

BEACONSFIELD GOLD NL

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BEACONSFIELD GOLD NL AND CONTROLLED ENTITIES

**ASX APPENDIX 4D AND FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2005**

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ASX APPENDIX 4D

HALF YEAR FINANCIAL REPORT TO 31 DECEMBER 2005

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31 December 2005 \$'000	31 December 2004 \$'000	Percentage increase/ (decrease)
Total revenue and other income from continuing operations	13,731	18,339	(25.1%)
Net profit/(loss) from continuing operations after tax attributable to members	(864)	2,594	(133.3%)
Net profit/(loss) attributable to members	(864)	2,594	(133.3%)

Dividends

Interim dividend per share (unfranked)	1.5 cents
Final dividend per share (unfranked) – paid 07/12/05	1.5 cents
Record date for determining entitlement to interim dividend	10 May 2006
Date interim dividend payable	31 May 2006

The Company will institute a Dividend Reinvestment Plan (DRP) prior to payment of the interim dividend, providing all shareholders the opportunity to acquire Beaconsfield Gold shares at a discount to market and free of transaction costs. Details of the DRP will be announced shortly.

Explanation of Results

In summary for the 2005 half year:

- Gold and silver sales revenue of \$13.5 million and costs of production of \$10.3 million produced an operating margin of \$3.2 million. Administration costs of \$1.1 million and royalty payments of \$0.2 million gave EBITDA of \$1.9 million. Provisions for depreciation and amortisation of \$2.7 million and net finance costs of \$0.1 million resulted in a consolidated loss of \$0.9 million.
- Gold production and revenue was severely impacted by a mine seismic event in October 2005 which resulted in the deferral of production from high grade stopes in the mine. Following the introduction of a revised mining method and additional ground support in seismically prone areas of the mine, gold production is now returning to normal levels.

Please refer to the commentary included in the Directors' Report for a detailed explanation of results.

This interim financial report is to be read in conjunction with the most recent annual financial report.

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2005.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

D E Clarke - Chairman

M W Trumbull

B G Noonan (resigned 24 February 2006)

W Tsingos

K J Perrin (appointed 24 February 2006)

PRINCIPAL ACTIVITIES

The principal activities of the Company during the half year were:

- to produce gold through its participation in the Beaconsfield Mine Joint Venture ("BMJV") which operates the Beaconsfield Gold Mine in north-east Tasmania; and
- mineral exploration in Australia.

There have been no significant changes in the nature of those activities during the period.

The participants in the unincorporated BMJV are Allstate Explorations NL ("Allstate") with a 51.51% interest and Beaconsfield Gold with a 48.49% interest. Allstate, with the higher interest, is Manager of the BMJV. Beaconsfield Gold in turn owns 25.62% of the shares in Allstate.

CONSOLIDATED RESULT

The consolidated loss for the half year after income tax was \$864,000 (2004 December half year: profit of \$2,594,000). The loss of \$864,000 was after providing \$2,679,000 for depreciation and amortisation and \$215,000 for finance costs.

Net assets at 31 December 2005 were \$19,415,000 (31 December 2004: \$21,294,000). The lower net assets figure mainly reflects the impact of recognising the fair value of derivative financial instrument liabilities under the new AIFRS regime.

DIVIDENDS

A final dividend of 1.5 cents per share (unfranked) amounting to \$2.3 million was paid to shareholders on 7 December 2005 in respect of the 30 June 2005 financial year.

The directors have declared an interim unfranked dividend of 1.5 cents per fully paid ordinary share. The record date is 10 May 2006 and the payment date is 31 May 2006.

The dividend will be paid from profits reported by Beaconsfield Gold NL in the years ended 30 June 2004 and 2005, and not previously distributed as dividends. The directors are confident that the Company will return to profitable trading as the Beaconsfield Mine returns to normal operations following the October seismic event which resulted in the mining of high grade stopes being deferred.

The company will institute a Dividend Reinvestment Plan, prior to the payment of the interim dividend, providing all shareholders the opportunity to acquire Beaconsfield Gold shares at a discount to market and free of transactions costs.

