



BEACONSFIELD GOLD N.L.

A.C.N 057 793 834

BEACONSFIELD GOLD NL

Report on Activities for the Quarter ended 31 December 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 Company Arrangement) ("Allstate") Manager of BMJV
- Allstate group interest in BMJV 51.51%

- Mining recommences in the main decline, together with mining of a new exploration drill drive and 1090m level development.
- A staged recommencement of ore production is planned; firstly ore development (sill driving), then ore production (stoping) in the eastern domain of the mine and finally ore production in the western domain.
- Case for Safety for ore development expected to be submitted to Chief Inspector of Mines during February.
- Work on Cases for Safety for both production areas progressing.
- Significant care and maintenance program undertaken to prepare for the re-commencement of mining and ore processing.
- First payments received from Federal Government funding grant of \$4.9 million.

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- Significant progress towards Beaconsfield Gold's objective of rationalising the ownership structure of the Beaconsfield Mine.
- Agreement reached to purchase Allstate debts with a face value of \$48 million for \$2.85 million, which will make Beaconsfield Gold the largest creditor of the Allstate group.
- Agreement reached to purchase Newmont's 57.2% shareholding in Allstate for approximately \$1.4 million, subject to approval by the minority shareholders of Allstate, which will take Beaconsfield Gold's total shareholding in Allstate to 82.8%.
- Beaconsfield Gold's proposal to restructure Allstate and allow the Administrator to retire to be recommended to an Allstate Creditors' Meeting on 27 February 2007. Macquarie agrees to standstill arrangements for Allstate's banking obligations.
- Successful placement of 27.6 million new shares (15% of existing issued shares) at a price of 23 cents per share, raising \$6.3 million.
- Detailed aeromagnetic survey completed to define follow-up drilling targets at the Fair View gold and Thursday's Gossan copper prospects at the Stavely Project in western Victoria.
- Encouraging results from initial drilling at Thursday's Gossan copper prospect.

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

1.1 OPERATIONS

Mining activity was suspended on 25 April 2006 following a tragic rock fall underground.

The Case for Safety for decline development was accepted by Workplace Standards Tasmania on 30 October and mining resumed in the decline and other waste development on 30 November following an extensive consultation process with employees, the Australian Workers Union and the local community.

Progress in the decline has been subsequently impacted by delays arising from the need to establish suitable infrastructure to shotcrete the decline where it passed through conglomerate beds. This work has been advanced and mining in the decline is expected to continue in the near future. Waste development of the 1090m level and associated infrastructure has continued in the interim. Total development advance achieved in the quarter was 58 metres.

The care and maintenance program on site has been designed to ensure that a smooth and orderly resumption of ore mining and treatment can be achieved when the necessary approvals are received to re-commence production. An inoculum of bacteria is being held in a temperature-controlled tank and regular tests continue to confirm that dormancy is reversible.

A core workforce in the mine and mill, with the key skills necessary for a safe restart, have been retained and the opportunity has been taken to enhance current skills with further operational and safety training.

Significant progress has been made towards completing the work required by the Chief Inspector of Mines before production can re-commence.

A staged re-commencement of ore mining is planned with three separate submissions and approvals being prepared for ore development (sill driving), ore production (stoping) in the eastern domain of the mine and ore production in the western domain. Despite all sharing a significant common safety component with the completed decline Case for Safety, a number of delays were experienced by the geotechnical consultants during the quarter and progress was not as fast as expected. Notwithstanding this, there has been significant work completed on the ore development case for safety and submission to the Inspector is expected during February. This could see some gold production during March although it will be some time before normal levels of production are achieved.

The BMJV continues to pursue a claim under its 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 both costs and loss of profits, and is capped at \$50 million.

1.2 EXPENDITURE

The non-production costs incurred during the quarter for care and maintenance activities totalled \$4.4 million (BCD share \$2.1 million).

The Federal Government has assisted in the safe re-opening of the mine by providing a grant of \$4.9 million to the BMJV through the Beaconsfield Community Fund. The grant will assist the BMJV to meet supernumerary payroll costs, to develop the decline on to access the F21 Zone and to commence deep drilling below current reserves. Payments totalling \$1.7 million were claimed during the quarter, of which \$1.3 million had been received by 31 December.

Capital expenditure was largely placed on hold throughout the quarter, with \$0.8 million incurred.

1.3 UNDERGROUND DRILLING OF THE TASMANIA REEF

There was no underground exploration 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 second half of 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, including the additional F21 Zone reserves announced by Allstate in April 2006, is expected to be released following the re-commencement of ore production.

1.5 BMJV REGIONAL EXPLORATION

During the quarter, the first hole (B52) of a program at Middle Arm Gorge, 2.5km south east of the Beaconsfield Mine, intersected a significant shear zone with mineralised wallrocks over 4.8m at a downhole depth of 588m. The structure intersected is similar in characteristics to the western end of the Tasmania Reef.

