



**BEACONSFIELD  
GOLD N.L.**

A.C.N 057 793 834

## **BEACONSFIELD GOLD NL**

### **Report on Activities for the Quarter ended 30 June 2006**

#### ***SUMMARY FOR THE QUARTER***

##### **BEACONSFIELD MINE JOINT VENTURE ("BMJV")**

**Beaconsfield Gold NL group direct interest in BMJV 48.49%**

**Allstate Explorations NL (Subject to Deed of Arrangement) ("Allstate") Manager of BMJV**

**Allstate group interest in BMJV 51.51%**

- **Underground mining activity was suspended on 25 April 2006 following a significant seismic event. The Board, staff and shareholders of Beaconsfield Gold extend their deepest sympathies to the family and colleagues of Larry Knight, who died in the incident.**
- **All underground development and ore mining activities remain suspended whilst investigations are completed. A clearer picture is expected to emerge in late August and some mining activities may be approved to re-commence during September.**
- **As a result of the mine closure following the 25 April incident, gold production was only 9,820 ounces at an estimated direct operating cost of A\$450 per ounce.**
- **The Federal Government advised funding of \$4.9 million will be made available to the BMJV for payroll support, decline development and a deep resource drilling program.**
- **A surface exploration hole at Middle Arm Gorge, 2.5 km southeast of the Tasmania Reef at the Beaconsfield Mine, intersected a significant shear zone over 4.8m at a downhole depth of 588m. The mineralised structure is similar in characteristics to the western end of the 2 Moz Tasmania Reef and a second hole, to the east of the first, is to commence in August.**
- **Post quarter, Beaconsfield Gold initiated action in the Supreme Court of Victoria to confirm the Company's comprehensive pre-emptive rights under the BMJV Agreement.**

##### **BEACONSFIELD GOLD NL**

- **Follow-up RC and diamond drilling at the Fair View gold prospect in western Victoria has further confirmed bedrock mineralisation underlying the 4.8 km soil anomaly. Significant gold intersections during the quarter included 9m at 3.0 g/t from 24m depth (including 1m at 20.8 g/t from 32m depth) and 3m at 3.9 g/t from 45m depth.**
- **Shareholder approval was received to issue up to 60 million shares to sophisticated and professional investors at not less than 34 cents to position the company to consolidate ownership of the BMJV if that opportunity arises.**
- **24 million shares were placed to sophisticated investors at a price of 23 cents to raise \$5.5 million of working capital.**

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***SUMMARY OF KEY PERFORMANCE INDICATORS FOR THE QUARTER***

**BEACONSFIELD MINE JOINT VENTURE**

(Beaconsfield Gold NL direct interest 48.49%)

• Ore Milled	23,589 tonnes
• Head Grade	11.8 g/t gold
• Gold Recovery (excluding changes in gold in circuit)	92.9 %
• Gold Produced	9,820 ounces
• Direct Operating Expenditure (Estimated)	\$450/ounce produced
• Capital Expenditure	\$64/ounce produced
• Direct Operating plus Capital Expenditure (Estimated)	\$514/ounce produced
• Effective BMJV Cash at 30 June 2006	\$3.0 million

**BEACONSFIELD GOLD NL**

• Share of BMJV Gold Production	4,762 ounces
• Revenue from Gold Sales	\$3.1 million
	\$648/ounce produced
• Total Effective Cash at 30 June 2006	\$9.6 million

## **1. BEACONSFIELD MINE JOINT VENTURE (BMJV) (Beaconsfield Gold Direct Interest 48.49%)**

### **1.1 OPERATING PERFORMANCE**

Mining activity was suspended on 25 April following a significant seismic event that led to several falls of ground. As a consequence, one miner was killed and two more were entrapped before being rescued on 9 May. As mining activity currently remains suspended, production and other physical statistics are not directly comparable to the previous quarter.