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REVIEW OF FINANCIAL RESULTS

The financial results for the December 2005 half year for Beaconsfield Gold are summarised in the following table:

	2005 (\$'000)	2004 (\$'000)
Gold and silver sales	13,541	18,039
Other revenue	14	48
Total revenue from continuing operations excluding interest	13,555	18,087
EBITDA	1,853	5,833
Net profit/(loss) after tax	(864)	2,594
Basic earnings per share	(0.56)	1.8
Interim dividend declared per share	1.5	1.5
Net Assets	19,415	21,294

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the half year ended 31 December 2005 was \$1.853 million (2004: \$5.833 million). The consolidated net loss after tax for the half year was \$0.9 million (2004: profit \$2.6 million)

Gold and silver sales revenue for the 2005 half year of \$13.5 million was 25% below the 2004 half year figure. Gold production was down due to the combined effect of lower mill throughput (6%) and a 25% reduction in average head grade from 18.7g/t gold to 13.8g/t gold. The lower throughput and grade mainly impacted in the December quarter due to disruption caused by a seismic event on 26 October, and the subsequent suspension of production from certain high grade stopes, a significant number of which remained inaccessible throughout the quarter.

Recommendations from independent geotechnical reviews have been successfully implemented and production for the March 2006 quarter is returning to more normal levels. No permanent loss of gold is expected.

Since 30 June 2005, net Company assets have reduced by \$7.6 million (28%). The main impacts on the balance sheet during the half year, apart from the operating result, were:

- recognition of the tax effected fair value of derivative financial instrument liabilities (A\$ gold hedging) which is required under the AIFRS accounting regime (\$4.6 million); and
- payment to shareholders of the 2005 final dividend (\$2.3 million).

Since December 2005 net assets have been boosted by \$1.8 million from the exercise of 6,500,000 options held by the Company's former banker.

In 2005 Beaconsfield Gold paid two unfranked dividends to shareholders totalling 3.0 cents per share. With a balance sheet that is effectively debt-free, the Board considers it appropriate and desirable to continue the 1.5 cents dividend payout to shareholders. Accordingly, an interim unfranked dividend of 1.5 cents per share has been declared by the Board.

REVIEW OF OPERATIONS

1. Beaconsfield Mine Performance

116,160 tonnes of ore were mined (hoisted) for the half year, a 6% reduction from 2004. Ore production during the December quarter was negatively impacted by the October seismic event. Immediately following the event, mine management suspended production from certain high grade stopes and implemented independent geotechnical and mining reviews.

Stope activities were gradually recommenced as ground support was upgraded where required, but a significant number of high grade stopes remained inaccessible throughout the quarter. The availability of low grade stopes in areas not significantly affected by seismicity, and increased sill driving, limited the negative impact on ore hoisted.

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Late in the quarter, the geotechnical and mining reviews were completed. A revised mining method, known as “checkerboarding” is being introduced and additional ground support is being used in seismically prone areas. This mining method is a variation on the previously employed half-upper method but follows a different sequence to avoid the creation of narrow, highly stressed crown pillars. The new method is not expected to lead to material changes in either production rates or costs and most of the deferred high grade stopes are now available for mining. There has been no permanent loss of gold.

The mine access decline advanced to a depth of 1,090 metres below surface. After 26 October, the decline development crew was reallocated to ore mining activities to accelerate the resumption of normal production. The crew will return to decline development activities during the March quarter.

Production Summary

Quarter Ending	Ore Hoisted	Ore Milled	Head Grade	Gold Milled	Gold Recovery	Total Gold Production
	(t)	(t)	(g/t) (1)	(oz)	(%) (2)	(oz)
2004 September	55,833	55,549	19.4	34,732	98.0	34,045
2004 December	67,272	65,207	18.2	38,088	93.6	35,666
2005 March	59,720	64,325	14.9	30,711	95.1	29,219
2005 June	56,548	55,604	15.6	27,823	96.6	26,865
2005 Year	239,373	240,685	17.0	131,354	95.8	125,795
2005 September	55,593	59,587	15.7	30,107	91.0	28,083
2005 December	60,567	53,445	11.8	20,351	95.1	19,675
2005 December Half-Year	116,160	113,032	13.8	50,458	92.8	47,158

(1) Mill reconciled head grade.

(2) Gold recovery excluding changes in gold in circuit.

113,032 tonnes of ore were milled during the December half year (2004: 120,756 tonnes). Volume was negatively impacted by a shortage of ore due to the October seismic event, and by repeated secondary crusher failures.

The secondary crusher was replaced in January 2006. Spare mill capacity will now allow ore stockpiles, which increased by over 9,000 tonnes during the December quarter, to be reduced to more normal levels.

