Appendix 4E
Preliminary Final Report

Beacon Hill Resources Plc and Controlled Entities
Company number: 5696680
ARBN 154 993 389

Year ended 31 December 2011

Results for announcement to the market

	2011	2010		Percentage change
Revenue from ordinary activities	1,028,387	511,554	up	101.0%
Loss before interest, tax , depreciation and amortisation	7,259,505	4,308,755	up	68.5%
Loss from ordinary activities before tax	7,435,247	4,395,112	up	69.2%
Income tax expense	-	-		
Loss after income tax	7,365,266	5,018,553	up	46.8%
Loss attributable to members	7,365,266	4,143,860	up	77.7%

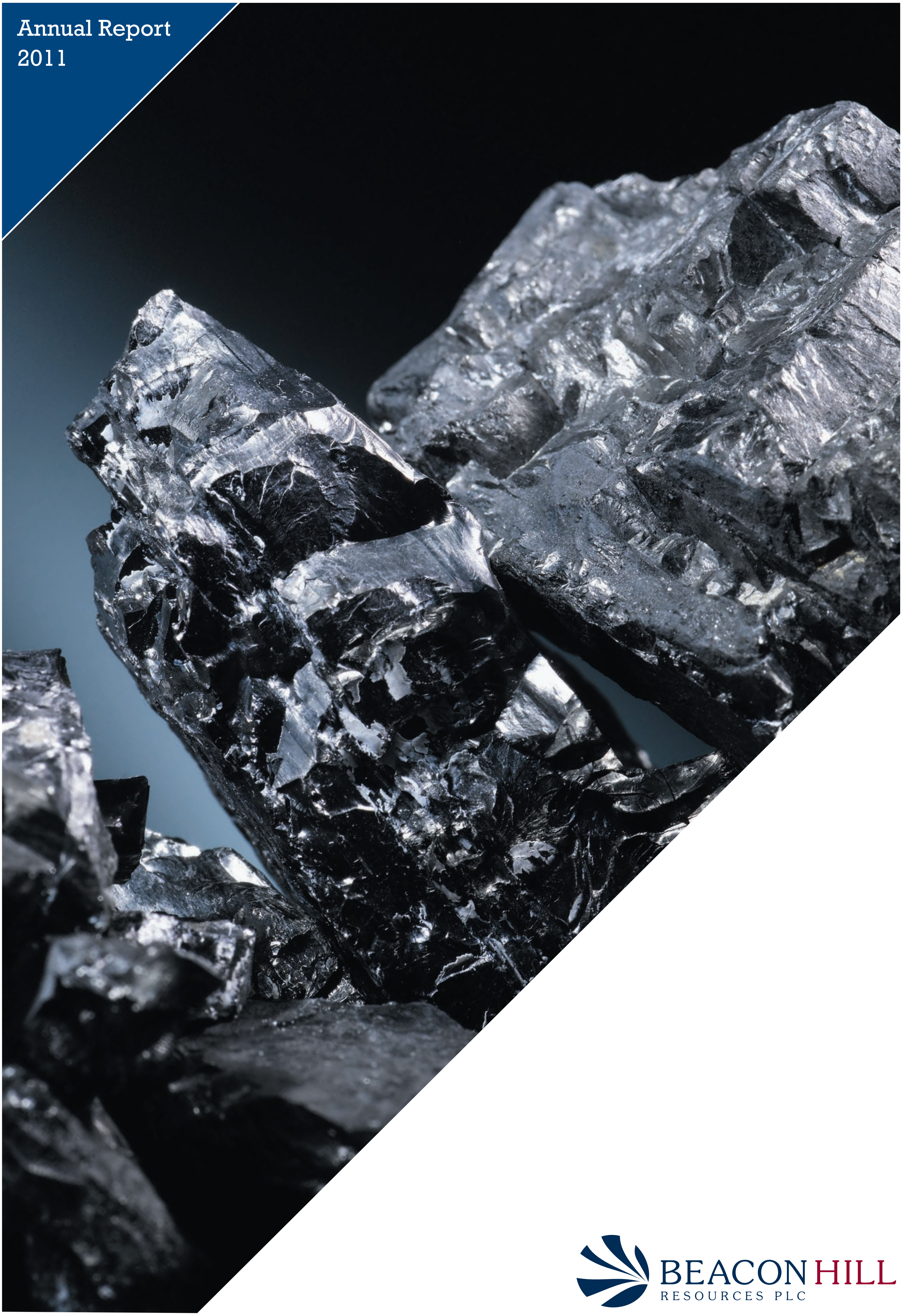
Dividends	Amount per security	Franked amount per security
Final dividend	Nil	Nil

Dividends	2011	2010
Dividends paid	Nil	Nil

Net Tangible Assets (NTA) Backing	2011 £p	2010 £p
NTA per ordinary share (pence)	4.96	4.38

This report should be read in conjunction with the attached audited financial statements for the year ended 31 December 2011. These financial statements have been prepared in conformity with International Financial Reporting Standards

Annual Report 2011



BEACON HILL
RESOURCES PLC

Annual Report
2011

Building and developing a portfolio of resource assets with near term production potential in commodities associated with the steel industry.

"Tremendous progress has been made at Minas Moatize and Beacon Hill has met many significant milestones throughout 2011. This includes the commencement of open pit mining and coal processing at the Project's first wash plant, the development of an end to end logistics solution that culminated in the Group's first export shipment and the completion of the DFS which highlighted the strong economics of the Minas Moatize Coal Project.

Our position in the world-class coking coal Tete Province of Mozambique has been strengthened through our acquisition of majority ownership of the Changara Coal Project, which covers a tenement 70 times the size of our current operation in the region. With the continued development of Minas Moatize, in tandem with our exploration objectives at Changara, I am confident that Beacon Hill is strategically positioned to build value and become a substantial coking coal producer in Mozambique."

Justin Lewis Executive Chairman

Production

Commencement of open pit mining and production of export grade coal following installation of Minas Moatize's first wash plant.

Transport Solution

Implemented trucking operation to the Port of Beira. Development of Sena rail line progressing well with formal allocation anticipated during 2012.

First Shipment of Coal

First seaborne export shipment departed the Port of Beira in December 2011.

DFS Delivered for Mine Expansion

Definitive Feasibility Study demonstrates compelling economics for the project – NPV (pre-tax) of US$662 million based on a 4Mtpa ROM operation producing on average 2.2Mtpa of saleable coking and thermal coal.

Maiden Mineable Reserve

JORC compliant Mineable Reserve of 42.65Mt – Marketable Reserve is 23.45Mt, of which at least 8.72Mt is coking coal.

Marketing Partnership

Strategic marketing partnership with Vitol Group including provision of $20 million facility.

Future Potential

Opportunity to significantly enhance Beacon Hill's resource base through the acquisition of majority ownership in the Changara Coal Project.

Increasing scale of operations

2011 has been a year of rapid development for Beacon Hill where we have demonstrated the commercial viability of Minas Moatize, which is surrounded by majors including Rio Tinto and Vale. I am confident that 2012 will be an excellent year for the Group as we increase the scale of our producing operation. In line with this, we have recently commenced mining of coal from the Upper Chipanga Pit following four months of pre-stripping. This will allow the production of coking coal with an initial shipment planned for the middle of the year. We continue to play an active role in the development of logistics and look forward to receiving a formal allocation of the Sena Line.

Our position in Mozambique has been strengthened through our acquisition of majority ownership in the Changara Coal Project and progress continues to be made at the Arthur River Project in Tasmania, Australia.

Operations

It has been an exciting 12 months at the Group's Minas Moatize Coal Mine with significant developments being achieved that have transformed the Group into a seaborne exporter of export quality coal. The recent completion of the DFS for Minas Moatize, which reported a pre-tax NPV_{13} of US$662 million and an IRR of 79.5%, highlighted the compelling economics of the project. Minas Moatize is now positioned to ramp up production to a targeted level of 4Mtpa ROM coal producing circa 2.2Mtpa of saleable coal over the coming years.

Having focused to date on bringing Minas Moatize into production, the acquisition of majority ownership in the Changara Coal Project in December 2011 was a further step in the Group's wider expansion strategy in the globally significant coking coal region of Tete. Drilling is anticipated to commence at Changara in the next few weeks which is hoped to prove up a substantial additional resource for the Group. This project covers a licence area of 184km^2, 70 times the size of Minas Moatize. Whilst this is a greenfield site, it is located in the heart of the Songo Area of the Tete Province, an area with proven coal reserves, providing the Group with an opportunity to invest in a longer term development project that has the potential to considerably enhance its resource base.

Progress continues to be made at our Magnesite Project in Tasmania and the Group is in the final stages of completing the Scoping Study for the project.

Financial Results

For the year under review, the Group reported a loss of £7.37 million upon turnover of £1.03 million. The revenue represents the sale of our first coal on the seabourne markets and continued sales to African markets. Direct costs include mining costs as well as the additional costs of moving from an underground mine to an open cut operation, and additional transport costs associated with the maiden shipment via Beira.

During this period the Group made significant investment of £5.74 million in the development of Minas Moatize. As at 31 December 2011 the Group had a cash position of £4.36 million, no outstanding debt, following the conversion of all outstanding convertible loan notes, and significantly strengthened net assets of £60.61 million.

Corporate

Over the course of the year the Group has continued to strengthen its management team, in particular with the appointment of Ric Jose to head operations in Mozambique and Neil McKenzie as Chief Financial Officer. We have also further bolstered out presence in Mozambique with the opening of Maputo office.

Prior to the year end the Group submitted an application to list on the Australian Stock Exchange which the board believes will enable us to attract interest from Australian investors whom have a very good understanding of coking coal projects.

It is anticipated that trading will commence on the ASX shortly.

On 26 August 2011 Beacon Hill announced that it had received an unsolicited approach for the Group at a price of 16.25p per share in cash. Whilst this offer was at a premium to the share price of the Group, the Board, having consulted with our major shareholders, did not believe that the proposal fully reflected the value inherent in the Group. The proposal was subsequently withdrawn. The proposal did however highlight that whilst equity markets have been volatile, there remains significant interest and value in quality coking coal projects.

Following the year end, the board was very pleased to announce a marketing partnership

with the Vitol Group, one of the world's largest energy trading groups. This brings on board a key strategic partner with invaluable experience of the coal markets and expertise in African logistics, as well providing further independent approval on our expansion plans in Mozambique. Finally, this agreement brings additional financing to the Group which will assist as we expand operations.

Outlook

Beacon Hill continues to develop rapidly as it strengthens its position in the developing globally strategic coking coal region of Tete Province, Mozambique. Following the completion of the DFS, the Group is well positioned to develop and build production from the Minas Moatize Mine throughout the course of 2012.

Our portfolio also offers plenty of exploration upside potential. The Changara Coal Project, where we will shortly commence drilling, presents an opportunity to significantly enhance the Group's resource base throughout the course of the year and the ongoing developments at Tasmania Magnesite have the potential to enhance the value of the Group.

We remain well funded following the advancement of the debt facility from Vitol and anticipate that the Group's financial position will be enhanced by year end.

Finally, I would like to acknowledge and thank my fellow directors, all our employees and contractors who have contributed significantly to the development of Beacon Hill over the last 12 months.

Justin Lewis
Executive Chairman
5 April 2012

Our Projects
Coal & Magnesite

Minas Moatize–Reserve

	Resource		Total Mineable Reserves[1]			Marketable Reserve	
	Measured	Indicated	Proved	Probable	Total	Yield[2]	Total[3]
Location	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)	%	(Mt)
DFS Pit			25.45	17.2			23.45
Total	**35.92**	**30.50**	**25.45**	**17.2**	**42.65**		**23.45**
Coal Product Type							
Coking Coal						20.45%	**8.72**
Thermal (Export)						25.53%	**10.89**
Thermal (Domestic)						9.01%	**3.84**
						54.99%	**23.45**

1 All reserves stated are on an air dried basis
2 Yield calculation for marketable reserves is based on a fines content of 7%
3 Reported reserves does not include 'tonnes' currently unclassified and subject to in-fill drilling programme

Mozambique Projects

Tasmanian Projects

Minas Moatize Coal Mine

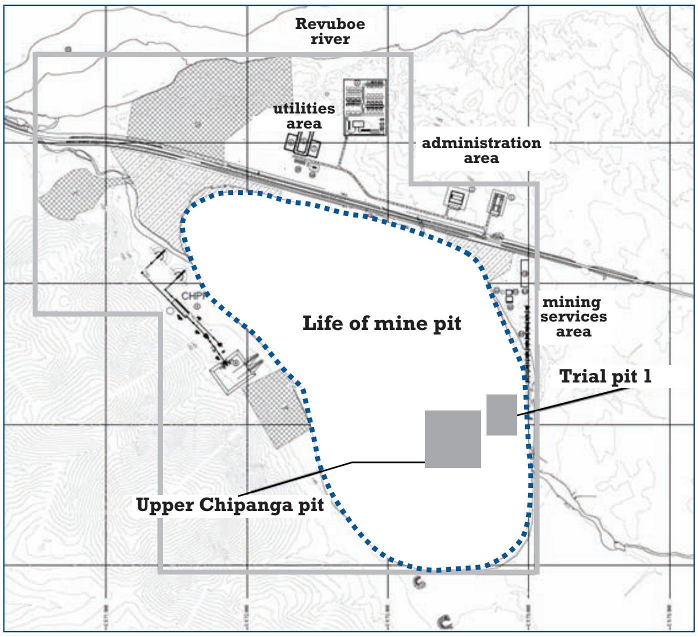
Beacon Hill, through its subsidiary Minas Moatize Limitada, owns and operates the Minas Moatize Coal Mine in the Tete Province of Mozambique. Beacon Hill has focussed on continuing small scale production whilst in parallel working on the expansion and development of the Minas Moatize Coal Project.