Gold produced from the Beaconsfield Mine was 9,820 ounces for the quarter. Mill throughput was 23,589 tonnes at a grade of 11.8g/t and recovery of 92.9%. The decline advanced 33 metres to a depth of approximately 1090m.

The successful rescue operation to free two trapped miners included the innovative use of a raise borer in a near horizontal mode and novel low vibration blasting techniques. The outstanding efforts of the Allstate workforce and management during the rescue are gratefully acknowledged, as is the considerable support received from all quarters.

Significant progress is being made towards completing the work necessary to seek approval from the Chief Inspector of Mines to re-open the mine. Geotechnical studies are nearing completion and will form the basis of a Case for Safety that is required by the Inspector. Although considerable uncertainty still remains, it is expected that a clearer picture will emerge in late August and that it may be possible to recommence certain mining activities during September.

Whilst mining is suspended, care and maintenance activities are being undertaken underground to ensure that the mine remains in good condition. The mill has also been placed in a care and maintenance mode with particular emphasis placed on ensuring the bacterial leaching circuit is kept in a suitable condition to resume treatment with minimal delay. An inoculum of bacteria is being held in a heated tank and tested regularly to ensure that dormancy is reversible.

The BMJV has submitted an initial claim under the BMJV's business interruption insurance policy following the 25 April 2006 incident and the closure of the mine by the Chief Inspector of Mines. The policy covers costs and loss of profits. The insurer has not yet responded to the claim.

### **Production Summary**

<b>Quarter Ending</b>	<b>Ore Hoisted</b>	<b>Ore Milled</b>	<b>Head Grade</b>	<b>Gold Milled</b>	<b>Gold Recovery</b>	<b>Total Gold Production</b>
	<b>(t)</b>	<b>(t)</b>	<b>(g/t)</b> <b>(1)</b>	<b>(oz)</b>	<b>(%)</b> <b>(2)</b>	<b>(oz)</b>
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
<b>2005 Year</b>	<b>239,373</b>	<b>240,685</b>	<b>17.0</b>	<b>131,354</b>	<b>95.8</b>	<b>125,795</b>
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
2006 March	62,611	64,309	12.7	26,300	93.3	24,405
2006 June	17,478	23,589	11.8	8,969	92.9	9,820
<b>2006 Year</b>	<b>196,249</b>	<b>200,930</b>	<b>13.3</b>	<b>85,727</b>	<b>92.9</b>	<b>81,983</b>

(1) Mill reconciled head grade.

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

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## 1.2 EXPENDITURE

### Operating, Capital and Total Cash Expenditure

Quarter Ending	Operating Costs (A\$/oz)	Capital Costs (A\$/oz) (1)	Total Costs (A\$/oz) (2)
2004 September	325	61	385
2004 December	306	67	373
2005 March	366	68	435
2005 June	417	94	511
<b>2005 Year</b>	<b>349</b>	<b>71</b>	<b>420</b>
2005 September	413	72	485
2005 December	519	52	571
2006 March	442	50	492
2006 June	450	64	514
<b>2006 Year</b>	<b>451</b>	<b>60</b>	<b>511</b>

(1) Including underground diamond drilling and surface exploration costs.

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

Direct operating costs during the production period were estimated at \$450 per ounce. The non-production costs incurred during the care and maintenance period totalled \$5.2 million (BCD share \$2.5 million), of which \$2.8 million (BCD share \$1.4 million) were non-recurring costs including rescue and redundancy payments.

A submission was made by the BMJV to the Beaconsfield Community Fund established by the Federal Government following the 25 April incident. The submission requested a grant of \$4.9 million to assist the BMJV to meet supernumerary payroll costs, to develop the decline on to access the F21 Zone and to conduct deep drilling below current reserves. On 21 July the Government announced that the submission had been successful and all of the requested funding would be made available, subject to the mine re-opening.

The Tasmanian State Government has also announced its intention to waive approximately \$0.7 million owing to it by the BMJV if mining operations recommence.

