

# Drilling success a boon for investors

By Mark Fraser

After briefly pursuing several advanced exploration adventures in Central Asia, an Australian junior has now refocused its entire corporate attention on fast tracking an exciting gold development which has always been sitting in its own back yard.

Earlier this year Beacon Minerals Ltd decided to divest its interests in its Baladjan and Djelidysu silicon plays – as well as its Kumushtak (silver-gold-copper) and Keptash (gold-molybdenum-copper) holdings – in Kyrgyzstan to devote all of its efforts on advancing the Barlee project in its home state of Western Australia.

Located some 200 kilometres north of Southern Cross in the one of the state's more lightly explored greenstone belts, Barlee covers 400 square km of highly prospective real estate and has only been subjected to a modest amount of aircore and RC drilling – work which has undeniably yielded a number of mouth watering results.

In early June, Beacon told the market that recent field work had returned a plethora of significant gold intercepts, including 8m at 24 grams/tonne (with 3m

at 46.6 g/t), 10m at 11.9 g/t, 8m at 8 g/t, 5m at 7.2 g/t and 4m at 1.8 g/t.

These high grade intersections were from both the last drill hole at the Halley's East and Phil prospects, as well as from other targets throughout the Barlee project area.

According to the junior, these numbers complimented earlier significant gold results already released to the ASX. These included 27m at 36.1 g/t, 11m at 24.9 g/t, 15m at 11.5 g/t, 19m at 4.9 g/t as well as 14m at 3.76 g/t.

## Prospective holdings

All up, Barlee covers three exploration licences and sits in an area with very little outcrop, meaning early field work has relied primarily on soil sampling, RAB drilling and geophysics to identify targets.

Furthermore, modern exploration techniques have not been systematically employed in the region, which has meant only 5% of the holes thus far drilled in the tenements have gone to depths further than 100m. Also, less than 5% of the area has been properly scrutinised by wannabe miners.

"Prior to Beacon commencing exploration, several companies had undertaken sporadic exploration over the area after the mid 1990s, but there had been no field work since 2002," brokerage Intersuisse said in an investment note issued during June.

"Most of the prior work was reconnaissance in nature, with soil sampling and RAB drilling the main follow up exploration tools.

"Despite the identification of several interesting soil anomalies,



Darryl Harris

there had been little follow-up prior to Beacon's initial aircore drill program at Barlee in 2008."

It was partly for these reasons that the exploration house decided to divest its international project portfolio at the start of this year to concentrate on its WA holdings.

"Plus, with the downturn in market sentiment at the end of 2008, we found there just wasn't the appetite in the market for projects in Kyrgyzstan – no matter how attractive they were," Beacon managing director Darryl Harris explained.

"The other problem we had was our cost structure over there was based on the US dollar, which didn't help our bank balance given the negative foreign exchange rate movement.

"Barlee, on the other hand, was in one of the most mining friendly jurisdictions in the world and it was located in a neighbourhood that had an established track record for yielding gold mines. Developing it was obviously going to be cost effective and it had a lot more upside.

"So really, at the end of the day, refocusing our complete attention on this project was a no brainer – furthermore, we found investors were more comfortable with the project as were the stockbrokers."

## Geological settings

As it stands, Beacon currently has two advanced priority targets at Barlee. The first, Halley's East, was originally identified as a soil anomaly and has since

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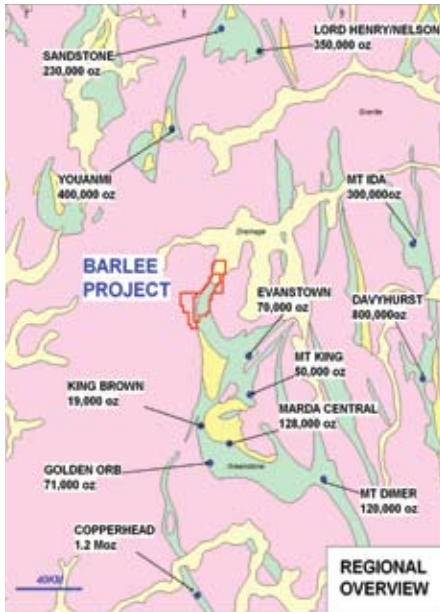
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Barlee's regional setting.

been subjected to a wide-spaced RAB drilling program.