Average mill reconciled head grade for the half year, 13.8g/t gold, was 26% lower than the December 2004 half year. The main impact was seen in the December quarter when a significant proportion of production was sourced from low grade stopes.

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2. BMJV Expenditure Per Ounce

Quarter Ending	Operating Costs (A\$/oz)	Capital Costs (A\$/oz)	Total Costs (A\$/oz)
		(1)	(2)
2004 September	325	61	385
2004 December	306	67	373
2005 March	366	68	435
2005 June	417	94	511
2005 Year	349	71	420
2005 September	413	72	485
2005 December	519	52	571
2005 December Half-Year	457	64	521

(1) Including underground diamond drilling costs.

(2) Direct operating expenditure (including management fee to Allstate) plus capital expenditure.

Direct operating costs of \$457 per ounce for the half year were significantly impacted by lower gold production. Direct operating costs of \$191 per tonne milled for the half year were 5% higher than for the 2004 half year (\$182 per tonne milled).

Capital expenditure fell to \$3.0 million (2004: \$4.5 million) with completion of the extensive ore reserve diamond drilling programme in the September quarter, limited progress in the mine access decline and the deferral of projects to mitigate the impact of the seismic event.

3. Beaconsfield Gold Revenue

Beaconsfield Gold's total revenue from gold and by-product silver sales for the December 2005 half year was \$13.541 million, 25% below the 2004 half year figure of \$18.039 million.

4. BMJV Ore Reserves/Resources

4.1 As at 31 December 2005

The reserves and resources for the Tasmania Reef as at 31 December 2005 have been estimated by Allstate as Manager of the BMJV as follows:

Ore Reserve

Proven Reserve	310,000 tonnes @ 14.8 g/t Au (148,000 ounces contained gold)
Probable Reserve	196,000 tonnes @ 13.5 g/t Au (85,000 ounces contained gold)
Total Reserve	506,000 tonnes @ 14.3 g/t Au (233,000 ounces contained gold)

Identified Mineral Resource (including Ore Reserve)

Measured Resource	287,000 tonnes @ 19.7 g/t Au (182,000 ounces contained gold)
Indicated Resource	543,000 tonnes @ 14.5 g/t Au (253,000 ounces contained gold)
Inferred Resource	59,000 tonnes @ 13.7 g/t Au (26,000 ounces contained gold)
Total Resource	889,000 tonnes @ 16.1 g/t Au (461,000 ounces contained gold)

The Proved and Probable Reserves were estimated from the Measured and Indicated Resources, but exclude Indicated Resources of 159,000 tonnes at 19.2 g/t gold (98,000 ounces contained gold) contained in the F21 Zone. Following the completion of diamond drilling in the 840E Zone, resources in this area have been upgraded from the Inferred category to the Indicated category, estimated at 305,000 tonnes at 9.8 g/t gold (96,000 ounces contained gold).

Work is ongoing to optimise the mining of the 840E and F21 zone resources. This detailed optimisation study is expected to be completed by April 2006.

4.2 Reconciliation between 30 June 2005 and 31 December 2005 Ore Reserves

Total gold milled in the six months to 31 December 2005 was estimated to be 50,458 ounces. Subtracting this total from the ore reserves at June 2005 (285,000 ounces) gives 234,542 ounces.

As the ore reserves at 31 December 2005 were 233,000 ounces, there was no material decrease in ore reserves over the six months, other than allowing for mining depletion. As noted above, the updated reserves contain no allowance for the F21 and 840E Zones which have been estimated by Allstate to currently have an Indicated Resource of 194,000 ounces of contained gold.

4.3 Resources Additional to Reserves

At 30 June 2005, resources additional to reserves were 458,000 tonnes at 12.2 g/t gold, containing 179,000 ounces. At 31 December 2005, resources additional to reserves for the Tasmania Reef were 523,000 tonnes at 13.1 g/t gold, containing 220,000 ounces of gold.

5. Exploration

5.1 BMJV Regional – Middle Arm Gorge

In December 2005, the BMJV commenced a program of four diamond drill holes at Middle Arm Gorge designed to test the exploration potential of this structural break in the Cabbage Tree Hill/Salisbury Hill strike ridge 2.5km south east of Beaconsfield on exploration licence EL20/94.

