under the Debenture Issue is 360,000,000;
- (f) the Debentures will not be listed on the ASX;
- (g) the term of the Debentures is 36 months from the date of issue (**Term**), and the Company holds the right to exercise an early repayment option which may be exercised no less than 24 months from the date of issue (**Early Repayment**);
- (h) the interest rate payable on the Debentures is 12% per annum. Interest will be payable on the paid-up face value of the Debentures and calculated on a daily basis. Interest will be payable to the Debenture Holders 9 months after the date they are issued with Debentures and thereafter every 3 months until the end of the Term, or upon Early Repayment (together the **Record Dates**);
- (i) Interest will be paid no later than 30 days after the relevant Record Date;
- (j) the Debentures will be secured by the Company granting a mortgage against Mining Leases 16/0529, 16/0034, 16/0115 and L16/120 (being the mining leases upon which the Jaurdi Gold Project is located), and security over the Company's plant and equipment used at the mining leases in favour of a security trustee acting on behalf of all the Debenture Holders;
- (k) the Debentures will not entitle a Debenture Holder to any voting rights in the Company;
- (l) the Company must repay the subscription price in full in relation to any Debenture Issue, including accrued but unpaid interest, on the earlier of the following:
 - (i) the end of the Term;

- (ii) Early Repayment; or
- (iii) within 30 days on the occurrence of an event of default that has not been remedied;
- (m) events of default (**Event of Default**) include (but are not limited to) the following:
 - (i) an external administrator being appointed over any of the assets of the Company and not being removed;
 - (ii) the Company being in liquidation or under administration;
 - (iii) a material change being made to the Constitution of the Company;
 - (iv) a failure to pay interest owed to a Debenture Holder occurring within 20 days of its due date; and
 - (v) other events of default typical of this type of transaction occurring;
- (n) the Company has 30 days to remedy any Event of Default which occurs pursuant to the Debenture Issue; and
- (o) the Company will pay a fee of 3% on the Debentures.

All of the Debenture Holders will be sophisticated or professional investors and as such the Company will not be preparing a disclosure document or appointing a security trustee in accordance with Part 2L.1 of the Corporations Act in relation to the Debenture Issue. The Debentures will not be quoted on ASX.