Capital expenditure was largely placed on hold following the incident and \$0.6 million was incurred, including costs of \$14,000 for the diamond drilling program at Middle Arm Gorge.

## 1.3 UNDERGROUND DRILLING OF THE TASMANIA REEF

There was no underground drilling undertaken during the quarter. A program to test below the current F21 resource is planned by the BMJV after the mine has re-opened, commencing in the 2007 calendar year.

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## 1.4 ORE RESERVES/RESOURCES

Allstate, as Manager of the BMJV, has reported that the Identified Mineral Resource for the Tasmania Reef at Beaconsfield, Tasmania as at 31st March 2006 was

Measured Resource	255,000t @ 20.4g/t Au (167,000 ounces contained gold)
Indicated Resource	568,000t @ 13.6g/t Au (249,000 ounces contained gold)
Inferred Resource	58,000t @ 14.7g/t Au (27,000 ounces contained gold)
Total Resource	881,000t @ 15.6g/t Au (443,000 ounces contained gold*)

\* Beaconsfield Gold's equity share of the above Resource is 215,000 ounces

A Reserve Statement for the Tasmania Reef at Beaconsfield is expected to be released following the completion of current studies, including the additional F21 Zone reserves announced in April 2006.

## 1.6 BMJV REGIONAL EXPLORATION

The first hole (B52) of a program at Middle Arm Gorge was completed during the quarter, to a depth of 652.5m. The program was primarily designed to test for mineralisation associated with a structural break in the Cabbage Tree Hill / Salisbury Hill strike ridge 2.5km southeast of the Tasmania Reef at the Beaconsfield mine. The conceptual target is a possible separate reef structure paralleling the 2 Moz Tasmania Reef, with a target depth in the first hole expected between 400 – 700m depth.

B52 intersected a significant shear zone with mineralised wallrocks over 4.8m at a downhole depth of 588m. The structure is similar in characteristics to the western end of the Tasmania Reef. B52 also intersected a previously reported zone of quartz-ankerite-sulphide mineralisation over a length of 1.9m down hole from 155.1m.

The assay results are shown in the table below.

Hole	Easting (AMG)	Northing (AMG)	RL (m)	Azimuth	Dip
B52/B52A	485770.918	5436411.665	76.14	305.9°	-49.8°
Intercept	From	To	Length Down Hole (m)	Grade (g/t Au)	
Reef	155.1	157.0	1.1 plus 0.8m total core loss	0.1	
Wallrocks	587.15	587.95	0.8	4.4	
Shear	587.95	592.75	4.8	0.2	

A follow-up hole has been planned to commence in mid-August, designed to intersect the predicted position of the shear zone structure some 150m to the east.

## 1.7 ARBITRATION AWARD

During the quarter Beaconsfield Gold received its \$6.3 million share of the \$13 million in-principle settlement agreed with the insurer in relation to the plant design and construction contract.

50% of any proceeds received by Beaconsfield Gold were required to be applied against a \$4 million contingent liability in respect of interest set aside by a former secured creditor. As a result, net cash proceeds to Beaconsfield Gold were \$3.15 million and the contingent liability was reduced to \$0.85 million.

### **1.8 CLAIM AGAINST ALLSTATE'S PREVIOUS LEGAL ADVISOR**

Allstate, on its own behalf and as Manager of the BMJV, has been seeking damages for professional negligence arising from legal services provided to Allstate in relation to certain insurance and risk management issues associated with the contract for construction of the treatment plant at the Beaconsfield Mine.

Beaconsfield Gold's application to the Supreme Court of Western Australia to be joined as plaintiffs in those proceedings was successful.

No other significant developments occurred in relation to the claim during the quarter.

## **2. EXPLORATION OF BEACONSFIELD GOLD'S TENEMENTS**

### **2.1 STAVELY PROJECT, WESTERN VICTORIA**

Beaconsfield Gold is exploring a large landholding in Western Victoria, to the south-east of the Grampians, collectively known as the Stavelly Project, comprising 1,180 square kilometres of contiguous tenements. This gives the Company control over a region stretching up to 30km east-west and 60km north-south with a number of excellent prospects.