On 31 January 2006, the first hole passed through a zone of quartz-ankerite sulphide mineralisation over a length of 1.9m down hole from 155.1m. Allstate, the Manager of the BMJV, announced that the mineralisation is similar in character to that seen in numerous satellite structures in the vicinity of the Tasmania Reef. Allstate has not as yet assayed the intersection, and there is insufficient information to make any comment about the orientation, extent, true thickness or significance of the mineralisation intersected.

5.2 Beaconsfield Gold Tenements (100% owned)

Stavely Project, Western Victoria

In July 2005, Beaconsfield Gold secured an option to acquire 100% of Stavely Exploration Licence 4556 (370 sq km) located south of the Grampians in western Victoria. Subject to the grant of exploration licence applications, and completion of an acquisition agreement, the Company will expand the area it controls at Stavely to 1,180 sq km.

The Stavely project contains a number of distinct areas of interest, including:

a) *Fair View Gold Prospect*

Detailed soil sampling has defined a strong, very coherent NNW-SSE anomaly over the full 4.8km length tested with varying widths up to 280m. The anomaly is open both to the NNW and the SSE.

The strength, sharp definition, excellent continuity of high gold values and large dimensions of the 4.8km plus long gold-in-soil anomaly mark it as an exceptional large scale exploration target. Drill testing of the anomaly will commence during the March quarter.

b) *Copper Prospect*

The Stavely Project also contains one of Australia's larger copper anomalies (Thursday's Gossan Prospect) associated with a copper-porphyry complex that has returned significant drill intersections (by previous explorers) including 229m @ 0.22% copper. With prices for copper and gold at record levels the copper-gold prospects at Stavely have become high priority targets, although the exceptional Fair View Gold Prospect will continue to receive more immediate focus.

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c) *Other Prospects*

The Stavely Project also contains interesting zinc and nickel prospects. These will be assessed in due course, but current focus is on the compelling Fair View gold prospect and then Thursday's Gossan copper-gold prospect.

Beaconsfield Project, Tasmania

The North Pease Creek property is around 4km northwest of the Beaconsfield Mine. The "Mine Sequence" rocks that host the major Tasmania Reef at the Beaconsfield Mine occur between two well defined thrust faults (the Cabbage Tree Thrust and the Cobblestone Creek Thrust). Beaconsfield Gold's geologists have interpreted extensions of both the Mine Sequence rocks and of the two enclosing thrust faults into the North Pease Creek property.

During the December quarter six combined RC percussion and diamond core drill holes were completed, with the most significant intersection of 1.0m at 1.4g/t gold and 0.15% zinc.

A further drill program will be undertaken in early 2006.

6. Gold Hedging and Gold Proceeds for Beaconsfield Gold

At 31 December 2005, the Company's hedge book was 51,000 ounces of flat forwards and spot deferreds, with deliveries out to April 2007, at 3,000 ounces per month, at an average price of \$598 per ounce.

The marked-to-market value of the hedge book at 31 December 2005, when the spot price of gold was \$707 per ounce, was negative \$6.6 million. As Beaconsfield Gold's gold hedging is all effective hedging under the new AIFRS accounting standards, movements in the Company's hedge book marked-to-market value are recognised directly in equity, not in the Income Statement.

6.1 Gold Hedging as a Percentage of Ore Reserves/Resources

BMJV ore reserves at 31 December 2005 were 233,000 ounces, of which Beaconsfield Gold's 48.49% direct interest was approximately 112,980 ounces. As a percentage of those ore reserves, therefore, Beaconsfield Gold at 31 December 2005 was approximately 45% hedged.

On the same basis, approximately 23% of Beaconsfield Gold's share of BMJV gold resources were hedged at 31 December 2005.

If the optimisation study currently underway results in resources in the F21 and 840E Zones being converted into reserves, the proportion of ore reserves presently hedged will decrease significantly.

6.2 Average Received Price per Ounce

Total net gold book proceeds and effective average received price per ounce of production are approximated in the following table. Average received price for the half year of A\$583 per ounce was A\$50 per ounce higher than for the December 2004 half-year period.

Average Proceeds per Ounce of Production

Quarter Ending	BMJV Gold Production (oz)	BCD 48.49% Production (oz)	Net Gold Book Proceeds (\$m)	Average BCD Proceeds (\$/oz)
2004 September	34,045	16,508	8.391	508
2004 December	35,666	17,294	9.648	558
2005 March	29,219	14,168	8.297	586
2005 June	26,865	13,027	7.766	596
2005 Year	125,795	60,998	34.102	559
2005 September	28,083	13,618	7.681	564
2005 December	19,675	9,540	5.817	610
2005 December Half- Year	47,758	23,158	13.498	583

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6.3 Spot Gold Prices

In the first half of calendar 2005, the spot gold price was around A\$550 per ounce. The spot price of gold has increased dramatically since that time and is currently (early calendar 2006) around A\$750 per ounce, an increase of around A\$200 per ounce.

