

**BEACONSFIELD  
GOLD N.L.**

A.C.N 057 793 834

**to:** Company Announcements Office  
**from:** **Brian Coulter**  
**date:** 30 October 2007  
**subject:** **2007 Annual Report**

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In accordance with ASX Listing Rule 3.17, I advise that the 2007 Annual Report for Beaconsfield Gold NL is being mailed to shareholders, excluding those who have not elected to receive it, today.

A copy of the Annual Report is attached.

Yours sincerely

Brian Coulter  
Company Secretary



*Ross Humphries operating a remote loader on the 850E level.*



## CORPORATE INFORMATION

ABN 22 057 793 834 ASX Code BCD

### Directors

D E Clarke	Non-Executive Chairman
M W Trumbull	Non-Executive Director
W Tsingos	Non-Executive Director
K J Perrin	Non-Executive Director

### Chief Executive Officer

W T Colvin

### Company Secretary

B D Coulter

### Registered Office

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530 Little Collins Street  
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E-mail: [enquiries@beaconsfieldgold.com.au](mailto:enquiries@beaconsfieldgold.com.au)

### Share Registry

Computershare Investor Services Pty Limited  
PO Box 103  
Abbotsford Vic 3067

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Website: [www.computershare.com](http://www.computershare.com)

### Auditor

Ernst & Young  
8 Exhibition Street  
Melbourne Vic 3000

### Banker

Commonwealth Bank of Australia  
Level 14  
385 Bourke Street  
Melbourne Vic 3000

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## ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Level 20, CMA Centre, 500 Collins Street, Melbourne, at 11:00 am on 30 November, 2007.



# Summary of the 2007 Year

## **OPERATIONAL – BEACONSFIELD GOLD MINE**

- Underground operations were progressively re-commissioned following the lifting of all restrictions imposed in April 2006.
- The main decline was advanced to access deeper reserves, the new 1090m level was developed and ore development was undertaken in all areas of the mine. Ore production from the Eastern Zone recommenced in August 2007 after ground support was enhanced during the year. The ore treatment plant was fully re-commissioned with approximately 3,000 ounces of gold produced by year-end.
- Federal Government Funding of \$3.4 million, of a total grant of \$4.9 million, was received during the year to assist mine re-opening and ongoing mine development.
- On 5 September 2007 Special Investigator Greg Melick SC presented the report of an independent investigation into the 25 April 2006 incident at the Beaconsfield Mine to the Tasmanian Coroner. A summary of the report released publicly noted that the mine had followed consultants' recommendations concerning safe mining of the 925m level.

## **EXPLORATION**

- Several compelling drilling targets were identified close to the mine and drilling from underground to test some of the targets commenced in July 2007.
- Aircore and RC drilling at Thursdays Gossan intersected wide intervals of potentially ore grade copper mineralisation at shallow depths and highlighted the potential for development of a heap leach operation.
- A detailed aeromagnetic survey identified follow-up drilling targets at the Fair View gold and Thursdays Gossan copper prospects at the Stavely Project in western Victoria.

## **CORPORATE**

- Trading of Beaconsfield Gold shares on the ASX resumed on 20 April 2007.
- Mine ownership was successfully consolidated, effective 30 April 2007, with Beaconsfield Gold moving to approximately 90.1 % ownership of Allstate Explorations NL (85.8% at 30 June 2007) and an overall 94.9 % equity interest in the Beaconsfield Mine (92.7% at 30 June 2007).
- Day-to-day management of the Beaconsfield Mine Joint Venture and Beaconsfield Mine passed to the Beaconsfield Gold executive team on 27 February 2007.
- Beaconsfield Gold purchased debts owed by the Allstate group to its banker, with a face value of \$48 million, for \$2.85 million as part of the overall transaction to consolidate mine ownership.
- Equity raisings during the year, consisting of three placements, a share purchase plan and the issue of 12 million convertible notes, raised \$22.6 million.
- Proceedings were commenced by Beaconsfield Gold Group companies in the Supreme Court of Victoria claiming damages of \$45.5 million in respect of a business interruption insurance claim.





# Chairman's Letter

Dear Shareholder

During the 2007 financial year, and in the short period since, your Company has successfully achieved the two key strategic goals of re-opening the Beaconsfield Mine and consolidating its ownership. This is a remarkable achievement that positions Beaconsfield Gold well for future growth.

## **Mine Ownership**

A Court ruling in September 2006 confirmed the Company's pre-emptive rights under the Beaconsfield Mine Joint Venture Agreement. This paved the way for the restructuring of the complex ownership of the Beaconsfield Mine which had, in our view, long hindered maximising its full potential. Following extensive negotiations, the restructure was achieved by: -

- Acquisition from Macquarie Bank of debts totalling \$48 million owing to it by two Allstate Explorations NL subsidiaries;
- Funding the full repayment of outstanding Allstate trade creditors and retiring the deed administrator;
- Acquisition of Newmont Australia's majority shareholding in Allstate; and
- Completion of a takeover of Allstate which saw the Company's investment in Allstate increase to over 90%, and Beaconsfield Gold's interest in the Beaconsfield Mine increase to around 95%.

## **Beaconsfield Mine**

The Beaconsfield Gold management team assumed direct control of the mine at the end of February 2007, and since then has worked closely and effectively with mine management and external consultants to recommence mining operations. Several senior appointments have strengthened the mine management team, whilst also retaining significant site expertise and experience.

The Case for Safety process, specified by Workplace Standards Tasmania as a pre-requisite for lifting mining bans imposed after the April 2006 incident, proved to be exhaustive, intensive and time consuming. The mine management team is to be commended on its persistence and professionalism in getting us to the present position of having all restrictions lifted. Utilising a new, remote mining method we are now able to produce from all areas of the mine and are well positioned to return once again to full production levels.

## **The Future**

The consolidation of mine ownership within the expanded Beaconsfield Gold group offers an unprecedented opportunity for further development and growth of the Company. Unhindered by a joint venture partner in administration, your Board is committed to ensure that the full potential of the Tasmania Reef and surrounding areas is realised.

To that end, a deep drilling program is planned for the 2008 calendar year to test the Tasmania Reef below the present F21 resource to around 1500 metres depth. The aim of this program will be to add resource/reserve to the existing mining resource, thereby extending mine life.

In addition, compelling targets have been identified on tenements adjacent to the present mining lease which will form the basis of a regional drilling program. As I have consistently commented, there has been very little drilling done on tenements adjacent to the mine, which is extraordinary for an area hosting an orebody as rich and large as the Tasmania Reef. We plan to realise this discovery potential to deliver value to shareholders.

The Company's Stavely Project in western Victoria remains a primary exploration target with exciting prospects for copper at Thursdays Gossan and gold at Fairview. Work has been limited over the past twelve months due to the focus on reopening the Beaconsfield Mine, but will now accelerate as the mine returns to full production and improved cash flows.

## **Acknowledgements**

In a year that has seen so much achieved towards securing the Company's future, it would be remiss of me not to acknowledge the following contributions: -

- Our loyal shareholders who showed their faith in the Board and the future of the Company by their participation in new equity and convertible note issues;
- The Federal Government through its \$4.9 million grant to assist the reopening of the Beaconsfield Mine;
- Beaconsfield Mine management and employees, who have worked tirelessly to achieve the lifting of all mining restrictions; and
- My fellow directors and the management team at Beaconsfield Gold.

As we look forward with optimism to a successful future for the Company, I thank them all for the parts they have played.



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**Denis Clarke**

Chairman

23 October 2007

# Chief Executive Officer's Review of Results and Activities

## 1 REVIEW OF RESULTS

The financial results for the 2006/07 year for Beaconsfield Gold and controlled entities are summarised in the following table:

	<b>2007</b>	2006
	<b>(\$'000)</b>	(\$'000)
Gold and silver sales revenue	<b>3,256</b>	24,228
Total revenue excluding interest revenue	<b>3,256</b>	24,228
EBITDA	<b>(8,391)</b>	(8,909)
Net loss after tax before minority interests	<b>(9,566)</b>	(14,290)
Net loss after tax after minority interests	<b>(9,537)</b>	(14,290)
Basic earnings per share	<b>(4.62c)</b>	(9.17c)
Diluted earnings per share	<b>(4.62c)</b>	(9.17c)
Total dividends declared/proposed per share	<b>NIL</b>	NIL
Net Assets	<b>26,518</b>	18,116

The Company's financial results for the year were again severely impacted by the suspension of mining following the 25 April 2006 incident in the underground workings of the Beaconsfield Mine.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the year ended 30 June 2007 was a loss of \$8.391 million (2006: loss of \$8.909 million). The consolidated net loss after tax and before minority interests for the year was \$9.566 million (2006: loss of \$14.290 million). The consolidated net loss after tax and after minority interests for the year was \$9.537 million (2006: loss of \$14.290 million). The financial results for the current year include those of Allstate Explorations NL and its controlled entities from the date of acquisition of that company on 30 April 2007.

Gold and silver sales revenue for the 2007 year was \$3.256 million (2006: \$24.228 million). The decrease reflects the cessation of ore production from April 2006 until May 2007, with only limited gold production from development ore during May and June 2007.

A \$7.117 million benefit was recorded during the year reflecting the changes in the mark-to-market value of the Group's gold forward sales contracts. This was partly offset by a \$3.366 million loss on the close-out of gold forward sales contracts during the year. As at 30 June 2007 the Group had 47,242 ounces of spot deferred and flat forward gold sales contracts at A\$638 per ounce. The mark-to-market value of the hedge book as at 30 June 2007 was negative \$6.449 million.

Since December 2006 a staged recommencement of underground mining operations has been undertaken following the progressive lifting of bans imposed in April 2006 by the Chief Inspector of Mines. Ore production from development recommenced in May 2007 and the ore treatment plant was fully recommissioned with 2,860 ounces of gold poured by 30 June 2007.

Stope production from the Eastern Zone of the mine recommenced in August 2007 after ground support was enhanced during the year. Following acceptance of the Case for Safety for the Western Zone ore production, extraction of high grade ore from that zone is planned for the second quarter of 2007/08 utilising remote, non-entry mining methods.

## 2 THE BEACONSFIELD MINE JOINT VENTURE (BMJV)

Following the consolidation of mine ownership the expanded Beaconsfield Gold group, which now includes the Allstate group, has a 100% direct interest in the unincorporated BMJV which operates the Beaconsfield Mine at Beaconsfield in north-east Tasmania. As at 30 June 2007, members of Beaconsfield Gold NL had an overall 92.67% equity interest (based on ownership of the voting rights, or 92.10% based on ownership of total Allstate shares on issue) in the mine.

Allstate Explorations NL, the 85.76% owned subsidiary of Beaconsfield Gold (based on voting rights, or 84.67% based on ownership of total Allstate shares on issue) as at 30 June 2007, is Manager of the BMJV.

The BMJV commenced modern gold production at the Beaconsfield Mine in September 1999.

# Chief Executive Officer's Review of Results and Activities



### 3 BEACONSFIELD MINE

The Beaconsfield Mine is located 40 kilometres by road north-west of Launceston.

The orebody, named the Tasmania Reef, is a gold-bearing, quartz-carbonate-sulphide vein occupying a fault structure which transgresses a series of Ordovician sedimentary beds.

The Tasmania Reef has an average strike length of 350 - 400 metres, an average horizontal thickness of around 3.0 metres and dips south-east at an average of around 60 degrees.

The historic underground mine was operated from 1877 to 1914, during which time approximately 840,000 ounces of gold were produced from 1,070,000 tonnes of ore at an average mill recovered grade of 24.3 g/t gold. With a reported average mill recovery of around 85%, the average head grade of the ore, after mining dilution, would have been over 28 g/t gold, making Beaconsfield one of the richest gold mines in Australia at the time. The historic mine was worked to a maximum depth of 455 metres.

The modern underground mine has focused on the extension of the Tasmania Reef below 455 metres depth.

### 4 BEACONSFIELD MINE OPERATIONS IN 2007

There were four Lost Time Injuries ("LTIs") and four Medically Treated Injuries ("MTIs") sustained during the year. Safety performance is tracked by the Medically Referred Injury Frequency Rate ("MRIFR") which records the number of LTIs and MTIs per million man hours on a twelve month rolling average. Whilst it was pleasing that the rate reduced from 100.3 at June 2006 to 33.9 at June 2007 (the lowest since the modern mine commenced operations in 1995), the target must remain a workplace free of injury.

Mining activity was suspended on 25 April 2006 following a significant seismic event. Workplace Standards Tasmania ("WST") issued Sections 38 and 39 Notices requiring the Beaconsfield Mine to prepare extensive Cases for Safety for decline and waste development, ore development (sill driving) and ore production (stopping).

The Case for Safety approach represents a rigorous and systematic process of review, analysis and documentation that covers, amongst others, the following issues:-

- Risk management processes (process mapping and risk assessments);
- Safety management processes in general;
- Geotechnical and underground engineering management and design (especially ground control & support);
- A communication and consultation plan;
- A high level review of key risk issues; and
- A sequential plan of return to work

The review of the safety at the mine has been exhaustive to ensure the implemented hazard controls minimise risk associated with each discrete mining activity and work practice, and hence necessarily took considerable time to complete. Coffey Mining was engaged as the geotechnical and safety expert to assist with the preparation of the Cases for Safety and SP Solutions Pty Ltd acted as an independent peer reviewer.

Following the rescission of all outstanding Sections 38 and 39 Notices on 28 September 2007, the Beaconsfield Mine will return to its pre-April 2006 position, operating under the same regulatory environment as all mines in Tasmania. The ongoing employment of the Case for Safety approach will provide a strong basis for ensuring continued compliance with all workplace health and safety legislation.

During the early part of the financial year, a significant care and maintenance program continued in preparation for the recommencement of mining and ore processing. A number of key employees were retained throughout the period to ensure stable management and a skilled, experienced workforce was in place for the re-commissioning. Whilst production was suspended the opportunity was taken to complete various projects to protect and upgrade the infrastructure, both underground and in the processing plant.

A staged resumption of underground mining operations commenced on 30 November 2006 following acceptance by WST of the decline development Case for Safety and a subsequent extensive consultation process with employees, union and local community. Initial activities included advancing the main decline to access deeper reserves, mining of a new exploration drill drive and development of the 1090m level.

Sill driving (development in ore) resumed in early April 2007 after WST accepted the ore development Case for Safety. Production of gold bullion from the ore treatment plant, following the establishment of a suitably sized ore stockpile, resumed in late April 2007. The bacterial leaching section of the plant was restarted in early May and the dormant bacteria inoculum became fully active after 10 days. The resilience of the culture following this extended period of inactivity is both encouraging and unprecedented. By the end of the year, all sections of the treatment plant, including the bacterial leaching process, were operating normally although not yet at full capacity due to the ongoing re-commissioning of the underground mining operations.

14,843 tonnes of ore were processed, supplemented by the re-treatment of stockpiled, high-grade tailings.



# Chief Executive Officer's Review of Results and Activities



The Case for Safety for Eastern Zone ore production was accepted by WST at the end of May 2007 and enhanced ground support was installed during the year preparatory to the recommencement of stope production.

Stoping in the Eastern Zone resumed early in the new financial year, and on 28 September 2007 WST accepted the Case for Safety for Western Zone ore production. All mining restrictions have now been lifted and a return to full production is anticipated by the end of calendar year 2007.

## 5 BMJV EXPENDITURE IN 2007

Care and maintenance and recommissioning expenditure for the mine during the year totalled \$21.875 million.

The Federal Government has assisted in the safe reopening of the mine by providing a grant of \$4.873 million through the Beaconsfield Community Fund. The grant has assisted the mine to meet supernumerary payroll costs, to progress the development of the decline to access the F21 zone and to commence underground drilling for additional resources. Payments totalling \$3.408 million were received during the year.

## 6 BEACONSFIELD GOLD REVENUE FOR 2007

Beaconsfield Gold's total revenue from gold and by-product silver sales was \$3.256 million, 87% below the 2006 figure of \$24.228 million.

## 7 BMJV ORE RESERVES / RESOURCES

The previously reported Identified Mineral Resource for the Tasmania Reef at Beaconsfield, Tasmania as at 31 March 2006 was:

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

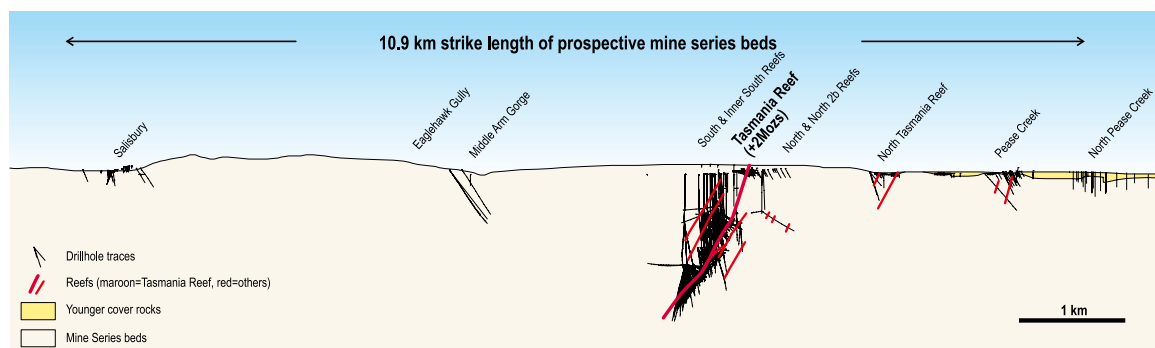
A Reserve Statement for the Tasmania Reef, including the conversion of additional F21 zone and 840E resources, will be released following the lifting of all mining restrictions. The Cases for Safety for both the Eastern and Western Zones incorporate mining methods that are not anticipated to result in any significant loss of reserves.

A drill program to test the depth extension of the Tasmania Reef is planned following the completion of the development of a hanging-wall drive on the 1090m level.