Production

Minas Moatize ceased production from the historic underground mine in July 2011 before commencing open pit mining of thermal coal from an initial open pit in Q3 2011. Production of thermal coal continued for the rest of the year with 82,920t of ROM coal being mined and subsequently processed at Minas Moatize's wash plant, construction of which was completed in the second half of 2011. Commissioning of the plant has continued, with 24,900t of thermal coal processed during the second half of the year, building to a targeted rate of 100tph, which translates to approximately 600,000t ROM per annum. The mine is stripping to supply coal in 2012 to fill the available plant capacity.

Coal mined during the course of the year was successfully transported by truck to the Port of Beira prior to the Group's maiden export shipment of coal on 17 December 2011. This first shipment demonstrates Beacon Hill's viable operational end to end logistics solution to transport coal from mine to port and onto customers via the seaborne market.

Pre-stripping of a second open pit, the Upper Chipanga Pit ('UCP'), commenced in Q4 2011 where the Group will focus its activities on mining the Upper Chipanga Seam, which is anticipated to yield coking coal. To 31 December 2011,



395,172 bank cubic metres ('bcm') was pre-stripped with mining of coal having recently commenced in the last few weeks. The Group is seeking to produce and export in excess of 100,000t of coal in 2012, all of which is currently anticipated to be coking coal.

Minas Moatize Expansion Project

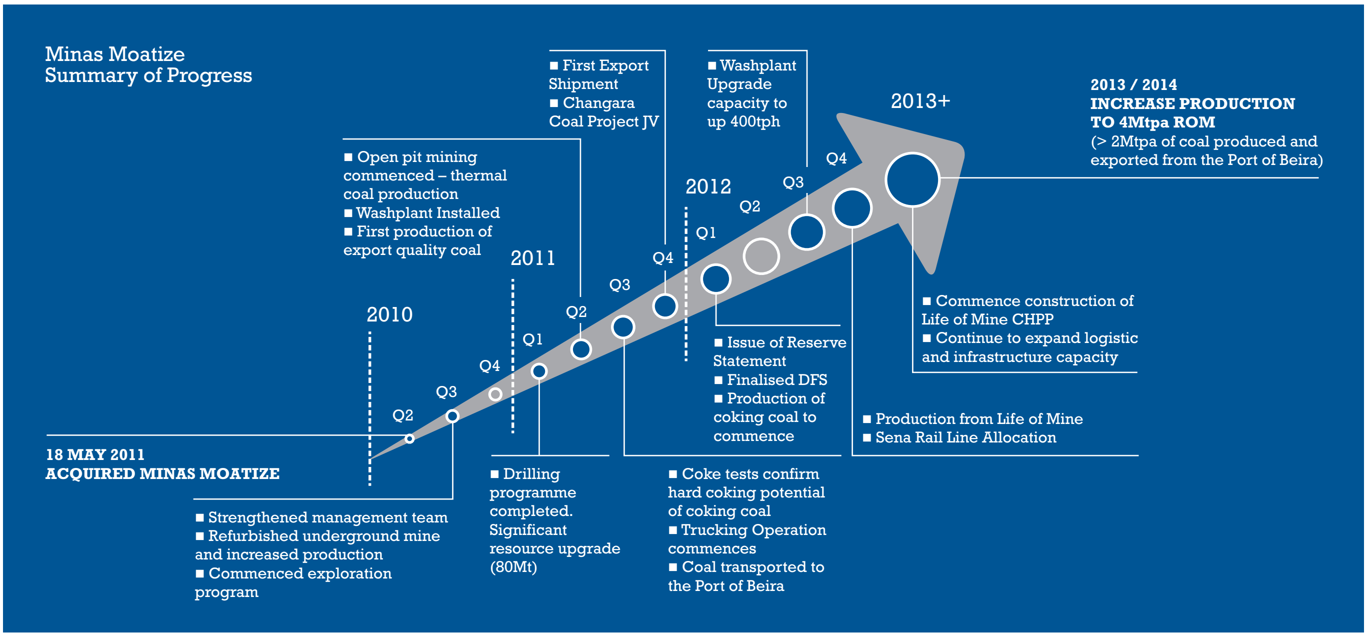
Definitive Feasibility Study (DFS)

In February 2012, Beacon Hill published the DFS for Minas Moatize. The DFS, completed by independent consultants, TWP Australia Pty Ltd, demonstrates very strong economics for the project. Financial modelling, based on a 4Mtpa ROM operation producing on average 2.2Mtpa of saleable coking and thermal coal during its mine life using a 13% discount rate, demonstrates a pre-tax NPV of US$662 million and a post-tax NPV of US$428 million.

Coal Reserves

In February 2012, the Group reported its maiden JORC compliant Coal Reserve for Minas Moatize. A total Mineable Reserve of 42.65Mt was reported with the potential upside of a further 7.9Mt. The Mineable Reserve represents the in situ portion of the Geological Resource that is economically mineable.

Production from the main life of mine pit is targeted to commence towards the end of 2012 following the completion of mining from the Upper Chipanga Pit. The operation is targeted to build to a rate of up to 4Mtpa ROM coal producing in excess of 2Mtpa of saleable hard coking and thermal coal for the life of mine, although this ramp up will be subject to access to logistics and the capacity of the wash plants.



Coal Qualities

Coke test results have reconfirmed that the coking coal produced at Minas Moatize will be classified as a Hard Coking Coal. The Coke Strength after Reaction ('CSR') range of 68-71 is similar to the hard coking coal produced from Queensland, Australia, which trades at a premium to other coking coals due its limited resources and its importance in the steel production industry.

Off-Take Agreement

In November 2011, Beacon Hill entered into a revised off-take agreement with its partner Global Coke. The revised off-take agreement was for up to 600,000t of coking coal per annum from Minas Moatize for the life of the mine. As part of the agreement, the parties agreed to the pricing benchmark being a Free-on-Board ('FOB') Australian Hard Coking Coal Index. The revised agreement provided Beacon Hill with greater flexibility, taking into account predicted short term coking coal production and logistics capacity, whilst the agreed pricing index followed the reconfirmation as Minas Moatize coking coal as a hard coking coal.

Marketing Partnership and US$20 Million Debt Facility

In March 2012, Beacon Hill entered into a strategic marketing partnership with the Vitol Group, one of the world's largest energy trading groups. As part of the partnership the parties entered into a Coal Marketing Agreement whereby Vitol will act as agent to market export coal produced by the Minas Moatize Mine.

Vitol has also made available to Beacon Hill a secured debt facility of up to US$20 million in two tranches of US$10 million. The facility may be utilised for capital expenditure, general corporate and working capital purposes.

Logistics

Good progress continues to be made with respect to logistics. On 17 December 2011, Beacon Hill's first export shipment departed from the Port of Beira. The Group's first shipment of 10,650t of thermal coal produced from Minas Moatize was trucked to the Port of Beira ahead of being loaded onto the MV Aztec Maiden and shipped, marking a key milestone for the Group.

The trucking is being operated by a local Mozambican trucking contractor, initially using a fleet of 40 trucks. The trucking solution will allow the transport of up to 0.5Mtpa to the Port of Beira for future shipments, which is more than sufficient for its planned production over the next 18 months. This solution has worked effectively and the Group intends to continue using this trucking solution pending the commencement of the transportation of coal via the Sena Rail Line, which remains the Group's longer term preferred transportation solution.

Significant progress continues to be made regarding the Sena Rail Line. Minas Moatize continues to work with the Government of Mozambique alongside Vale and Rio Tinto to complete the refurbishment of the Sena Rail Line to an initial capacity of 6.5Mtpa in mid-2012 and then to a fully operational capacity of 12Mtpa later in the year. These discussions are progressing well and the Group remains confident of attaining an allocation to the line in 2012 which will allow it to further ramp up coal production.

Changara Coal Project

In December 2011, Beacon Hill acquired majority ownership in a joint venture to explore and develop the Changara Coal Project in the Tete Province of Mozambique. The Changara project covers a licence area of 184km^2, which is 70 times the size of Minas Moatize. It is located in the heart of the highly prospective coking coal basin of the Songo Area of the Tete Province, an area with proven coal reserves located within close proximity to Jindal Steel & Power Chingodzi Coal Project, which is estimated to contain a resource in excess of 700Mt of coking and thermal coal.

The Changara project is a further step in Beacon Hill's wider expansion strategy in the globally significant coking coal region of Tete and will provide the Group with an opportunity to invest in a longer term development project that has the potential to considerably enhance its resource base.

Tasmania Magnesite

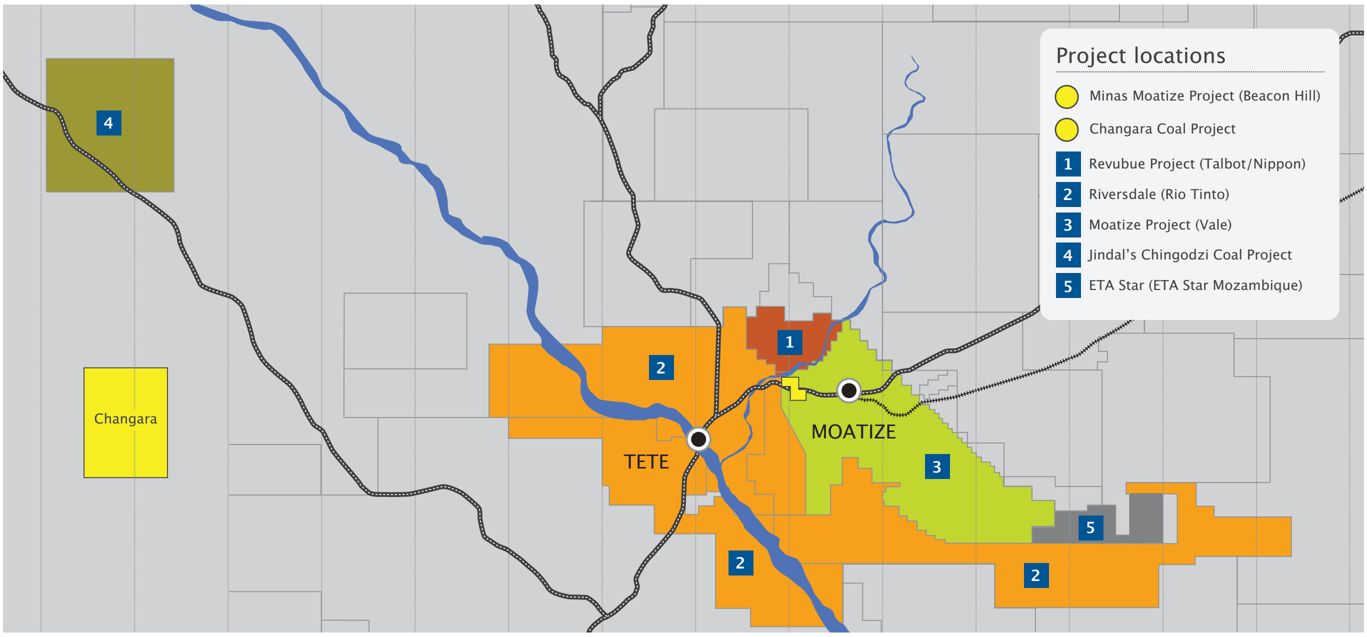
Project Overview

Beacon Hill, through its subsidiary Tasmania Magnesite NL, holds mineral tenure over two large, high-grade magnesite deposits at Arthur River and Lyons River in north-western Tasmania, Australia.

The Arthur River Project has a defined JORC compliant Measured resource of 13Mt of magnesite and an Inferred resource of 10Mt. Together with the Lyon River Project, the combined resource is 39Mt, the third largest in Australia.

Scoping Study

In 2011 the Group focussed its activities on undertaking a Scoping Study on the Arthur's River Project, which is in the final stages of completion. The focus of the Scoping Study is to confirm the economics of the project and to develop an initial conceptual mine plan. Whilst



the Scoping Study was initially expected to be completed by the end of 2011, delays with respect to geotechnical and hydrology testing resulted in the release of the Scoping Study being delayed until the first half of 2012.

The Scoping Study will form the basis for moving forward including the submission of a development proposal and environmental management plan to secure mining approval, the completion of an approved drilling programme and the securing of a joint venture partner to fund the development of the project.

Corporate

In April 2011 the Group undertook a placement to raise £12.5 million. Beacon Hill's net asset position has further strengthened following the conversion of all outstanding convertible loan notes, which have now been converted into ordinary shares in the Group. As at 31 December 2011, Beacon Hill had 1,051,442,137 ordinary shares, 19,770,000 warrants and 59,337,084 options outstanding.

Senior Management Team

The Group strengthened its senior management team with the appointments of Neil McKenzie as Chief Financial Officer and Ric Jose as the Mozambique Country Head and Executive Director of Minas Moatize. In addition to Mr. Jose's appointment, the opening of the Maputo office has bolstered the Group's presence in Mozambique.

ASX Listing

At the Group's General Meeting on 23 December 2011, the resolution to amend Beacon Hill's Articles of Association to comply with the ASX Listing Rules was duly passed. Beacon Hill has subsequently lodged its application to dual list on the Official List of the ASX. It is anticipated that trading on the ASX will commence shortly.

Beacon Hill constantly strives to be a leader in the field of social responsibility and the Group is committed to supporting local communities in all areas that we operate.

In Mozambique, Beacon Hill, through Minas Moatize Limitada, is one of the largest employers in the mining industry. The Company has a responsibility in setting a standard for further investment projects in the area. The Group is grateful for the support it receives from the local community and regional government in implementing its social development and environmental projects.

In Tasmania, the area around our Mining Lease attracts a variety of people interested in recreational tourism and conservation pursuits. The strategy of the Group has always been to keep all community and opinion leaders informed through communication and more formal consultation, to identify and address any concerns. At all times the Group aims to maintain leading environmental standards.