#### **2.1.1 Fair View Gold Prospect**

Soil sampling has previously defined a strong, very coherent gold-in-soil anomaly over the full 4.8 km length tested. Shallow, vertical aircore drilling confirmed several areas of high level anomalism throughout the prospect, particularly at the northern and southern extents of the soil anomaly.

During March, a diamond rig commenced a six hole program of angled holes designed to determine the stratigraphy under the soil anomaly. This was followed up by a RC ("reverse circulation") program of around 3,600m for 51 holes during April. The program involved both angled and vertical holes to a depth of about 130m to test beneath the anomaly.

More significant results included:

<b>Hole Number</b>	<b>Northing (MGA)</b>	<b>Easting (MGA)</b>	<b>Depth (m)</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>Grade (Au g/t)</b>
FRH 40	5827851	644640	83	24	33	9	3.0
Including				32	33	1	20.8
FRH 9	5832414	643566	113	27	28	1	11.9
FRH 24	5830480	644060	59	45	48	3	3.9
Including				46	47	1	8.1
FRH 38	5829042	644555	71	60	63	3	3.2
Including				61	62	1	6.3
FRH 49	5829996	644141	101	93	96	3	1.5

All holes drilled at -60 degrees to 60 degrees magnetic except FRH 9 drilled vertically

The drilling has confirmed that gold mineralisation is present in the primary rocks below the oxide zone. The mineralisation appears to be associated with both the host sandstone and also volcanic intrusives within the sandstone. This confirms the previously unrecognised prospectivity of the tenement package for gold within sandstone. Further assessment of these results is continuing and a program of follow up exploration will be undertaken in the next field season.

#### **2.1.2 Other Prospects**

A Workplan has been approved by DPI to undertake soil sampling at the Balbeggie Prospect, 5km west of Fair View, and it is anticipated that this work will be completed during the September quarter. A previous explorer at Balbeggie identified quartz float assaying up to 22g/t gold and Beaconsfield Gold geologists sampled a road cutting south-east of Balbeggie which averaged 0.2 g/t gold over approximately 30m.

Planning is continuing for an aircore program at Thursday's Gossan, located approximately 5km NNW of the Fair View Prospect. This program is intended to follow-up previous shallow intersections of copper-gold mineralisation associated with a smaller scale secondary (supergene) chalcocite blanket. Drill intersections range up to 6m at 3.0% copper and 1.1g/t gold from 22m depth, equivalent to approximately 12g/t gold at current prices. Drilling is now planned for the second half of calendar 2006 or early in 2007.

The Stavelly Project also contains interesting zinc prospects with volcanogenic massive sulphide potential and an interesting nickel prospect to the east of Thursday's Gossan. These will be assessed in due course.

## **2.2 BEACONSFIELD PROJECT, TASMANIA (100% Beaconsfield Gold)**

### **2.2.1 North Pease Creek Gold Prospect**

There was no significant activity during the quarter on the North Pease Creek property around 4 km northwest of the Beaconsfield Mine. Whilst the property remains a good exploration target, priorities will be reassessed in light of the encouraging results emerging from the BMJV drilling at Middle Arm Gorge. Beaconsfield Gold has 100% of the exploration licence immediately to the east of Middle Arm Gorge and geophysics carried out in the area indicates that the Middle Arm Gorge faulting extends north-east into Beaconsfield Gold's licence.

### **2.3 EXPLORATION EXPENDITURE**

Expenditure on the Stavelly Project, principally at Fair View, totalled \$430,000 during the quarter. A further \$13,000 was spent on Beaconsfield Gold's 100% owned tenements at Beaconsfield.