## 8 EXPLORATION

### 8.1 BMJV Tenements

Description	Licence Number	Area
Beaconsfield Consolidated Mining Lease	1767 P/M	594 hectares
Beaconsfield Retention Licence	RL1/1999	2 sq km
Salisbury Hill Exploration Licence	EL 20/1994	12 sq km



*Longitudinal section of Tasmania tenement looking south west demonstrating minimal drilling outside the Tasmania Reef.*

A two-hole program at Middle Arm Gorge, located some 3km south of the Tasmania Reef, was completed during the March quarter. Despite encouraging indications from the first hole (B52), including 0.8 metres at 4.4 g/t, the second hole (B53), which was designed to follow up the intersection of a significant shear zone in B52, intersected no significant structures in the target zone.

The Company considers that the Beaconsfield Mining Lease and the surrounding exploration tenements represent an outstanding exploration opportunity. The endowment of the Tasmania Reef is now in excess of two million ounces at an extremely high grade.

# Chief Executive Officer's Review of Results and Activities



Modern exploration for repeats of the system has been restricted, initially by the focus on returning the Tasmania Reef to production, and later by the diversity of corporate ownership.

A number of compelling "walk-up" drill targets have been identified to the north of the Tasmania Reef in addition to large areas of untested but prospective ground both north and south of the Tasmania Reef. In particular, limited drilling at Pease Creek during the 1990's recorded a best result of 3.5 metres at 11.1 g/t gold, within which 1.5 metres graded 21.1 g/t. Also, the North Tasmania Reef supported some limited historic production but has never been tested at depth. A program of RC and diamond holes to further test both of these targets is planned for the 2008 financial year.

As part of an aggressive strategy to rapidly advance exploration at Beaconsfield, the Company has prioritised targets for an extensive surface drilling program. Post 30 June 2007 a low level helicopter aeromagnetic survey was carried out as an initial stage of this program. Results are expected to assist in target definition for drilling programs in 2007/08 and 2008/09.

Mine geologists have identified underground drilling targets in the immediate hangingwall and footwall of the Tasmania Reef. Underground diamond drilling commenced in July 2007 targeting the North Reef in the western part of the mine, where host rocks are known to favour much stronger reef development and gold deposition in the Tasmania Reef.

## 8.2 Beaconsfield Gold Group Licenses – No Allstate Group Participation

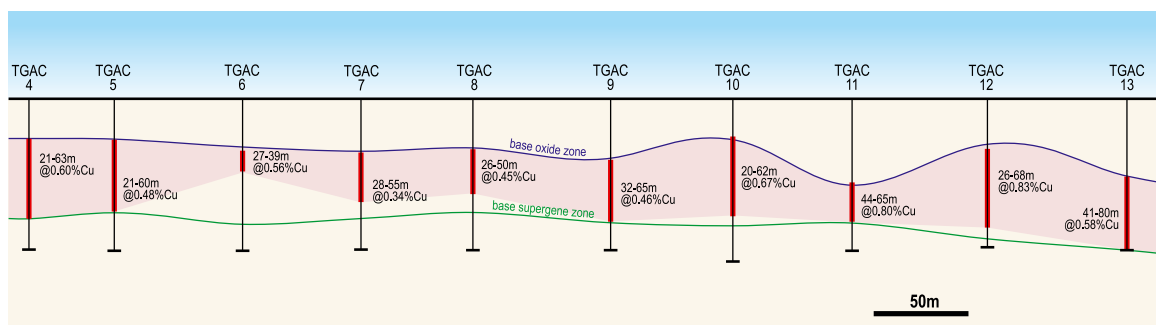
Description	Licence Number	Area	State
North Beaconsfield Exploration Licence	EL 27/2000	3 sq km	Tas.
Beaconsfield Exploration Licence	EL 7/2000	17 sq km	Tas.
Stavely Exploration Licence	EL 4556 (a)	370 sq km	Vic.
Stavely South Exploration Licence	EL 4929	25 sq km	Vic.
Dunkeld Exploration Licence	EL 4930	28 sq km	Vic.
Watgania Exploration Licence	EL 4931	512 sq km	Vic.
Bolac Exploration Licence	EL 4932	186 sq km	Vic.
North Dunkeld Exploration Licence	EL 4514	60 sq km	Vic.

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

## STAVELY PROJECT, WESTERN VICTORIA

During the year three field programs were completed at the Stavely Project in western Victoria. A soil survey was conducted over the Balbeggie gold prospect, thirteen aircore/RC percussion holes were drilled on the Thursdays Gossan supergene copper prospect and a high resolution aeromagnetic/radiometric survey was flown over the apparent structurally controlled trend along which the Fairview, Junction and Thursdays Gossan prospects are aligned.

### Thursdays Gossan



Thursdays Gossan Supergene Copper Prospect – November 2006 drilling.

A program of 13 vertical drill holes for 969 metres was completed on a shallow chalcocite target in October 2006. The holes were designed to test the grade and continuity of mineralisation along the axis of an anomalous zone indicated by results from previous drilling by Penzoid, North Ltd and Newcrest Mining. There is evidence from more widely spaced previous drilling over other parts of the Thursdays Gossan prospect that additional similar sized zones of shallow chalcocite mineralisation could be drilled up if this initial program demonstrated sufficient scope for the potential viability of an open cut heap leach operation.

The drilling intersected wide intervals of potentially ore grade copper mineralisation at shallow depths with the main body of continuous mineralisation extending over some 600 metres. The blanket of supergene mineralisation is generally around 20 to 40 metres thick and is overlain by an upper oxide zone layer that ranges from about 20 metres thick in the north to about 40 metres thick in the south. More significant results, based on a total copper assay, included:

# Chief Executive Officer's Review of Results and Activities



Hole Number (1)	Northing (MGA)	Easting (MGA)	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 (2)	5836265	642217	41	80	39	0.58

(1) All holes drilled vertically

(2) Hole ended in copper mineralisation

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.

The program highlighted the scope for a substantial deposit of supergene copper which remains open to the south. Exploration during the coming year will concentrate on testing the full potential of the chalcocite deposit with a combination of drilling and further metallurgical testwork.

## Fairview

Fairview is a very compelling target with soil sampling having 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 follow-up drilling programs. In December 2006 low-level, detailed aeromagnetics were flown over an area of some 170 square kilometres. Data quality was excellent and several fault structures potentially linked to primary mineralization at both Fairview and Thursdays Gossan have been identified. Identified linear trends and discontinuities will be used to target drilling for structurally hosted gold mineralisation at Fairview during 2007-2008.

No drilling was carried out during the year.

## Balbeggie

The 11 line 424 sample soil survey at Balbeggie indicated modest gold, zinc, lead and copper anomalism. Aircore drilling is required to test the source of these anomalies. As the anomalies are weaker than the extremely strong and extensive Fairview anomaly follow up work on the Balbeggie prospect has lower priority.

## NORTH PEASE CREEK GOLD PROSPECT, TASMANIA

There was no significant activity during the year on the North Pease Creek property, around 4km northwest of the Beaconsfield Mine.

## 9 GOLD HEDGING

As at 30 June 2007	Beaconsfield Gold	Allstate	Group
Ounces forward sold	10,613	37,169	47,242
Average price/ounce	A\$662	A\$632	A\$638
Mark to market value at spot price	\$(1.1) million	\$(5.3) million	\$(6.4) million
Spot price/ounce	A\$765	A\$765	A\$765
% of gold resources hedged			11

## 10 CLAIM AGAINST ALLSTATE'S PREVIOUS LEGAL ADVISOR

A number of Beaconsfield Gold group companies are 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 year.

## 11 INSURANCE CLAIM RELATING TO ANZAC DAY INCIDENT

A number of Beaconsfield Gold group companies are pursuing a claim under their business interruption insurance policy following the 25 April 2006 incident and the temporary closure of the Beaconsfield Mine. The policy has a one month excess and is capped at \$50 million.

To date, the insurer has refused to provide an indemnity in respect of loss resulting from the mine closure. As a result, on 14 May 2007, the Beaconsfield Gold group filed a claim in the Supreme Court of Victoria claiming damages of \$45.5 million arising from the insurer's refusal to provide indemnity in breach of the terms of the policy.

A preliminary trial to determine the proper construction of a clause in the policy that is considered key to the claim was conducted on 6 September 2007, and at the date of this report the decision of the trial judge was still pending.

# Chief Executive Officer's Review of Results and Activities



## 12 MELICK INVESTIGATION

Special investigator Greg Melick SC finalised an independent investigation into the 25 April 2006 incident in the underground workings of the Beaconsfield Mine. The report was tabled by Mr Melick on 5 September 2007 at the re-opening of the Coronial Inquest.

Whilst the report was not made public, a summary of the findings and recommendations released publicly noted that recommendations made by consultants before the incident had been adopted and that there was no suggestion that the 925m level not be mined.

The recommendations of the report are consistent with the measures proposed in the Case for Safety for the Western Zone.

On 23 April 2007 the Office of the Director of Public Prosecutions announced that it had determined, in consultation with Melick SC, that at that time there was insufficient evidence to support a prosecution on any charge.

## 13 CONSOLIDATION OF MINE OWNERSHIP

During the year, Beaconsfield Gold completed its long term objective of consolidating the ownership, and gaining management, of the Beaconsfield Mine.

Day-to-day management of the Beaconsfield Mine was transferred to Beaconsfield Gold on 27 February 2007.

On 30 April 2007, shareholders of Allstate Explorations NL voted overwhelmingly to approve the sale of Newmont's 57.18% shareholding in Allstate to Beaconsfield Gold for approximately \$1.4 million. A takeover bid was then made to the remaining minority shareholders on the same terms of 1.5 cents per fully paid Allstate share and 0.1 cents per partly paid Allstate share payable immediately and a further 2.5 cents per fully paid Allstate share payable when the Allstate group achieves 30,000 ounces of attributable gold production from recommencement. When the offer closed on 12 July 2007, Beaconsfield Gold held 90.06% of the voting rights (or 88.82% of the total shares on issue) of Allstate.

As at the date of this report, through its 48.49% direct holding in the BMJV and its 90.06% equity ownership of Allstate (based on voting rights, 88.82% based on total shares on issue), Beaconsfield Gold now holds an overall 94.88% (94.24%) equity interest in the Beaconsfield Mine.

The Company also acquired from Macquarie Bank \$48.000 million of debt owed by the Allstate Group to Macquarie. Following an initial payment of \$0.700 million, a further payment of \$2.150 million will be made to Macquarie when the mine has hoisted 40,000 tonnes of ore from the recommencement of mining and all notices issued by the Chief Mines Inspector have been rescinded. Macquarie has advised that all the proceeds received from Beaconsfield Gold will be paid over to the 25 April 2006 workforce at the Beaconsfield Mine. The acquisition of the \$48.000 million debt means that the Beaconsfield Gold Group has an effective 100% economic interest in the Beaconsfield Mine until such time as these debts are fully repaid.

Beaconsfield Gold is continuing to advance funds to Allstate to meet its share of the mine costs and corporate obligations.

## 14 SHARE PLACEMENTS

- November 2006

27.6 million shares (15% of existing issued shares) were placed to sophisticated and professional investors, at 23 cents per share, raising \$6.348 million.

- April/May 2006

Two placements of 14.25 million shares and 14.4 million shares, at 34 cents and 36 cents per share respectively, raised \$10.029 million. The shares were issued in accordance with approval given by shareholders, at a general meeting held on 10 January 2007, for the placement of up to 60 million shares to sophisticated and professional investors to increase the Company's beneficial interest in the Beaconsfield Mine.

- Share Purchase Plan ("SPP")

11.6% of shareholders took up additional shares, through a SPP at 34 cents per share, raising \$2.161 million of working capital.

## 15 CONVERTIBLE NOTES PLACEMENT

In February 2007, the Company issued 12 million convertible notes at 34 cents each, for a total of \$4.080 million.

Principal terms for the notes are:

- Each note is convertible into one Beaconsfield Gold fully paid share at any time;
- Notes are redeemable at the end of two years if not converted; and
- Notes earn interest of 6% p.a., payable six-monthly in arrears.



# Directors' Report

Year Ended  
30 June, 2007

*Board and Management prepare for underground inspection at Beaconsfield Mine.*



The Directors present their report together with the financial report of Beaconsfield Gold NL ("the Company") and of the Consolidated Entity, being the Company and its controlled entities, for the year ended 30 June 2007 and the Auditor's Report thereon.

## DIRECTORS

The names and details of the Directors of the Company in office during the financial year and until the date of this report are as detailed below. Directors were in office for the entire year and up until the date of this report unless otherwise stated.



**Dr. Denis Edmund Clarke** Ph.D.(Geology), B.Sc.(Geology), B.A.(Economics & Statistics), F.Aus.IMM

### **Non-Executive Chairman (aged 66)**

Dr. Clarke has broad technical, financial and corporate experience in the mining and mineral exploration industry. Over sixteen years in various senior positions he contributed significantly to the outstanding success of Plutonic Resources Limited which developed rapidly from a small explorer / non-producer into one of Australia's largest gold producers operating five mines. In 1998 Plutonic was absorbed by Homestake Mining Company, the merger valuing Plutonic at about A\$1 billion. Subsequently, he has consulted to, and accepted board positions with, a range of miners and explorers. Since 1999 as Non-Executive Director and Consultant he has contributed to the rapid growth of Troy Resources NL from \$10 million market capitalisation to \$190 million.

Dr. Clarke joined the board on 25 November 2004, and was elected Chairman of the Company on 28 February 2005. He is a member of the Company's Audit and Risk Management Committee and Chairman of the Remuneration and Appointments Committee.

During the past three years Dr. Clarke has also served as a director of the following companies:

- Troy Resources NL (1999 to date);
- Cullen Resources Ltd (1999 to date);
- Anglo Australian Resources NL (1999 to date); and
- Allstate Explorations NL (27 February 2007 to date).



**Mr Michael Ward Trumbull** BE (Hons) Mining, M.B.A., F.Aus IMM

### **Non-Executive Director (aged 57)**

Mr Trumbull has a degree in mining engineering (first class honours) from the University of Queensland and a master of business administration (MBA) from Macquarie University. A Fellow of the Australian Institute of Mining and Metallurgy, he has over 35 years of broad mining industry experience with companies including MIM, Renison, WMC, CRA, Amax, Nicron, ACM and Beaconsfield Gold.

From 1983 to 1992, he worked with ACM and ACM Gold as, progressively, Senior Mining Engineer, Project Manager – Westonia Gold Mine, Resident Manager – Westonia Gold Mine and General Manager – Investments.

In 1979, while working for Amax Exploration (Australia), he recommended that company's involvement in resurrecting the historic Beaconsfield gold mine workings and commenced the recovery of the collapsed Hart Shaft. He was one of the founding directors of Beaconsfield Gold when it listed on the ASX in 1993 and sub-underwrote the Company's first equity raising to carry out deep drilling of the Tasmania Reef below the old workings. From March 1993 to November 2004, he was the sole Executive Director for Beaconsfield Gold. He is a member of the Company's Remuneration and Appointments Committee.

During the past three years, Mr Trumbull has also served as a director of the following companies:

- Panaegis Gold Mines Limited (2005 to date); and
- Allstate Explorations NL (23 August 2007 to date).



**Mr William Tsingos**

**Non-Executive Director (aged 49)**

Mr Tsingos has for nearly 30 years been running his own international trading business dealing in electrical and engineering products, predominantly to government utilities and public companies involved in the mining, transport, heavy engineering and construction industries. Mr Tsingos was most recently appointed to the Board in March 2004, having previously served as a director and consultant since September 2001. He is a member of the Company's Remuneration and Appointments Committee.

During the past three years, Mr Tsingos has also served as a director of the following company:

- Allstate Explorations NL (23 August 2007 to date).



**Mr Kevin John Perrin** CPA

**Non-Executive Director (aged 58)**

Mr Perrin was appointed to the board on 24 February 2006 and is Chair of the Company's Audit and Risk Management Committee. Mr Perrin is a Certified Practising Accountant (CPA) and since 1975 has been a partner in the Ballarat firm of CPA's, Prowse Perrin & Twomey, conducting an accounting, taxation, audit and financial advisory practice.

He has been a director and shareholder of Prowse Perrin & Twomey Investment Services Pty. Ltd., an independent investment advisory firm holding an Australian Financial Services Licence, since 1990. Prior to that time he held a personal Securities Dealers Licence and was a member of the Stock Exchange of Ballarat Limited.

During the past three years, Mr Perrin has also served as a director of the following company:

- Allstate Explorations NL (27 February 2007 to date).

**CHIEF EXECUTIVE OFFICER**



**Mr William Thomas Colvin** BSc (Eng) Mining, ARSM, CA

Mr Colvin holds a BSc (Eng, Hons) Mining Engineering degree (Royal School of Mines, London) and is a qualified Chartered Accountant (Institute of England and Wales) with experience in both the audit and insolvency practices of Coopers and Lybrand.

He was General Manager of the Stawell underground gold mine for MPI / Leviathan Resources for three years from 2002, after which he was appointed to the position of General Manager – Business Development for Leviathan. Previously he spent three years as General Manager of the Henty underground gold mine for Goldfields Limited. After completing the economic turnaround of the Henty mine in 2001, Mr Colvin was appointed General Manager – Group Operations for Goldfields until the merger with Delta Gold Ltd. in 2002. He also held various positions within the RGC/Goldfields Group at Pine Creek, RGC Mineral Sands and Paddington.

**COMPANY SECRETARY**



**Mr Brian David Coulter** B.Com, FCPA, ACIS

Mr Coulter has a Bachelor of Commerce degree from Melbourne University, is a Fellow of CPA Australia and is an Associate of the Institute of Chartered Secretaries and Administrators.

He has worked in the mining industry, both in Australia and overseas, for nearly 40 years, including MIM Holdings Limited/Xstrata, Newcrest Mining Limited, Denehurst Limited and CRA Limited and its London based parent at the time, Rio Tinto Zinc Corporation.

Mr Coulter has extensive experience in all corporate financial and administration areas, including statutory reporting, company secretarial, budgeting and financial analysis and the evaluation of investment opportunities.