Beaconsfield Gold's share of BMJV gold resources at 31 December 2005 was approximately 223,500 ounces. The increase of around A\$200 per ounce therefore has increased the potential value of Beaconsfield Gold's gold resources by around A\$45 million. This in turn improves the likelihood that the majority of the resources additional to reserves will be converted into reserves over time. Additionally, the higher spot gold price makes it more likely that the proposed deep drilling program for the Tasmania Reef (to test between 1200m and 1500m depth commencing late calendar 2006) will also result in increased reserves over time.

7. Arbitration Award

As previously reported, Beaconsfield Gold is expecting to receive approximately \$6.3 million, being its 48.49% share of a \$13 million in-principle settlement agreed with the insurer of the plant design and construction contractor, subject to the insurer being provided with various releases. 50% of any proceeds received by Beaconsfield Gold in this matter are required to be applied against a contingent liability in respect of interest set aside by a former secured creditor.

Negotiations to obtain the required releases progressed throughout the period.

8. Claim Against Allstate Explorations NL ("Allstate")

As previously reported, Beaconsfield Gold lodged a Proof of Debt ("POD") with the Allstate Deed Administrators for \$29,271,854 plus interest, representing 48.49 % of the damages awarded to the BMJV participants in the claim against the plant design and construction contractor. The Allstate Deed Administrators subsequently rejected the POD and Beaconsfield Gold has filed an application in the Supreme Court of Victoria appealing against the rejection. This matter continues to be progressed.

9. Allstate Claim Against Legal Advisor

The previously reported claim by Allstate, on its own behalf and as Manager of the BMJV, seeking damages for professional negligence against a legal firm continued to be progressed. There were no significant developments during the period. This claim flowed from Beaconsfield Gold's proof of debt and appeal outlined in Item 8 above.

ROUNDING

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

AUDITOR'S INDEPENDENCE DECLARATION

A declaration of independence has been provided by our auditors, Ernst & Young, and is attached to the Directors' Report.

Signed in accordance with a resolution of the directors.



M W Trumbull
Director
15 March 2006



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Auditor's Independence Declaration to the Directors of Beaconsfield Gold NL

In relation to our review of the financial report of Beaconsfield Gold NL for the half-year ended 31 December 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Brett Croft
Partner
Melbourne
16 March 2006

CONDENSED INCOME STATEMENT

HALF-YEAR ENDED 31 DECEMBER 2005

	Notes	CONSOLIDATED	
		2005 \$'000	2004 \$'000
Revenues	2	13,731	18,339
Borrowing costs (expensed)		96	262
Depreciation and amortisation expenses		2,679	3,124
Costs of production		10,282	10,900
Other expenses from ordinary activities		1,538	1,459
Profit/(loss) before income tax expense		(864)	2,594
Income tax (expense)/benefit		-	-
Net profit/(loss) for the period		(864)	2,594
Net profit/(loss) attributable to members of parent		(864)	2,594

EARNINGS PER SHARE (EPS)

Basic earnings per share (cents)		(0.56)	1.8
Diluted earnings per share (cents)		(0.56)	1.7
Interim Dividend per share (cents)	3	1.5	1.5

CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2005

	CONSOLIDATED	
	AS AT 31 DECEMBER 2005 \$'000	AS AT 30 JUNE 2005 \$'000
ASSETS		
Current Assets		
Cash & cash equivalents	1,918	3,871
Trade & other receivables	8,928	10,065
Prepayments	161	256
Inventories	1,688	1,331
Total Current Assets	12,695	15,523
Non-Current Assets		
Other financial assets	1	1
Property, plant & equipment	14,880	14,053
Exploration, evaluation & development	5,355	6,545
Deferred income tax asset	2,775	787
Other	346	433
Total Non-Current Assets	23,357	21,819
TOTAL ASSETS	36,052	37,342
LIABILITIES		
Current Liabilities		
Trade & other payables	5,538	6,418
Interest-bearing loans & borrowings	634	453
Provisions	1,148	1,007
Derivatives	5,361	-
Total Current Liabilities	12,691	7,878
Non-Current Liabilities		
Payables	228	330
Interest-bearing loans & borrowings	531	282
Provisions	1,932	1,814
Derivatives	1,255	-
Total Non-Current Liabilities	3,946	2,426
TOTAL LIABILITIES	16,637	10,304
NET ASSETS	19,415	27,038
EQUITY		
Share capital	80,664	80,601
Accumulated losses	(56,725)	(53,563)
Other reserves	(4,524)	-
TOTAL EQUITY	19,415	27,038

