



**BEACONSFIELD
GOLD N.L.**

A.C.N 057 793 834

STOCK EXCHANGE ANNOUNCEMENT

2 JUNE 2006

AGREEMENT ON WAY FORWARD FOR BEACONSFIELD MINE

The attached Media Release was made yesterday by Allstate Explorations NL (subject to deed of company arrangement) ("Allstate") as manager of the Beaconsfield Mine Joint Venture ("BMJV").

The board and management of Beaconsfield Gold NL remain committed to the long term future of mining at Beaconsfield based on the safe extraction of remaining gold resources in the existing mine. Yesterday's release is confirmation of the progress being made towards this objective.

The Beaconsfield Gold group of companies owns 48.49% of the BMJV, but does not manage the BMJV or the Beaconsfield Mine. The Allstate group of companies owns 51.51% of the BMJV and, via Allstate, manages both the BMJV and the Beaconsfield Mine.

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(Subject to Deed Of Company Arrangement)
ACN 000 679 023
("the Company") ("ALX")

MediaRelease1June2006

MINE MANAGEMENT AND AWU AGREE ON WAY FORWARD

Joint & Several Deed Administrator of Allstate Explorations NL, Michael Ryan, said today negotiations and developments over the past week had improved the forward outlook to give the mine the best chance of reopening provided it was safe to do so. The Federal Government package announced last Monday of \$8 million was a major factor in this improved outlook for the future of the mine.

"We are continuing to work towards the best possible outcome for all involved and to provide ongoing jobs for as many of our employees as possible," Mr Ryan said.

"Unfortunately we will still need to offer redundancies to 43 employees," Mr Ryan said.

"This is less than the view we were forming last week of approximately half the workforce but it is obviously still significant," Mr Ryan said.

Mr Ryan said that following negotiations with the Australian Workers Union the company would give all employees the opportunity to apply for voluntary redundancy.

"In an endeavour to provide the best possible support for employees we have also agreed to increase the redundancy entitlement for all employees by an extra \$2,000 per year of service," Mr Ryan said.

AWU national secretary Bill Shorten said no amount of money was compensation for losing one's job but we are pleased the company agreed to union claims for an extra \$1 million in new redundancy entitlements for these hardworking heroes.

"We've also secured guarantees for the longterm entitlements of workers who have not been made redundant." Mr Shorten said.

Mr Ryan said that the company would have preferred to be able to retain all employees but this simply was not possible.

"Beaconsfield Gold Mine has not generated any revenue for the two small companies that make up the joint venture since Anzac Day," Mr Ryan said.

"The cost to keep the full workforce and to keep the mine on a care and maintenance is about \$440,000 a week or about \$1.9 million a month," Mr Ryan said.

Mr Ryan said the Beaconsfield Mine Joint Venture Committee met today to discuss funding the operation during the current care and maintenance period.

"The result of that meeting is that a budget for the next 3 months has been approved subject to monthly review.

"The main assumption underlying the budget is that there is a desire to keep as much of the workforce employed as is reasonably sensible, balancing the costs of doing so against the benefits of having a skilled workforce available if and when mining operations are able to resume," Mr Ryan said.

Last month the Beaconsfield Gold Mine announced it would continue to pay all employees for one month following the completion of the rescue operation to give it time to assess the mine's future.

Employees will receive letters inviting them to express interest in voluntary redundancy tomorrow and affected employees will be notified by next Friday (9 June).

Mr Ryan said that since last week the mine had received a revised Section 39 notice from Workplace Standards that would allow the mine to be divided into sections for progressive examination to see if they were safe to reopen.

These studies would be prepared by consultants and reviewed by a further independent consultant so it would still be three to four months before any mining activity could resume.

"We are also continuing to have discussions with the State Government and Aurora Energy to determine what assistance they might be able to provide," Mr Ryan said.

Mr Ryan said the mine was also continuing discussions to see whether some employees might be found temporary jobs with other companies in the region.

He thanked the AWU for playing a constructive role in representing the concerns of its members.