Mr Coulter was appointed to the position of Company Secretary and Chief Financial Officer in July 2004.

**BEACONSFIELD MINE GENERAL MANAGER**



**Mr Alasdair William Martin**

Mr Martin is a qualified mining engineer with over 20 years experience and extensive underground expertise. Prior to joining the Beaconsfield Gold group he was a Principal Advisor with Rio Tinto, undertaking strategic project work for both copper projects worldwide and coal operations in Australia.

Previously employed by Zinifex (Pasminco), he spent four years as Manager Technical Services/Mining Contract at the Century Zinc Mine in Queensland and six years at the Rosebery underground mine in Tasmania in a number of senior roles including Manager – Mining.

In addition to obtaining a MEng (Hons) Mining Engineering degree from the Royal School of Mining, London, Mr Martin holds an MBA from the University of Otago. He also holds First Class Mine Manager's Certificates for Tasmania and Queensland.

Mr Martin took up this position in August 2007.



## BEACONSFIELD MINE DEPUTY GENERAL MANAGER

### Mr Richard Keith Holder



Mr Holder is a qualified metallurgist with over 15 years experience in the Australian mining industry. Having commenced work at the Beaconsfield Gold Mine in 1999, he has been responsible for the operations of the ore treatment plant at Beaconsfield since 2000 and is credited with delivering consistent operating performance from the bacterial oxidation circuit and a significant improvement in recovery.

Mr Holder was Acting General Manager of the Beaconsfield Gold Mine during the period March 2007 to August 2007, and assumed the role of Deputy General Manager in August 2007. He continues in his role as Mill Manager.

## RESULTS FOR THE YEAR

The consolidated loss of the economic entity after income tax and minority interests for the financial year was \$9.537 million (2006: loss of \$14.290 million).

## PRINCIPAL ACTIVITIES

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

- to produce gold through its participation in, and subsequent ownership and control of, 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 year, albeit the temporary cessation of production at Beaconsfield Mine as a result of the Anzac Day incident.

Following the consolidation of mine ownership, the expanded Beaconsfield Gold group, which now includes the Allstate group, has a 100% direct interest in the unincorporated BMJV. As at 30 June 2007, members of Beaconsfield Gold NL had an overall 92.67% equity interest in the Beaconsfield Mine (based on voting rights, and 92.10% based on total shares on issue). Allstate Explorations NL, the 85.76% owned subsidiary of Beaconsfield Gold as at 30 June 2007 (based on voting rights, and 84.67% based on total shares on issue), is Manager of the BMJV.

## DIVIDENDS

The Directors do not recommend the payment of a dividend for this financial year.

## STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year under audit not otherwise disclosed in this report or in the consolidated financial statements.

## CORPORATE STRUCTURE

Beaconsfield Gold NL is a no liability company that is incorporated and domiciled in Australia. Beaconsfield Gold NL has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which comprise 100% ownership of Beaconsfield Gold Mines Pty Ltd, Beaconsfield Operations Pty Ltd and Beaconsfield Tasmania Pty Ltd. The consolidated financial report also incorporates the entities acquired during the year following the takeover of Allstate Explorations NL, comprising 84.67% ownership of the total shares on issue (85.76% of the voting power) of Allstate Explorations NL, Allstate Prospecting Pty Ltd, ACN 070 164 653 Pty Ltd and Mojix Pty Ltd (refer note 36 to the Financial Statements).

## OPERATING AND FINANCIAL REVIEW

The Operating and Financial Review is contained in the Chief Executive Officer's Review of Results and Activities on pages 2 to 9, which is incorporated as part of the Directors' Report for the year ended 30 June 2007.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Comments on likely developments impacting the Company's operations are referred to throughout this Directors' Report, including the Chief Executive Officer's Review of Results and Activities. Developments as they arise are released to the ASX and are available on the Company's website. Announcements of developments by the Company ensure compliance with the ASX Listing Rules and promote timely and balanced disclosure of all material matters concerning the Company.



### REVIEW OF FINANCIAL CONDITION

The acquisition of the Allstate group of companies, effective 30 April 2007, has meant that the balance sheet of the Consolidated Entity has changed substantially from 30 June 2006. The assets and liabilities acquired as at the date of acquisition are summarised in note 36 to the financial statements.

The financial condition of the Consolidated Entity was enhanced during the financial year by the issue of additional securities, including: -

- 56,250,000 fully paid ordinary shares placed to sophisticated and professional investors to raise \$16.377 million;
- 6,355,948 fully paid ordinary shares issued under the terms of a share purchase plan to raise \$2.161 million; and
- 12,000,000 convertible notes issued to raise \$4.080 million.

Further information on the financial condition of the Consolidated Entity is included in the Financial Statements section of the Annual Report.

### EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years except for those matters referred to below:

- On 12 July 2007, the offer extended to minority interests on 11 June 2007 for the acquisition of their interests in Allstate Explorations NL closed. During this period and up to this date, Beaconsfield Gold acquired an additional 4.15% ownership interest in Allstate Explorations NL. This increased Beaconsfield Gold's total ownership interest to 88.82% (90.06% of voting rights).
- On 5 September 2007, the report by the Special Investigator Mr Greg Melick SC was tabled at the re-opening of the Coronial Inquiry into the 25 April 2006 incident. Whilst the report was not made public, a summary of the findings and recommendations released publicly noted that recommendations made by consultants before the incident had been adopted and that there was no suggestion that the 925m level not be mined.
- On 14 September 2007, a placement of 33,580,000 fully paid ordinary shares was made to sophisticated and professional investors at 23 cents per share to raise \$7.723 million of working capital.
- On 14 September 2007, 2,000,000 convertible notes were issued at 25 cents per note to raise \$0.500 million of working capital.
- On 28 September 2007 Workplace Standards Tasmania accepted the Case for Safety for Western Zone ore production, thereby lifting the final restriction on underground production at the Beaconsfield Mine.

### SHARE OPTIONS

#### *Share options granted during the year*

The Company granted 1,050,000 (2006: 800,000) options over the ordinary shares of the company during the year to:

- Mr William Colvin (800,000 options) (2006: 800,000) as part of the Chief Executive Officer's remuneration package; and
- Mr Brian Coulter (250,000 options).

A further 450,000 options were issued in September 2007 to Mr Alasdair Martin (300,000) and Mr Richard Holder (150,000).

All options were issued under the terms of the Beaconsfield Gold NL Option Scheme (refer note 20 for more details).

#### *Unissued Shares*

As at the date of this report there were 2,300,000 (2006: 800,000) unissued shares under options. At the reporting date there were 1,850,000 unissued shares (2006: 800,000) under options.

#### *Shares issued as a result of the exercise of options*

During the financial year no options were exercised.

### DIRECTORS' SHAREHOLDINGS

As at the date of this report, the interests of the Directors in the shares of Beaconsfield Gold NL were:

	Ordinary shares	Partly-paid shares
D E Clarke	33,648	1,000,000
M W Trumbull	6,054,497	-
W Tsingos	874,334	400,000
K J Perrin	1,829,412	-





## DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year, the number of meetings attended by each Director, and the number of meetings held while they were a Director (or Committee Member) was as follows:

	Directors' Meetings		Meetings of Committees			
	Held	Attended	Audit and Risk Management		Remuneration and Appointments	
			Held	Attended	Held	Attended
<b>Total number of meetings held:</b>	10		3		2	
<b>Number of meetings attended:</b>						
D E Clarke	10	10	3	3	2	2
M W Trumbull	10	10			2	2
W Tsingos	10	9			2	2
K J Perrin	10	10	3	3		

## COMMITTEE MEMBERSHIP

As at the date of this report, the Company had an Audit and Risk Management Committee and a Remuneration and Appointments Committee.

Members acting on the Committees of the board during the year were:

Audit and Risk Management	Remuneration and Appointments
K J Perrin (c)	D E Clarke (c)
D E Clarke	W Tsingos
	M W Trumbull

Note: (c) Designates the chair of the committee.

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into a Deed of Access, Insurance and Indemnity with each Director of the Company that indemnifies the Director, to the extent permitted by law, against liabilities and legal costs incurred by the Director as an officer of the Company.

The Company maintains a Directors' and Officers' insurance policy that, subject to some exceptions, provides insurance cover to past, present and future Directors, Secretaries and Executive Officers of the Company and its controlled entities. The Company has paid an insurance premium for the policy. The contract of insurance prohibits disclosure of the amount of the premium and the nature of the liabilities insured.

## REMUNERATION REPORT – AUDITED

This report outlines the remuneration arrangements in place for Directors and executives of Beaconsfield Gold NL ("the Company").

### Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Alignment of shareholders' interests with interests of Directors and executives.
- Engage and retain appropriately qualified and high-calibre executives.
- Maintain the integrity of the Company's reward program.
- Portion of executive remuneration may be "at risk", dependent upon meeting pre-determined performance benchmarks.
- Non-Executive Directors may receive part of their remuneration in the form of shares, whether fully or partly-paid.

### Remuneration and Appointments Committee

The Remuneration and Appointments Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors, the Chief Executive Officer ("CEO") and the senior executive team.

The Remuneration and Appointments Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior executives on a periodic basis by reference to performance levels and relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.



## **Remuneration Structure**

In accordance with best practice corporate governance, the structure of Non-Executive Director and senior executive remuneration is separate and distinct.

### **Non-Executive Director Remuneration**

#### **Objective**

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of high calibre, at a cost which is acceptable to stakeholders.

#### **Structure**

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting held on 14 November 2005 when shareholders approved an aggregate remuneration of \$200,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. As and when appropriate, the Board considers advice from external consultants as well as fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Each Director receives a fee for being a Director of the Company. An additional fee is also paid to the Chairman of the Audit and Risk Management Committee, which recognises the additional time commitment required.

The Constitution provides that any Director who is called upon to perform services for the Company over and above that normally expected of a Non-Executive Director may be paid special remuneration in addition to normal Directors' fees. Approval by the Chairman prior to undertaking such work is required before such special remuneration is paid.

The remuneration of Non-Executive Directors is detailed in the table on page 17.

### **Senior Executive Remuneration**

#### **Objective**

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company in order to:

- reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

#### **Structure**

In determining and assessing the appropriateness of the level and make-up of executive remuneration, the Remuneration and Appointments Committee considers, on a periodic basis, market levels of remuneration for comparable executive roles.

Remuneration consists of the following key elements:

- Fixed Remuneration
- Variable Remuneration
  - Short Term Incentive ("STI"); and
  - Long Term Incentive ("LTI").

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for senior executives by the Remuneration and Appointments Committee. The remuneration of senior executives is detailed in the table on page 17.

### **Fixed Remuneration**

#### **Objective**

The level of fixed remuneration is set so as to provide a base level of remuneration which is appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration and Appointments Committee and the process consists of a review of individual performance, relative comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices. The Committee has access to external advice independent of management.



## **Structure**

Senior executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and additional employer superannuation contributions. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

## **Variable Remuneration – Short Term Incentive (“STI”)**

### **Objective**

The objective of the STI program is to provide an incentive for senior executives to work together towards achievement of the Company's strategic objectives. The total potential STI available will be set at a level so as to provide sufficient incentive to senior executives to achieve operational targets, and such that the cost to the company is reasonable in the circumstances.

### **Structure**

STI payments granted to senior executives are based on the achievement of personal performance measures, which are reviewed, agreed and assessed annually by the Remuneration and Appointments Committee in conjunction with each senior executive. The individual performance of each executive will be assessed against their personal performance plan to determine the level of entitlement to a performance bonus.

The first STI payment was made during the financial year in the form of a cash bonus.

## **Variable Remuneration – Long Term Incentive (“LTI”)**

### **Objective**

The objective of the LTI plan is to reward senior executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

### **Structure**

LTI's are granted to executives in the form of options issued pursuant to the Company's employee option plan approved by shareholders at the Annual General Meeting on 25 November 1994. These options are issued at the discretion of the Remuneration and Appointments Committee and are issued for nil consideration. Due to the small number of staff the setting of relevant performance criteria and the assessment against such criteria is on an individual basis and depends on the particular circumstances of the Company and the individual. Details of the options are set out in the table on page 18.

## **Service Agreements**

The Company has entered into a Service Agreement with the CEO, Mr Colvin. The key terms of the Agreement, which does not have a fixed term, are summarised below:

- The Agreement sets out Mr Colvin's duties and responsibilities.
- Base salary of \$250,000 per annum to be reviewed annually.
- Discretionary performance remuneration to be determined annually, by the Board.
- Grant of 800,000 options on 1 September 2005, for nil consideration, at an exercise price of \$0.374, half of which are exercisable any time after 1 September 2006, and the balance at any time after 1 September 2007. The Board to discuss with Mr Colvin, by 1 September 2006, the grant of further options based on performance. All options will be issued under the rules of the Beaconsfield Gold NL Option Scheme.
- Mr Colvin may resign from his position and thus terminate the Agreement by giving not less than three months' written notice.
- The Company may terminate the Service Agreement by providing three months' prior written notice and making a payment of:
  - (1) three months' base remuneration; plus
  - (2) two weeks' base remuneration for each completed year of continuous service (pro-rata for part-completed year).
- The Company may terminate the Agreement at any time without notice if serious misconduct has occurred.

# Directors' Report

## Year Ended 30 June, 2007



### Remuneration of Directors and Executives

		Short Term		Post Employment	Share Based Payments	Total		
		Salary and Fees	Cash Bonus	Superannuation (3)	Value of Options and Partly Paid Shares		Equity Compensation Value (5)	Performance Related Remuneration (6)
		\$	\$	\$	\$	\$	%	%
<b>Directors</b>								
<b>D E Clarke</b>								
<b>2007</b>	<b>- Directors' fees (4)</b>	-	-	<b>77,500</b>	-	<b>77,500</b>	-	-
2006	- Directors' fees	-	-	70,000	63,000	133,000	47	47
<b>M W Trumbull</b>								
<b>2007</b>	<b>- Directors' fees</b>	<b>27,523</b>	-	<b>12,477</b>	-	<b>40,000</b>	-	-
	<b>- Extra services (1)</b>	<b>36,829</b>	-	<b>72,790</b>	-	<b>109,619</b>	-	-
2006	- Directors' fees	32,110	-	7,890	-	40,000	-	-
	- Extra services (1)	54,540	-	4,909	-	59,449	-	-
<b>W Tsingos (2)</b>								
<b>2007</b>	<b>- Directors' fees</b>	<b>40,000</b>	-	-	-	<b>40,000</b>	-	-
2006	- Directors' fees	40,000	-	-	29,200	69,200	42	42
<b>K J Perrin</b>								
<b>2007</b>	<b>- Directors' fees (4)</b>	-	-	<b>50,000</b>	-	<b>50,000</b>	-	-
2006	- Directors' fees	13,321	-	2,429	-	15,750	-	-
<b>B G Noonan (resigned Feb '06)</b>								
<b>2006</b>	<b>- Directors' fees</b>	<b>26,976</b>	-	<b>2,428</b>	-	<b>29,404</b>	-	-
<b>Sub-total - 2007</b>		<b>104,352</b>	-	<b>212,767</b>	-	<b>317,119</b>		
Sub-total - 2006		166,947	-	87,656	92,200	346,803		
<b>Executives</b>								
<b>W T Colvin</b>								
<b>2007</b>		<b>254,259</b>	<b>50,000</b>	<b>21,551</b>	<b>85,394</b>	<b>411,204</b>	<b>21</b>	<b>33</b>
2006		215,539	-	10,825	55,483	281,847	20	20
<b>B D Coulter</b>								
<b>2007</b>		<b>108,734</b>	-	<b>108,000</b>	<b>6,606</b>	<b>223,340</b>	<b>3</b>	<b>3</b>
2006		114,753	-	99,923	-	214,676	-	-
<b>Sub-total - 2007</b>		<b>362,993</b>	<b>50,000</b>	<b>129,551</b>	<b>92,000</b>	<b>634,544</b>		
Sub-total - 2006		330,292	-	110,748	55,483	496,523		
<b>TOTAL - 2007</b>		<b>467,345</b>	<b>50,000</b>	<b>342,318</b>	<b>92,000</b>	<b>951,663</b>		
TOTAL - 2006		497,239	-	198,404	147,683	843,326		

#### Notes:

- (1) The Constitution provides that any Director who is called upon to perform services for the Company over and above that normally expected of a Non-Executive Director may be paid special remuneration in addition to normal Directors' fees. Approval by the Chairman is required before such special remuneration is paid.
- (2) W Tsingos' fees were paid to Ramon Cove Pty Ltd.
- (3) The amounts disclosed as "superannuation" represents the payments made directly to superannuation funds as directed by the director or executive.
- (4) D E Clarke and K J Perrin are Directors of Allstate Explorations NL. Included in post employment superannuation are their director's fees received from Allstate Explorations NL post 30 April 2007 of \$7,500 and \$5,000 respectively.
- (5) Represents the value of options and partly paid shares included in remuneration as a percentage of total remuneration.
- (6) Represents performance related remuneration as a percentage of total remuneration.





### Compensation options: Granted and vested during the year

On 5 April 2007 options were granted to the Chief Executive Officer, and Chief Financial Officer/Company Secretary pursuant to the Beaconsfield Gold NL Option Scheme, as equity compensation benefits under the long-term incentive plan. The options were issued for nil consideration. Each option entitles the holder to subscribe for one fully paid ordinary share in the entity at an exercise price of \$0.34 per share. No options have been granted to the Non-Executive Directors under this scheme.

The terms of the options are as follows:

1. The options vest as to 50% on the first anniversary of issue and the balance on the second anniversary of issue.
2. All options issued must be exercised within 5 years after their date of issue.
3. Options can be exercised at any time after vesting and before their expiry. Termination of employment triggers expiry of the options.
4. The options are only transferable with prior approval of the Board.