CONDENSED CASH FLOW STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	CONSOLIDATED	
	2005	2004
	\$'000	\$'000
Cash Flows from Operating Activities		
Receipts from customers	14,593	18,778
Payments to suppliers & employees	(12,538)	(13,237)
Borrowing costs	(9)	(632)
Net Cash Flows from Operating Activities	2,046	4,909
Cash Flows from Investing Activities		
Interest received	221	218
Purchase of Plant & Equipment	(1,537)	(363)
Mine Development Expenditure	(820)	(1,872)
Net Cash Flows used in Investing Activities	(2,136)	(2,017)
Cash Flows from Financing Activities		
Proceeds from borrowings	761	1,000
Proceeds from issue of shares	4	-
Payment of dividends	(2,298)	-
Payment of share issue costs	-	(16)
Repayment of lease principal	(330)	(57)
Net Cash Flows from/(used in) Financing Activities	(1,863)	927
Net Increase/(Decrease) in Cash & Cash Equivalents	(1,953)	3,819
Add opening cash & cash equivalents brought forward	3,871	3,416
Closing Cash & Cash Equivalents Carried Forward	1,918	7,235

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

Attributable to Equity Holders of the Parent

	Issued Capital \$'000	Accumulated Losses \$'000	Other Reserves \$'000	Total Equity \$'000
At 1 July 2005	80,601	(53,563)	(535)*	26,503
Deferred loss on cash flow hedges	-	-	(5,862)	(5,862)
Deferred tax on hedge reserve	-	-	1,759	1,759
Total expense for the period recognised directly in equity	-	-	(4,103)	(4,103)
Loss for the period	-	(864)	-	(864)
Total recognised expense for the period	-	(864)	(4,103)	(4,967)
Issue of share capital	63	-	-	63
Cost of share-based payments	-	-	114	114
Dividend paid	-	(2,298)	-	(2,298)
At 31 December 2005	80,664	(56,725)	(4,524)	19,415
At 1 July 2004	77,782	(59,082)	-	18,700
Profit for the period	-	2,594	-	2,594
Total recognised income for the period	-	2,594	-	2,594
At 31 December 2004	77,782	(56,488)	-	21,294

* Adjustment required on 1 July 2005 to recognise deferred loss on cash flow hedges under AASB 132 "Financial Instruments: Presentation and Disclosure" and AASB 139 "Financial Instruments: Recognition and Measurement". The \$535,000 represents the difference between the total equity as at 1 July 2005 of \$26,503,000 above and the total equity as at 30 June 2005 in the Condensed Balance Sheet on page 11.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF - YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Beaconsfield Gold NL as at 30 June 2005, which was prepared based on Australian Accounting Standards applicable before 30 June 2005 ('AGAAP').

It is also recommended that the half-year financial report be considered together with any public announcements made by Beaconsfield Gold NL and its controlled entities during the half year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except for derivative financial instruments and provision for rehabilitation.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Statement of compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31 December 2004 and full-year ended 30 June 2005 have been restated accordingly, except for AASB 132 and AASB 139 which have been applied only from 1 July 2005. A summary of the significant accounting policies of the Group under AIFRS are disclosed in Note 1(c) below.

Reconciliations of:

- AIFRS equity as at 1 July 2004, 31 December 2004 and 30 June 2005; and
- AIFRS profit for the half-year 31 December 2004 and full year 30 June 2005, to the balances reported in the 31 December 2004 half-year report and 30 June 2005 full-year financial report prepared under AGAAP

are detailed in Note 1(e) below.

(c) Summary of significant accounting policies

(i) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Beaconsfield Gold NL (the parent entity) and all entities which Beaconsfield Gold NL controlled from time to time during the year and at reporting date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting

c) Summary of significant accounting policies (continued)

policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered

(ii) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(iii) Trade and other receivables

Trade and other receivables are recognised and carried at nominal amount due. Receivables are non-interest bearing.

