



ASX ANNOUNCEMENT

3 October 2013

BEACON MINERALS PROPOSES NEW DEBENTURE ISSUE

The Board of Beacon Minerals Limited (“**Beacon**” or the “**Company**”) is pleased to announce that the Company is in the closing stages of finalising transaction documents in relation to a proposed debenture issue to sophisticated and professional investors. It is anticipated that a portion of the sophisticated and professional investors will include related parties of the Company, being each of the three Directors of Beacon or persons associated with them (**Related Parties**).

As a result of the involvement of the Related Parties in the proposed transaction, the Company is seeking shareholder approval in accordance with Section 195(4) of the Corporations Act (and various other provisions of the Corporations Act and the ASX Listing Rules). Subject to obtaining the necessary shareholder approvals at the Company’s 2013 Annual General Meeting, the proposed debenture issue has the potential to provide the Company with up to \$4 million in funding which will be used to assist with the Company’s financing requirements in relation to the Halleys East Gold Project. It is proposed that the debentures will be secured by a mortgage over the Halleys East Gold Project.

The Board believes that the proposed transaction is beneficial to shareholders and the Company to assist with the financing requirements for the Halley’s East Gold Project.

Extensive details in relation to the proposed debenture issue will be contained in the Company’s Notice of Annual General 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 stages at a transactional level, there is no guarantee that the raising of funding under the proposed debenture issue will be successful.

For more information contact:

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BEACON MINERALS LIMITED ACN 119 611 559

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ANNEXURE – KEY TERMS

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 \$4,000,000, however the issue of the Debentures is subject to the Company receiving subscriptions for a minimum of \$3,000,000;
- (b) 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**);
- (c) the Company may invite a Debenture Holder to purchase Debentures in excess of the Minimum Subscription in \$25,000 increments;
- (d) for every one Debenture that is issued to a Debenture Holder, the Company will grant that Debenture Holder 100 Options on the terms and conditions set out in Schedule 1. The maximum number of Options to be issued under the Debenture Issue is 400,000,000;
- (e) the Debentures will not be listed on the ASX;
- (f) the term of the Debentures is 24 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 18 months from the date of issue (**Early Repayment**);
- (g) the interest rate payable on the Debentures is 18% 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 6 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**);
- (h) Interest will be paid no later than 30 days after the relevant Record Date;
- (i) the Debentures will be secured by the Company granting a Mortgage over Mining Lease 77/1254 in favour of a Security Trustee acting on behalf of all the Debenture Holders (**Security Trustee**);
- (j) the Debentures will not entitle a Debenture Holder to any voting rights in the Company;
- (k) 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;
- (l) 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 7 days of its due date; and



- (v) other events of default typical of this type of transaction occurring; and
- (m) the Company has 30 days to remedy any Event of Default which occurs pursuant to the Debenture Issue.

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.

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