Terms & Conditions for each Grant								
30 June 2007	Vested Number	Granted Number	Grant Date Note (1)	Fair Value per option at grant date (\$)	Exercise price per option (\$)	Expiry Date	First Exercise Date	Last Exercise Date
<b>Executives</b>								
W.T. Colvin	-	400,000	5 Apr 2007	0.1370	0.34	1 Sep 2011	1 Sep 2007	1 Sep 2011
W.T. Colvin	-	400,000	5 Apr 2007	0.1457	0.34	1 Sep 2011	1 Sep 2008	1 Sep 2011
B.D. Coulter	-	125,000	5 Apr 2007	0.1460	0.34	5 Apr 2012	5 Apr 2008	5 Apr 2012
B.D. Coulter	-	125,000	5 Apr 2007	0.1566	0.34	5 Apr 2012	5 Apr 2009	5 Apr 2012
	-	1,050,000						

Terms & Conditions for each Grant								
30 June 2006	Vested Number	Granted Number	Grant Date	Fair Value per option at grant date (\$)	Exercise price per option (\$)	Expiry Date	First Exercise Date	Last Exercise Date
<b>Executives</b>								
W.T. Colvin	400,000	400,000	1 Sep 2005	0.113	0.374	30 Aug 2010	1 Sep 2006	30 Aug 2010
W.T. Colvin	-	400,000	1 Sep 2005	0.1103	0.374	30 Aug 2010	1 Sep 2007	30 Aug 2010
	400,000	800,000						

(1) Options granted to Mr Colvin on 5 April 2007 have an effective date of 1 September 2006 for the purpose of determining exercise and expiry dates.

The fair value of the equity-settled options is estimated as at the date of grant using a binomial model taking into account the above terms and conditions.

The following lists the inputs to the model used to value the options.

	2007	2006
Dividend yield %	-	8.086
Expected volatility %	52.00	50.00
Risk-free interest rate %		
- options vesting 1 September 2007	6.11	-
- options vesting 1 September 2008	6.11	-
- options vesting 5 April 2008	6.11	-
- options vesting 5 April 2009	6.11	-
- options vesting 1 September 2006	-	5.00
- options vesting 1 September 2007	-	5.015
Expected life of option (years)		
- options vesting 1 September 2007	3.27	-
- options vesting 1 September 2008	3.54	-
- options vesting 5 April 2008	3.75	-
- options vesting 5 April 2009	4.10	-
- options vesting 1 September 2006	-	4.10
- options vesting 1 September 2007	-	4.40
Option exercise price (\$)	0.34	0.374
Weighted average share price at grant date (\$)	0.34	0.371



The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns. The expected volatility reflects the assumption that the historical volatility is indicative of future trends which may also not necessarily be the actual outcome.

## **CORPORATE GOVERNANCE**

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Beaconsfield Gold NL support and, except as disclosed, have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the following section of this annual report.

## **ENVIRONMENTAL REGULATION**

The Consolidated Entity's mining operations and exploration activities are subject to particular and significant environmental regulation. Mining licences and exploration permits are in place at all mining operations and for all exploration activities. These licences and permits set out the environmental requirements for the BMJV at the Beaconsfield Mine and for exploration.

Mr A Martin, as Manager of the Beaconsfield Mine, and senior management of the BMJV, have operational responsibility for the management and reporting systems that are in place for all of the entity's mining operations and review compliance with State and Federal regulatory requirements for the entity's mining and exploration activities adjacent to the Beaconsfield Mine.

The principal environmental requirements affecting the entity are contained in the Development Proposal and Environmental Management Plan ("DP&EMP") governing the Beaconsfield Mine operations. Important obligations imposed by the DP&EMP regulate the effects of mine dewatering and water disposal, noise emissions from mining, construction and transport operations, tailings disposal, dangerous goods management, reconciliation of development with surrounding land uses, and the impact on areas of vegetation and regional conservation significance.

Appropriate environmental management systems, with reporting to the Beaconsfield Gold Chief Executive Officer and Board of Directors, are in place to comply with the requirements of these environmental regulations. There were no significant incidents of non-compliance during the financial year.

## **AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES**

A copy of the Auditor's Independence declaration as required under section 370C of the Corporations Act 2001 is attached to this report. During the year, additional accounting advice, other assurance related services and tax compliance and advice services were provided by Ernst & Young (auditor of the Company) – refer note 32 to the consolidated financial statements. The Directors are satisfied that the provision of these services did not impair the auditor's independence.

## **ROUNDING**

The amounts contained in this report and in the 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, dated 10 July 1998 (amended by ASIC 05/641) and issued pursuant to section 341(1) of the Corporations Act 2001. The Company is an entity to which the Class Order applies.

This report is signed in accordance with a resolution of the Directors.

**D.E. Clarke**  
Director

28 September 2007  
Melbourne



■ Ernst & Young Building  
8 Exhibition Street  
Melbourne VIC 3000  
Australia

■ Tel 61 3 9288 8000  
Fax 61 3 8650 7777

GPO Box 67  
Melbourne VIC 3001

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

In relation to our audit of the financial report of Beaconsfield Gold NL for the financial year ended 30 June 2007, 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

28 September 2007

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Professional Standards Legislation



The Board of Directors of Beaconsfield Gold NL is responsible for the corporate governance of the Consolidated Entity. The Board guides and monitors the business and affairs of Beaconsfield Gold NL on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board has established and progressively implemented corporate governance policies adopted to reflect the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Recommendations"). The Board considers that the Company complies with most of the requirements in the ASX Recommendations. Specific instances where a different approach is necessary because of the nature and circumstances of the Company are discussed in this part of the Annual Report.

For further information on corporate governance policies adopted by Beaconsfield Gold NL, refer to our website:

[www.beaconsfieldgold.com.au](http://www.beaconsfieldgold.com.au)

## **Board of Directors**

The skills, experience and expertise relevant to the position of director held by each Director in office at the date of this report are included in the Directors' Report on pages 10 to 11.

Since the 2003 AGM, on appointment to the Board, each Director receives a letter of appointment which sets out the key terms and conditions of appointment.

There are procedures in place, agreed by the Board, to enable directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

## **Independence of Directors**

While the Board may declare that a director is independent in respect of particular matters or subjects, in accordance with ASX Corporate Governance Council Principles a director is only to be designated as independent for all purposes if the director is a non-executive director and:

- (a) is not a substantial shareholder (as defined by the *Corporations Act 2001* (Cth)) or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (b) within the last 3 years has not been employed in an executive capacity by the Company or any subsidiary or by a company that at the time was a substantial shareholder, or been a director of any of those entities after ceasing to hold any such employment;
- (c) within the last 3 years has not been a principal of a material professional adviser or a material consultant or an employee materially associated with the service provided. A director who does not qualify as independent for this reason may be declared by the Board to be independent in all matters other than matters relating to professional advice so provided;
- (d) is not a material supplier, or an officer of, or otherwise associated directly or indirectly with, a material supplier;
- (e) has no contractual relationship with the Company that is material to the Company or its director other than as a director of the Company;
- (f) has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
- (g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

A director will not be deemed to lack independence merely because his/her appointment has been recommended by a substantial shareholder, providing the director is not otherwise associated with the substantial shareholder.

In general the Board will not contract services from an entity where a director will derive a material personal benefit unless there is a formal provision within the entity for direction and performance of the services otherwise than by the director.

Denis Clarke, Kevin Perrin and William Tsingos are independent Directors.

## **Board Committees**

The Board has constituted several committees to support effective corporate governance. These committees are advisory and do not exercise any powers of the Board unless a delegation is given on a specific matter.

### **Audit and Risk Management Committee**

The principal functions of this committee are to assist the Board of Directors:

- In its review of Beaconsfield Gold's financial reporting principles and policies, controls and procedures;
- In its review of the integrity of Beaconsfield Gold's financial statements, their independent audit and the Company's compliance with legal and regulatory requirements; and
- With the effective discharge of the Board's responsibilities for risk management.

The Audit and Risk Management Committee consists of an Independent Chair, Kevin Perrin, and the Company Chairman, Denis Clarke.





For the financial year 2007, Mr. Perrin and Mr. Clarke are regarded by the Board as independent members of the committee. All members of the committee are financially literate and the Chair, Mr. Perrin, has extensive financial experience. Refer to pages 10 to 11 of the Directors' Report for full details of qualifications and experience.

For details on the number of meetings of the Audit and Risk Management Committee held during the year and the number attended by each member, refer to page 14 of the Directors' Report.

The Company's external auditor, Ernst & Young, has held that position for many years. The Audit and Risk Management Committee will be responsible for nominating future external auditors. The Committee has noted and will accept the external auditors' procedure that no engagement partner will serve longer than five years.

The Charter of the Committee is set out on the Company's website.

## **Remuneration and Appointments Committee**

The role of the Remuneration and Appointments Committee is to:

- Identify individuals qualified to become Board Members;
- Recommend individuals to the Board for nomination as members of the Board and its Committees;
- Ensure the performance of the members of the Board is reviewed;
- Review and recommend to the Board for approval policies for compensation programs;
- Review and make recommendations to the Board in respect of compensation of staff reporting to the Managing Director or Chief Executive Officer ("CEO");
- Consider recommendations to be made to shareholders on Directors' remuneration; and
- Consider the appointment, performance and remuneration of the Managing Director/CEO.

The Committee consists of Denis Clarke (Chairman of the Committee), Mike Trumbull and William Tsingos.

For details on the number of meetings of the Remuneration and Appointments Committee held during the year and the number attended by each member, refer to page 14 of the Directors' Report.

## **Other Committees**

The Board may constitute committees to consider specific operational matters as circumstances require.

## **Board Charter**

The Board has adopted a Charter stating its purpose and role, its powers, and specific responsibilities. This Charter is published on the website of the Company.

The Board Charter contemplates that the Board will operate by delegation of responsibility to the Managing Director/CEO while reserving appropriate powers to itself. In accordance with the Charter, the Board has given a general authorisation to the Managing Director/CEO together with a detailed statement of policies to be applied by the Managing Director/CEO and a statement of Ethics and Share Trading Policy and reserved Board powers.

## **Codes of Conduct**

The Company has established a Director's Code of Conduct, a Code of Ethics for Company officers, and a Share Trading Policy. Each of these documents is available on the Company's website.

## **Continuous Disclosure Policy**

The Company's Continuous Disclosure Policy is set out on the Company's website.

## **Beaconsfield Gold Shareholder Communication Arrangements**

The aim of Beaconsfield Gold's communication arrangements is to provide shareholders with information about their Company and enable them to exercise their rights as shareholders in an informed manner. Beaconsfield Gold also recognises that people other than shareholders, such as potential investors and the community associated with the Beaconsfield Gold Mine, may have an interest in information about the Company.

The Beaconsfield Gold website ([www.beaconsfieldgold.com.au](http://www.beaconsfieldgold.com.au)) is an important part of the Company's communication arrangements. Beaconsfield Gold includes on its website a range of information relevant to shareholders and others concerning the operation of the Company. In the section marked "Announcements", Beaconsfield Gold promptly makes available copies of all substantive announcements given to ASX.

The website includes:



- Copies of public presentations;
- Copies of quarterly reports;
- Copies of annual and half year financial reports;
- Tenement schedule;
- Share price data; and
- Brokers' recommendations.

The "Announcements" section of the website will include the full text of notices of meeting and explanatory material.

Investors may arrange with the Company Secretary to register to receive by email the latest Beaconsfield Gold substantive announcements to ASX soon after they are made.

## **Recognition and Management of Risk**

The Board has embarked on a process of identification of risk and its management, engaging a professional consultant to advise. The Company's risk management policies will be continuously developed and modified to meet emerging circumstances. A general summary of the Company's risk management policy is set out on the Company's website.

## **Board Performance Evaluation**

The Company's policy on Board performance evaluation is set out in a statement on the Company's website. The Board has not yet undertaken a formal evaluation of its performance.

## **Non-Executive Director Remuneration Policy**

Shareholders may approve an issue of equity securities to any Director, whether executive or non executive.

The Board may recommend specific proposals to shareholders having regard to the principles of aligning interests of Directors with those of shareholders and preservation of the cash resources of the Company.

The Company will adhere to Recommendation 9.3 of ASX Recommendations. Consequently, if approved by shareholders Non Executive Directors may receive part of their remuneration in the form of shares, whether fully or partly paid. More specifically, Non-Executive Directors may be remunerated in part by issuing partly paid shares at a subscription price of 1 cent per share paid by the Director.

Options and bonus payments will not be granted to Non Executive Directors.

Non-Executive Directors are not provided with retirement benefits other than statutory superannuation.

Equity issues approved by shareholders may be in addition to any cash remuneration approved by shareholders, but shares will not be issued to Non-Executive Directors at a discount to market price unless the value discount forms part of the total cash fees approved by shareholders.

The current approved cash remuneration for Non-Executive Directors of \$200,000 was approved by shareholders at the Annual General Meeting on 14 November 2005.

Fair and reasonable remuneration for Non Executive Directors will have regard to the responsibility and reputational risk of the office of Director in the light of rapidly increasing expectations in defined standards of corporate governance and new company legislation.

Remuneration will compensate Directors for particular roles of the Director on the board, such as chair or committee member, as well as preparation for and contribution to full board meetings, but the chair of a Board Committee will normally receive an additional share of cash remuneration to recognise additional responsibility inherent in that office.

Remuneration of Non Executive Directors recognises collegial effort and is not based on individually measured performance. The Company recognises that it may not have the resources to support Non Executive Directors available to companies with a larger corporate headquarters, and that the resulting additional personal responsibility should be taken into account in setting remuneration.

# Income Statement

## Year Ended 30 June, 2007



	Notes	Consolidated		Beaconsfield Gold NL	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Revenue</b>	3(a)	<b>3,815</b>	24,580	<b>820</b>	9,727
Care and maintenance, mine reopening expenses and production costs		<b>(13,535)</b>	(21,231)	<b>(4,319)</b>	(8,402)
Depreciation and amortisation expenses	3(f)	<b>(375)</b>	(4,506)	<b>(88)</b>	(1,770)
Exploration costs written off	11	<b>(153)</b>	(619)	<b>(67)</b>	(619)
Finance costs	3(b)	<b>(1,133)</b>	(441)	<b>(494)</b>	(173)
Other expenses	3(c)	<b>(3,499)</b>	(2,795)	<b>(864)</b>	(1,107)
Other income	3(d)	<b>1,789</b>	18	<b>585</b>	8
Net derivative gains/(losses)	3(e)	<b>3,751</b>	(8,509)	<b>686</b>	(3,368)
<b>Loss before income tax expense</b>		<b>(9,340)</b>	(13,503)	<b>(3,741)</b>	(5,704)
<b>Income tax expense</b>	4	<b>(226)</b>	(787)	<b>(226)</b>	(311)
<b>Loss after income tax</b>		<b>(9,566)</b>	(14,290)	<b>(3,967)</b>	<b>(6,015)</b>
Attributable to:					
Members of the parent entity		<b>(9,537)</b>	(14,290)		
Minority interests		<b>(29)</b>	-		
		<b>(9,566)</b>	(14,290)		
Basic earnings per share (cents per share)	27	<b>(4.62)</b>	(9.17)		
Diluted earnings per share (cents per share)	27	<b>(4.62)</b>	(9.17)		
Unfranked dividends per share	33	<b>Nil</b>	Nil		

The above income statement should be read in conjunction with the accompanying notes.

# Balance Sheet

As at 30 June, 2007



	Notes	Consolidated		Beaconsfield Gold NL	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash	34(b)	11,788	8,144	7,202	8,144
Trade & other receivables	5	1,854	2,784	17,812	1,433
Inventories	6	3,220	909	618	360
<b>Total Current Assets</b>		<b>16,862</b>	<b>11,837</b>	<b>25,632</b>	<b>9,937</b>
<b>Non-Current Assets</b>					
Financial assets	7	945	-	945	-
Investment in subsidiaries	8	-	-	1,868	-
Property, plant & equipment	10	27,367	14,614	5,913	5,799
Exploration, evaluation & development	11	15,656	4,601	1,712	1,472
Intangible asset	12	1,891	-	-	-
Other	13	474	259	188	171
<b>Total Non-Current Assets</b>		<b>46,333</b>	<b>19,474</b>	<b>10,626</b>	<b>7,442</b>
<b>TOTAL ASSETS</b>		<b>63,195</b>	<b>31,311</b>	<b>36,258</b>	<b>17,379</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade & other payables	14	12,323	2,655	5,576	2,905
Interest-bearing loans & borrowings	15	816	416	157	165
Provisions	16	1,896	962	394	393
Derivatives	23(c)	6,449	6,556	438	2,595
Other	17	701	-	74	-
<b>Total Current Liabilities</b>		<b>22,185</b>	<b>10,589</b>	<b>6,639</b>	<b>6,058</b>
<b>Non-Current Liabilities</b>					
Payables	14	2,123	228	-	8
Interest-bearing loans & borrowings	18	3,700	319	3,657	126
Provisions	19	5,560	2,059	1,012	760
Deferred tax liability	4	2,118	-	-	-
Other	17	991	-	190	-
<b>Total Non-Current Liabilities</b>		<b>14,492</b>	<b>2,606</b>	<b>4,859</b>	<b>894</b>
<b>TOTAL LIABILITIES</b>		<b>36,677</b>	<b>13,195</b>	<b>11,498</b>	<b>6,952</b>
<b>NET ASSETS</b>		<b>26,518</b>	<b>18,116</b>	<b>24,760</b>	<b>10,427</b>
<b>EQUITY</b>					
Share capital	20	106,397	88,343	106,397	88,343
Accumulated losses		(85,268)	(70,375)	(82,031)	(78,064)
Reserves	21	5,425	148	394	148
Parent entity interest		26,554	18,116	24,760	10,427
Minority interest	22	(36)	-	-	-
<b>TOTAL EQUITY</b>		<b>26,518</b>	<b>18,116</b>	<b>24,760</b>	<b>10,427</b>

The above balance sheet should be read in conjunction with the accompanying notes.