(iv) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each item to its present location and condition are accounted for as follows:

- raw materials – purchase cost on a first-in first-out basis; and
- work in progress – cost of direct material and labour and a proportion of overheads based on normal operating capacity.

(v) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(vi) Property, plant & equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Any gain or loss on the disposal of assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in the result of the Company or the consolidated entity in the year of disposal.

Depreciation is provided for over the life of the area of interest on a production output basis. The life of the area of interest is estimated to be approximately 3 years from 31 December 2005.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the

c) **Summary of significant accounting policies (continued)**

assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(vii) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(viii) Joint ventures

Interest in the joint venture operation is recognised by including in the respective classifications, the share of individual assets employed and share of liabilities and expenses incurred.

(ix) Exploration, evaluation & development expenditure

Costs carried forward

Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

Amortisation

Costs on productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis.

Rehabilitation, Restoration and Environmental Costs

Long-term environmental obligations are based on the consolidated entity's environmental management plans, in compliance with current environmental and regulatory requirements.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining life of the mine. These increases are accounted for on a net present value basis.

Annual increases in the provision relating to the change in the net present value of the provision and inflationary increases are accounted for in earnings.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets on closure. Cost estimates have been reduced where it is reasonably expected that key pieces of equipment may be gifted to third parties and may therefore not need to be dismantled at the

c) Summary of significant accounting policies (continued)

cost of the company.

(x) Trade and Other Payables

Liabilities for trade and other payables are carried at amortised cost.

(xi) Non-interest-bearing borrowings

Government loans are recognised as payables and are carried at amortised cost.

(xii) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(xiii) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Gold & silver sales

Significant risks and rewards of goods have passed to the buyer and transaction costs can be reliably measured.

Interest

Interest is recognized based on the effective interest method.

(xiv) Income Tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the

c) Summary of significant accounting policies (continued)

year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(xv) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(xvi) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefits expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave benefits; and
- other types of employee benefits

are recognised against profits on a net basis in their respective categories.

(xvii) Share-based payment transactions

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, performance conditions and conditions linked to the price of the shares of Beaconsfield Gold NL are taken into account ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

c) Summary of significant accounting policies (continued)

(xviii) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(xix) Derivative financial instruments

2005

The fair value of gold hedges was calculated and disclosed in the notes to the financial statements, however no amount was recognized on the balance sheet or in the income statement

2006

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to cash flow hedges (forward commodity contracts) to hedge firm commitments which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement.

(xx) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(d) AASB 1 Transitional exemptions

The Group has made its election in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' as follows:

Share-based payment transactions

AASB 2 'Share-Based Payments' is applied only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.

Exemption from the requirement to restate comparative information for AASB 132 and AASB 139

Beaconsfield Gold NL has elected to adopt this exemption and has not applied AASB 132 "Financial Instruments: Presentation and Disclosure" and AASB 139 "Financial Instruments: Recognition and Measurement" to its comparative information. Accordingly, at 1 July 2005 Beaconsfield Gold recognized the fair value of hedges as a liability in its balance sheet, and a like amount was recognized in the hedge reserve.

1 July 2005	Liability recognized	\$764,000
	Deferred tax asset recognized	(229,000)
	Hedge reserve	\$535,000

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(e) Impact of adoption of AIFRS

The impacts of adopting AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicable before 1 January 2005 ("AGAAP") are illustrated below.

i) Reconciliation of total equity as presented under AGAAP to that under AIFRS

	CONSOLIDATED		
	30 June 2005 \$'000	31 Dec 2004 \$'000	1 July 2004 \$'000
Total equity under AGAAP	27,485	21,856	19,436
<i>Adjustments to equity:</i>			
Decommissioning expenses (A)	(447)	(562)	(736)
Total equity under AIFRS	27,038	21,294	18,700

- (A) Net effect of adjustments required under AIFRS to recognise the provision for rehabilitation of the mine site under AASB 137 "Provisions, Contingent Liabilities and Contingent Assets" and corresponding asset under AASB 116 "Property, Plant & Equipment".

ii) Reconciliation of profit after tax under AGAAP to that under AIFRS

	CONSOLIDATED	
	Year ended 30 June 2005 \$'000	Half-Year ended 31 Dec 2004 \$'000
Profit after tax as previously reported	7,513	2,420
Decommissioning expenses (A)	288	174
Profit after tax under AIFRS	7,801	2,594