Harris said a long section of the target had shown a plunging high grade gold lode which remained open at depth and, so far at least, indicated the presence of a typical robust Goldfields target.

"At this stage, it looks as if a familiar widely spread high grade and close-to-surface expression in the oxide zone is overlying the narrower, deeper, primary mineralisation," he explained.

Barlee's second main target, the Phil prospect, is located on a structure parallel – and to the north – of Halley's East.

Here, Beacon's initial aircore drilling, which was following up historical anomalous RAB holes, returned gold intercepts of 24m at 1 g/t and 8m at 5.7 g/t. This prompted the junior to carry out early RC drilling – an exercise that returned results like 14m at 3.7 g/t, 15m at 11.5 g/t as well as 5m at 7.2 g/t.

In reviewing the aeromagnetic data for the tenement, Beacon identified the north-east structural trend as an important control of the mineralisation and, as a result, identified a total of 23 regional gold targets.

Harris said the strength of the intercepts obtained by Beacon over the past year, which he described as "quite stunning", had seen plenty of investor interest in the junior. This had not only come from major shareholders, but also from the day traders who recognised the value in investing in a stock that was proving to

be quite liquid and had demonstrated an undeniably healthy upside.

"I think it's fair to say our major stockholders are sticking with us in the long term because they see the value in these numbers," he noted.

"Also, there is no denying that gold is so far the commodity of 2009 – you can't print 10% of the global gross national product in bank notes and expect there won't be some kind of major correction.

"It has to be stabilised by gold, which, as usual, is essentially underpinning the world's monetary system."

### Exciting future

At the end of the day, Beacon looks set to follow in the footsteps of the list of other gold juniors which have recently had success in revisiting under-explored areas of WA.

"Look at Integra, or Catalpa or Regis Resources – they have all shown that perseverance can pay off," Harris said.

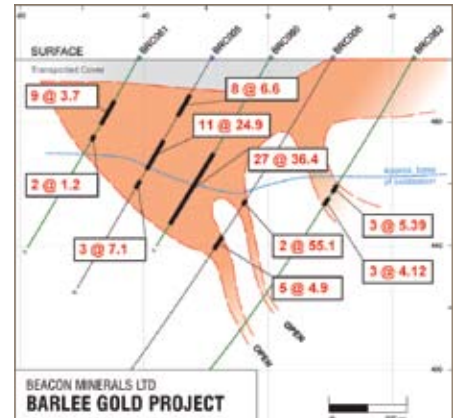
"All three have stuck to their guns and are now on the verge of becoming part of the next wave of gold producers in WA. They have also added significantly to their respective market caps over the past 18 months.

"And they have achieved this through a level headed approach to exploration in areas which have been previously under-explored or under-estimated.

"Beacon's shareholders, I believe, recognise this simple scenario – they see liquidity in our stock and they see our low share price and realise that they could substantially increase their investment very quickly on the back of further exploration success at Barlee.

"Essentially we are in an under-explored region where, from our early drilling results at least, there appear to be healthy mineralised zones which sit under just 5-10m of cover.

"From here on in



Halley's East has been returning some good intercepts.

it is now a case of conducting more orientation work and improving our understanding of what the geological controls of this area actually are so we can fast track regional exploration and target the most prospective areas.

"We have an exploration goal of 500,000 oz and our ultimate aim is to establish a potential resource base in the next 12 months that could be capable of supporting a stand alone gold project.

"This is why the whole project and the future for Beacon are so exciting."

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