# Statement of Cash Flows

## Year Ended 30 June, 2007



	Notes	Consolidated		Beaconsfield Gold NL	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>					
Receipts from gold & silver sales & BBR claim		2,059	31,107	674	9,816
Receipt of government grant		3,408	-	901	
Payments to suppliers and employees		(19,894)	(29,261)	(6,491)	(9,207)
Net Cash Flows from/(used in) Operating Activities	34	(14,427)	1,846	(4,916)	609
<b>Cash Flows from Investing Activities</b>					
Interest received		513	398	186	158
Repayments of loans to controlled entities		-	-	(12,144)	(684)
Proceeds from sale of fixed assets		261	-	103	-
Acquisition of subsidiary	36(b)	2,511	-	(538)	-
Costs incurred on acquisition of subsidiary	36(b)	(323)	-	(323)	-
Purchase of available-for-sale financial asset		(945)	-	(945)	-
Loan to Allstate group pre-acquisition		(2,483)	-	(2,483)	-
Purchase of Macquarie debt		(700)	-	(700)	-
Purchase of plant & equipment		(822)	(1,481)	(168)	(302)
Mine development & exploration expenditure		(992)	(1,010)	(327)	(403)
Net Cash Flows (used in) Investing Activities		(2,980)	(2,093)	(17,339)	(1,231)
<b>Cash Flows from Financing Activities</b>					
Proceeds from convertible notes		4,080	-	4,080	-
Proceeds from issue of shares		18,538	7,438	18,538	7,438
Interest paid		(25)	(11)	(25)	(4)
Other finance costs		(326)		(326)	-
Payments of dividends		-	(2,298)	-	(2,298)
Payment of share issue costs		(778)	-	(778)	-
Repayment of lease principal		(535)	(609)	(176)	(241)
Proceeds from indemnity for Allstate Group relating to pre acquisition activities		97	-	-	-
Net Cash Flows from/(used in) Financing Activities		21,051	4,520	21,313	4,895
Net Increase/(Decrease) in Cash		3,644	4,273	(942)	4,273
Cash at Beginning of the Financial Period		8,144	3,871	8,144	3,871
<b>Cash at End of the Financial Period</b>	34	<b>11,788</b>	<b>8,144</b>	<b>7,202</b>	<b>8,144</b>

The above statement of cash flows should be read in conjunction with the accompanying notes



# Statement of Changes in Equity

## Year Ended 30 June, 2007



CONSOLIDATED	Issued Capital \$'000	Accumulated Losses \$'000	Other Reserves \$'000	Attributable to Members of the parent \$'000	Minority Interest \$'000	Total Equity \$'000
<b>As at 1 July 2005</b>	80,825	(53,787)	(535)	26,503	-	26,503
Issue of share capital	7,688	-	-	7,688	-	7,688
Transaction costs	(170)	-	-	(170)	-	(170)
Dividend paid	-	(2,298)	-	(2,298)	-	(2,298)
Share based payments	-	-	148	148	-	148
Deferred loss on cash flow hedges **	-	-	(8,888)	(8,888)	-	(8,888)
Losses on cash flow hedges transferred to Income Statement as part of Sales **	-	-	1,879	1,879	-	1,879
Deferred loss on cash flow hedges transferred to Income Statement on cessation of hedge accounting **	-	-	7,544	7,544	-	7,544
<b>Total income and expense for the period recognised directly in equity</b>	7,518	(2,298)	683	5,903	-	5,903
Loss for the period	-	(14,290)	-	(14,290)	-	(14,290)
<b>Total income and expense for the period</b>	7,518	(16,588)	683	(8,387)	-	(8,387)
<b>As at 1 July 2006</b>	88,343	(70,375)	148	18,116	-	18,116
Issue of share capital	18,538	-	-	18,538	-	18,538
Transaction costs **	(484)	-	-	(484)	-	(484)
Acquisition of ALX Group	-	(5,356)	5,344	(12)	(7)	(19)
Put option over Minority Interest	-	-	(313)	(313)	-	(313)
Value of conversion rights for convertible notes **	-	-	154	154	-	154
Share based payments	-	-	92	92	-	92
<b>Total income and expense for the period recognised directly in equity</b>	18,054	(5,356)	5,277	17,975	(7)	17,968
Loss for the period	-	(9,537)	-	(9,537)	(29)	(9,566)
<b>Total income and expense for the period</b>	18,054	(14,893)	5,277	8,438	(36)	8,402
<b>As at 30 June 2007</b>	<b>106,397</b>	<b>(85,268)</b>	<b>5,425</b>	<b>26,554</b>	<b>(36)</b>	<b>26,518</b>

\*\*These amounts have been tax-effected

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

## Year Ended 30 June, 2007



BEACONSFIELD GOLD NL	Issued Capital \$'000	Accumulated Losses \$'000	Other Reserves \$'000	Total Equity \$'000
<b>As at 1 July 2005</b>	80,825	(69,751)	(211)	10,863
Issue of share capital	7,688	-	-	7,688
Transaction costs	(170)	-	-	(170)
Dividend paid	-	(2,298)	-	(2,298)
Share based payments	-	-	148	148
Deferred loss on cash flow hedges **	-	-	(3,518)	(3,518)
Losses on cash flow hedges transferred to Income Statement as part of Sales **	-	-	744	744
Deferred loss on cash flow hedges transferred to Income Statement on cessation of hedge accounting **	-	-	2,985	2,985
<b>Total income and expense for the period recognised directly in equity</b>	7,518	(2,298)	359	5,579
Loss for the period	-	(6,015)	-	(6,015)
<b>Total income and expense for the period</b>	7,518	(8,313)	359	(436)
<b>As at 1 July 2006</b>	88,343	(78,064)	148	10,427
Issue of share capital	18,538	-	-	18,538
Transaction costs **	(484)	-	-	(484)
Value of conversion rights for convertible notes **	-	-	154	154
Share based payments	-	-	92	92
<b>Total income and expense for the period recognised directly in equity</b>	18,054	-	246	18,300
Loss for the period	-	(3,967)	-	(3,967)
<b>Total income and expense for the period</b>	18,054	(3,967)	246	14,333
<b>As at 30 June 2007</b>	<b>106,397</b>	<b>(82,031)</b>	<b>394</b>	<b>24,760</b>

\*\*These amounts have been tax-effected

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

## Year Ended 30 June, 2007



### 1 CORPORATE INFORMATION

The financial report of Beaconsfield Gold NL ("the Company") for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the directors on 28 September 2007.

Beaconsfield Gold NL is a no liability company incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The registered office of Beaconsfield Gold NL is Level 7, Exchange Tower, 530 Little Collins Street, Melbourne, Victoria, 3000, Australia. The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

The financial report has also been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars.

#### (b) Statement of compliance

The following standards, amendments to standards and interpretations have been identified as those which may impact the Consolidated Entity in the period of initial application. They have been issued but are not yet effective and are available for early adoption at 30 June 2007, but have not been applied in preparing this financial report.

AASB Amendment	Affected Standard(s)	Nature of change to accounting policy	Application date of standard	Application date for Group
2005-10	AASB 132: <i>Financial Instruments: Disclosure and Presentation</i> , AASB 101: <i>Presentation of Financial Statements</i> , AASB 114: <i>Segment Reporting</i> , AASB 117: <i>Leases</i> , AASB 133: <i>Earnings per Share</i> , AASB 139: <i>Financial Instruments: Recognition and Measurement</i> , AASB 1: <i>First-time adoption of AIFRS</i> , AASB 4: <i>Insurance Contracts</i> , AASB 1023: <i>General Insurance Contracts</i> and AASB 1038: <i>Life Insurance Contracts</i> .	Amending standard issued as consequence of AASB 7 <i>Financial Instruments: Disclosures</i> .  No change to accounting policy required. Therefore no impact.	1 January 2007	1 July 2007
New standard	AASB 7: <i>Financial Instruments: Disclosures</i>	No change to accounting policy required. The impact on disclosures is yet to be determined.	1 January 2007	1 July 2007
New Standard	AASB 8 <i>Operating Segments</i>	New standard replacing AASB 114 <i>Segment Reporting</i> , which adopts a management approach to segment reporting. The implications of this standard have not yet been fully assessed – therefore have not yet determined the impact.	1 January 2009	1 July 2009
2007-1	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2 <i>Share based payment</i> ]	Amending standard issued as a consequence of AASB Interpretation 11 AASB 2 – <i>Group and Treasury Share Transactions</i> .  This is consistent with the Group's existing accounting policies for share-based payments, so the standard is not expected to have any impact on the Group's financial report.	1 March 2007	1 July 2007



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) Statement of compliance (continued)

2007-3	AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> , AASB 6 <i>Exploration for and evaluation of Mineral Resources</i> , AASB 102 <i>Inventories</i> , AASB 107 <i>Cash Flow Statements</i> , AASB 119 <i>Employee Benefits</i> , AASB 127 <i>Consolidated and Separate Financial Statements</i> , AASB 134 <i>Interim Financial Reporting</i> , AASB 136 <i>Impairment of Assets</i> , AASB 1023 <i>General Insurance Contracts</i> and AASB 1038 <i>Life Insurance Contracts</i> .	Amending standard issued as a consequence of AASB 8 <i>Operating Segments</i> .  No change to accounting policy required. Therefore no impact is expected.	1 January 2009	1 July 2009
2007-4	AASB 107 <i>Cash Flow Statements</i> , AASB 120 <i>Accounting for Government Grants &amp; Disclosure of Assistance</i> , AASB 131 <i>Interests in Joint Ventures</i> , AASB 112 <i>Income Taxes</i> , AASB 127 <i>Consolidated and Separate Financial Statements</i> .	No change to accounting policy required. Therefore no impact is expected.	1 January 2009	1 July 2009
2007-6	Amendments to Australian Accounting Standards arising from AASB 123 <i>Borrowing Costs</i> [AASB 1 <i>First-time Adoption of AIFRS</i> , AASB 101 <i>Presentation of Financial Statements</i> , AASB 107 <i>Cash Flow Statements</i> , AASB 111 <i>Construction Contracts</i> , AASB 116 <i>Property, Plant &amp; Equipment</i> , AASB 138 <i>Intangible assets</i> and Interpretations 1 & 12]	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.  The Group's current policy is consistent with this, therefore no change.	1 January 2009	1 July 2009
2007-7	Amendments to Australian Accounting Standards [AASB 1 <i>First-time Adoption of AIFRS</i> , AASB 2 <i>Share based payment</i> , AASB 4 <i>Insurance Contracts</i> , AASB 5 <i>Non-Current Assets held for sale and Discontinued Operations</i> , AASB 107 <i>Cash Flow Statements</i> & AASB 128 <i>Investments in Associates</i> ]	The amendments are minor and do not affect the recognition, measurement or disclosure requirements of the standards. Therefore the amendments are not expected to have any impact on the Group's financial report.	1 July 2007	1 July 2007
Amended standard	AASB 123 <i>Borrowing Costs</i>	Refer to 2007-6 above. No impact on Group's financial report.	1 January 2009	1 July 2009
Interpretation 11	AASB Interpretation 11 <i>Group and Treasury Share Transactions</i>	Refer to AASB 2007-1 above.	1 March 2007	1 July 2007

### (c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Beaconsfield Gold NL and its subsidiaries as at 30 June each year (the "Consolidated Entity").

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.



## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **(c) Basis of consolidation (continued)**

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Minority interests not held by the Consolidated Entity are allocated their share of net profit after tax in the income statement and are presented within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Investments in controlled entities are recorded in the financial statements of the Company at the lower of cost and recoverable amount.

### **(d) Critical accounting estimates, judgements and assumptions**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Consolidated Entity makes assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### **(i) Mine rehabilitation provision**

The Consolidated Entity assesses its mine rehabilitation yearly in accordance with the accounting policy note stated in note 2(q). Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine sites. Factors that will affect this liability include future development, changes in technology, price increases and changes in interest rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

#### **(ii) Unit-of-production method of depreciation**

The Consolidated Entity uses the unit-of-production basis when depreciating life of mine specific assets which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves and resources of the mine property at which it is located. These calculations require the use of estimates and assumptions.

#### **(iii) Impairment of non-financial assets**

The Consolidated Entity reviews all assets half-yearly to determine whether there is any indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is the higher of the fair value less costs to sell and value in use calculated in accordance with accounting policy note 2(s). The value in use calculations require the use of estimates and assumptions such as discount rates, commodity prices, future operating development and sustaining capital requirements and operating performance (including the magnitude and timing of related cash flows). In assessing value in use, the estimated future cash flows are discounted to their present value using asset-specific pre-tax discount rates.

#### **(iv) Share-based payment transactions**

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of equity instrument at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, using the assumptions detailed on page 18 of the Remuneration Report contained within the Directors' Report.

#### **(v) Capitalisation of exploration and evaluation costs**

The Consolidated Entity's accounting policy for exploration and evaluation is set out in note 2(q). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves will be found. Any such estimates and assumptions may change as new information becomes available.

#### **(vi) Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences where management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Refer note 2(n).

#### **(vii) Ore Reserve Estimates**

The Consolidated Entity estimates its ore reserves and mineral resources based on information compiled by Competent Persons as defined in accordance with the Australasian code for reporting Exploration Results, Mineral Resources and Ore Reserves of December 2004 ('JORC code'). The estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves estimates can impact the carrying value of property, plant and equipment, provision for rehabilitation obligations, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the Income Statement.





## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) 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. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods.

#### **Interest income**

Revenue is recognised as interest accrues using the effective interest method.

### (f) Leases

Finance leases, which transfer to the Consolidated Entity 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.

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

### (g) 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.

### (h) Trade and other receivables

Trade and other receivables are recognised and carried at amount due less an allowance for any uncollectible amount.

An allowance for uncollectible amounts is made where there is objective evidence that the Consolidated Entity will not be able to collect debts. Bad debts are written off when identified.

### (i) 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.

No account is taken for any gold residue residing in plant and equipment (e.g. pumps). Gold in circuit is accounted for as appropriate.

### (j) Derivative financial instruments and hedging

The Consolidated Entity uses derivative financial instruments to hedge its risks associated with future gold prices. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to the income statement for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For the purposes of hedge accounting, hedges are classified as:

- fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or
- cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction;

A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

At the inception of a hedge relationship, the Consolidated Entity formally designates and documents the hedge relationship to which the Consolidated Entity wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (j) Derivative financial instruments and hedging (continued)

how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

#### (i) Fair value hedges

The Consolidated Entity does not have any fair value hedges.

#### (ii) Cash flow hedges

Cash flow hedges are hedges of the Consolidated Entity's exposure to variability in cash flows that is attributable to a particular risk associated with a highly probable forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the income statement.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when a forecast sale occurs.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the income statement.

### (k) Derecognition of financial assets and financial liabilities

#### (i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Consolidated Entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Consolidated Entity has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Consolidated Entity has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Consolidated Entity's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Consolidated Entity could be required to repay.

#### (ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

### (l) Impairment of financial assets

The Consolidated Entity assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

#### (i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (l) Impairment of financial assets (continued)

#### (ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because fair value cannot be reliably measured) the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

#### (iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in the income statement.

### (m) 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.

### (n) 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 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.

### (o) 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.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (p) 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 3.5 years from 30 June 2007 (2006: 3.5 years).

Refer note 2 (s) for the accounting policy relating to the impairment of assets.

### (q) 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 cost of the company.

### (r) Investments and other financial assets

Financial assets in the scope of AASB 139: Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Consolidated Entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Consolidated Entity commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

#### *(i) Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the income statement.

#### *(ii) Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Consolidated Entity has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (r) Investments and other financial assets (continued)

This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

#### (iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

#### (iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

### (s) Impairment of non-financial assets

The Consolidated Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Consolidated Entity makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the assets or cash-generating unit is considered impaired and is written down to its recoverable amount.

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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### (t) Goodwill

Goodwill acquired in a business combination is initially recognised at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Consolidated Entity's cash generating unit ("CGU") that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Consolidated Entity are assigned to that unit. The unit to which the goodwill is so allocated:

- represents the lowest level within the Consolidated Entity at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Consolidated Entity's primary or secondary reporting format determined in accordance with AASB 114 *Segment Reporting*.

For the Consolidated Entity's purposes, goodwill is allocated to the Beaconsfield Mine Joint Venture CGU, as it is the CGU that will benefit from the synergies of the combination.





## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **(t) Goodwill (continued)**

Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. When the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised. Impairment losses recognised for goodwill are not subsequently reversed.

### **(u) Trade and other payables**

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services.

### **(v) Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Convertible notes issued are considered to have a liability component and an equity component, with the liability component representing the issuer's obligation to pay interest and potentially to redeem the bond in cash, and the equity component representing the holder's right to call for shares of the issuer. On issuance of convertible notes, the fair value of the liability component is determined using a market rate for an equivalent debt instrument without the conversion feature, and this amount is carried as a financial liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. Interest charged on the liability component of the instrument is recognised as a finance cost in the income statement.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

### **(w) Non-interest-bearing borrowings**

All borrowings are initially recognised at the fair value of consideration received.

A specified amount of advances made to Allstate by its banker under the terms of an indemnity agreement has a repayment schedule based on a dollar amount per ounce of gold production from the Beaconsfield mine. Production-based repayments are recognised at fair value, but only to the extent that they are supported by recoverable mine reserves. Repayments that will not be made based on current reserves are not recognised, but instead are disclosed as contingent liabilities.

### **(x) Contributed equity**

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

### **(y) 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 in the income statement on a net basis in their respective categories.

### **(z) Share-based payment transactions**

#### ***Equity-settled Transactions***

The Consolidated Entity provides benefits to employees (including key management personnel) of the Consolidated Entity in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The current plan in place providing these benefits is the Beaconsfield Gold NL Option Scheme, approved by shareholders at the Annual General Meeting on 25 November 1994, which provides benefits to senior executives.



## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **(z) Share-based payment transactions (continued)**

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, detailed on page 18 of the Remuneration Report contained within the Directors' Report.

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').

#### **(aa) Earnings per share**

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element. Where the basic EPS is a loss per share, dilution will only occur where the potential dilutive shares would increase the loss per share.

#### **(ab) Borrowing costs**

The expenses incurred to establish the Commonwealth Bank Facility were capitalised and were amortised over the period to the first review date on 31 December 2006. All other borrowing costs are expensed as incurred.

