



**BEACONSFIELD
GOLD N.L.**

A.C.N 057 793 834

CHAIRMAN'S ADDRESS

**ADDRESS BY DR. DENIS CLARKE AT THE EXTRAORDINARY GENERAL
MEETING HELD AT
LEVEL 20, CMA CENTRE, 500 COLLINS STREET, MELBOURNE
ON WEDNESDAY 4 OCTOBER 2006 AT 11AM.**

Seldom does a Company Chairman address shareholders in general meeting twice in three months, but, as there has been much recent activity at both an operational and corporate level, I welcome this opportunity to update you on progress since we last met on 28 June.

1 The purpose of this meeting

The purpose of this meeting is explained in the Notice of Meeting and Explanatory Notes. I would, however, like to briefly address the two specific issues that are the subject of this meeting.

- **To renew the approval given by shareholders for the issue of new shares**

The principal aim of this meeting is to seek fresh approval for the issue of up to 60 million new shares to sophisticated and professional investors should the opportunity arise to increase our beneficial interest in the Beaconsfield Mine. This approval, which was originally given by shareholders on 28 June 2006, was only able to be granted for a period of three months and expired on 28 September. In order to preserve the Company's ability to act quickly should an opportunity arise, shareholder approval must again be sought at a general meeting. It was not appropriate in the circumstances to request that ASIC grant an extension to the three month period, as there was no formal offer on the table.

- **To "refresh" the Company's ability to issue up to 15% of the existing shares**

We have also taken the opportunity at this meeting to "refresh" the Company's ability to issue up to 15% of the existing shares on issue without further shareholder approval.

As previously announced, on 30 June 2006 the Company made a placement of 24 million shares, at 23 cents, to sophisticated and professional investors. This placement of approximately 15% of existing shares on issue was made to provide working capital necessary to fund the care and maintenance program at the mine whilst operations were suspended. The additional financial security and the demonstration of strong investor support further enhanced the Company's chances of moving to 100% ownership of the Beaconsfield Mine.

Importantly, for the Company to make another placement prior to 30 June 2007, the 30 June 2006 placement must be approved by shareholders at a general meeting.

Directors believe it is both prudent and necessary that the Company has the ability to raise further capital quickly if circumstances require it.

2 Recent significant events for the Beaconsfield Mine Joint Venture

Whilst I am on the topic of funding, apart from the 30 June share placement, three other significant events have occurred in the past three months which will or may further improve the Company's financial position.

- **Debt due to Tasmanian State Government**

Firstly, on 4 July, it was announced that the Tasmanian State Government intended to waive approximately \$700,000 of historical stamp duties owed to it by the Joint Venture participants if mining operations recommence.

- **Beaconsfield Community Fund**

Secondly, on 21 July, the Federal Government announced that the Beaconsfield Mine Joint Venture's application for a grant, under the Beaconsfield Community Fund, had been accepted. The grant of \$4.87 million will assist the Joint Venture to meet supernumerary payroll costs and to further develop the underground mine. This assistance from the Federal Government is welcomed by the Company as an important factor in the recommencement of mine operations.

- **Claim under business interruption insurance**

Thirdly, the Joint Venture has recently submitted a claim, under its business interruption insurance policy, relating to costs and losses arising from the tragic Anzac Day rock fall. We are presently awaiting a response from the insurance company, and it is not yet possible to estimate the quantum of a successful claim.

3 Corporate developments

I would now like to comment on our continuing efforts to consolidate ownership of the operation into Beaconsfield Gold.

The simple facts of the matter are that:

1. The current joint venture ownership structure of the mine hinders successful redevelopment;
2. Management of the mine and joint venture on a long term and ongoing basis (over five years now) by a company in administration, as Allstate Explorations NL is, is both unprecedented in the Australian mining industry and counterproductive as far as redevelopment is concerned. In terms of the

day-to-day operations and decision making at the mine, Beaconsfield Gold has been concerned for some time that the Mine Manager for Allstate has reported only to the Deed Administrator, an accountant based in Perth. In a normal situation, there would typically be two levels of technical supervision and oversight provided by an experienced Chief Executive Officer and a board that would contain directors with extensive, relevant experience in the mining industry.