Community

Beacon Hill can only enjoy the support of the communities in the local region by respecting their views and needs. The company considers strong community relations vital to the long term operational and financial success of the Group. Beacon Hill wherever possible will provide employment and training opportunities and the Group will work with neighbours, employees, community groups and other stakeholders to add value to the local community.

Community Development Projects

In Mozambique, Beacon Hill is working with the local government and is embarking on community development projects in the areas of education, infrastructure and housing.

- **Education:** Renovating 2 schools – one in the nearby village of Chithatha and a second school within close proximity to the Minas Moatize Coal Mine.
- **Infrastructure:** Rehabilitating roads
- **Housing:** Constructing residences to resettle families that have been affected by the process of clearing the mining area

Environment

Beacon Hill Resources is committed to minimising the impact that the company's activities have on the environment. The Company's Board and management recognise the fragile nature of the natural environment. The Group seeks to ensure that all employees, contractors and visitors are aware of Beacon Hill's policy of protecting and preserving the environment.

Beacon Hill is working with regulatory authorities to ensure that the Group understands the expectations for the Group. Beacon Hill is committed to effective environmental management in all areas of the Company's business and is working to achieve best practice in managing the environmental and social impacts of the Group's mining and processing operations.

The Group is committed to:

- Managing and controlling the impacts of the Group's operations on air, water and land
- Minimising land disturbance and ecosystem degradation
- Re-establishing disturbed areas as sustainable ecosystems and community assets
- Using all resources wisely
- Reducing, reusing and recycling our wastes
- Recognising and working to meet the needs of the community, and
- Providing appropriate training to our employees, so they have a clear understanding of our environmental impacts and responsibilities.

Health & Safety

Beacon Hill Resources is committed to supporting health and safety management throughout all areas of the business. The Group believes that each and every individual is equally responsible for protecting the health and safety of themselves and their fellow workers by complying with the health and safety objectives of the Group.

Beacon Hill places the protection and welfare of all people affected by the company's activities as equal to all other business objectives. It is also the Company's responsibility to ensure that all contractors, sub-contractors and visitors to our sites understand and actively participate in and support our health and safety policies.

Beacon Hill is committed to the responsible care of its employees, contractors, and communities. Beacon Hill recognises the need to work with authorities and communities to address important public health issues in many of the areas where the Group operates.

The directors present their report and the audited financial statements for the year ended 31 December 2011.

Principal activity

The principal activity of the group is mining, including the development, through investment, of further suitable mining opportunities.

Results and dividends

The results for the year are set out on page 19.

The directors do not recommend payment of a dividend (2010 - £Nil).

Business and financial review

A review of the business and future developments is given in the chairman's statement on page 2 and the review of operations on page 6.

Revenue for the year amounted to £1,028,387 (2010 - £511,554) and the loss for the year amounted to £7,365,266 (2010 - £5,018,553).

During the year, a total of £13,442,339 (before expenses) has been raised from issues of shares. Details are given in note 25 to the financial statements.

On 21 December, 60 million ordinary shares were issued in consideration of the acquisition of Nongo, Limitada. Details are given in note 14 to the financial statements.

At 31 December 2011, the group had net assets of £60.6 million (2010- £28.4 million), of which cash amounted to £4.4 million (2010 - £4.8 million).

During the year, all the remaining outstanding loan notes, amounting in total to £19.9 million nominal, together with accrued interest, were converted into ordinary shares.

Going concern

The financial statements have been prepared on the going concern basis as, in the opinion of the directors, at the time of approving the financial statements, there is a reasonable expectation that the group will continue in operational existence for the foreseeable future.

In order to arrive at this opinion, the directors have prepared detailed cash flow forecasts for the group as it currently stands, which demonstrate that it will be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements.

Key performance indicators

The group's current key performance indicators are volumes of coal mined and sold. Relevant information is reported in the Review of Operations. Success is also measured by the identification and acquisition of suitable further projects together with the associated financing arrangements, as detailed in the Chairman's Statement and the Review of Operations.

Principal risks

There are risks associated with the mineral industry. The Board regularly reviews the risks to which the group is exposed and endeavours to minimise these risks as far as possible. The following summary, which is not exhaustive, outlines some of the risks and uncertainties facing the group at its present stage of development:

- The group currently mines one product, coal. The group is accordingly vulnerable to fluctuations in the prevailing market price of coal and to variations in the value of the US dollar, in which sales are denominated.
- The exploration for and development of mineral resources involves technical risks and

logistical challenges, which even a combination of careful evaluation and knowledge may not eliminate.
- There can be no assurance that the group's projects will be fully developed in accordance with the current plans. Future development work and financial returns arising may be adversely affected by factors outside the control of the group.
- The group operates in multiple national jurisdictions and is therefore vulnerable to changes in government policies which are outside its control.

The directors regularly monitor such risks and will take actions as appropriate to mitigate them. The group manages its risks by seeking to ensure it is in compliance with the terms of its agreements, and through the application of appropriate policies and procedures, and via the recruitment and retention of a team of skilled and experienced professionals.

Directors

The directors of the company during the year and the remuneration they received were as follows:

	Fees/Salary 2011 £	Bonus 2011 £	Total 2011 £	Total 2010 £
Justin Lewis	276,784	129,684	406,468	170,293
Murray d'Almeida	129,183*	-	129,183	64,388
Timothy Jones	112,900	40,000	152,900	79,569
Geoffrey Chalmers (to 24 June 2010)	-	-	-	13,747
Rahul Singh (to 24 June 2010)	-	-	-	13,747

* Including £63,660 for consultancy services provided to Tasmania Magnesite NL.

See note 23 for details of share options awarded to directors during the year and held by directors at the year end.

Policy and practice on payment of creditors

It is group and company policy to settle all debts on a timely basis, taking account of the credit period given by each supplier. Trade creditors at 31 December 2011 represented 34 days' purchases.

Financial instruments

Details regarding the group's use of financial instruments and their associated risks are given in note 22 to the consolidated financial statements.

Post balance sheet events

On 19 March 2012, it was announced that the group had entered into a strategic marketing partnership with Vitol Coal S.A. ("Vitol") and that Vitol will make available to the group a secured debt facility of up to US $20 million in two tranches of US $10 million.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re appoint them will be proposed at the annual general meeting.

Approved by the board of directors and signed on behalf of the board.

Timothy Jones
Director
5 April 2012

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the group accounts have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- state whether the parent company accounts have been prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

To the shareholders of Beacon Hill Resources Plc

We have audited the group and parent company financial statements (the ''financial statements'') of Beacon Hill Resources Plc for the year ended 31 December 2011 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated and parent company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at
www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

– the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the Group's loss for the year then ended;
– the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
– the Parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
– the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

– adequate accounting records have not been kept by the Parent company, or returns adequate for our audit have not been received from branches not visited by us;
– the parent company financial statements are not in agreement with the accounting records and returns;
– certain disclosures of directors' remuneration specified by law are not made;
– we have not received all the information and explanations we require for our audit.

Scott Knight
Senior Statutory Auditor
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

5 April 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement
for the year ended 31 December 2011

	Note	2011 £	2010 £
Revenue	4	1,028,387	511,554
Direct costs		(2,622,426)	(433,342)
Gross (loss)/profit		(1,594,039)	78,212
Other administrative expenses		(4,873,037)	(3,302,880)
Share based payment charge		(968,171)	(1,170,444)
Total administrative expenses		(5,841,208)	(4,473,324)
Operating loss	5	(7,435,247)	(4,395,112)
Finance income – bank interest		156,453	5,806
Finance costs	8	(86,472)	(629,247)
Loss before tax		(7,365,266)	(5,018,553)
Tax expense	9	–	–
Loss for the year		(7,365,266)	(5,018,553)
Attributable to:			
Equity holders of the parent company		(7,365,266)	(4,143,860)
Non-controlling interest		–	(874,693)
		(7,365,266)	(5,018,553
Loss per share attributable to equity holders of the parent company			
Basic and diluted	10	(0.937)p	(1.524)p

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2011

	2011 £	2010 £
Currency translation differences on overseas operations	244,430	509,722
Comprehensive income recognised directly in equity	244,430	509,722
Loss for the year	(7,365,266)	(5,018,553)
Total comprehensive income and expense for the year	(7,120,836)	(4,508,831)
Attributable to:		
Equity holders of the parent company	(7,120,836)	(3,634,138)
Non-controlling interest	–	(874,693)
	(7,120,836)	(4,508,831)

Consolidated Statement of Changes in Equity
for the year ended 31 December 2011

	Share capital £	Share premium account £	Merger reserve £	Foreign exchange reserve £	Warrant reserve £	Loan note reserve £	Minority acquisition reserve £	EBT reserve £	Retained earnings £	Non-controlling interest £	Total equity £
At 1 January 2010	1,414,000	3,534,156	12,839,346	(44,305)	37,500	–	–	–	(3,783,996)	–	13,996,701
Loss for the year	–	–	–	–	–	–	–	–	(4,143,860)	(874,693)	(5,018,553)
Currency translation difference on overseas operations	–	–	–	509,722	–	–	–	–	–	–	509,722
Total comprehensive income	–	–	–	509,722	–	–	–	–	(4,143,860)	(874,693)	(4,508,831)
Share based payments	–	–	–	–	–	–	–	–	1,386,408	–	1,386,408
Issue of shares	532,269	24,907,888	–	–	–	–	–	–	–	51	25,440,208
Expenses of issue	–	(1,355,291)	–	–	–	–	–	–	–	–	(1,355,291)
Issue of loan notes	–	–	–	–	–	9,618,775	–	–	–	–	9,618,775
Conversion of loan notes	401,818	18,098,182	–	–	–	(4,792,275)	–	–	–	–	13,707,725
Acquisition of non-controlling interest	–	–	–	–	–	–	(30,773,418)	–	–	874,642	(29,898,776)
	934,087	41,650,779	–	–	–	4,826,500	(30,773,418)	–	1,386,408	874,693	18,899,049
At 1 January 2011	2,348,087	45,184,935	12,839,346	465,417	37,500	4,826,500	(30,773,418)	–	(6,541,448)	–	28,386,919
Loss for the year	–	–	–	–	–	–	–	–	(7,365,266)	–	(7,365,266)
Currency translation difference on overseas operations	–	–	–	244,430	–	–	–	–	–	–	244,430
Total comprehensive income	–	–	–	244,430	–	–	–	–	(7,365,266)	–	(7,120,836)
Share based payments	–	–	–	–	–	–	–	–	968,171	–	968,171
Issue of shares for cash	262,500	13,179,839	–	–	–	–	–	–	–	–	13,442,339
Expenses of issue	–	(635,799)	–	–	–	–	–	–	–	–	(635,799)
Issue of shares to acquire subsidiary	150,000	–	5,550,000	–	–	–	–	–	–	–	5,700,000
Conversion of loan notes	639,718	20,434,077	–	–	–	(4,826,500)	–	–	3,626,386	–	19,873,681
Issue of shares to EBT	50,000	1,850,000	–	–	–	–	–	(1,900,000)		–	–
	1,102,218	34,828,117	5,550,000	–	–	(4,826,500)	–	(1,900,000)	4,594,557	–	39,348,392
At 31 December 2011	**3,450,305**	**80,013,052**	**18,389,346**	**709,847**	**37,500**	**–**	**(30,773,418)**	**(1,900,000)**	**(9,312,157)**	**-**	**60,614,475**

Consolidated Balance Sheet
at 31 December 2011
Company number: 5696680

	Note	2011 £	2010 £
Assets			
Non-current assets			
Exploration and evaluation assets	11	20,242,027	13,397,353
Mineral properties	12	42,922,963	39,175,917
Mine works, plant and equipment	13	7,887,561	1,820,960
		71,052,551	54,394,230
Current assets			
Inventories	15	2,682,217	472,403
Trade and other receivables	16	1,393,607	1,444,510
Cash and cash equivalents		4,358,862	4,783,711
		8,434,686	6,700,624
Total assets		79,487,237	61,094,854
Liabilities			
Current liabilities			
Trade and other payables	17	5,718,284	3,853,400
Convertible loan notes	18	–	7,176,243
		5,718,284	11,029,643
Non-current liabilities			
Convertible loan notes	19	–	9,351,630
Provision for site rehabilitation	20	1,344,445	575,305
Deferred tax	21	11,810,033	11,751,357
		13,154,478	21,678,292
Total liabilities		18,872,762	32,707,935
Net assets		60,614,475	28,386,919
Equity attributable to equity holders of parent			
Share capital	25	3,450,305	2,348,087
Share premium	26	80,013,052	45,184,935
Merger reserve	26	18,389,346	12,839,346
Foreign exchange reserve	26	709,847	465,417
Warrant reserve	26	37,500	37,500
Loan note reserve	26	–	4,826,500
Minority acquisition reserve	26	(30,773,418)	(30,773,418)
EBT reserve	26	(1,900,000)	–
Retained earnings	26	(9,312,157)	(6,541,448)
Total equity attributable to equity holders of the parent		60,614,475	28,386,919

The financial statements were approved by the board of directors and authorised for issue on 5 April 2012 and were signed on its behalf by:

Justin Lewis
Director

Timothy Jones
Director

Consolidated Cash Flow Statement
for the year ended 31 December 2011

	Note	2011 £	2010 £
Net cash flow from operating activities			
Loss for the year		(7,365,266)	(5,018,553)
Depreciation and amortisation	5	175,742	86,357
Share-based payment expense	23	968,171	1,170,444
Discount charge on site rehabilitation provision	20	86,472	–
Interest received		(156,453)	(5,806)
Foreign exchange gain		124,135	440,285
Movement in working capital:			
– trade and other receivables		52,602	(1,137,032)
– trade and other payables		1,846,089	3,690,787
– inventories		(2,207,412)	(308,241)
Cash flow used in operations		(6,475,920)	(1,081,759)
Cash flow from investing activities			
Additions to exploration and evaluation costs	11	(1,142,257)	(290,472)
Purchase of mine works, plant, equipment and mineral properties		(5,769,665)	(1,263,373)
Disposal of mine works, plant and equipment		–	21,167
Acquisition of subsidiary undertaking		–	(26,111,365)
Expenses of acquisition of non-controlling interest		–	(148,725)
Interest received		156,453	5,806
Net cash flow used in investing activities		(6,755,469)	(27,786,962)
Cash flow from financing activities			
Issue of shares	25	13,442,339	25,440,157
Share issue costs		(635,799)	(1,355,291)
Issue of convertible loan notes		–	8,699,346
Net cash flow from financing activities		12,806,540	32,784,212
Net (decrease)/increase in cash and cash equivalents		(424,849)	3,915,491
Cash and cash equivalents at 1 January		4,783,711	772,482
Cash acquired with subsidiary undertaking		–	95,738
Cash and cash equivalents at 31 December	22	4,358,862	4,783,711
Cash and cash equivalents comprise:			
Cash available on demand		4,358,862	4,783,711

1. Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared on the historical cost basis, on the basis of going concern and in line with International Financial Reporting Standards (IFRS) and IFRIC interpretations issued by the International Accounting Standards Board (IASB) adopted by the European Union and in accordance with applicable UK law. The adoption of all of the new and revised Standards and Interpretations issued by the IASB and the IFRIC of the IASB that are relevant to the operations and effective for annual reporting periods beginning on 1 January 2011 are reflected in these financial statements.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of revision and future periods if the revision affects both current and future periods.