### 3. BEACONSFIELD GOLD NL CORPORATE

#### 3.1 GOLD HEDGING AND GOLD PROCEEDS

At 30 June 2006, the Company's hedge book was 30,000 ounces of flat forwards and spot deferreds, with deliveries out to April 2007, at 3,000 ounces per month, at an average price of \$608 per ounce.

The marked-to-market value of the hedge book at 30 June 2006, when the spot price of gold was \$810 per ounce, was negative \$6.5 million. Following the Anzac Day incident and consequent cessation of mining production at the Beaconsfield mine, Beaconsfield Gold's gold hedging no longer meets the strict criteria of effective hedging under the new AIFRS accounting standards. As a result movements in the Company's hedge book marked-to-market value are now required to be brought to account through profit and loss.

##### 3.1.1 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 quarter of A\$648 per ounce was A\$6 per ounce higher than for the previous quarter.

##### 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
<b>2005 Year</b>	<b>125,795</b>	<b>60,998</b>	<b>34.102</b>	<b>559</b>
2005 September	28,083	13,618	7.681	564
2005 December	19,675	9,540	5.817	610
2006 March	24,405	11,834	7.601	642
2006 June	9,820	4,762	3.087	648
<b>2006 Year</b>	<b>81,983</b>	<b>39,754</b>	<b>24.186</b>	<b>608</b>

#### 3.2 CASH POSITION

At 30 June 2006, the total effective cash position of the Company was approximately \$9.6 million, including \$1.5 million of cash held by Allstate, as Manager of the BMJV, on behalf of Beaconsfield Gold.

#### 3.3 BEACONSFIELD GOLD ISSUED SECURITIES AT 30 JUNE 2006

Type of Securities	Number of Securities	ASX Code
Fully-Paid Ordinary Shares	184,494,148	BCD
Unlisted Employee Options (\$0.374 by 1/9/2010)	800,000	
Unlisted Partly-Paid Shares (\$0.35 paid to \$0.01)	2,350,000	
Unlisted Partly-Paid Shares (\$0.40 paid to \$0.01)	1,000,000	

During the quarter, the Company placed 24 million new shares at a price of 23 cents per share, raising \$5.5 million in working capital. The placement was made under ASX Listing Rule 7.1, which allows for the issue of up to 15% of existing shares without shareholder approval, and, in accordance with requirements of the Corporations Act 2001, was necessarily made to sophisticated and professional investors only.

### **3.4 POTENTIAL ACQUISITION OF ALLSTATE INTEREST**

On 28 June 2006, the Company received shareholder approval for the placement of up to 60 million new shares at not less than 34 cents to sophisticated and professional investors. This approval positions the Company so that it can acquire, at short notice, the Allstate group's 51.51% interest in the Beaconsfield Mine, if that interest becomes available, via a direct purchase or via Beaconsfield Gold's comprehensive pre-emptive rights under the Beaconsfield Mine Joint Venture Agreement.

The Allstate Deed Administrators have subsequently announced an attempt to restructure the ownership of the Beaconsfield Gold Mine and have called for expressions of interest for a possible transaction, with the Deed Administrators' clear preference being to place shares in Allstate.

The Allstate group's interest in the BMJV is held by two 100% owned subsidiaries of Allstate, ACN 070 164 653 Pty Ltd and Allstate Prospecting Pty Ltd ("Allstate Subsidiaries"). The Allstate Subsidiaries are subsidiaries of Otter Gold Mines Pty Ltd ("Otter") through Otter's majority ownership of Allstate.

Beaconsfield Gold's view is that if, as a result of a placement of shares in Allstate, the Allstate Subsidiaries cease to be subsidiaries of Otter, the Beaconsfield Gold group's pre-emptive rights over the Allstate group's 51.51% interest in the BMJV would be triggered.

The relevant pre-emptive rights clause of the BMJV Agreement states, in effect, that where a joint venturer is, at any time, a subsidiary of another company and, by reason of any transaction or event, ceases to be a subsidiary of that company, pre-emptive rights over that joint venturer's interest in the BMJV are triggered. In that circumstance, the cash consideration for that BMJV interest is to be determined by an expert to be fair consideration as between a willing seller and a willing purchaser.