A follow-up hole (B53), designed to intersect the predicted position of the shear zone structure some 150m to the east of B52, had reached a depth of 464m at the end of the quarter.

1.6 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 in 1998/1999. No significant developments occurred in relation to the claim during the quarter.

2. EXPLORATION OF BEACONSFIELD GOLD'S 100% INTEREST 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. The previously reported initial drilling has confirmed that gold mineralisation is present in both the shallow oxide zone and in the deeper primary rocks. A geophysical program was designed to refine the geological/structural model and help in the design of a follow-up drilling program. In mid-December a contractor successfully flew low-level, detailed aeromagnetics over an area of some 170 square kilometres. The data is currently being analysed by the company's geophysicists and geologists.

2.1.2 Thursday's Gossan

Thursday's Gossan, located less than 5km NNW of the Fair View Prospect, contains one of Australia's largest copper anomalies. Previous explorers, including most recently Newcrest, drilled a number of holes in the area targeting a large porphyry copper system, similar to Cadia/Ridgeway or North Parkes in NSW. Some encouraging intersections were recorded including VICT1D4 (229m at 0.22% copper) and DD96WL10 (186m at 0.15% copper) but it appears that the necessary deep diamond drilling required to fully test the prospect was not attractive at the significantly lower copper prices prevailing at the time.

Beaconsfield Gold's current focus is on the potential for near-surface copper mineralisation that would support a heap leach operation based on previous shallow intersections of copper-gold mineralisation associated with a secondary (supergene) chalcocite blanket. A program of 1 RC and 12 aircore holes were drilled during the quarter for a total of 696m. More significant results, based on a total copper assay, included:

Hole Number	Northing (MGA)	Easting (MGA)	Note (1)	From (m)	To (m)	Interval (m)	Grade (Cu %)
TGAC4	5836668	641810		21	63	42	0.60
TGAC6	5836574	641875		27	39	12	0.56
TGAC10	5836439	642097		20	62	42	0.67
TGAC11	5836386	642133		44	65	21	0.80
TGAC12	5836327	642175		26	68	42	0.83
TGAC13	5836265	642217	(2)	41	80	39	0.58

(1) All holes drilled vertically

(2) Hole ended in copper mineralisation

The drilling confirmed the existence of a main body of continuous supergene copper mineralisation, of significant thickness and favourable open pit mining characteristics, that extends over some 600 metres from TGAC4 to TGAC13. The mineralisation is open to the south east. The most southerly hole drilled, TGAC13, also intersected 9 metres at 1.8 g/t gold from 26 metres depth in the oxide zone overlying the supergene copper zone.

Samples from the better intersections have been submitted for metallurgical testwork to determine the leachability of the mineralisation under different conditions. Results are awaited.

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2.2 BEACONSFIELD PROJECT, TASMANIA (100% Beaconsfield Gold)

2.2.1 North Pease Creek Gold Prospect

There was again no significant activity during the quarter on the North Pease Creek property

2.3 EXPLORATION EXPENDITURE

Expenditure on the Stavely Project totalled \$166,000 during the quarter. A further \$6,000 was spent on Beaconsfield Gold's 100% owned tenements at Beaconsfield.

3. BEACONSFIELD GOLD NL CORPORATE

3.1 GOLD HEDGING AND GOLD PROCEEDS

At 31 December 2006, the Company's hedge book was 24,000 ounces (30 September 2006: 24,000 ounces) of flat forwards and spot deferreds, with deliveries out to April 2007, at an average price of A\$618 per ounce (30 September 2006: A\$614 per ounce). This level of hedging represents only approximately 12% of Beaconsfield Gold's current gold resources.

The marked-to-market value of the hedge book at 31 December 2006, when the spot price of gold was A\$801 per ounce (30 September 2006: A\$801 per ounce), was negative \$4.5 million (30 September 2006: negative \$4.8 million).

3.2 CASH POSITION

At 31 December 2006, the total effective cash position of the Company was approximately \$9.7 million, including \$1.3 million of cash held by Allstate, as Manager of the BMJV, on behalf of Beaconsfield Gold.

3.3 BEACONSFIELD GOLD ISSUED SECURITIES AT 31 DECEMBER 2006

Type of Securities	Number of Securities	ASX Code
Fully-Paid Ordinary Shares	212,194,148	BCD
Unlisted Employee Options (\$0.374 by 1/9/2010)	800,000	
Unlisted Partly-Paid Shares (\$0.35 paid to \$0.01)	2,250,000	
Unlisted Partly-Paid Shares (\$0.40 paid to \$0.01)	1,000,000	

During the quarter, the Company placed 27.6 million new shares at a price of 23 cents per share, raising \$6.3 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. The issue was subsequently approved by shareholders at a general meeting held on 10 January 2007.