- (A) Represents the net profit effect from reversing the AGAAP rehabilitation expense and the interest charge applicable to the unwinding of the discounting of the provision for rehabilitation liability under AASB 137 "Provisions, Contingent Liabilities and Contingent Assets". The asset relating to the rehabilitation provision was written off in prior periods. Accordingly, there is no amortisation of this asset during the period.

iii) Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

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HALF YEAR FINANCIAL REPORT TO 31 DECEMBER 2005

	CONSOLIDATED	
	2005	2004
	\$'000	\$'000
<hr/>		
2. REVENUE AND EXPENSE		
Profit/(loss) before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:		
(a) Revenues		
Revenue from sale of gold & silver	13,541	18,039
Interest received	176	252
Other revenue	14	48
	<hr/> 13,731	<hr/> 18,339
(b) Expenses		
Costs of production	10,282	10,900
Depreciation & amortisation	2,679	3,124
Royalties	217	280
Administration	1,088	1,075
Borrowing costs	96	262
Unwind of rehabilitation provision discount	119	104
Share-based payments	114	-
	<hr/> 14,595	<hr/> 15,745
<hr/>		
3. DIVIDENDS PAID AND PROPOSED		
Equity dividends on ordinary shares		
(a) Dividends paid during the half-year		
Final unfranked dividend for financial year 30 June 2005: 1.5 cents (2004: nil)	2,298	-
(b) Dividends proposed and not recognised as a liability		
Interim unfranked dividend for financial year 30 June 2006: 1.5 cents (2005: 1.5 cents)	2,407	2,283
	<hr/> 4,705	<hr/> 2,283
<hr/>		

BEACONSFIELD GOLD NL
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		CONSOLIDATED	
		31 Dec 2005	30 June 2005
		\$'000	\$'000
4. ISSUED CAPITAL			
(a) Issued and paid up capital			
Ordinary shares fully paid – Listed		80,644	80,595
Partly paid shares – Unlisted		20	6
		80,664	80,601
(b) Movements in shares on issue			
	Number of Shares	\$'000	
(i) Ordinary shares fully paid:			
At July 2005	153,021,231	80,595	
Issued during the year	206,250	49	
Less transaction costs	-	-	
At 31 December 2005	153,227,481	80,644	
(ii) Partly paid shares:			
At 1 July 2005	2,050,000	6	
Issued during the year	1,400,000	14	
Less transaction costs	-	-	
At 31 December 2005	3,450,000	20	

5. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

6. EVENTS AFTER THE BALANCE SHEET DATE

Exercise of Share Options

Under the restructuring of debt facilities with its former banker, undertaken in March 2004, Beaconsfield Gold issued 6.5 million unlisted options to the former banker with an exercise price of \$0.30 each exercisable on or before 30 June 2006. The exercise price reduced to \$0.2824 per share, in accordance with the formula in the ASX Listing Rules, because of the 1 for 7 rights issue in 2004.

On 16 February 2006 the 6.5 million options were exercised, generating \$1,835,600 to the Company.

Conversion of Convertible Notes

On 13 February 2006 the remaining convertible notes (value \$200,000) originally issued in March 2004 were converted to ordinary shares.

7. SEGMENT INFORMATION

The group operates within the gold mining industry in Australia. Its principal activities are the production of gold at the Beaconsfield Gold Mine through its participation in the Beaconsfield Mine Joint Venture, and mineral exploration in Australia.

8. ADDITIONAL INFORMATION

Reconciliation of Cash

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise the following at 31 December:

	CONSOLIDATED	
	2005	2004
	\$'000	\$'000
Cash at bank & in hand	1,918	7,235

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Beaconsfield Gold NL, I state that:

In the opinion of the directors:

- (a) the financial statements and notes to the financial statements of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2005 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



M W Trumbull
Director

15 March 2006

ERNST & YOUNG INDEPENDENT REVIEW



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Independent review report to members of Beaconsfield Gold NL

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity and accompanying notes to the financial statements for the consolidated entity comprising both Beaconsfield Gold NL (the company) and the entities it controlled during the half year, and the directors' declaration for the company, for the half year ended 31 December 2005.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

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ERNST & YOUNG INDEPENDENT REVIEW



Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Beaconsfield Gold NL and the entities it controlled during the half year is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2005 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

A handwritten signature in black ink, appearing to read 'Emma Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Brett Croft'.

Brett Croft
Partner
Melbourne
16 March 2006