#### **(ac) Government grants**

Government grants are recognized when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. They are not credited directly to shareholders equity.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the life of the related asset (being the decline development asset) on a unit-of-production basis.

#### **(ad) Business combinations**

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

# Notes to the Financial Statements

## Year Ended 30 June, 2007



	<b>Consolidated</b>		<b>Beaconsfield Gold NL</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>3 REVENUES AND EXPENSES</b>				
Loss before income tax includes the following revenues, income and expenses whose disclosure is relevant in explaining the performance of the consolidated entity				
<b>(a) Revenue</b>				
Revenue from sale of gold & silver	<b>3,256</b>	24,228	<b>618</b>	9,588
Interest received	<b>559</b>	352	<b>202</b>	139
	<b>3,815</b>	24,580	<b>820</b>	9,727
<b>(b) Finance costs</b>				
Interest expenses	<b>146</b>	21	<b>146</b>	8
Borrowing expenses	<b>149</b>	175	<b>96</b>	69
Unwind of rehabilitation provision discount	<b>838</b>	245	<b>252</b>	96
	<b>1,133</b>	441	<b>494</b>	173
<b>(c) Other Expenses</b>				
Royalties	<b>45</b>	399	<b>11</b>	158
Administration	<b>3,362</b>	2,248	<b>761</b>	801
Share-based payments	<b>92</b>	148	<b>92</b>	148
	<b>3,499</b>	2,795	<b>864</b>	1,107
<b>(d) Other income</b>				
Proceeds from Beaconsfield Community Grant Fund	<b>1,304</b>	-	<b>513</b>	-
Profit on sale of fixed assets	<b>141</b>	-	<b>56</b>	-
Loan forgiven	<b>330</b>	-	<b>11</b>	-
Other	<b>14</b>	18	<b>5</b>	8
	<b>1,789</b>	18	<b>585</b>	8
<b>(e) Net derivative gains/(losses)</b>				
Loss on close out of gold forward sales contracts during the year	<b>(3,366)</b>	(1,953)	<b>(1,332)</b>	(773)
Movement gain/(loss) in fair value of ineffective gold forward sales contracts maturing after year end	<b>7,117</b>	(6,556)	<b>2,018</b>	(2,595)
	<b>3,751</b>	(8,509)	<b>686</b>	(3,368)
<b>(f) Depreciation and amortisation</b>				
Depreciation				
Buildings	<b>6</b>	63	<b>1</b>	25
Mining plant and equipment	<b>229</b>	2,959	<b>57</b>	1,172
Plant and equipment under lease	<b>18</b>	235	<b>4</b>	93
	<b>253</b>	3,257	<b>62</b>	1,290
Amortisation				
Exploration, evaluation and development costs	<b>122</b>	1,249	<b>26</b>	480
	<b>375</b>	4,506	<b>88</b>	1,770

# Notes to the Financial Statements

## Year Ended 30 June, 2007



	<b>Consolidated</b>		<b>Beaconsfield Gold NL</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000

#### 4 INCOME TAX

The major components of income tax expense/benefit are:

Current income tax expense	-	-	-	-
Deferred income tax expense/(benefit)	<b>226</b>	787	<b>226</b>	311
Income tax expense/(benefit) as reported in the income statement	<b>226</b>	787	<b>226</b>	311
Income tax expense/(benefit) as reported in equity	<b>(226)</b>	-	<b>(226)</b>	-

A reconciliation before tax expense/(benefit) and the product of accounting profit before income tax multiplied by the Consolidated Entity's applicable income tax rate is as follows:

Accounting profit/(loss) before income tax	<b>(9,340)</b>	(13,503)	<b>(3,741)</b>	(5,704)
Prima facie income tax expense/(benefit) calculated at 30% (2006 - 30%)	<b>(2,802)</b>	(4,051)	<b>(1,122)</b>	(1,711)
Non-deductible items	<b>99</b>	47	<b>29</b>	46
Share transaction cost deduction	<b>(104)</b>	(58)	<b>(104)</b>	(58)
Deferred tax assets not recognised	<b>2,807</b>	4,062	<b>1,197</b>	1,723
Origination of temporary differences	<b>226</b>	-	<b>226</b>	-
Reversal of deferred tax assets	-	787	-	311
Income tax expense/(benefit) reported in the income statement	<b>226</b>	787	<b>226</b>	311

#### Deferred Income Tax

Deferred income tax at 30 June relates to the following:

##### Deferred tax assets

Derivatives	<b>1,935</b>	1,967	<b>333</b>	778
Provisions	<b>2,237</b>	906	<b>431</b>	346
Other	<b>309</b>	182	<b>282</b>	182
Carry forward revenue losses	<b>763</b>	-	-	-
	<b>5,244</b>	3,055	<b>1,046</b>	1,306

##### Deferred tax assets not recognised

Derivatives	<b>(709)</b>	(1,511)	<b>(47)</b>	(758)
Other	-	(51)	-	(51)

**Net deferred tax assets not recognised** **(709)** (1,562) **(47)** (809)

**TOTAL DEFERRED TAX ASSETS** **4,535** 1,493 **999** 497

##### Deferred tax liabilities

Accelerated depreciation for tax purposes	<b>5,687</b>	(1,483)	<b>931</b>	(487)
Other	<b>966</b>	(10)	<b>68</b>	(10)

**TOTAL DEFERRED TAX LIABILITIES** **6,653** (1,493) **999** (497)

**NET DEFERRED TAX LIABILITIES** **2,118** - **-** -

#### Tax Losses

##### Revenue Losses

Deferred tax assets for unused revenue losses not recognised

- Beaconsfield Gold	<b>13,824</b>	9,811	<b>4,370</b>	2,405
- Allstate Explorations	<b>11,574</b>	-	-	-
	<b>25,398</b>	9,811	<b>4,370</b>	2,405

The deferred tax assets and carry forward revenue losses not recognised have not been brought to account as it is not currently considered probable that future taxable income will be available against which they can be utilised.

##### Capital Losses

Deferred tax assets for unused capital losses not recognised

- Beaconsfield Gold	-	-	-	-
- Allstate Explorations	<b>18,977</b>	-	-	-
	<b>18,977</b>	-	-	-

No deferred tax asset is recognised on the balance sheet for the above capital losses. The capital losses arose in Australia and are available indefinitely for offset against future capital gains of a similar nature subject to continuing to meet relevant statutory tests.

#### Tax Consolidation

The Consolidated Entity is not consolidated for the purposes of income taxation.

# Notes to the Financial Statements

## Year Ended 30 June, 2007



	<b>Consolidated</b>		<b>Beaconsfield Gold NL</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>5 TRADE AND OTHER RECEIVABLES</b>				
Share of joint venture receivables (i)	<b>1,257</b>	2,234	<b>241</b>	883
GST receivable	<b>440</b>	14	<b>162</b>	14
Interest receivable (ii)	<b>59</b>	34	<b>59</b>	34
Receivable from gold sales (iii)	-	481	-	481
Prepayments	<b>53</b>	21	<b>53</b>	21
Other	<b>45</b>	-	<b>2</b>	-
Macquarie Debt – receivable from Allstate Explorations NL (iv)	-	-	<b>2,850</b>	-
Related party receivables – subsidiaries (v)	-	-	<b>14,445</b>	-
	<b>1,854</b>	2,784	<b>17,812</b>	1,433

(i) For the 2007 year this balance predominately related to grant receipts outstanding at 30 June 2007 from the Beaconsfield Community Fund. These were received in July and August 2007. For the 2006 year the balance also included Joint Venture cash. This has been reclassified to, and included as part of, cash from the date control was obtained over the Beaconsfield Mine Joint Venture, through Beaconsfield Gold's acquisition of a controlling interest in the Allstate Group on 30 April 2007.

Other receivables are generally collected on 30-90 day terms and are non-interest-bearing.

(ii) Interest receivable represents interest due at 30 June 2007 from the Company's bankers but not received until July 2007.

(iii) Proceeds from a gold shipment dated 28 June 2006 were not received until July 2006.

(iv) This receivable relates to the purchase from Macquarie Bank of a debt owing by the Allstate Group to Macquarie Bank, with a face value of \$48.000 million, for \$2.850 million. This amount is non-interest bearing and is payable on demand.

(v) Refer related party note 26(d).

### 6. INVENTORIES

Raw materials at cost	<b>1,805</b>	755	<b>347</b>	299
Gold in circuit at cost	-	154	-	61
	<b>1,805</b>	909	<b>347</b>	360
Run of mine at net realisable value	<b>252</b>	-	<b>48</b>	-
Gold in circuit at net realisable value	<b>1,163</b>	-	<b>225</b>	-
	<b>3,220</b>	909	<b>618</b>	360



# Notes to the Financial Statements

## Year Ended 30 June, 2007



	<b>Consolidated</b>		<b>Beaconsfield Gold NL</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000

### 7 FINANCIAL ASSETS

Shares listed on a Stock Exchange – at market value	<b>945</b>	-	<b>945</b>	-
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In May 2007 Beaconsfield Gold took a placement of 10.5 million fully paid ordinary shares in Panaegis Gold Mines Limited (ASX: PAU), at 9 cents per share, equal to 15% of Panaegis' issued shares before the placement.

Panaegis, which listed on the ASX in June 2006 at 20 cents per share, is focusing on sediment-hosted, sulphide-associated, finely disseminated gold deposits in central Victoria.

### 8 INTEREST IN SUBSIDIARIES

	<b>Country of Incorporation</b>	<b>Class of shares</b>	<b>% Held by Beaconsfield Gold NL</b>		<b>Investment carrying value</b>	
			<b>2007 %</b>	2006 %	<b>2007 \$</b>	2006 \$
The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in note 2 (c).						
Allstate Explorations NL	Australia	Ordinary	84.67(a)	-	1,868	-
Beaconsfield Gold Mines Pty. Ltd.	Australia	Ordinary	100.00(b)	100.00	-	-
Beaconsfield Operations Pty. Ltd.	Australia	Ordinary	100.00(b)	100.00	-	-
Beaconsfield Tasmania Pty. Ltd.	Australia	Ordinary	100.00(c)	100.00	-	-
Allstate Prospecting Pty. Ltd.	Australia	Ordinary	84.67(c)	-	-	-
ACN 070 164 653 Pty. Ltd.	Australia	Ordinary	84.67(c)	-	-	-
Mojixi Pty. Ltd.	Australia	Ordinary	84.67(c)	-	-	-

(a) As Allstate Explorations NL remains a listed entity, it will be required to prepare and lodge consolidated financial statements for the Allstate consolidated group as at 30 June 2007.

(b) These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to note 37.

(c) These subsidiaries do not require audited accounts for the current year as they are small proprietary limited companies.

# Notes to the Financial Statements

## Year Ended 30 June, 2007



	<b>Consolidated</b>		<b>Beaconsfield Gold NL</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000

### 9 INTEREST IN JOINT VENTURE OPERATION

The Consolidated Entity has a 100% (2006: 48.49%) interest in the assets, liabilities and output of a joint venture operation, called the Beaconsfield Mine Joint Venture ("BMJV"), for the exploration and development of a gold mine in Tasmania and production of gold from the mine. The parent entity has a 19.19% (2006: 19.19%) interest in the BMJV.

The interest in the joint venture is included in the financial statements as follows:

#### CURRENT ASSETS

Cash**	<b>5,571</b>	-	<b>1,069</b>	-
Trade & other receivables**	<b>1,257</b>	2,234	<b>241</b>	883
Inventories	<b>3,220</b>	909	<b>618</b>	360
<b>TOTAL CURRENT ASSETS</b>	<b>10,048</b>	3,143	<b>1,928</b>	1,243

#### NON-CURRENT ASSETS

Property, plant and equipment (owned & leased)	<b>27,345</b>	14,590	<b>5,889</b>	5,774
Exploration, evaluation and development	<b>14,683</b>	3,834	<b>1,712</b>	1,472
Security deposit	<b>336</b>	146	<b>65</b>	58
<b>TOTAL NON-CURRENT ASSETS</b>	<b>42,364</b>	18,570	<b>7,666</b>	7,304
<b>TOTAL ASSETS</b>	<b>52,412</b>	21,713	<b>9,594</b>	8,547

#### CURRENT LIABILITIES

Trade and other payables	<b>2,832</b>	1,477	<b>547</b>	550
Interest-bearing loans and borrowings	<b>816</b>	416	<b>156</b>	165
Provisions	<b>1,859</b>	942	<b>357</b>	373
Other	<b>388</b>	-	<b>74</b>	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,895</b>	2,835	<b>1,134</b>	1,088

#### NON-CURRENT LIABILITIES

Interest-bearing loans and borrowings	<b>53</b>	319	<b>10</b>	126
Provisions	<b>5,560</b>	2,059	<b>1,012</b>	760
Payables	-	228	-	8
Other	<b>991</b>	-	<b>190</b>	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>6,604</b>	2,606	<b>1,212</b>	894
<b>TOTAL LIABILITIES</b>	<b>12,499</b>	5,441	<b>2,346</b>	1,982
<b>NET ASSETS</b>	<b>39,913</b>	16,272	<b>7,248</b>	6,565

Commitments and contingencies in relation to the BMJV are disclosed in notes 24 and 25 respectively.

\*\* Joint venture cash in the 2006 year was classified as trade and other receivables. However, as a result of obtaining control over the joint venture via the takeover of the Allstate group by Beaconsfield Gold NL (and hence it's 51.51% share of the BMJV) from 30 April 2007, this amount is now considered as part of the cash of the group.

# Notes to the Financial Statements

## Year Ended 30 June, 2007



	Land & Buildings \$'000	Mining Plant & Equipment \$'000	Plant & Equipment Under Lease \$'000	Total \$'000
<b>10 PROPERTY, PLANT &amp; EQUIPMENT</b>				
<b>CONSOLIDATED</b>				
<b>At 1 July 2005</b>				
Cost	417	29,833	928	31,178
Accumulated depreciation	(177)	(16,708)	(240)	(17,125)
Net carrying amount	240	13,125	688	14,053
<b>Year ended 30 June 2006</b>				
At 1 July 2005, net of accumulated depreciation	240	13,125	688	14,053
Additions	101	910	808	1,819
Transfer of assets from exploration, evaluation and development costs	-	1,999	-	1,999
Transfer of assets (from)/to leased assets and mining plant and equipment	-	426	(426)	-
Depreciation charge for the year	(63)	(2,959)	(235)	(3,257)
At 30 June 2006, net of accumulated depreciation	278	13,501	835	14,614
<b>At 30 June 2006</b>				
Cost	518	33,168	1,310	34,996
Accumulated depreciation	(240)	(19,667)	(475)	(20,382)
Net carrying amount	278	13,501	835	14,614
<b>Year ended 30 June 2007</b>				
At 1 July 2006, net of accumulated depreciation	278	13,501	835	14,614
Additions	-	215	131	346
Additions - Acquisition of subsidiary	289	10,869	1,016	12,174
Transfer of assets from exploration, evaluation and development costs	-	605	-	605
Disposals	-	(119)	-	(119)
Depreciation charge for the year	(6)	(229)	(18)	(253)
At 30 June 2007, net of accumulated depreciation	561	24,842	1,964	27,367
<b>At 30 June 2007</b>				
Cost	807	44,317	2,457	47,581
Accumulated depreciation	(246)	(19,475)	(493)	(20,214)
Net carrying amount	561	24,842	1,964	27,367

# Notes to the Financial Statements

## Year Ended 30 June, 2007



	Land & Buildings \$'000	Mining Plant & Equipment \$'000	Plant & Equipment Under Lease \$'000	Total \$'000
<b>10 PROPERTY, PLANT &amp; EQUIPMENT (continued)</b>				
<b>BEACONSFIELD GOLD NL</b>				
<b>At 1 July 2005</b>				
Cost	165	11,822	367	12,354
Accumulated depreciation	(70)	(6,615)	(95)	(6,780)
Net carrying amount	95	5,207	272	5,574
<b>Year ended 30 June 2006</b>				
At 1 July 2005, net of accumulated depreciation	95	5,207	272	5,574
Additions	40	364	320	724
Transfer of assets from exploration, evaluation and development costs	-	791	-	791
Transfer of assets (from)/to leased assets and mining plant and equipment	-	168	(168)	-
Depreciation charge for the year	(25)	(1,172)	(93)	(1,290)
At 30 June 2006, net of accumulated depreciation	110	5,358	331	5,799
<b>At 30 June 2006</b>				
Cost	205	13,145	519	13,869
Accumulated depreciation	(95)	(7,787)	(188)	(8,070)
Net carrying amount	110	5,358	331	5,799
<b>Year ended 30 June 2007</b>				
At 1 July 2006, net of accumulated depreciation	110	5,358	331	5,799
Additions	-	55	52	107
Disposals	-	(47)	-	(47)
Transfer of assets from exploration, evaluation and development costs	-	116	-	116
Depreciation charge for the year	(1)	(57)	(4)	(62)
At 30 June 2007, net of accumulated depreciation	109	5,425	379	5,913
<b>At 30 June 2007</b>				
Cost	205	13,103	571	13,879
Accumulated depreciation	(96)	(7,678)	(192)	(7,966)
Net carrying amount	109	5,425	379	5,913

### (a) Security

A mortgage held by the Commonwealth Bank of Australia is secured by a fixed and floating charge over the assets of Beaconsfield Gold and its controlled entities (excluding the Allstate group).

Mortgages held by Macquarie Bank Limited are secured by fixed and floating charges over the assets of Allstate Explorations NL and its controlled entities.

### (b) Leased Assets

Assets under lease are pledged as security for the associated lease liabilities.