In common with many exploration companies, the group raises finance for its exploration and appraisal activities in discrete tranches. Further funding is raised as and when required.

Going concern

The financial statements have been prepared on the going concern basis as, in the opinion of the directors, at the time of approving the financial statements, there is a reasonable expectation that the group will continue in operational existence for the foreseeable future. The assumptions made by the directors in support of this opinion are set out in the directors' report on page 14.

Revenue

Revenue comprises sales of coal to third parties (excluding VAT and similar taxes). Revenue is recognised on despatch from the mine gate or, if later under the terms of the sale contract, when the risks and rewards of ownership pass to the buyer.

Basis of consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries (''the group'') as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair value at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

Where the group increases its holding in an existing subsidiary undertaking, any premium arising on the acquisition is charged to the minority acquisition reserve.

Acquisitions of entities with no active business do not represent business combinations. In such cases the fair value of the consideration paid is allocated between the identifiable assets and liabilities at the acquisition date. No goodwill arises.

Foreign currency

Transactions entered into by group entities in a currency other than the currency of the primary economic environment in which they operate (the ''functional currency'') are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the consolidated income statement. Exchange differences arising on translating the opening net assets at closing rate and the results of overseas operations at actual rate are recognised directly in equity (the ''foreign exchange reserve'').

Exchange differences recognised in the income statement of group entities' separate financial statements on the translation of long-term monetary items forming part of the group's net investment in the overseas operation concerned are reclassified to the foreign exchange reserve on consolidation.

1. Accounting policies (continued)

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated income statement as part of the profit or loss on disposal.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the balance sheet date.

Exploration and evaluation assets

The group applies the full-cost method of accounting under which all expenditure relating to the acquisition, exploration, appraisal and development of mineral interests, including exploration licences and an appropriate share of directly attributable overheads, is capitalised. Capitalised costs are amortised on a unit of production basis from the date production commences. The Board regularly reviews the carrying values of exploration and evaluation assets and writes down capitalised expenditure to levels it considers to be prudent. Amortisation commences once production has started and, along with any charges for impairment, is recognised as part of administrative expenses in the consolidated income statement.

Financial assets

The group's financial assets all of which are categorised as loans and receivables comprise the following:

Trade and other receivables – these are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Cash and cash equivalents – comprise cash on hand and demand deposits and are subject to an insignificant risk of changes in value.

Financial liabilities

The group's financial liabilities comprise convertible loan notes (see below) and trade and other payables. The latter are recognised on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method.

Convertible loan notes

In accordance with IAS 32, the group has classified the convertible debt in issue as a compound financial instrument. Accordingly, the group presents the liability and equity components separately on the balance sheet, the equity element being credited to the loan note reserve. The classification of the liability and equity component is not reversed as a result of a change in the likelihood that the conversion option will be exercised. No gain or loss arises from initially recognising the components of the instrument separately. Interest on the debt element of the loan is accreted over the term of the loan at the effective interest rate. In the event of conversion the equity component relating to the conversion rights and the shares issued will be transferred to share capital and share premium (for any amount over the nominal value of each share).

Share capital

Financial instruments issued by the group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The group's ordinary shares are classified as equity instruments.

Share based payment

The share option programme allows directors and employees to acquire shares of the company. The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the directors and employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs to its tax base, except for differences arising on:

- the initial recognition of goodwill;
- goodwill for which amortisation is not tax deductible;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

1. Accounting policies (continued)

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

– the same taxable group company; or

– different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Borrowing costs

Borrowing costs incurred in respect of qualifying assets as defined in IAS 23 *Borrowing Costs*, including interest charges calculated in accordance with effective interest method as described in IAS 32 *Financial Instruments*: Presentation, are capitalised as part of the cost of that asset.

Impairment of non-financial assets

Impairment tests on exploration and evaluation assets are undertaken whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are included in the administrative expenses line item in the income statement, except to the extent they reverse gains previously recognised in the statement of comprehensive income.

Mineral properties

Mineral properties are recorded at cost, including appropriate capitalised borrowing costs, and are amortised over their expected useful life on a pro rata basis of actual production for the period to expected total production.

Mine works, plant and equipment

Fixed assets are depreciated over their estimated useful lives, as follows:

Mine works	–	pro rata to production
Fixtures, fittings, equipment and computers	–	13–40% straight line
Motor vehicles	–	12–25% straight line

Site rehabilitation

Provisions for site rehabilitation costs are recognised in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Provisions are recorded at the present value of the expenditures expected to be required to settle the group's future obligations.

Provisions are reviewed at each reporting date to reflect the current best estimate of the cost at present value. The unwinding of the discount is reflected as a finance cost. A site rehabilitation asset is also established, since the future cost of site rehabilitation is regarded as part of the total investment to gain access to future economic benefits, and included as part of the cost of the relevant development and production asset. Depletion on this asset is calculated under the unit of production method based on commercial reserves.

Inventories

Material and equipment inventories are accounted for at the lower of cost and net realisable value. Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Employee Benefit Trust (EBT)

As the company is deemed to have control of its EBT, it is treated as a subsidiary and consolidated for the purposes of the consolidated financial statements. The EBT's assets (other than investments in the company's shares), liabilities, income and expenses are included on a line-by-line basis in the consolidated financial statements. The EBT's investment in the company's shares is deducted from equity in the consolidated statement of financial position and disclosed as the EBT reserve.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers have been identified as the executive and the non-executive Board members.

The operating results of each of the geographical segments are regularly reviewed by the group's chief operating decision makers in order to make decisions about the allocation of resources and to assess their performance. Africa has production activities, Australia has exploration activities and there are administrative cost centres in the United Kingdom and Australia.

1. Accounting policies (continued)

New standards and interpretations adopted during the year

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011:

- Revised IAS 24 'Related Party Disclosures';
- Amendments to IFRIC 14 IAS 19 'Limit on a defined benefit asset, minimum funding requirements and their interaction'; and
- Improvements to IFRSs (2010).

The adoption of these standards, interpretations and amendments did not affect the Group's results of operations or financial position.

The new standards and interpretations listed below are effective for future periods and thus have not been adopted in these consolidated financial statements. None are expected to have a material effect on the reported results or financial position of the Group.

- IAS 19 'Employee Benefits';
- IFRIC 20 'Stripping costs in the production phase of a surface mine';
- Amendments to IFRS 7 'Disclosures – Transfers of financial assets'

Status of EU endorsement

Entities in EU Member States which report in accordance with EU-endorsed IFRS can only apply IFRSs and IFRICs where the endorsement process has been completed at the date of approval of their financial statements. The following had not yet been endorsed by the European Union at the date these consolidated financial statements were authorised for issue:

- IFRS 9 'Financial Instruments';
- IFRS 10 'Consolidated Financial Statements';
- IFRS 11 'Joint Arrangements';
- IFRS 12 'Disclosures of Interests in Other Entities';
- IFRS 13 'Fair Value Measurement';
- IAS 27 'Separate Financial Statements';
- IAS 28 'Investments in Associates and Joint Ventures';
- Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income';
- Amendments to IAS 12 'Deferred tax: Recovery of underlying assets';
- Amendments to IAS 19 'Employee Benefits';
- Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities'; and
- Amendments to IFRS 1 'Severe hyperinflation and removal of fixed dates for first-time adopters'.

2. Critical accounting estimates and judgements

The group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-current assets

The directors are required to consider whether the non-current assets comprising exploration and evaluation assets, mineral properties and mine works, plant and equipment have suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary.

2. Critical accounting estimates and judgements (continued)

Useful lives of non-current assets

Non-current assets are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of comprehensive income in the specific period.

Determination of fair values of exploration and evaluation assets acquired

The fair values of exploration and evaluation assets acquired are based on a valuation of the shares issued in consideration. Whilst such valuations are based on market prices, there is inevitably a subjective element in such processes.

Determination of share based payment costs

The determination of these costs is based on financial models. The inputs to these models are based on the directors' judgements and estimates and are not capable of being determined with precision.

Convertible loan notes

The fair value of the liabilities component on initial recognition is the present value of the stream of future cash flows (including both coupon payments and redemption) discounted at the market rate of interest that would have been applied to an instrument of comparable credit quality with substantially the same cash flows, on the same terms, but without the conversion option.

Provision for site rehabilitation and decommissioning costs

Provision for site rehabilitation and decommissioning costs and the associated asset is recorded at the present value of the expected expenditure required to settle the group's future obligations. Actual outcomes may vary. Details regarding the provision for site rehabilitation and decommissioning costs are set out in note 20 to the consolidated financial statements.

3. Operating segments

The following tables present revenue, loss and certain asset and liability information regarding the group's business segments for the year ended 31 December 2011, and for the year ended 31 December 2010.

	Africa		Australia		Total	
	2011 £	2010 £	2011 £	2010 £	2011 £	2010 £
Income statement						
Revenue from external customers	1,028,387	511,554	–	–	1,028,387	511,554
Direct costs	(2,622,426)	(433,342)	–	–	(2,622,426)	(433,342)
Gross (loss)/profit	(1,594,039)	78,212	–	–	(1,594,039)	78,212
Administrative expenses	(2,436,451)	(1,464,719)	(196)	(51,650)	(2,436,647)	(1,516,369)
Segment result	(4,030,490)	(1,386,507)	(196)	(51,650)	(4,030,686)	1,428,157
Unallocated						
Corporate expenses					(2,436,390)	(1,786,511)
Share based payments					(968,171)	(1,170,444)
Operating loss					(7,435,247)	(4,395,112)
Finance income					(156,453)	5,806
Finance costs					(86,472)	(629,247)
Loss before tax					(7,365,266)	(5,018,553)

	Corporate		Africa		Australia		Total	
	2011 £	2010 £	2011 £	2010 £	2011 £	2010 £	2011 £	2010 £
Other segment information								
Capital additions	27,866	2,358	15,464,539	41,052,895	1,143,586	314,777	16,635,990	41,370,030
Depreciation and amortisation	9,821	3,023	161,869	81,390	4,052	1,944	175,742	86,357
Site rehabilitation provision	–	–	1,344,445	575,305	–	–	1,344,445	575,305
Segment assets	4,417,710	5,783,235	60,433,797	41,800,696	14,635,730	13,510,923	79,487,237	61,094,854
Segment liabilities	492,349	(16,757,110)	18,344,801	(15,917,421)	35,612	(33,404)	18,872,762	(32,707,935)

Of the total non-current assets of £71,052,551 (2010: £54,394,230) none were held in the United Kingdom (2010: none).

All external revenues were generated in Africa.

One customer contributed 42% of total income to the group (2010: none).

4. Revenue

	2011 £	2010 £
Revenue disclosed in the income statement is as follows:		
Sales of coal to third parties	1,028,387	511,554

5. Operating loss

	2011 £	2010 £
This is stated after charging the following:		
Depreciation and amortisation	175,742	86,357
Changes in inventories of coal	(657,996)	(311,225)
Consumables used	353,283	69,783

6. Auditors' remuneration

	2011 £	2010 £
Fees payable to the company's auditors and its associates for audit of the annual accounts		
Audit of the company	6,000	5,000
Audit of the consolidation	35,500	24,500
Audit of subsidiaries	39,700	31,100
	81,200	60,600
Fees payable to the company's auditors and its associates for other services:		
– remuneration for tax services	38,210	24,540
– remuneration for other services	8,500	18,000
	127,910	103,140

7. Staff costs and directors' emoluments

	2011 £	2010 £
Staff costs (including directors)		
Group		
Wages and salaries	2,108,559	895,874
Expense of share-based payments	968,171	1,021,106
	3,076,730	1,916,180
Company		
Wages and salaries	218,478	145,344
Expense of share-based payments	968,171	1,021,106
	1,186,649	1,166,450

The average monthly number of employees (including executive directors) during the year was as follows:

	2011 Number	2010 Number
Group		
Production staff	260	153
Technical and administrative staff	16	6
Company		
Technical and administrative staff	1	1

	2011 £	2010 £
Directors' emoluments		
Group		
Fees and salaries	688,551	341,744

The remuneration of the highest paid director was £406,468 (2010 – £170,293).