3. Beaconsfield Gold is best placed to consolidate ownership of the mine.

- **Allstate restructure**

Recently Allstate attempted to restructure the ownership of the Beaconsfield Mine by formally calling for Expressions of Interest for a possible transaction, including a share placement in Allstate. Beaconsfield Gold welcomed the desire by Allstate to bring over five years of company administration to a close.

Regrettably, I must report that this attempt has apparently come to naught, as evidenced by Allstate's recent announcement that the Expression of Interest Process had been suspended.

Allstate had sought to deny a key element of Beaconsfield Gold's comprehensive pre-emptive rights under the Beaconsfield Mine Joint Venture Agreement. However, the extensive nature of the Company's pre-emptive rights was confirmed on 8 September 2006 by the Supreme Court of Victoria. Our first right of refusal if Allstate were to dispose of its Joint Venture interest, or subsidiary companies which hold the Joint Venture interest, was never in dispute. Additionally, the Court upheld our view that if Allstate ceased to be a subsidiary of Otter Gold Mines Pty Ltd (as would occur following a significant share placement in Allstate), then Allstate's share in the joint venture must be offered to Beaconsfield Gold at either an agreed price or an expert's valuation.

This decision by the Supreme Court of Victoria has subsequently been appealed by Allstate, which also announced that the plans to restructure Allstate had been suspended pending the outcome of the appeal. No date has yet been set for hearing the appeal. Regardless, Beaconsfield Gold is extremely confident of its legal position.

We continue our attempts to have the Administrator of Allstate enter into meaningful discussions with Beaconsfield Gold that could lead to a consolidation of ownership that could be advantageous to stakeholders. The Administrator's decision to independently pursue a flawed and futile attempt to restructure Allstate rather than to engage constructively with Beaconsfield Gold was, in our opinion, counterproductive.

Should Allstate require additional funds during the mine re-opening, the continuing company administration will make it more difficult for Allstate to raise those funds. The ability to turn to a supportive and loyal shareholder base is one of the key distinguishing features between Beaconsfield Gold and Allstate.

Beaconsfield Gold remains well positioned to acquire the Allstate interest in the Joint Venture, regardless of the transaction required:

1. we understand the business,
2. we have the necessary funding approved (subject to the outcome of the vote later in this meeting), and
3. we have comprehensive pre-emptive rights over Allstate's interest in the joint venture.

- **Miners' Trust**

Another critical aspect of any restructuring of Allstate or the Joint Venture is the trust yet to be established by Macquarie Bank for the benefit of the Beaconsfield Mine employees. On 5 May 2006, ten days after the Anzac Day tragedy at the Beaconsfield Mine, Macquarie Bank announced it would gift to the employees its rights to an inter-company debt that the bank had acquired from Allstate in 2002 for \$300,000. Although the debt has a remaining face value of \$47 million (it was originally \$77 million), when Macquarie Bank announced the gift it commented that "...the value of these debts is not known at this point and is entirely dependent on the mine re-opening." The debt can only be repaid from surplus cash generated from Allstate's share of the Joint Venture. Although the details of the trust have yet to be made public by Macquarie, it is our understanding that the trust will be independent and free to negotiate a further sale of the debt, if it so chooses. It is extremely disappointing that Macquarie Bank has not yet established the trust after some five months, as we believe it is commercially impossible to either effectively refinance Allstate or complete a consolidation deal without the participation of the trust. Macquarie Bank, therefore, currently remains a key player in determining the future of the Beaconsfield Mine.

Let me conclude by restating our position here: Beaconsfield Gold remains firmly committed to acquiring 100% ownership of the Beaconsfield Mine, notwithstanding the uncertainties that continue to be associated with the mine's reopening and the difficulties and frustrations of dealing with multiple parties.