# Notes to the Financial Statements

## Year Ended 30 June, 2007



	Consolidated \$'000	Beaconsfield Gold NL \$'000
<b>11 EXPLORATION, EVALUATION &amp; DEVELOPMENT COSTS</b>		
<b>At 1 July 2005</b>		
Cost	19,677	7,718
Accumulated amortisation	(13,132)	(5,055)
Net carrying amount	6,545	2,663
<b>Year ended 30 June 2006</b>		
At 1 July 2005, net of accumulated amortisation	6,545	2,663
Additions	1,923	699
Transfer to mining plant and equipment	(1,999)	(791)
Exploration costs written off	(619)	(619)
Amortisation charge for the year	(1,249)	(480)
At 30 June 2006, net of accumulated amortisation	4,601	1,472
<b>At 30 June 2006</b>		
Cost	18,982	7,007
Accumulated amortisation	(14,381)	(5,535)
Net carrying amount	4,601	1,472
<b>Year ended 30 June 2007</b>		
At 1 July 2006, net of accumulated amortisation	4,601	1,472
Additions	1,558	449
Additions - Acquisitions of subsidiary	10,377	-
Transfer to mining plant and equipment	(605)	(116)
Exploration costs written off	(153)	(67)
Amortisation charge for the year	(122)	(26)
At 30 June 2007, net of accumulated amortisation	15,656	1,712
<b>At 30 June 2007</b>		
Cost	30,159	7,273
Accumulated amortisation	(14,503)	(5,561)
Net carrying amount	15,656	1,712
Net carrying amount represented by:		
BMJV interest	14,683	1,712
Consolidated Entity Tenements		
- Stavelly, Victoria*	973	-
	15,656	1,712

\* Tenements in Stavelly, Victoria are owned by Beaconsfield Gold Mines Pty. Ltd

	Consolidated		Beaconsfield Gold NL	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<b>12 INTANGIBLE ASSET</b>				
Goodwill	1,891	-	-	-

(i) This represents the Goodwill on acquisition of subsidiary (Refer note 36)

# Notes to the Financial Statements

## Year Ended 30 June, 2007



	<b>Consolidated</b>		<b>Beaconsfield Gold NL</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>13 OTHER NON-CURRENT ASSETS</b>				
Security deposits (i)	<b>474</b>	172	<b>188</b>	84
Deferred borrowing costs (ii)	-	320	-	320
Accumulated amortisation	-	(233)	-	(233)
	<b>474</b>	259	<b>188</b>	171

(i) Security deposits include a mine rehabilitation bond of \$0.336 million and other deposits. The mine rehabilitation bond is interest bearing.

(ii) This represents the costs incurred to establish the Commonwealth Bank of Australia banking facilities. Costs were amortised until the first review date being 31 December 2006. No further costs have been incurred subsequent to 31 December 2006.

### 14 TRADE AND OTHER PAYABLES

#### Current

Trade payables (i)	<b>2,833</b>	1,375	<b>547</b>	546
Due to former Allstate shareholders re takeover (ii)	<b>918</b>	-	<b>918</b>	-
Due to Allstate's banker re acquisition of debt (iii)	<b>2,150</b>	-	<b>2,150</b>	-
Amounts paid under indemnity by Allstate's banker (pre acquisition activities) (iv)	<b>4,076</b>	-	-	-
Sundry creditors and accruals (v)	<b>2,346</b>	1,178	<b>1,744</b>	1,178
Government loan (vi)	-	102	-	3
Related party payable - subsidiaries (vii)	-	-	<b>217</b>	1,178
	<b>12,323</b>	2,655	<b>5,576</b>	2,905

#### Non-Current

Government loan (vi)	-	228	-	8
Amounts paid under indemnity by Allstate's banker (pre acquisition) (iv)	<b>2,123</b>	-	-	-
	<b>2,123</b>	228	-	8

(i) This is the Consolidated Entity's share of the joint venture trade creditors. They are non-interest-bearing and normally settled in 30-60 days.

(ii) This is the balance owing to former Allstate Explorations NL shareholders, comprising:

- Deferred payment of 2.5 cents per fully-paid share to Newmont; and
- Full payment of 4.0 cents per fully paid share and 0.1 cents per partly paid share to minority shareholders who had accepted the takeover offer by 30 June 2007.

(iii) This balance represents the amount owing for the acquisition of the Macquarie Debt. The total amount paid for this debt was \$2.850 million (refer note 5). \$0.700 million was paid immediately, with this remaining amount to be paid when the mine has hoisted 40,000 tonnes of ore from commencement of mining and all mining restrictions have been lifted.

(iv) Allstate Banker

Under the terms of an agreement with Allstate's banker, the agreement being a pre-requisite of terminating the Allstate Deeds of Company Arrangement and consolidating ownership of the Beaconsfield Gold Mine, Allstate agreed to repay advances paid to it in accordance with an indemnity agreement and guarantee.

An agreed amount will be repaid at a fixed dollar amount per ounce of gold produced from the Beaconsfield Mine after 27 February 2007, with no payment required for the first 20,000 ounces.

The current liability includes the amount payable to 30 June 2008 at the fixed amount per ounce based on forecast production.

The non-current portion is the fair value of amounts payable at the fixed amount per ounce after 30 June 2008, based on production projections and present recoverable reserves. The excess not supported by reserves is disclosed as a contingent liability (refer note 25(a)).

(v) Sundry creditors and accruals are non-interest-bearing and normally settled within 30-60 days.

(vi) This loan has been forgiven by the Tasmanian State Government.

(vii) Refer related party note 26(d).

Information regarding the effective interest rate and credit risk of current payables is set out in note 23(b) and (d).



# Notes to the Financial Statements

## Year Ended 30 June, 2007



	<b>Consolidated</b>		<b>Beaconsfield Gold NL</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>15 INTEREST BEARING LOANS &amp; BORROWINGS (Current)</b>				
Lease liability (refer note 24)	<b>816</b>	416	<b>157</b>	165

### 16 PROVISIONS (Current)

Employee benefits – Joint Venture	<b>1,859</b>	942	<b>357</b>	373
Employee benefits – Other	<b>37</b>	20	<b>37</b>	20
	<b>1,896</b>	962	<b>394</b>	393

### 17 OTHER LIABILITIES

#### Current

Deferred income (i)	<b>388</b>	-	<b>74</b>	-
Put Options – Minority Interests (ii)	<b>313</b>	-	-	-
	<b>701</b>	-	<b>74</b>	-

#### Non current

Deferred income (i)	<b>991</b>	-	<b>190</b>	-
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- (i) Deferred income relates to the proceeds from the Beaconsfield Community Fund specifically for decline expenditure. This will be recognised as income over the life of the mine on a unit-of-production basis.
- (ii) This represents the potential liability of Beaconsfield Gold NL to all minority shareholders of Allstate Explorations NL who, on 30 June 2007, had not accepted the off-market takeover offer made on 11 June 2007. The takeover was completed on 12 July 2007, and this potential liability became an actual liability of \$0.115 million, of which \$0.072 million was deferred under the terms of the takeover offer.

### 18 INTEREST BEARING LOANS & BORROWINGS (Non-Current)

Lease liability (refer note 24)	<b>53</b>	319	<b>10</b>	126
Convertible notes (i)	<b>3,647</b>	-	<b>3,647</b>	-
	<b>3,700</b>	319	<b>3,657</b>	126

- (i) Convertible notes are unsecured. Principal terms are:
- Interest of 6.0% per annum, payable each six months in arrears until conversion or redemption;
  - Beaconsfield Gold must redeem the notes in full on 12 February 2009 unless the notes have been converted; and
  - Notes can be converted at any time during their life.

### 19 PROVISIONS (Non-Current)

Rehabilitation	<b>5,560</b>	2,059	<b>1,012</b>	760
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- (a) A provision for rehabilitation is recognised in relation to the restoration of the Hart Shaft Collar Area, the mine dewatering system and other costs associated with the rehabilitation of the mine site. The provision represents the net present value of the estimated cost of restoring the mine site.

The annual increase in the provision relating to the change in the net present value of the provision and inflationary increases are accounted for in finance costs.

- (b) Movements in rehabilitation provision.

Carrying amount at beginning	<b>2,059</b>	1,814	<b>760</b>	664
Additions – Acquisition of subsidiary	<b>2,663</b>	-	-	-
Discount rate adjustment and unwind of discount	<b>838</b>	245	<b>252</b>	96
Carrying amount at end	<b>5,560</b>	2,059	<b>1,012</b>	760

# Notes to the Financial Statements

## Year Ended 30 June, 2007



	<b>Consolidated</b>		<b>Beaconsfield Gold NL</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>20 CONTRIBUTED EQUITY</b>				
Ordinary shares – listed (i)	<b>106,379</b>	88,325	<b>106,379</b>	88,325
Partly-paid shares – unlisted (ii)	<b>18</b>	18	<b>18</b>	18
	<b>106,397</b>	88,343	<b>106,397</b>	88,343

(i) Ordinary Shares				
Issued and fully paid	<b>106,379</b>	88,325	<b>106,379</b>	88,325

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Parent does not have authorised capital or par value in respect of its issued shares.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

### Movement in ordinary shares on issue

	<b>Thousands</b>	<b>\$'000</b>
At 1 July 2005	153,021	80,819
Issued during the year		
– Conversion of convertible notes	667	200
– Conversion of partly-paid	200	70
– Options exercised	6,500	1,836
– Issue to “Sophisticated Investors” – Placement 30 June 2006	24,000	5,520
– Other	206	50
Transaction costs	-	(170)
At 1 July 2006	184,594	88,325
– Issued to “Sophisticated Investors”		
• Placement 24 November 2006	27,600	6,348
• Placement 2 April 2007	14,250	4,845
• Placement 22 May 2007	14,400	5,184
– Share Purchase Plan	6,356	2,161
Transactions costs (tax effected)	-	(484)
At 30 June 2007	247,200	106,379

	<b>Consolidated</b>		<b>Beaconsfield Gold NL</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
(ii) Partly Paid Shares				
Issued and paid to \$0.01	<b>18</b>	18	<b>18</b>	18

The partly paid shares on hand at year end have been paid to \$0.01. Transaction costs have been offset against the paid up amount. Partly paid shares carry no voting rights or rights to dividends or any other distributions while they remain partly paid, and are unlisted. Once fully paid they carry all rights of existing ordinary shares.

### Movement in partly paid shares on issue

	<b>Thousands</b>	<b>\$'000</b>
At 1 July 2005	2,050	6
Issued during the year	1,400	14
Proceeds from shares paid up	-	68
Less:		
Converted to ordinary shares	(200)	(70)
At 1 July 2006 and 30 June 2007	3,250	18

### BEACONSFIELD GOLD NL OPTION SCHEME

An option scheme has been established where executives, employees and consultants of the Consolidated Entity may be issued with options over the ordinary shares of Beaconsfield Gold NL. The options are issued for nil consideration. The options can only be transferred between executives, employees and consultants of the Consolidated Entity and are not quoted on the ASX. All executives, employees and consultants of the Consolidated Entity are eligible for this scheme.

During the year, 1,050,000 options were issued. Refer Remuneration Report within the Directors’ Report for further information.

# Notes to the Financial Statements

## Year Ended 30 June, 2007



	<b>Consolidated</b>		<b>Beaconsfield Gold NL</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>21 RESERVES</b>				
Share based payments (i)	<b>240</b>	148	<b>240</b>	148
Business Combination asset revaluation reserve (ii)	<b>5,344</b>	-	-	-
Put option over minority interest reserve (iii)	<b>(313)</b>	-	-	-
Value of conversion rights for convertible notes reserve (iv)	<b>154</b>	-	<b>154</b>	-
	<b>5,425</b>	148	<b>394</b>	148

- (i) The share based payments reserve is used to record the value of share based payments provided to key management personnel as part of their remuneration. Refer page 18 of the Remuneration Report contained in the Directors' Report.
- (ii) The business combination asset revaluation reserve represents Beaconsfield Gold's 25.62% share (its original ownership interest) of the movement in the net fair value of the Allstate group's net asset position between the date that Beaconsfield Gold first acquired the 25.62% interest and the date it obtained control of the group through the acquisition of the Newmont and other shares (30 April 2007).
- (iii) The put option over minority interest reserve recognises in equity the potential liability to minority shareholders of Allstate Explorations NL pursuant to the off-market takeover offer made by Beaconsfield Gold NL on 11 June 2007 who had not yet accepted the offer as at 30 June 2007. Refer note 17.
- (iv) The value of conversion rights for convertible notes reserve represents the initial value ascribed to the conversion feature embedded within the convertible notes issued during the year. It effectively represents the holder's right to call for shares of the issuer. Refer note 2(v) and note 18 for more information.

	<b>Consolidated</b>	
	<b>2007</b>	2006
	<b>\$'000</b>	\$'000
<b>22 MINORITY INTEREST</b>		
<b>Minority interest in Allstate Exploration NL comprises:</b>		
Interest in accumulated losses at the beginning of the year	-	-
Add: Share of accumulated losses at date of acquisition	<b>(15,303)</b>	-
Add: Interest in loss after income tax since acquisition	<b>(29)</b>	-
Interest in accumulated losses at the end of the financial year	<b>(15,332)</b>	-
Interest in Share Capital	<b>7,617</b>	-
Interest in Business Combination Asset Revaluation Reserve	<b>7,679</b>	-
<b>Total Minority Interest</b>	<b>(36)</b>	-

# Notes to the Financial Statements

## Year Ended 30 June, 2007



### 23 FINANCIAL INSTRUMENTS

The Consolidated Entity uses derivative financial instruments in the normal course of business for the purpose of economically hedging its future gold production and sales exposures. The derivative financial instruments used by the Consolidated Entity explained below are the position as at 30 June 2007.

#### (a) Financial assets and liabilities carried at fair value

The carrying amounts of financial assets and financial liabilities approximate their fair value.

#### (b) Credit risk exposure

The credit risk on financial assets of the Consolidated Entity is generally the carrying amount net of any provisions for doubtful debts. Credit exposure represents the extent of credit related losses that the Consolidated Entity may be subject to on amounts to be exchanged under the derivatives or to be received from financial assets. The notional amounts of derivatives are not a measure of this exposure. The Consolidated Entity, while exposed to credit related losses in the event of non-performance by counter parties to financial instruments, does not expect any counter parties to fail to meet their obligations given their high credit ratings.

#### (c) Forward gold sales

The Consolidated Entity may undertake forward hedging of gold by entering into forward sales of gold that guarantees a minimum sale price for gold. Such transactions are undertaken to enhance revenue and reduce exposure to unpredictable adverse fluctuations in gold prices.

As at 30 June 2007	Beaconsfield Gold	Allstate	Consolidated Entity
Ounces forward sold	10,613	37,169	47,242
Average price/ounce	A\$662	A\$632	A\$638
Mark to market value at spot price	\$(1.107) million	\$(5.342) million	\$(6.449) million
Spot price/ounce	A\$765	A\$765	A\$765
% of gold resources hedged			11
As at 30 June 2006	\$(6.556) million	-	\$(6.556) million

Prior to the temporary cessation of production in April 2006 the Consolidated Entity designated its gold forward sales contracts as cash flow hedges. Consequently, the movements in the fair value of those contracts were deferred in equity in the Cash Flow Hedge Reserve until the forecast sales transaction occurred – at which point the relevant portion of the amount deferred in equity was transferred to the Income Statement and taken into account when measuring revenue. Refer Statement of Changes in Equity on pages 27 and 28.

Since the April 2006 incident, whilst the Consolidated Entity still considers the gold forward sales contracts outstanding at 30 June 2007 as economically effective hedges, it has not designated these contracts as cash flow hedges in accordance with AASB 139: Financial Instruments: Recognition and Measurement as the strict criteria could not be met. Consequently, the movements in fair value are recognised directly in the Income Statement.

Beaconsfield Gold NL share of the mark to market value at 30 June 2007 was \$0.438 million (30 June 2006: \$2.595 million).

#### (d) Interest rate risk exposures

The Consolidated Entity is exposed to interest rate risk through primary financial assets and liabilities. The following table summarises interest rate risk for the Consolidated Entity, together with effective interest rates as at balance date.

	Fixed Interest Rate Maturing in				Weighted Average Interest Rate		
	Floating Interest Rate (\$'000)	1 Year or Less (\$'000)	Over 1 Year to 5 Years (\$'000)	Non- Interest Bearing (\$'000)	Total (\$'000)	Floating %	Fixed %
<b>CONSOLIDATED 2007</b>							
<b>Financial Assets</b>							
Cash assets	11,788	-	-	-	11,788	6.1	-
Receivables	-	-	-	1,854	1,854	-	-
Security deposit	336	-	-	138	474	5.8	-
Totals	12,124	-	-	1,992	14,116		
<b>Financial Liabilities</b>							
Payables	-	-	-	8,247	8,247	-	-
Lease commitments		816	53	-	869	-	7.8
Convertibles notes	-	-	3,647	-	3,647	-	6.0
Allstate banker indemnity	-	-	-	6,199	6,199	-	-
Totals	-	816	3,700	14,446	18,962		

Floating interest rates represent the year average rate applicable to the instrument.

# Notes to the Financial Statements

## Year Ended 30 June, 2007



### 23 FINANCIAL INSTRUMENTS (continued)

	Fixed Interest Rate Maturing in				Weighted Average Interest Rate		
	Floating Interest Rate (\$'000)	1 Year or Less (\$'000)	Over 1 Year to 5 Years (\$'000)	Non- Interest Bearing (\$'000)	Total (\$'000)	Floating %	Fixed %
<b>CONSOLIDATED 2006</b>							
<b>Financial Assets</b>							
Cash assets	8,144	-	-	-	8,144	5.3	-
Receivables	-	-	-	2,784	2,784	-	-
Security deposit	-	-	-	172	172	-	-
Totals	8,144	-	-	2,956	11,100		
<b>Financial Liabilities</b>							
Trade payables	-	-	-	2,553	2,553	-	-
Lease commitments	-	416	319	-	735	-	7.5
Government loans	-	-	-	330	330	-	-
Totals	-	416	319	2,883	3,618		
<b>BEACONSFIELD GOLD NL 2007</b>							
<b>Financial Assets</b>							
Cash assets	7,202	-	-	-	7,202	6.1	-
Receivables	-	-	-	517	517	-	-
Security deposit	64	-	-	124	188	5.8	-
Macquarie Debt	-	-	-	2,850	2,850	-	-
Intercompany receivables	-	-	-	14,445	14,445	-	-
Totals	7,266	-	-	17,936	25,202		
<b>Financial Liabilities</b>							
Payables	-	-	-	5,359	5,359	-	-
Intercompany payable	-	-	-	217	217	-	-
Lease commitments	-	157	10	-	167	-	7.8
Convertible notes	-	-	3,647	-	3,647	-	6.0
Totals		157	3,657	5,576	9,390		

Floating interest rates represent the year average rate applicable to the instrument.