In addition to the amounts shown above for directors' emoluments, share-based payment expenses of £783,736 (2010 – £1,020,408) were recognised in respect of directors. Details regarding share options held by directors are set out in note 23 to the financial statements.

The key management personnel of the group are considered to be the executive and non-executive directors.

8. Finance costs

	2011 £	2010 £
Unwinding of discount on site rehabilitation provision	86,472	–
Premium on settlement of consideration for acquisition of subsidiary	–	629,247
	86,472	629,247

During the year borrowing costs of £3,638,952 (2010 – £1,866,199) were capitalised in accordance with the group's accounting policy (see note 12).

9. Taxation

Reconciliation of the total tax charge

The tax assessed on the loss for the year is lower than the standard rate of corporation tax in the UK of 27.5% (2010 – 28%). The differences are reconciled below:

	2011 £	2010 £
Accounting loss before tax	(7,365,266)	(5,018,553)
Taxation at UK statutory income tax rate of 27.5% (2010 – 28%)	(2,025,448)	(1,405,195)
Share based payments	266,247	327,724
Subsidiaries unrelieved losses	1,416,651	649,847
Holding company unrelieved losses	342,550	427,624
Tax on loss	–	–

The group has unrelieved trading losses of £4,988,899 (2010 – £3,229,698). Details of deferred tax assets and liabilities are shown in note 21.

10. Loss per share

The calculation of basic loss per ordinary share attributable to equity holders of the parent company, is based on a loss of £7,365,266 (2010 – £4,143,860) and on 785,741,689 ordinary shares (2010 – 271,985,422), being the weighted average number of ordinary shares in issue during the year.

There is no difference between diluted loss per share and the basic loss per share as the group reported a loss for the year. 79,107,084 (2010 – 310,613,139) potential ordinary shares have been excluded from the calculation of loss per share on the basis that they are anti-dilutive.

The company has issued share options and warrants over ordinary shares both of which could potentially dilute basic earnings per share in the future. Further details are given in note 23.

11. Exploration and evaluation assets

	£
Cost	
At 1 January 2010	13,048,760
Exchange movement	58,121
Additions	290,472
At 31 December 2010 and 1 January 2011	13,397,353
Exchange movement	2,417
Additions	1,142,257
Acquired with subsidiary	5,700,000
At 31 December 2011	20,242,027
Impairment	
At 1 January 2010	–
Charge for the year	–
At 31 December 2010 and 1 January 2011	–
Charge for the year	–
At 31 December 2011	–
Net book value	
At 31 December 2011	**20,242,027**
At 31 December 2010	13,397,353

At the year end the exploration and evaluation asset comprised the following individual assets: £5,700,000 in relation to the Changara Coal Project (2010 – £Nil) and £14,542,027 in relation to Tasmania Magnesite (2010 – £13,397,353).

11. Exploration and evaluation assets (continued)

On 21 December, the group acquired 99% of the issued share capital of Nongo, Limitada for a total consideration satisfied by the issue of 60,000,000 new ordinary shares in the company (see note 14).

Nongo, Limitada has the right to acquire Coal Tenement 2001L in the Tete Province of Mozambique. It currently has no business activities or assets managed as a business. The directors therefore consider that the company has obtained control of an entity that is not a business. Accordingly, the transaction has been accounted for as an asset purchase rather than a business combination, with the fair value of the consideration paid being allocated to the intangible asset acquired. The fair value of the shares issued in consideration has been determined by reference to the market price of the company's shares on 21 December 2011, this being 9.5p per share, giving a fair value of the intangible asset of £5,700,000. Nongo, Limitada had no other assets or liabilities at the date of acquisition.

12. Mineral properties

	£
Cost	
At 1 January 2010	37,343,022
Acquired with subsidiary	1,866,199
Capitalised borrowing costs	–
At 31 December 2010 and 1 January 2011	**39,209,221**
Exchange movements	186,456
Capitalised borrowing costs	3,638,952
At 31 December 2011	**43,034,629**
Amortisation	
At 1 January 2010	–
Charge for the year	33,304
At 31 December 2010 and 1 January 2011	**33,304**
Charge for the year	78,362
At 31 December 2011	**111,666**
Net book value	
At 31 December 2011	**42,922,963**
At 31 December 2010	39,175,917

13. Mine works, plant and equipment

	Mine works £	Motor vehicles £	Fixtures fittings and office equipment £	Total £
Cost				
At 1 January 2010	–	19,847	1,636	21,483
Exchange movement	–	3,612	297	3,909
Acquired with subsidiary	248,280	17,884	10,703	276,867
Additions	1,476,123	95,726	21,621	1,593,470
Disposals	–	(23,459)	–	(23,459)
At 31 December 2010 and 1 January 2011	1,724,403	113,610	34,257	1,872,270
Exchange movement	8,749	545	162	9,456
Additions	6,002,514	68,762	83,505	6,154,781
At 31 December 2011	**7,735,666**	**182,917**	**117,924**	**8,036,507**
Depreciation				
At 1 January 2010	–	326	138	464
Exchange movement	–	60	25	85
Charge for the year	35,810	14,265	2,978	53,053
Eliminated on disposals	–	(2,292)	–	(2,292)
At 31 December 2010 and 1 January 2011	35,810	12,359	3,141	51,310
Exchange movement	183	60	13	256
Charge for the year	61,890	16,870	18,620	97,380
At 31 December 2011	**97,883**	**29,289**	**21,774**	**148,946**
Net book value				
At 31 December 2011	**7,637,783**	**153,628**	**96,150**	**7,887,561**
At 31 December 2010	1,688,593	101,251	31,116	1,820,960

14. Subsidiaries

The consolidated financial statements include the financial statements of Beacon Hill Resources Plc and the following subsidiaries:

Proportion of voting rights and of equity interest		2011	2010
Minas Moatize Limitada	Mozambique	100%	100%
Nongo, Limitada	Mozambique	99%	–
Tasmania Magnesite NL	Australia	100%	100%
BHR Mining Limited	Isle of Man	100%	100%
Beacon Hill Resources Pty Limited (formerly Carnegie Services Australia Pty Limited)	Australia	100%	100%
BHR Mining Limited	United Kingdom	100%	100%
BHR Mining Mauritius Limited	Mauritius	100%	100%
Cambridge Investments BV	Mauritius	100%	100%
BHR Ventures Mauritius Limited	Mauritius	100%	–
BHR Coal Mauritius Limited	Mauritius	100%	–
BHR Investments Mauritius Limited	Mauritius	100%	–
BHR Projects Mauritius Limited	Mauritius	100%	–

Nature of business

The principal activity of Minas Moatize Limitada is coal mining.
The principal activity of Tasmania Magnesite NL and Nongo, Limitada is mineral exploration.
The principal activity of the other subsidiaries is the provision of management services and investment holding.

Acquisition of subsidiary

On 21 December 2011, BHR Ventures Mauritius Limited ('BHRVM'), a subsidiary of the company, acquired 99% of Nongo, Limitada (''Nongo''), with Midwest Africa Limited (''MAL'') holding the balance. The consideration was satisfied by the issue by the company of 60,000,000 new ordinary shares to the vendor, Midwest (2001) Pte Limited. Pursuant to the terms of the agreement between BHRVM, MAL and Nongo, MAL has agreed to transfer Coal Tenement 2001L in the Tete Province of Mozambique (''the Licence'') to Nongo, whereupon MAL will earn an additional 19% interest in Nongo, which will be free carried, with BHRVM retaining the remaining 80%. The majority of the board of Nongo will be appointed by BHRVM. Nongo will be responsible for funding and conducting exploration activities in relation to the Licence and shall be entitled to the economic benefit arising from the exploration and development of the Licence. Nongo has no material assets other than the contractual right to acquire the Licence, subject to the approval of the Minister, in the future.

15. Inventories

	2011 £	2010 £
Coal	1,154,061	430,955
Consumable supplies	1,528,156	41,448
	2,682,217	472,403

16. Trade and other receivables (current)

	2011 £	2010 £
Trade debtors	494,665	–
Prepayments	331,445	1,155,816
Other receivables	567,497	288,694
	1,393,607	1,444,510

17. Trade and other payables (current)

	2011 £	2010 £
Trade payables	1,303,298	324,644
Other payables	3,541,354	3,376,607
Accruals	873,632	152,149
	5,718,284	3,853,400

Other payables includes a deposit of £3,219,782 (2010 – £3,203,485) received under a coal offtake agreement.

18. Convertible loan notes (current)

	2011 £	2010 £
Opening balance	7,176,243	–
Issued in year	–	8,699,346
Classified as equity	–	(1,799,865)
Converted	(8,573,795)	(991,379)
Accrued interest	1,397,552	1,268,141
	–	7,176,243

The loan notes were issued on 19 July 2010 for a term of 364 days, they bore interest at 15% per annum and were convertible, as to principal and accrued interest, into ordinary shares of the company, at the option of the note-holders, at a conversion price of 5.5p per share. The directors considered that the notes represented a compound instrument. Accordingly, the liability component was valued in accordance with the accounting policy set out in note 1 using an interest rate of 45%.

The notes and accrued interest were converted in full on 18 July 2011 (note 25).

19. Convertible loan notes (non current)

	2011 £	2010 £
Opening Balance	9,351,630	–
Issued in year	–	29,750,000
Classified as equity	–	(7,818,910)
Converted	(11,299,886)	(12,716,346)
Accrued interest	1,948,256	136,886
	–	9,351,630

The loan notes were issued on 30 November 2010 for a term of two years, were interest free for the first year, bore interest at 15% per annum for the second year and were convertible, for the first year only, into ordinary shares of the company at a price of 12.5p per share at the option of the note holders. The directors considered that the notes represented a compound instrument. Accordingly, the liability component was valued in accordance with the accounting policy set out in note 1 using an interest rate of 25%.

The notes and accrued interest were converted in full on 1 November 2011 (note 25).

20. Provision for site rehabilitation

	2011 £	2010 £
Opening Balance	575,305	–
Exchange movement	4,408	–
Additional provision	678,260	575,305
Unwinding of discount	86,472	–
	1,344,445	575,305

In respect of the additional provision, a corresponding asset of £678,260 (2010 – £575,305) was recognised within the mine works asset. The costs associated with the provision are expected to be realised over an 11 year period. The asset is being amortised as part of the cost of mine works in line with the accounting policy set out in note 1 to the financial statements.

The amount relating to the unwinding of the discount amounting to £86,472 has been charged as a finance cost to the consolidated income statement.

21. Deferred tax

	2011 £	2010 £
Recognised liability		
Liability arising on unrealised value of mineral properties	12,009,433	11,949,767
Less: available tax losses of subsidiary at acquisition	(199,400)	(198,410)
	11,810,033	11,751,357
Unrecognised asset		
Unused losses carried forward	1,371,947	904,315

In accordance with the accounting policy set out in note 1, no deferred tax asset has been recognised on these unused losses owing to the uncertainty of future profit streams against which they could be utilised.

22. Financial instruments

The group's principal financial instruments are trade and other receivables, trade and other payables and cash. The main purpose of these financial instruments is to finance the group's ongoing operational requirements.

The major financial risks faced by the group which remained unchanged throughout the year are interest rate risk, credit risk, foreign exchange risk and liquidity risk.

Policies for the management of these risks are shown below and have been consistently applied, subject to the subsequent event disclosed in note 28.

Market risks

Interest rate risk

The group is exposed to interest rate risk as cash balances in excess of immediate needs are placed on short-term deposits in the money markets at variable rates of interest. The group seeks to optimise the rates received by continuously monitoring those available.

Foreign exchange risk

The group's activities expose it to fluctuations in the exchange rate for the US dollar and Australian dollar.

Funds are maintained in sterling and foreign currency is acquired on the basis of committed expenditure.

The group's results are not considered to be materially sensitive to the above risks and therefore no sensitivity analysis has been provided.

Non-market risks

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group's policy is to deal only with credit worthy counterparties.

Liquidity risk

Group management has responsibility for reducing exposure to liquidity risk and for ensuring that adequate funds are available to meet anticipated requirements from existing operations. Furthermore, it has responsibility for ensuring adequate funding is available for potential new ventures before entering into investment commitments. It operates according to the policies and guidelines established by the Board. Cash management is carried out centrally.

Fair and book values

	Carrying amount	
	2011 £	2010 £
Financial assets – classified as loans and receivables		
– cash and short-term deposits	**4,358,862**	4,783,711
– other receivables (current)	**567,497**	288,694
– trade debtors	**494,665**	–
financial liabilities – measured at amortised cost		
– trade and other payables (current)	**5,718,284**	3,853,400
– loan notes	–	16,527,873

Interest rate risk

	2011 £	2010 £
Floating rate financial assets maturing within 1 year		
Cash and short-term deposits	**4,358,862**	4,783,711

	2011 £	2010 £
Interest free financial liabilities maturing within 1 year		
Trade and other payables	**5,718,284**	3,853,400
Fixed rate financial liabilities maturing within 1 year		
Convertible loan notes (15%)	–	7,176,243

22. Financial instruments (continued)

Liquidity table

The following table details the remaining contractual maturity for financial liabilities based on undiscounted cash flows.

2011	Less than six months £	Six months to one year £	One to two years £
Trade payables	1,303,298	–	–

2010	Less than six months £	Six months to one year £	One to 100 years £
Trade payables	324,644	–	–
Convertible loan notes	–	8,054,605	14,375,000

Cash balance analysis by currency

	2011 £	2010 £
Sterling	**3,746,651**	4,631,752
Australian dollar	**249,723**	61,484
United States dollar	**362,488**	90,475
	4,358,862	4,783,711

Significant non cash transactions

	2011 £	2010 £
Equity consideration for asset purchase	**5,700,000**	–
Debt converted into equity	**19,873,681**	13,707,725

Capital risk management

The group manages its capital to ensure that entities within the group will be able to continue as going concerns.