On 3 August, the Beaconsfield Gold group initiated an action in the Supreme Court of Victoria seeking confirmation of the group's comprehensive pre-emptive rights under the BMJV Agreement. The case is listed to be heard on 4 September 2006.

### **3.5 MELICK INVESTIGATION**

On 22 May, the Tasmanian Government announced the terms of reference for an independent investigation into the 25 April incident in the underground workings of the Beaconsfield Gold Mine which resulted in the death of Larry Knight and the entrapment of Todd Russell and Brant Webb.

The investigation, which is not open to the public, is being headed by special investigator Greg Melick SC, an experienced barrister and investigator. His full report, which is not expected before the end of September, is to be provided to the State Coroner and Director of Public Prosecutions.

Announcing the terms of reference, the Tasmanian Premier, Mr Paul Lennon, said: "The Government's legal advice is that this is the most appropriate and timely means of getting answers about what happened at Beaconsfield, protecting the integrity of the Coronial Inquest and leaving open the possibility of criminal charges being laid by the Director of Public Prosecutions at a later date."

Beaconsfield Gold will await the outcome of the legal processes underway in Tasmania. It reserves its rights in regards to any possible action for the recovery of losses suffered by the Company following the incident of 25 April.

### 3.6 ALLSTATE INTERCOMPANY DEBT

Beaconsfield Gold owns 30.1% of the fully paid shares in Allstate (25.6% of the fully paid plus partly paid shares). The Allstate interest is carried in Beaconsfield Gold's accounts at zero value.

In March 2002, Macquarie Bank acquired \$77 million of Allstate group intercompany debt (previously owed to Allstate by the two Allstate subsidiaries) for \$0.3 million. Shortly after the 25 April 2006 incident, Macquarie Bank announced that it would transfer the balance of this debt (approximately \$47 million) to a trust to be set up for the sole benefit of the Allstate workforce.

Beaconsfield Gold understands that Macquarie Bank will shortly announce the formation of the trust and the rules applying to the trust assets.

### 3.7 TENEMENTS

Beaconsfield Gold has interests in the following tenements.

Description	Licence Number	Area	% Interest	State
Beaconsfield Consolidated Mining Lease	1767 P/M	594 hectares	48.49	Tas.
Beaconsfield Retention Licence	RL 1/1999	2 sq km	48.49	Tas.
Salisbury Hill Exploration Licence	EL 20/1994	12 sq km	48.49	Tas.
North Beaconsfield Exploration Licence	EL 27/2000	3 sq km	100.0	Tas.
Beaconsfield Exploration Licence	EL 7/2000	17 sq km	100.0	Tas.
Stavely Exploration License	EL 4556	370 sq km	100.0(a)	Vic.
Stavely South Exploration License	EL 4929	25 sq km	100.0	Vic.
Dunkeld Exploration License	EL 4930	28 sq km	100.0	Vic.
Watgania Exploration License	EL 4931	512 sq km	100.0	Vic.
Bolac Exploration License	EL 4932	186 sq km	100.0	Vic.
North Dunkeld Exploration License	EL 4514	60 sq km	100.0	Vic.

(a) BCD has an option to acquire 100% interest, subject to a 3% net smelter return royalty.

### 3.8 INTERNET

Shareholders are invited to visit the Company's website to view all ASX releases (including all quarterly and annual reports), historical information relating to the Beaconsfield Mine and Beaconsfield Gold NL corporate information: [www.beaconsfieldgold.com.au](http://www.beaconsfieldgold.com.au)

Shareholders who wish to receive Beaconsfield Gold ASX releases by e-mail are encouraged to contact the Company on: [enquiries@beaconsfieldgold.com.au](mailto:enquiries@beaconsfieldgold.com.au)

#### For further information contact:

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