3.4 PROPOSED RESTRUCTURING OF THE ALLSTATE GROUP

Beaconsfield Gold has for some time maintained an objective of consolidating the ownership of the Beaconsfield Mine. Confidential, commercial discussions were initiated with the key stakeholders late in the quarter to discuss a rationalisation. On 23 January 2007, the Company announced that significant progress had been achieved through two key initiatives.

3.4.1 Acquisition of Allstate group inter-company debts

In March 2002, Macquarie purchased inter-company debts of the Allstate group that currently have a face value of \$48 million.

Following an overwhelming vote by workers at the Beaconsfield Mine on 16 January 2007 in favour of a bid from Beaconsfield Gold, Macquarie agreed to assign these debts in total to Beaconsfield Gold and documentation has now been completed. In exchange, Beaconsfield Gold will make payments totaling \$2.85 million which Macquarie intends to gift for the benefit of the employees at the mine.

Total payment by Beaconsfield Gold will consist of:

1. \$700,000 paid on completion of documentation; and
2. \$2.15 million to be paid when the mine has re-opened and reached commercial production levels.

The assignment of these debts will make Beaconsfield Gold the largest single creditor of the Allstate Group.

3.4.2 Majority shareholding in Allstate to be acquired from Newmont

Beaconsfield Gold has agreed to acquire the majority shareholding in Allstate held by Newmont for 4.0 cents per fully paid share and 0.1 cents per partly paid share. Subsidiaries of Newmont hold a total of approximately 35.5 million fully paid shares and approximately 6.6 million partly paid shares, representing 57.2% of the total issued shares in Allstate.

Beaconsfield Gold currently owns 30.1% of the fully paid shares in Allstate (25.6% of the fully paid plus partly paid shares). Following the acquisition, Beaconsfield Gold will own 82.8% of the fully diluted share capital of Allstate.

Under the terms of the agreement, 1.5 cents of the fully paid share consideration will be payable on the transfer of the shares and a further 2.5 cents will be paid when the Allstate group achieves 30,000 ounces of attributable gold production following the recommencement of mining at the Beaconsfield Mine.

The acquisition is subject to approval by the Allstate minority shareholders (who hold approximately 17.2% of the total issued shares). Allstate will be requested to convene a general meeting of Allstate shareholders for that purpose. If the acquisition is approved by shareholders, Beaconsfield Gold has agreed to make an immediate takeover offer to all remaining minority Allstate shareholders on the same terms accepted by Newmont.

As part of the proposed transaction, Newmont has also agreed to forgive \$1.6 million receivable from Allstate, subject to both completion of the acquisition of its shares by Beaconsfield Gold and Allstate coming out of administration.

3.4.3 Retirement of Allstate Administrator proposed by Beaconsfield Gold

The acquisition of the Allstate inter-company debts and the agreement to move to majority ownership in Allstate has enabled Beaconsfield Gold to make a proposal for the Allstate group companies to come out of administration.

On 9 February 2007, the Allstate Deed Administrator announced that he intends to convene an Allstate Creditors' Meeting on 27 February 2007 at which he will recommend the acceptance of the proposal from Beaconsfield Gold. Subject to approval by the creditors, the proposal will result in Beaconsfield Gold providing a loan to the Allstate group companies to enable unsecured creditors to receive 100% of their outstanding claims and the retirement of the Deed Administrator. The Allstate group companies will then be returned to the control of their directors.

Macquarie Bank, the secured creditor of the Allstate group, is in favour of the proposal and has agreed to a standstill period and a restructure of its banking arrangements. Beaconsfield Gold will loan funds to the Allstate group as required during the mine restart phase until commercial gold production levels are again achieved.

3.4.4 Beaconsfield Gold funding for the proposed restructure of the Allstate group

On 28 June 2006 and 4 October 2006, the Company received shareholder approval for the placement of up to 60 million new shares within three months of those dates at not less than 34 cents to sophisticated and professional investors. At a general meeting held on 10 January 2007, shareholders approved the issue of 60 million new shares within three months at the lower of 34 cents or 80% of market value, dependent on whether the shares are trading at the time.

The approval positions the Company so that it can, at short notice, finance the proposed restructure of the Allstate group, the net result of which will be to increase Beaconsfield Gold's beneficial interest in the Beaconsfield Mine to at least 91%.

3.5 MELICK INVESTIGATION

Special investigator Greg Melick SC is continuing to conduct an independent investigation into the 25 April 2006 incident in the underground workings of the Beaconsfield Mine. His full report is not expected before the end of February.

3.6 TENEMENTS

Beaconsfield Gold has interests in the following tenements.

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

3.7 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

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

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