The capital structure of the group consists of equity, comprising issued share capital and reserves and cash and cash equivalents.

Since the year end, a secured debt facility of up to US $20 million has been put in place.

23. Share options and warrants

The company has two equity-settled share based payment schemes for directors and employees. (In respect of schemes pre-dating the share capital consolidation, numbers of options and exercise prices have been appropriately adjusted.)

2006 Scheme

Under the 2006 scheme, options are exercisable at a price equal to the market price of the company's shares on the date of grant which was the placing price on 14 August 2006. The vesting period was 1 year. If the options remain unexercised after a period of 6 years from the date of grant, the options expire. Options are forfeited if the directors or employees leave the group before the options vest.

During the year and previous year no options were granted, exercised or expired. During the year no options were forfeited (2010 – Nil) owing to the holder leaving the group's employment. Options over a total of 10,000 Ordinary shares at an exercise price of 200p per share were outstanding at 31 December 2011 and 31 December 2010 and were exercisable (2010 – 10,000). The estimated total fair value of the options granted in prior periods was £150,000 or 75p per option (calculated with the Black-Scholes model), all of which was recognised in 2007 and prior periods.

2009 Scheme

Under the 2009 scheme, the vesting period is set at the time of grant. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the directors or employees leave the group before the options vest, although the board has the discretion to overrule this condition and to allow the options to remain in place.

12,000,000 options were granted under this scheme on 14 October 2009 exercisable at 6.25p with a vesting period of 3 years and were outstanding at 31 December 2011 and 31 December 2010. The estimated total fair value of these options was £390,000, or 3.25p per option (calculated with the Black-Scholes model). The company recognised expenses of £92,620 in respect of these options in the year ended 31 December 2011 (2010 – £154,575).

8,000,000 options were granted under this scheme on 16 April 2010 exercisable at between 7p and 12.5p with a vesting period of two years and were outstanding at 31 December 2011 and December 2010. The estimated total fair value of these options was £311,000 or 2.15p to 3.33p per option (calculated with the Black-Scholes model). The company recognised expenses of £70,977 in respect of these options in the year ended 31 December 2011 (2010 – £240,023).

23. Share options and warrants (continued)

2,500,000 options were granted under this scheme on 10 August 2010 excisable at between 8p and 16p. The vesting period is one to two years. They were outstanding at 31 December 2011 and 31 December 2010. The estimated total fair value of these options was £58,150 or 1.82p to 3.23p per option (calculated with the Black-Scholes model). The company recognised expenses of £33,345 in respect of these options in the year ended 31 December 2011 (2010 – £19,148).

16,050,000 options were granted under this scheme on 29 December 2010 exercisable at 14p. Some vested immediately and some have a vesting period of two years. They were outstanding at 31 December 2011 and 31 December 2010. The estimated total fair value of these options was £1,011,150 or 6.3p per option (calculated with the Black-Scholes model). The company recognised expenses of £127,400 in respect of these options in the year ended 31 December 2011 (2010 – £756,698).

14,150,000 options were granted under this scheme on 21 December 2011 exercisable at 9.5p. Some vested immediately and some have a vesting period of two years and all were outstanding at 31 December 2011. The estimated total fair value of these options was £757,025 or 5.35p per option (calculated with the Black-Scholes model). The company recognised an expense of £643,829 in respect of these options in the year ended 31 December 2011.

The inputs to the Black-Scholes model were as follows:

Share price	9.5p
Exercise price	9.5p
Expected volatility	70%
Risk free rate of interest	1.2%
Expected dividend yield	0%
Expected life	5 years

Expected volatility was determined by reference to the historical volatility of similar listed entities.

The board has exercised its discretion in respect of 4,400,000 options granted under the 2009 scheme to two former directors such that these options have not been forfeited upon the resignation of those directors, but remain in place and exercisable until their original expiry date. The expenses associated with those options were recognised in full in the year ended 31 December 2010.

A summary of these schemes is as follows:

	Exercise price	Held at 1 January 2011	Granted	Exercised	Forfeited	Held at 31 December 2011
2006 Scheme						
Director	200p	10,000	–	–	–	10,000
2009 Scheme						
Directors	6.25p	6,400,000	–	–	–	6,400,000
Former directors	6.25p	2,400,000	–	–	–	2,400,000
Others	6.25p	3,200,000	–	–	–	3,200,000
April 2010 scheme						
Directors	7p	3,000,000	–	–	–	3,000,000
Director	8p	1,000,000	–	–	–	1,000,000
Director	10p	1,000,000	–	–	–	1,000,000
Directors	12.5p	1,000,000	–	–	–	1,000,000
Former directors	7p	2,000,000	–	–	–	2,000,000
August 2010 scheme						
Directors	12p	500,000	–	–	–	500,000
Directors	16p	500,000	–	–	–	500,000
Other	8p	500,000	–	–	–	500,000
Others	12p	500,000	–	–	–	500,000
Others	16p	500,000	–	–	–	500,000
December 2010 scheme						
Directors	14p	12,000,000	–	–	–	12,000,000
Others	14p	4,050,000	–	–	–	4,050,000
December 2010 scheme						
Directors	9.5p	–	12,000,000	–	–	12,000,000
Others	9.5p	–	2,150,000	–	–	2,150,000
		38,560,000	14,150,000	–	–	52,710,000
Weighted average						
Exercise price		10.35p	9.5p			10.12p

23. Share options and warrants (continued)

Summary of share options awarded to directors:

Justin Lewis	12,000,000	–	–	–	12,000,000
Murray d'Almeida	6,200,000	5,000,000	–	–	11,200,000
Timothy Jones	7,210,000	7,000,000	–	–	14,210,000
	25,410,000	12,000,000	–	–	37,410,000

Of the share options shown above, 36,160,000 (2010 – 16,410,000) are currently exercisable at a weighted average exercise price of 10.72p (2010 – 12.13p).

Other share options and warrants

In connection with the signing of an agreement dated 11 March 2010 with Fortrend Securities Pty Limited ('Fortrend') for the provision of up to £5 million of equity funding, the company issued options to subscribe for 833,334 ordinary shares at a price of 8.75p per share to Fortrend. In connection with share placings under this agreement on 11 March and 5 October 2010 options to subscribe for, respectively, 1,250,000 and 1,293,750 shares at prices of, respectively, 7.35p and 15.68p were issued to Fortrend. All of the options issued to Fortrend may be exercised at any time up to three years from the date of issue and were all outstanding at 31 December 2011 and 2010.

Warrants

In connection with the issue of convertible loan notes on 19 July 2010, warrants to subscribe for 16,650,000 ordinary shares at a price of 8p per share were issued to Jainda Investments Limited. The warrants may be exercised at any time prior to 20 July 2013.

24. Partly Paid Share Scheme ("PPSS")

A PPSS for Directors and employees was established in December 2011 to provide Directors and senior management with the opportunity to purchase shares in the company. Under the plan, shares are issued by the company and acquired beneficially by the director/employee and held by the BHR Trust. The company makes a non-recourse loan to the BHR Trust to allow it to purchase or subscribe for ordinary shares in the company. Pursuant to the rules of the PPSS, an employee can acquire ordinary shares at full market value from the BHR Trust but the full amount of the consideration will be deferred. The balance is payable to the Trust on demand by the Trust, on cessation of employment or when the relevant ordinary shares are sold.

20,000,000 shares were awarded and acquired under this scheme on 21 December 2011 at 9.5p. All are held by the BHR Trust as at 31 December 2011. Of these, 17,500,000 were allocated to Justin Lewis, a director, and 2,500,000 to members of senior management. Title to the shares transferred to these individuals in January 2012.

25. Share capital

	Ordinary shares		Deferred shares	
	Number	£	Number	£
Issued				
At 31 December 2009 and 1 January 2010	5,923,000,000	592,300	83,000,000	821,700
Issue of shares	541,667,000	54,167	–	–
	6,464,667,000			
1 for 25 consolidation	258,586,680			
Issue of shares	351,968,276	879,920	–	–
At 31 December 2010 and 1 January 2011	**610,554,956**	**1,526,387**	**83,000,000**	**821,700**
Issue of shares	440,887,181	1,102,218	–	–
At 31 December 2011	**1,051,442,137**	**2,628,605**	**83,000,000**	**821,700**

The deferred shares carry no rights to dividends or other distributions and no voting rights. Upon a return of assets on a winding up, the deferred shares only entitle the holder to amounts paid up on such shares after the repayment of £10,000,000 per Ordinary share.

Issue of shares

On 28 January 2011, 5,000,000 ordinary shares of 0.25p were issued for cash at 18.8p per share.

On 17 February 2011, 9,090,910 ordinary shares of 0.25p were issued upon the conversion by holders of £500,000 nominal of loan notes at a conversion price of 5.5p per share.

On 23 February 2011, 9,173,930 ordinary shares of 0.25p were issued upon the conversion of accrued interest on loan notes amounting to £504,566 at a conversion price of 5.5p per share.

On 11 March 2011, 6,805,723 ordinary shares of 0.25p were issued upon the conversion by holders of £250,000 nominal of loan notes together with accrued interest, at a conversion price of 5.5p per share.

On 15 April 2011, 100,000,000 ordinary shares of 0.25p were issued for cash at 12.5p per share.

25. Share capital (continued)

On 18 July 2011, 130,816,618 ordinary shares of 0.25p were issued upon the conversion by holders of 3,699,346 nominal of loan notes, together with accrued interest, at a conversion price of 5.5p per share.

On 1 November 2011, 100,000,000 ordinary shares of 0.25p were issued upon the conversion by holders of £12,500,000 nominal of loan notes at a conversion price of 12.5p per share.

On 21 December 2011, 60,000,000 ordinary shares of 0.25p were issued in consideration of the acquisition of 99% of Nongo Limitada.

On 21 December 2011, 20,000,000 ordinary shares of 0.25p were issued in connection with awards made under the Partly Paid Share Scheme (see note 23).

26. Reserves

Reserve	Description and purpose
Share capital	Amount of the contributions made by shareholders in return for the issue of shares.
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Premium on shares issued in consideration for the acquisition of subsidiaries where a holding in excess of 90 per cent is acquired via the issue of equity shares.
Foreign exchange reserve	Gains/losses arising on re-translating the net assets of overseas operations into sterling.
Warrant reserve	Fair value of warrants issued in connection with share placing.
Loan note reserve	Equity component of convertible loan notes
Minority acquisition reserve	Premium on acquisition of non-controlling interest in existing subsidiary
EBT reserve	Shares in the company purchased by the BHR Trust under the Partly Paid Share Scheme
Retained earnings	Cumulative net gains and losses recognised in the consolidated balance sheet.

Details of movements in each reserve are set out in the Consolidated Statement of Changes in Equity on page 21.

27. Related party transactions

Disclosure regarding remuneration of the directors is given in note 7, and the Director's Report. Details of the group's subsidiaries, which are considered to be related parties, are given in note 14.

28. Subsequent events

On 19 March 2012, it was announced that the group had entered into a strategic marketing partnership with Vitol Coal S.A. (''Vitol'') and that Vitol will make available to the group a secured debt facility of up to US $20 million in two tranches of US $10 million.

Parent Company Balance Sheet
for the year ended 31 December 2011
Company number: 5696680

	Notes	2011 £	2010 £
Fixed assets			
Investments in subsidiaries	4	42,764,284	42,764,284
Current assets			
Debtors	5	42,794,019	26,897,800
Cash and short-term deposits		3,761,904	4,629,392
		46,555,923	31,527,192
Creditors: amounts falling due within one year	6	327,058	8,215,909
Net current assets		46,228,865	23,311,283
Total assets less current liabilities		88,993,149	66,075,567
Creditors: amounts falling due after more than one year			
Convertible loan notes	7	–	12,500,000
Net assets		88,993,149	53,575,567
Capital and reserves			
Issued capital	8	3,450,305	2,348,087
Share premium	9	80,300,552	45,472,435
Merger reserve	10	18,389,346	12,839,346
EBT Reserve	11	(1,900,000)	–
Profit and loss account	12	(11,247,054)	(7,084,301)
Shareholders' funds		88,993,149	53,575,567

The financial statements were approved by the board of directors and authorised for issue on 5 April 2012 and were signed on its behalf by:

Justin Lewis
Director

Timothy Jones
Director

The separate financial statements of the company are presented as required by the Companies Act 2006

1. Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

Going concern

The financial statements have been prepared on the going concern basis as, in the opinion of the directors, at the time of approving the financial statements, there is a reasonable expectation that the group will continue in operational existence for the foreseeable future. The assumptions made by the directors in support of this opinion are set out in the directors' report on page 14.

Investments

Investments are stated at cost less provision for any permanent diminution in value.

Share based payment

The share option programme allows directors and employees to acquire shares of the company. The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the directors and employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted.

Employee Benefit Trust (EBT)

As the company is deemed to have control of its EBT, it is treated as a subsidiary and consolidated for the purposes of the consolidated financial statements. The EBT's assets (other than investments in the company's shares), liabilities, income and expenses are included on a line-by-line basis in the consolidated financial statements. The EBT's investment in the company's shares is deducted from equity in the consolidated statement of financial position and disclosed as the EBT reserve.

2. Loss attributable to members of the parent company

The loss dealt with in the financial statements of the parent company is £5,130,924 (2010 – £4,019,571). As permitted by s408 of the Companies Act 2006, the company has elected not to present its own profit and loss account for the period.

3. Staff costs and directors' emoluments

These are disclosed in note 7 to the consolidated financial statements.

4. Investments

	£
Cost	
At 1 January and 31 December 2011	**42,764,284**

Details of holdings in subsidiary companies are set out in note 14 to the consolidated financial statements.

