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**PLEASE READ THIS NOTICE CAREFULLY AND IF YOU HAVE ANY QUESTIONS CONTACT THE UNDERSIGNED**

To have your say in the future direction of your company you must fill in your proxy form and return it to the company 2 days before the meeting for it to be valid. Otherwise your say in your company doesn't count. If you haven't filled in a proxy form already, a pre-completed proxy form voting in favour of the resolution is attached. For further information we refer you to the Notice of Meeting dated 8 February 2012 on the company website.

Dear Shareholder

You will have recently received a letter in the mail from Beacon Minerals Limited (Beacon) regarding a Notice of Meeting for the sale of the Barlee Mining Lease M77/1254 (Transaction) to Ramelius Resources Limited (Ramelius) (Ramelius Offer). This Transaction is subject to shareholder approval at the General Meeting which will be held on the 12 March 2012.

In the opinion of the Beacon directors (Directors) the Transaction with Ramelius provides the best return for all Beacon shareholders. **We urge all shareholders to support this Transaction.**

**The Transaction will result in a cash injection into Beacon of:**

- **A \$4,000,000 up front payment on settlement of the Transaction which will be used for further exploration at Barlee and potential acquisitions.**
- **A fixed price royalty (not subject to exchange rate or gold price variation) of \$80 per ounce on production of the first 40,000 ounces and then \$160 per ounce on additional production up to 100,000 ounces which subject to the cash flow of royalties will be used for a CAPITAL RETURN to shareholders. After production of 100,000 ounces a 2% royalty applies.**

Given the current market conditions, the Ramelius Offer was assessed by the Directors to be the one in the best interests of shareholders. Various other options were evaluated (including a toll treatment agreement, on site processing and joint ventures) but they failed to provide the package of benefits derived from the Ramelius Offer which has been independently valued as well above the current industry average for similar transactions on purchase of gold in the ground.

**The Ramelius Offer provides Beacon shareholders with a high value, risk minimised return. Key factors in the directors' selection of the Ramelius Offer are:**

- **A SUBSTANTIAL INITIAL PAYMENT OF \$4,000,000 FOR RESOURCE (\$96 / oz Au in ground versus industry average of \$28 / oz) PLUS A ROYALTY PAYMENT.**
- **NO UPFRONT CAPITAL RAISING IS REQUIRED BEFORE CASH FLOW OCCURS (estimated to be in excess of \$7 Million in the case of toll treatment).**
- **NO MASSIVE SHAREHOLDER DILUTION OCCURS.**
- **IT PROVIDES AN IMMEDIATE CASH POSITION TO CONTINUE EXPLORATION AND ACQUISITION.**
- **NO RISK OF EXCHANGE RATE AND GOLD PRICE FLUCTUATIONS FOR THE FIRST 100,000 ozs OF PRODUCTION.**
- **NO OPERATIONAL AND MANAGEMENT RISKS.**
- **MINIMISED DELAYS TO PRODUCTION – RAMELIUS ALREADY HAVE THE NECESSARY TEAMS IN PLACE.**

- **BEACON STILL RETAINS 388 Km<sup>2</sup> OF EXPLORATION GROUND AT BARLEE.**
- **POTENTIAL READY MADE BUYER FOR ANY FURTHER SATELLITE DEPOSITS DISCOVERED.**

An analysis was performed on entering into a **Toll treatment** agreement, however the Directors' decided against this option. The site is extremely remote (over 200Km to the nearest operating mill) with no infrastructure. Due to this remoteness and lack of infrastructure, capital requirements and anticipated cash operating costs are expected to be high. Other factors considered include:

- **A CAPITAL RAISING, before production and cash flow, of in excess of \$7 MILLION was estimated for rehabilitation bonds, road upgrades, infrastructure and other working capital requirements before commencing toll treatment.**
- **Current financial market conditions would lead to a share placement at a substantial discount to the current price. The placement would create a MASSIVE DILUTION FOR CURRENT SHAREHOLDERS.**
- **In addition to normal operational risks and uncertainties for toll treatment, additional risks also include exposure to gold price movement and exchange rate variations when production occurs.**
- **Uncertainty in obtaining appropriate mining and transport contractors due to the small size and isolated nature of the deposit.**
- **Uncertainty in obtaining a suitable process plant and negotiating a reasonable price and time schedule for toll treatment due to high lost opportunity costs for owners not treating their own ore.**
- **A DELAYED CASH FLOW while operations teams are established and final permitting completed.**
- **Beacon would require time and money to establish both the site infrastructure and a technical team to carry out:**
  - × **Metallurgical accounting, which is normally the most common source of disputes in toll treatment activities;**
  - × **Mine planning to maintain consistent grade and minimise dilution, which will be challenging due to the high grade faulted nature of the deposit; and**
  - × **Other on site activities such as Health and Safety etc which a public company must comply with under the mining legislation.**

If you have any concerns or questions relating to the Transaction please do not hesitate to contact :

Darryl Harris: Office - 08 94769200, Mobile - 0419 908645 or Paul Lloyd: Mobile - 0419 945395

For and on behalf of  
BEACON MINERALS LIMITED



**Darryl Harris**  
**Managing Director**