4 Significant progress at the mine

I can report significant and positive progress at the mine itself.

- **Staged mine re-opening**

As you are aware, the Beaconsfield Mine remains closed following the Anzac Day rock fall that killed Larry Knight and trapped two other miners. However, I can report that significant progress has been made by the Joint Venture towards completing the work that the Chief Inspector of Mines has deemed necessary to re-open the mine. A geotechnical review has formed the basis of a Case for Safety that is required by the Inspector as a prerequisite to re-opening. It is reasonable to expect that we could see some limited mining operations recommence within a matter of weeks in those areas of the mine that did not suffer from rock falls in the 2005/2006 year. The critical approval in coming

months will of course be for the recommencement of stoping operations in the high grade western area of the mine where the Anzac Day rock fall occurred.

- **Encouraging geotechnical assessment**

Four weeks ago, on 6 September, Allstate announced the findings of Coffey Mining, the independent consultant commissioned in mid May by Allstate, as Manager of the Beaconsfield Mine Joint Venture, to carry out the geotechnical assessment of the mine which was required by the Chief Inspector.

While Allstate has not yet provided Beaconsfield Gold with a copy of the Coffey report, either in draft or final form, Beaconsfield Gold is very encouraged by the comments of the independent consultant reported in the 6 September release.

Coffey have said that they “do not foresee any geotechnical reasons relating to ground control that could not be managed such that they would prevent the Beaconsfield Mine recommencing operations”.

Coffey further commented that “The review identified a number of operating mines in Canada that are currently experiencing seismicity of greater magnitude and frequency to that experienced at Beaconsfield and have been effectively managing this risk through the use of similar design processes and ground control techniques to those proposed by Coffey Mining for recommencement of operations at Beaconsfield.”

- **A care and maintenance program that ensures we are ready**

The operation is presently being managed on a care and maintenance basis to ensure that the mine remains in good condition and operations can recommence on short notice. Particular emphasis has been placed on ensuring the bacterial-leaching circuit in the mill is kept in a suitable condition to resume treatment with minimal delay.

The site workforce has been maintained at a level somewhat higher than would normally be the case for a care and maintenance program and is, in part, funded by a portion of the Federal Government grant. This has been a deliberate initiative to assist a prompt return to normal production and to retain key workers, whose skills are in great demand throughout Australia as a result of the current resources boom.

5 Exciting exploration prospects

I shall turn now to the Company’s other major focus – Exploration. I am very encouraged by progress on exploration, both on Beaconsfield Mine Joint Venture tenements and on your Company’s own tenements in Victoria.

- **Tasmania**

Regional exploration by the Joint Venture has continued despite the present temporary cessation of mine operations. We are very encouraged by early results of drilling at Middle Arm Gorge. The first hole of the program, 2.5km south east of the Tasmania Reef,

intersected a significant shear zone over 4.8m at a downhole depth of 588m. The structure is similar in characteristics to the western end of the Tasmania Reef, the lode at the Beaconsfield Mine, and the presence of gold grading 4.4g/t in the wallrocks confirms that the system is mineralized. Based on this encouraging result, a second hole, to the east of the first, was commenced in early September.

- **Victoria**

At the Company's 100% owned Stavely Project in western Victoria, further work is about to commence to follow up on earlier results. A geophysics program is planned at the Fair View Gold Prospect to refine the geological model and help in the design of a follow-up drilling program. A series of RC holes are planned to be drilled on the Thursday's Gossan Copper Prospect, targeting higher grade secondary copper mineralisation that has been intersected by previous explorers who were focused on the deeper primary mineralization at a time of significantly lower copper prices than we currently enjoy.

6 Conclusion

The Company's Board and Management believe that the future, while challenging, offers several exciting opportunities, both at the Beaconsfield Mine and in exploration. In particular, we are committed to the safe recommencement of operations at the Beaconsfield Mine. We appreciate our shareholders' patience and support, and we look forward to sharing future successes with you.



Denis Clarke
Chairman

4 October 2006