5. Debtors

	2011 £	2010 £
Current		
Amount owing by group undertaking	**42,438,974**	25,814,571
Other debtors	**38,586**	34,698
Prepayments	**316,459**	1,048,531
	42,794,019	26,897,800

6. Creditors: amounts falling due within one year

	2011 £	2010 £
Convertible loan notes	–	8,011,083
Amount owed to group undertaking	**92,491**	111,507
Trade creditors	**73,741**	8,197
Accruals	**160,800**	72,500
Other creditors	**26**	12,622
	327,058	8,215,909

The notes and accrued interest were converted in full on 18 July 2011.

7. Creditors: amounts falling due after more than one year

	2011 £	2010 £
Convertible loan notes	–	12,500,000

The notes and accrued interest were converted in full on 1 November 2011.

8. Share capital

Details of share capital and movements for the year are set out in note 25 to the consolidated financial statements.

9. Share premium

	2011 £	2010 £
At 1 January 2011	45,472,435	3,821,656
Premium on issue of shares	35,463,916	43,006,070
Expenses of issue	(635,799)	(1,355,291)
At 31 December 2011	80,300,552	45,472,435

10. Merger reserve

	2011 £	2010 £
At 1 January 2011	12,839,346	12,839,346
Arising on issue of shares to acquire subsidiary	5,550,000	–
At 31 December 2011	18,389,346	12,839,346

11. EBT Reserve

	2011 £	2010 £
At 1 January 2011	–	–
Purchase of shares during the year	(1,900,000)	–
At 31 December 2011	(1,900,000)	–

12. Profit and loss account

	2011 £	2010 £
At 1 January 2011	(7,084,301)	(4,451,138)
Loss for the year	(5,130,924)	(4,019,571)
Share based payment charge	968,171	1,386,408
At 31 December 2011	(11,247,054)	(7,084,301)

13. Subsequent events

On 19 March 2012, it was announced that the group had entered into a strategic marketing partnership with Vitol Coal S.A. (''Vitol'') and that Vitol will make available to the group a secured debt facility of up to US $20 million.

In conjunction with the Company's proposed admission to the ASX, it has adopted a formal written Corporate Governance Statement. The Board believes that good corporate governance improves corporate performance and benefits all shareholders.

To further enhance listed entities disclosure of corporate governance issues, the ASX Corporate Governance Council (CGC) was established on 1 August 2002. The CGC was established for the purpose of setting an agreed set of corporate governance standards of best practice for Australian listed entities. These standards are contained in the ASX Corporate Governance Principles and Recommendations (ASX Guidelines). The ASX Guidelines articulate eight core principles that CGC believes underlie good corporate governance. The ASX Guidelines provide that a listed entity's Annual Report is required to disclose its main corporate governance practices and also the extent to which the entity complies with the ASX Guidelines and where it does not, explain why.

This section sets out the Company's approach to corporate governance and addresses the Company's compliance with the ASX Guidelines.

Principle 1 – Lay solid foundations for management and oversight

The Principle requires the Company to establish and disclose the respective roles and responsibilities of both the Board and Management.

ASX Recommendation	Company's Response
1.1 Establish functions reserved to Board and those delegated to senior executives	The Company is managed under the direction of the Board of Directors. The Company considers that it has an effective Board that has been structured in such a way that it: – Has a proper understanding of, and competence to deal with, the current and emerging issues effecting the business; – Exercises independent judgement; – Encourages enhanced performance of the Company; and – Can effectively review and challenge the performance of management. The Board meets regularly throughout the year and the Board is responsible for: – Increasing shareholder value through leadership and direction of the Company; – Formulating, reviewing and approving the Company's strategy; – Budgeting and reviewing financial performance; – Ensuring adequate capital resources are available to the Company; – Reporting to shareholders; – Compliance; and – Corporate Governance. The Board effectively delegates the day to day management of the Company to the Executive Chairman, Finance Director, Chief Operating Officer and Senior Management throughout the Company.
1.2 Process for evaluating performance of senior executives	The Executive Directors are responsible for evaluating the performance of the Senior Management. Each member of the Senior Management Team has their performance assessed on an informal basis throughout the year and on a formal basis once a year.

Principle 2 – Structure the Board to add value

The Principle requires the Company to have a Board of effective composition, size and commitment to adequately discharge its responsibilities and duties.

It is the objective that the Board comprises directors with an appropriate mix of skills, experience and personal attributes that allow the directors individually and the Board collectively to supervise the operations of the Company.

ASX Recommendation	Company's Response
2.1 Majority of Board should be independent directors	The Board has 3 directors: – Justin Lewis (Executive Chairman); – Timothy Jones (Group Finance Director & Company Secretary); and – Murray d'Almeida (Independent Non-Executive Director) The Executive Chairman currently carries out the roles of Chairman and Managing Director and has done so since May 2009, prior to when the Company changed its name to Beacon Hill Resources Plc, changed its strategic direction and acquired Tasmania Magnesite NL and Minas Moatize Limitada. The Board acknowledges the recommendations of the ASX Guidelines that these roles be carried out by different people and the Chairman be a Non-Executive Director, however, the Board believes that the wealth of knowledge and expertise of the current Chairman make it appropriate for him to be the Executive Chairman (Chairman and Managing Director). For the same reasons, the Board does not currently comprise a majority of independent Directors. The Board believes that all of its Directors exercise due care and skill with respect to the matters which they consider and bring objective judgement to bear in decision making. It is the Company's intention to appoint further non-executive directors in the next 12 months.
2.2 Chair should be an independent director	Refer to 2.1
2.3 Roles of Chair and Chief Executive Officer should not be the same individual	Refer to 2.1
2.4 Establish a Nomination Committee	The Board undertakes the role of a Nomination Committee given the size and scale of the Company's operations. The Board's policy for nomination and appointment of Directors is to fulfil its responsibilities to shareholders by ensuring that the Board is comprised of individuals who are best able to discharge their responsibilities as Directors, having regard to the law and the highest standards of governance. The specific responsibilities that the Board has undertaken in completing the Nomination Committee's role include: – Regularly review the structure, size and composition of the Board – Evaluating the balance of skills, knowledge and experience on the Board; – Identify and nominating candidates to fill Board vacancies – Make recommendations concerning the re-election by Shareholders of Directors who have retired by rotation; and – Make recommendations concerning the re-election by Shareholders of Directors to the positions of Chairman and Managing Director.
2.5 Process for performance evaluation of Board, its committees and individual directors	The Company does not have in place formal evaluation measures and processes for the Board, its committees and individual directors as the nature and size of the business to date has justified only an informal process. The Company will produce a policy that will outline the process for performance evaluation of the Board, its committees and individual directors. A performance evaluation will be undertaken at the earliest opportunity following implementation of the policy.
2.6 Availability of Information	**Information on Directors** Details on each Director's relevant skills, experience and expertise, as well as their independence status and period in office can be found on www.bhrplc.com. **Independent professional advice** All directors have the right to seek independent professional advice at the Company's expense.

Principle 3 – Promote ethical and responsible decision making

The Principle requires that the Board should actively promote ethical and responsible decision making.

ASX Recommendation	Company's Response
3.1 Establish a Code of Conduct	Beacon Hill has established a Code of Conduct as per ASX recommendation 3.1 to provide Directors and employees' guidance on what is acceptable behaviour. Specifically, the Company requires all Directors and employees to maintain the highest standards of integrity and honesty. A copy of the Code of Conduct for Directors and employees is available on the Company's website www.bhrplc.com.
3.2 Establish a Diversity Policy	The Company will develop a Diversity Policy
3.3 Disclose measurable objectives for achieving gender diversity and progress achieving them	The Company is committed to diversity in the workplace. The company currently employs 276 employees, of which 10 are female.
3.4 Disclose proportion of women employed in organisation	Refer to 3.3.
3.5 Availability of Information	The Company's Code of Conduct is available from the Company's Website www.bhrplc.com.

Principle 4 – Safeguard integrity in financial reporting

This Principle requires that the Company has a structure in place to independently verify and safeguard the integrity of its financial reporting.

ASX Recommendation	Company's Response
4.1 Establish an Audit Committee	Beacon Hill is committed to a transparent system for auditing and reporting of the Company's financial performance. The Board has established an Audit Committee which performs a central function in achieving this goal. The purpose of the Audit Committee is: – To give the Board of directors of the company critical and independent advice on the integrity of the Company's financial statements and to provide a forum at which any employee of the Company or other interested person, such as the Company's auditors, can discuss financial matters concerning the Company; – To be available on an ad hoc basis to consider and resolve any financial problems relating to the Company; – To ensure a thorough and detailed review is carried out by independent non-executive directors of audit matters before approval by the Board; and – To investigate audit matters with full access to information and the resources to do so.
4.2 Structure of Audit Committee	The Audit Committee is currently comprised of Murray d'Almeida (Chairman of the Committee) and Justin Lewis. The Company acknowledges the ASX's recommendation for the committee to have 3 members and for the committee to have a majority of independent directors. The Company's intention is to appoint further non-executive directors in the next 12 months and following these appointments further non-executive directors will be appointed to the Audit Committee such that the Committee will comprise at least 3 members with a majority of independent directors. The Board notes that it is compliant with the requirements of the UK Corporate Governance Code which requires a two-member Audit Committee for smaller companies (defined as those note within the FTSE-350 index).
4.3 Formal Charter	The Audit Committee is governed by a 'Terms of Reference' which is similar in nature to a 'Committee Charter'.
4.4 Availability of Information	The Audit Committee Terms of Reference is available from the Company's website www.bhrplc.com

Principle 5 – Make timely and balanced disclosure

The Principle requires the Company to promote timely and balanced disclosure of all material aspects concerning the Company.

ASX Recommendation	Company's Response
5.1 Continuous Disclosure Policy	The Company has been listed on the AIM since 14 August 2006 and has at all times complied with its continuous disclosure obligations under the AIM Rules for Companies. The Company has a Continuous Disclosure Policy which is compliant with the AIM Rules for Companies and require Beacon Hill to issue notification without delay of any new developments which are not public knowledge concerning a change in the following factors that if made public, would be likely to lead to a substantial movement in the price of its AIM securities: – Financial condition – Sphere of activity – Performance of its business – Expectation of its performance The requirement under ASX Listing Rule 3.1 is comparable to the terms of the Company's existing Continuous Disclosure Policy, in that the obligation is for the Company to disclose information once the Company becomes aware of any material information concerning it that a reasonable person would expect to have a material effect on the price and value of the Company's securities, the Company must immediately disclose that information to the ASX. All disclosures to the AIM and ASX are reviewed and authorised by the Company and Beacon Hill's Nominated Advisor to ensure that Company announcements are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to access the impact of the information when making investment decisions. The Company's Continuous Disclosure Policy is contained within the Company's Corporate Governance Statement, which is available on the Company's website www.bhrplc.com
5.2 Availability of Information	Refer to response above at 5.1.

Principle 6 – Respect the rights of shareholders

The Principle requires the Company to respect the rights of shareholders and facilitate the exercise of those rights.

ASX Recommendation	Company's Response
6.1 Communications Policy	Beacon Hill is focussed on communicating effectively with the Company's shareholders, giving them ready access to balanced and understandable information about the Company and corporate proposals and making it easy for these shareholders to participate in general meetings. Beacon Hill has been listed on the AIM since 14 August 2006 and has at all times complied with its continuous disclosure obligations under the AIM Rules for Companies. This obligation is akin to the requirements of the ASX. Under ASX Listing Rule 3.1 the obligation is for the Company to disclose information once the Company becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the on the price and value of the Company's securities, the Company must immediately disclose that information to the ASX. The Company Secretary and the Chairman are responsible for: – Overseeing and co-coordinating disclosure of information to the relevant stock exchanges and shareholder; and – Providing guidance to Directors and employees on disclosure requirements and procedures. Beacon Hill's primary means of communicating with its shareholders is via the Company's announcements on the AIM (and the ASX following the Company's listing on the ASX) and the Company's website www.bhrplc.com. On the website the Company makes the following information available on a regular and up to date basis: – Company announcements; – Recent presentations made to media, analysts and investors; – Notices of meetings and explanatory material; – Financial information; and – Annual Reports
6.2 Availability of Information	The Company's Communication's policy is contained within the Company's Corporate Governance Statement, which is available on the Company's website.

Principle 7 – Recognise and manage risk

The Principle requires the Company to establish a sound system of risk oversight and management and internal control.

ASX Recommendation	Company's Response
7.1 Establish policies for the oversight and management of material business risks	The Board constantly monitors the operational and financial aspects of the Company's activities and is responsible for the implementation and ongoing review of business risks that could affect the Company. Whilst the Board does not currently have a formal risk management policy in place, the Board believes that it operates a sufficiently rigorous risk framework appropriate to a company of its size and scope. Duties in relation to risk management that are conducted by the Board of Directors include but are not limited to: • Identifying, assessing, monitoring and managing risks in an effective and efficient manner; • Using risk management to assist the business with decision making • Identifying and evaluating opportunities based on their risk/reward balance; • Communicating and consulting internally and externally as appropriate; and • Informing investors of material changes to the Company's risk profile. Ongoing review of the overall risk management program is conducted by external parties where appropriate. The Board ensures that recommendations made by the external parties are investigated and, where considered necessary, appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified.
7.2 Design and implement a risk management and internal control system to manage material business risks and report thereon to Board	Refer to 7.1
7.3 Availability of Information	Risk management duties that are undertaken by the Board of Directors are available from the Corporate Governance Statement, which is available on the Company's website www.bhrplc.com.

Principle 8 – Remunerate fairly and responsibly

The Principle requires that the Company ensures that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

ASX Recommendation	Company's Response
8.1 Establish a Remuneration Committee	Beacon Hill has a Remuneration Committee. The purpose of the Remuneration Committee is to determine and review the remuneration of executives on behalf of the Board of Directors and to ensure that the remuneration policies and packages attract, retain and motivate quality directors whilst not exceeding market rates.
8.2 Structure of Remuneration Committee	Given the size and scale of Beacon Hill's operations the remuneration committee is comprised of the Board of Directors; Murray d'Almeida (Chairman of the Committee), Justin Lewis and Timothy Jones. The remuneration committee reviews the performance of executive Directors and sets their remuneration, determines the payment of bonuses to executive Directors and considers the future allocation of share options to directors and employees. The Company acknowledges the ASX's recommendation for the committee to have a majority of independent directors. The Company's intention is to appoint further non-executive directors in the next 12 months and following these appointments further non-executive directors will be appointed to the Remuneration Committee such that the Committee will comprise a majority of independent directors.
8.3 Distinguish between structure of non-executive directors' remuneration and remuneration of directors and senior executives	The Company distinguishes between the remuneration structure of non-executive directors' and that of executive directors and senior executives. Executive directors' and senior executives' remuneration packages involve a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals.
8.4 Availability of Information	The remuneration committee is governed by a 'Terms of Reference' which is available from the Company's website www.bhrplc.com.

The shareholder information set out below was applicable as at the date specified.

Capital Structure (as at 1 April 2012)

Equity Class	Number of Securities	Voting Rights
Ordinary Shares	1,051,442,137	Yes (one vote per share)
Deferred Shares [1]	83,000,000	No
Warrants	19,770,000	No
Options	59,337,084	No
Fully Diluted	1,130,549,221	

1 The Deferred Shares were issued following a capital reorganisation by the Company in 2008. The Deferred Shares are not quoted on AIM and have no voting or income rights. The Deferred Shares are not convertible into ordinary shares. Holders of Deferred Shares are only entitled to a capital distribution after repayment of capital paid up on the Shares together with a payment of £10,000,000 on each Share.

Distribution of Equity Securities (as at 1 April 2012) Range	No. of Shareholders	Shares	Percentage
0 – 1,000	74	50,722	0.00%
1,001 – 5,000	197	656,360	0.06%
50,001 – 10,000	205	1,675,351	0.16%
10,001 – 100,000	393	13,927,043	1.32%
100,001 and over	177	1,035,132,661	98.45%
Total	1,046	1,051,442,137	100.00%

There are 165 shareholders that hold less than a marketable parcel of ordinary shares.

Top 20 Shareholders (as at 1 April 2012)

	Shareholder	Class	Holding	Percentage
1	Hanover Nominees Limited	Ordinary Shares	297,824,670	28.33%
2	Pershing Nominees Limited	Ordinary Shares	90,235,057	8.58%
3	Hanover Nominees Limited	Ordinary Shares	65,738,033	6.25%
4	Asia Carbon Pacific Pty Limited	Ordinary Shares	53,579,805	5.10%
5	Forest Nominees Limited	Ordinary Shares	40,279,694	3.83%
6	Barclayshare Nominees Limited	Ordinary Shares	29,585,365	2.81%
7	TD Direct Investing Nominees	Ordinary Shares	24,446,468	2.33%
8	L R Nominees Limited	Ordinary Shares	23,176,882	2.20%
9	Aurora Nominees Limited	Ordinary Shares	22,000,000	2.09%
10	Mr Justin Llewellyn Gareth Lewis	Ordinary Shares	19,433,320	1.85%
11	City of Bradford Metropolitan District Council	Ordinary Shares	19,000,000	1.81%
12	TD Wealth Institutional Nominees (UK) Limited	Ordinary Shares	17,702,319	1.68%
13	Nutraco Nominees Limited	Ordinary Shares	16,874,355	1.60%
14	Morstan Nominees Limited	Ordinary Shares	14,775,246	1.41%
15	Nutraco Nominees Limited	Ordinary Shares	12,201,550	1.16%
16	HSDL Nominees Limited	Ordinary Shares	11,300,975	1.07%
17	Dartington Portfolio Nominees Limited	Ordinary Shares	10,665,587	1.01%
18	Morstan Nominees Limited	Ordinary Shares	10,075,000	0.96%
19	The Bank of New York (Nominees) Limited	Ordinary Shares	9,933,893	0.94%
20	Vestra Nominees Limited	Ordinary Shares	9,661,948	0.92%

Substantial Shareholders

Name	Amount	Percentage
Renaissance Group Holdings Limited	375,651,405	35.72%
Consolidated Minerals Pte Ltd	89,840,001	8.54%
Asia Carbon Pacific Pty Limited	53,579,805	5.10%

Additional Information

- There is no current on-market buy back
- The Company is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act (Corporations Act 2001 (Cth)) dealing with the acquisition of shares (including substantial holdings and takeovers).

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Beacon Hill Resources Plc (the "**Company**") will be held at the offices of Memery Crystal LLP, 44 Southampton Buildings, London WC2A 1AP on 17 May 2012 at 10.00 a.m. to consider, and if thought fit, pass the following resolutions of which resolutions 1 to 4 will be proposed as ordinary resolutions and resolution 5 will be proposed as a special resolution:

ORDINARY RESOLUTIONS

1. To receive and adopt the statement of accounts for the year ended 31 December 2011 together with the reports of the directors of the Company and the auditors thereon.

2. To re-elect Justin Lewis, who retires by rotation, as a director of the Company.

3. To re-appoint BDO LLP as auditors to act as such until the conclusion of the next General Meeting of the Company at which the requirements of section 437 of the Companies Act 2006 (the "**2006 Act**") are complied with and to authorise the directors of the Company to fix their remuneration.

4. That the directors of the Company be generally and unconditionally authorised in accordance with section 551 of the 2006 Act to allot Relevant Securities (as defined in this resolution) up to an aggregate nominal amount of £393,750 provided that this authority shall, unless renewed, varied or revoked by the Company in general meeting, expire on the date falling 15 months from the date of the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2013, save that the Company may at any time before such expiry make an offer or agreement which might require Relevant Securities to be allotted after such expiry and the directors may allot Relevant Securities to be allotted in pursuance of such offer or agreement notwithstanding that the authority hereby conferred has expired. This authority is in substitution for all previous authorities conferred on the directors of the Company in accordance with section 551 of the 2006 Act. In this resolution, "Relevant Securities" means any shares in the capital of the Company and the grant of any right to subscribe for, or to convert any security into, shares in the capital of the Company.

SPECIAL RESOLUTION

5. That the directors of the Company be generally empowered pursuant to section 570 of the 2006 Act to allot equity securities (as defined in section 560 of the 2006 Act) for cash as if section 561(1) of the 2006 Act did not apply to any such allotment pursuant to the general authority conferred on them by resolution 4 above (as varied from time to time by the Company in general meeting) provided that such power shall be limited to:

   (a) the allotment of equity securities in connection with a rights issue or any other offer to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings and to holders of other equity securities as required by the rights of those securities or as the directors of the Company otherwise consider necessary, but subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

   (b) the allotment (otherwise than pursuant to sub paragraph (a) above) of equity securities up to an aggregate nominal amount of £393,750 representing not more than 15% of the current issued share capital of the Company,

   and the power hereby conferred shall operate in substitution for and to the exclusion of any previous power given to the directors pursuant to section 570 of the 2006 Act and shall expire on whichever is the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2013 and the date falling 15 months from the date of the passing of this resolution (unless renewed varied or revoked by the Company prior to or on that date) save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offer or agreement notwithstanding that the power conferred by this resolution has expired.

Registered Office
44 Southampton Buildings London WC2A 1AP

By Order of the Board
Timothy Jones Company Secretary
23 April 2012

Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members holding ordinary shares in the capital of the Company and registered on the Company's register of members at 6.00 p.m. on 15 May 2012 shall be entitled to attend and vote at the Annual General Meeting.
2. If you are a holder of ordinary shares in the capital of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Annual General Meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Annual General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact Capita Registrars Limited or, for CDI Holders, Boardroom Pty Limited at the relevant address set out in note 5 below.
5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
   (a) For Ordinary Shareholders (AIM):
      (i) completed and signed;
      (ii) sent or delivered either by hand or by post to Capita Registrars Limited, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, United Kingdom or sent by email to info@bhrplc.com; and
      (iii) received no later than 10 a.m. (London Time) on 15 May 2012 or 48 hours before any adjourned meeting.
   (b) For CDI Holders (ASX)
      (i) completed and signed;
      (ii) either sent by post to Boardroom Pty Limited, GPO Box 3993, Sydney, NSW, 2000, Australia or delivered by hand to Boardroom Pty Limited, Level 7, 207 Kent Street, Sydney, NSW, 2000, Australia or sent by email to info@bhrplc.com; and
      (iii) received no later than 10 a.m. (London Time) on 15 May 2012 or 48 hours before any adjourned meeting.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
7. You may not use any electronic address provided either:
   (a) in this notice of Annual General Meeting; or
   (b) any related documents (including the proxy form),
   to communicate with the Company for any purposes other than those expressly stated.
8. As at 5.00 p.m. on the day immediately prior to the date of posting of this notice of Annual General Meeting, the Company's issued ordinary share capital comprised 1,051,442,137 ordinary shares of 0.25 pence. Each ordinary share carries the right to one vote at the Annual General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 5.00 p.m. on the day immediately prior to the date of posting of this notice of Annual General Meeting is 1,051,442,137.

Company Directory

Directors
Justin Lewis
(Executive Chairman)
Timothy Jones
(Group Finance Director)
Murray D'Almeida
(Non-Executive Director)

Secretary
Timothy Jones

Registered Office
44 Southampton Buildings
London WC2A 1AP

Registered number
5696680

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de Moçambique, No.324
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Maputo

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Nominated Adviser and Joint Broker
Canaccord Genuity Limited
88 Wood Street
London EC2V 7QR

Joint Broker
Renaissance Capital Limited
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London EC2R 7HJ

Corporate Adviser (Australia)
Halcyon Corporate Pty Ltd
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Victoria 3000

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Stock Exchanges
London AIM Market
(code BHR)

Australian Securities Exchange
(code BHU)

Main countries of operation
UK, Mozambique and Australia

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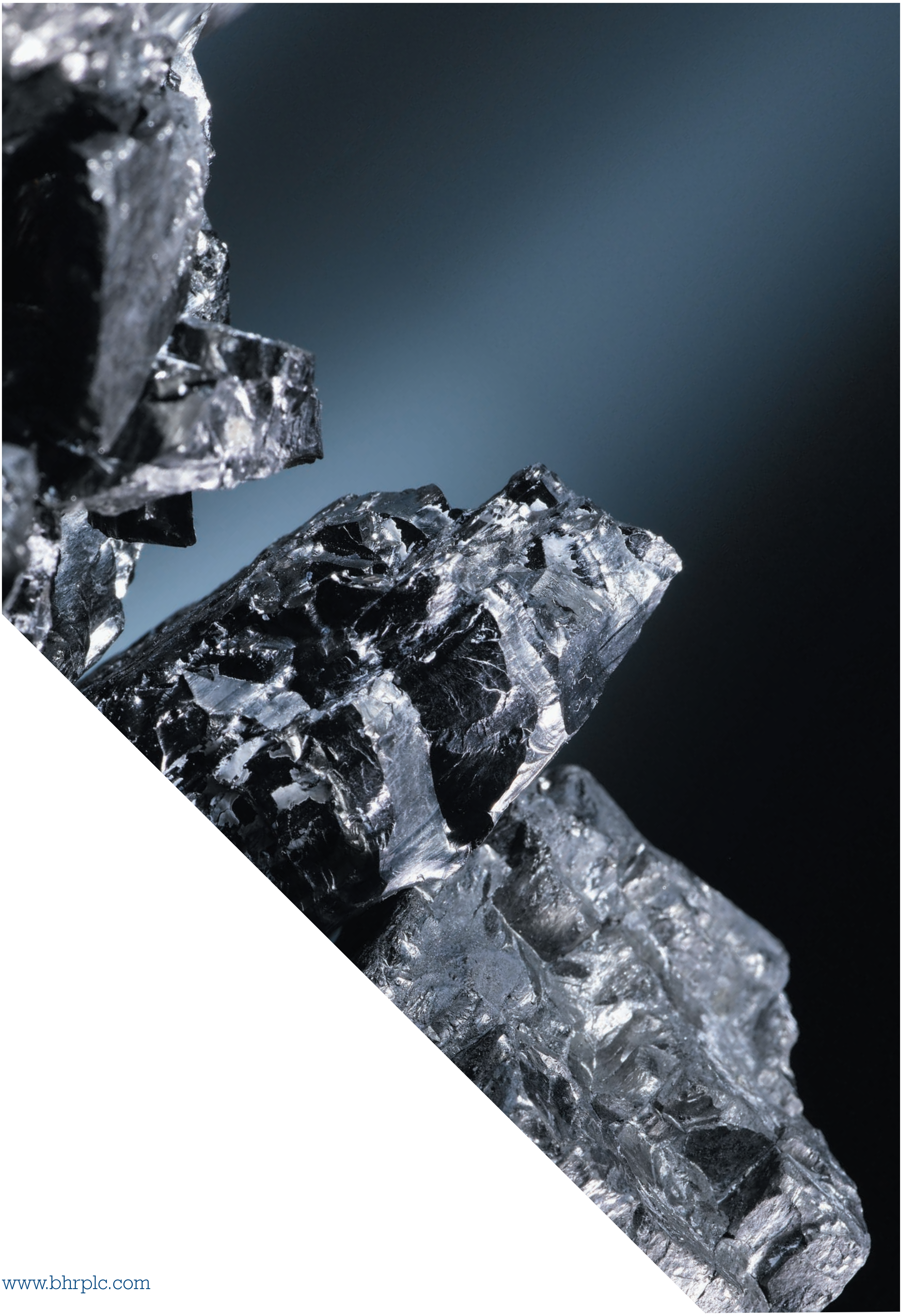

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