### BEACONSFIELD GOLD NL 2006

<b>Financial Assets</b>							
Cash assets	8,144	-	-	-	8,144	5.3	-
Receivables	-	-	-	1,433	1,433	-	-
Security deposit	-	-	-	84	84	-	-
Totals	8,144	-	-	1,517	9,661		
<b>Financial Liabilities</b>							
Trade payables	-	-	-	1,724	1,724	-	-
Intercompany payable	-	-	-	1,178	1,178	-	-
Lease commitments	-	165	126	-	291	-	7.5
Government loans	-	-	-	11	11	-	-
Totals	-	165	126	2,913	3,204		

Floating interest rates represent the year average rate applicable to the instrument.

# Notes to the Financial Statements

## Year Ended 30 June, 2007



	<b>Consolidated</b>		<b>Beaconsfield Gold NL</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000

### 24 EXPENDITURE COMMITMENTS

#### Capital expenditure commitments

Estimated capital expenditure contracted for at reporting date, but not provided for, in relation to the Beaconsfield Mine Joint Venture:

Payable not later than one year	<b>273</b>	-	<b>52</b>	-
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#### Exploration expenditure commitments

Estimated exploration expenditure committed to date but not provided for:

Payable not later than one year:

- Beaconsfield Mine Joint Venture	-	61	-	24
- Other	<b>310</b>	290	<b>123</b>	81
	<b>310</b>	351	<b>123</b>	105

Exploration expenditure commitments greater than one year are not disclosed. These commitments will only arise if ownership and control of the tenements and leases are maintained.

#### Commitments in relation to finance leases are as follows:

Payable not later than one year	<b>849</b>	457	<b>163</b>	181
Later than one year but not later than five years	<b>54</b>	329	<b>10</b>	130
Minimum lease payments	<b>903</b>	786	<b>173</b>	311
Less: future finance charges	<b>(34)</b>	(51)	<b>(6)</b>	(20)
	<b>869</b>	735	<b>167</b>	291
Current lease liability (note 15)	<b>816</b>	416	<b>157</b>	165
Non-current lease liability (note 18)	<b>53</b>	319	<b>10</b>	126
	<b>869</b>	735	<b>167</b>	291

Lease liabilities are secured by the leased items of plant and equipment.

#### Commitments in relation to operating leases (non-cancellable)

Payable not later than one year	<b>62</b>	62	<b>62</b>	62
Later than one year but not later than five years	<b>5</b>	68	<b>5</b>	68
Aggregate lease expenditure contracted for at reporting date. This has not been provided for.	<b>67</b>	130	<b>67</b>	130

The operating lease is for premises at Level 7, Exchange Tower, 530 Little Collins Street, Melbourne, Vic., 3000.

### 25 CONTINGENCIES

#### (a) Contingent Liabilities

##### Interest – Former Banker

In accordance with Beaconsfield Gold's facility agreement with its former banker, the banker agreed to defer its claim for \$4 million of accrued interest, pending receipt of the Consolidated Entity's share of proceeds from the claims against BBR. The interest was only payable from proceeds received from the BBR claims, with 50% of Beaconsfield Gold's 48.49% share of proceeds from the BBR claims being applied towards payment of the \$4 million deferred interest until the deferred interest has been paid in full.

In June 2005 the BMJV participants and the professional indemnity insurer of BBR reached an in-principle settlement whereby the insurer paid \$13 million to the BMJV participants in May 2006.

Beaconsfield Gold's share of this settlement was \$6.304 million and under the terms of the Company's previous banking facility agreement, 50% of this amount (\$3.152 million) was paid to the former banker.

As a result of the settlement with BBR's professional indemnity insurer, the contingent liability relating to interest was \$0.848 million at 30 June 2007.





## **25 CONTINGENCIES (continued)**

### **(a) Contingent Liabilities (continued)**

#### ***Allstate Banker***

Under the terms of an agreement with Allstate's banker, the agreement being a pre-requisite of terminating the Allstate Deeds of Company Arrangement and consolidating ownership of the Beaconsfield Gold Mine, Allstate agreed to repay advances made to it by the banker.

An agreed amount will be repaid at a fixed A\$ per ounce of gold produced from the Beaconsfield Mine after 27 February 2007, with no payment required for the first 20,000 ounces.

Present recoverable reserves of the Beaconsfield Mine are insufficient to fully repay the advances. An amount of \$2.064 million will only be repaid if recoverable reserves are increased by approximately 200,000 ounces.

### **(b) Contingent Assets**

#### ***BBR Claims***

An arbitration award was made in favour of the BMJV participants (Beaconsfield Gold group now 100%) against ACN 005 585 795 Pty. Ltd. (formerly Brown & Root Engineering & Construction Pty. Ltd. ("BREC")) and Batepro Australia Pty. Ltd. ACN 009 006 777 ("BA") (together "the BBR Companies"). The arbitrator found BREC and BA to be jointly and severally liable to the BMJV participants for \$60.367 million, together with interest after 17 January 2004 at the rate of \$29,292 per week.

Subsequent to the arbitration award, liquidators were appointed to both BA and BREC. A number of Beaconsfield Gold group companies are continuing to deal with the liquidators of both BA and BREC with regard to the arbitration award. Legal avenues are being pursued with a view to further recovery of the balance of the arbitration award.

In June 2005 the BMJV participants and the professional indemnity insurer of the BBR Companies reached an in-principle settlement whereby the insurer agreed to pay \$13 million as full settlement of the insurer's exposure.

The Beaconsfield Gold group's 48.49% share of the \$13 million settlement (approximately \$6.304 million) was received in May 2006, and the BMJV claim against the BBR Companies has been reduced by \$13 million.

#### ***Claim Against Previous Legal Advisors of Allstate Explorations NL ("Allstate")***

A number of Beaconsfield Gold group companies are 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. The action is continuing.

#### ***Royalty Payments to Mineral Resources Tasmania ("MRT")***

On 20 December 2004, the Company submitted a claim to MRT alleging overpayment of profit-based royalty by the Beaconsfield Receiver and Manager, up to the date of his retirement on 12 March 2004.

The alleged overpayment arose mainly from an understatement of depreciation and amortisation expense in calculating profit for royalty, thereby overstating profit.

Profit royalty was accrued in full for the year ended 30 June 2004, but has not been accrued for the June 2005, June 2006 and June 2007 years. The Company continues to pay ad valorem royalty to MRT when it becomes due.

In April 2005 MRT formally rejected the Company's claim. The Company was successful in quashing the MRT decision to reject the Company's claim. Proceedings have commenced to recover the overpayment.

A positive outcome will result in the recognition of a receivable from MRT of approximately \$0.710 million and a write-back to profit of approximately \$1.095 million (comprising the reversal of the current accrual of \$0.385 million and the recognition of the \$0.710 million receivable).

#### ***Insurance Claim***

A number of Beaconsfield Gold group companies are pursuing a claim under their business interruption insurance policy following the 25 April 2006 incident and the temporary closure of the Beaconsfield Mine. The policy covers costs and loss of profits, has a one month excess and is capped at \$50 million.

To date, the insurer has refused to provide an indemnity in respect of loss resulting from the mine closure. As a result, on 14 May 2007, the Beaconsfield Gold group filed a claim in the Supreme Court of Victoria claiming damages of \$45.5 million arising from the insurer's refusal to provide indemnity in breach of the terms of the policy.

A preliminary trial to determine the proper construction of a clause in the policy that is considered key to the claim was conducted on 6 September 2007, and at the date of this report the decision of the trial judge was still pending.

# Notes to the Financial Statements

## Year Ended 30 June, 2007



### 26 RELATED PARTY DISCLOSURES

#### (a) Directors

The following persons held the position of Director of the company during all of the past financial year, unless otherwise stated:

D E Clarke	Non-Executive Chairman
M W Trumbull	Non-Executive Director
W Tsingos	Non-Executive Director
K J Perrin	Non-Executive Director

Transactions entered into during the year with the Directors of the Company and their Director related entities are within normal employee relationships, on terms and conditions no more favourable to those available to other employees.

#### (b) Transactions with related parties in the wholly owned group

During the year the parent entity advanced loans to (\$18.009 million) and received repayments from (\$2.603 million) entities within the wholly owned group on short term intercompany accounts.

These transactions were undertaken on an interest free basis.

#### (c) Ownership interests

The ownership interests in related parties in the wholly owned group are set out in note 8.

#### (d) Amounts due to and receivable from related parties in the wholly owned group

Refer note 5 for amounts owing to the parent entity from subsidiaries and note 14 for amounts payable by the parent to the subsidiaries. These amounts are on an interest free basis, repayable at call and are eliminated on consolidation.

#### (e) Ultimate controlling entity

The ultimate controlling entity of the Consolidated Entity is Beaconsfield Gold NL.

	2007	2006
<b>27 EARNINGS PER SHARE</b>		
Basic earnings/(loss) per share (cents)	(4.62)	(9.17)
Diluted earnings/(loss) per share (cents)	(4.62)	(9.17)
The following income and share data were used in the calculations of basic and diluted earnings/(loss) per share:		
	\$'000	\$'000
Net profit/(loss) after tax and minority interests used as the numerator:		
Basic and diluted earnings/(loss) per share	(9,537)	(14,290)
	No. of Shares ('000)	No. of Shares ('000)
Weighted average number of ordinary shares outstanding during the year used as the denominator in calculating:		
Basic and diluted earnings/(loss) per share	206,300	155,905

A loss was incurred for the 2007 and 2006 years, and the potential dilutive shares would not have increased the loss per share.

# Notes to the Financial Statements

## Year Ended 30 June, 2007



	<b>Consolidated</b>		<b>Beaconsfield Gold NL</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>28 EMPLOYEE BENEFITS</b>				
The aggregate employee benefit liability is comprised of:				
Accrued wages, salaries and on-costs	<b>186</b>	249	<b>122</b>	167
Provisions (current)	<b>1,896</b>	962	<b>394</b>	393
	<b>2,082</b>	1,211	<b>516</b>	560

### 29 SEGMENT INFORMATION

The Consolidated Entity operates within the gold mining industry in Australia. Its principal activity is to produce gold at the Beaconsfield Gold Mine through its participation in the Beaconsfield Mine Joint Venture.

### 30 FINANCIAL IMPACT OF APRIL 2006 ROCK FALL

The Consolidated Entity's 2007 financial results were severely impacted by the suspension of mining activity at the Beaconsfield Gold Mine on 25 April 2006 following a significant seismic event.

Since December 2006 the Mine has been progressively returning to production following the acceptance by Workplace Standards Tasmania ("WST") of the four Cases for Safety and resultant lifting of Sections 38 and 39 Notices (refer note 4 of Chief Executive Officer's Review of Results and Activities on page 5). A return to full production is anticipated by the end of calendar year 2007.

The 2007 financial report of the Company and the Consolidated Entity has been prepared on a going concern basis. Based on known reserves, and a realistic belief that those reserves will not be significantly reduced following the April 2006 incident, the Directors have determined that the carrying values of assets have not been impaired.

The Directors' confidence in a return to full production and profitable operations is based on a number of factors, the most significant being:

- Lifting of all Sections 38 and 39 Notices by WST, thereby allowing a return to underground operations in all areas of the mine;
- Successful recommissioning of the ore treatment plant in April 2007;
- Consolidation of ownership of the Beaconsfield Mine;
- Completion of an independent investigation into the April 2006 incident by special investigator, Greg Melick SC. Whilst the report was not made public, a summary of the report noted that the Mine had followed consultants' recommendations to safely mine the 925m level. The recommendations of the report are consistent with the measures proposed in the Western Case for Safety; and
- On 23 April 2007 the Office of the Director of Public Prosecutions announced that it had determined, in consultation with Melick SC, that at that time there was insufficient evidence to support a prosecution on any charge.

A coronial inquest has been commenced to investigate the fatality that resulted from the Anzac Day rock fall. The inquest was briefly re-opened on 5 September to receive the report from Melick SC. The Coroner's findings are not expected for some time.

### 31 EVENTS AFTER THE BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years except for those matters referred to in note 30 and below:

- On 12 July 2007, the offer extended to minority interests on 11 June 2007 for the acquisition of their interests in Allstate Explorations NL closed. During this period and up to this date, Beaconsfield Gold acquired an additional 4.15% ownership interest in Allstate Explorations NL. This increased Beaconsfield gold's total ownership interest to 88.82% (90.06% of voting rights).
- On 5 September 2007, the report by the Special Investigator, Mr Greg Melick SC, was tabled at the re-opening of the Coronial Inquiry into the 25 April 2006 incident. Whilst the report was not made public, a summary of the findings and recommendations released publicly by Mr Melick noted that recommendations made by consultants before the incident had been adopted and that there was no suggestion that the 925m level not be mined.
- On 14 September 2007, a placement of 33,580,000 fully paid ordinary shares was made to sophisticated and professional investors at 23 cents per share to raise \$7.723 million of working capital.
- On 14 September 2007, 2,000,000 convertible notes were issued at 25 cents per note to raise \$0.500 million of working capital.
- On 28 September 2007 Workplace Standards Tasmania accepted the Case for Safety for Western Zone ore production, thereby lifting the final restriction on underground production at the Beaconsfield Mine.

# Notes to the Financial Statements

## Year Ended 30 June, 2007



	<b>Consolidated</b>		<b>Beaconsfield Gold NL</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>\$</b>	\$	<b>\$</b>	\$
<b>32 AUDITORS' REMUNERATION</b>				
<i>Amounts received or due and receivable by Ernst &amp; Young (Australia) for:</i>				
• an audit and/or review of the financial report of the entity and any other entity in the consolidated entity	<b>59,500</b>	52,000	<b>23,547</b>	20,592
• other services in relation to the entity and any other entity in the consolidated entity				
– tax compliance	<b>12,000</b>	18,130	<b>4,749</b>	7,175
– assurance related	<b>68,880</b>	23,000	<b>27,259</b>	9,102
– restructuring advice	<b>17,028</b>	-	<b>17,028</b>	-
	<b>157,408</b>	93,130	<b>72,583</b>	36,869

	<b>Consolidated</b>		<b>Beaconsfield Gold NL</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000

### 33 DIVIDENDS PAID AND PROPOSED

*Declared and paid during the year:*

Dividends on ordinary shares:

Final unfranked dividend for 2006: nil per share

(2005: 1.5 cents per share)

Interim unfranked dividend for 2007: nil (2006: nil)

-	<b>2,298</b>	-	<b>2,298</b>
-	-	-	-
-	<b>2,298</b>	-	<b>2,298</b>

*Proposed for approval at AGM (not recognised as a liability as at 30 June):*

Dividends on ordinary shares:

Unfranked dividend for 2007: nil (2006: nil cents per share)

-	-	-	-
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### Franking credit balance

The franking account balance of Beaconsfield Gold NL as at the end of the financial year is \$NIL (2006: \$NIL) and no franking credits will arise from the payment of tax in the subsequent financial year.

### Proposed dividend

On 16 March 2006, the Directors declared an interim dividend for the year ended 30 June 2006 of 1.5 cents per share payable on 31 May 2006. Due to the Anzac Day incident this dividend was deferred on 3 May 2006. The dividend was then cancelled subsequent to 30 June 2006.

# Notes to the Financial Statements

## Year Ended 30 June, 2007



	<b>Consolidated</b>		<b>Beaconsfield Gold NL</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000

### 34 STATEMENT OF CASH FLOWS

#### (a) Reconciliation of net profit/(loss) to net cash flows from operations:

Net profit/(loss)	<b>(9,566)</b>	(14,290)	<b>(3,967)</b>	(6,015)
<b>Adjustments for:</b>				
Amortisation of non-current assets	<b>271</b>	1,424	<b>122</b>	549
Depreciation of non-current assets	<b>252</b>	3,257	<b>58</b>	1,290
Fair value movement on derivatives	<b>(7,467)</b>	6,556	<b>(2,156)</b>	2,595
Unwind of discount on restoration provision	<b>838</b>	245	<b>252</b>	96
Exploration expenditure written off	<b>149</b>	167	<b>61</b>	167
Share based payments	<b>92</b>	148	<b>92</b>	148
Bad debts written off	<b>14</b>	-	<b>-</b>	-
Tax expense	<b>226</b>	787	<b>226</b>	311
Loan forgiven	<b>(330)</b>	-	<b>(11)</b>	-
Profit on sale of assets	<b>(82)</b>	-	<b>(33)</b>	-
Interest received - transfer to Investing Activities	<b>(513)</b>	(398)	<b>(186)</b>	(158)
Finance Costs - transfer of Financing Activities	<b>351</b>	11	<b>351</b>	4
Proceeds from the sale of assets - transfer to Investing Activities	<b>(59)</b>	-	<b>(23)</b>	-
<b>Changes in assets and liabilities</b>				
Receivables	<b>2,120</b>	7,537	<b>661</b>	3,008
Inventories	<b>(1,173)</b>	422	<b>(258)</b>	167
Trade & other creditor & borrowings	<b>549</b>	(3,975)	<b>60</b>	(1,547)
Provisions	<b>20</b>	(45)	<b>1</b>	(6)
Other assets	<b>(119)</b>	-	<b>(166)</b>	-
<b>Net cash flows from/(used) in operating activities</b>	<b>(14,427)</b>	1,846	<b>(4,916)</b>	609

#### (b) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash at bank and on hand. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

Cash	<b>11,788</b>	8,144	<b>7,202</b>	8,144
------	---------------	-------	--------------	-------

Cash deposits at banks are earning interest at current bank deposit rates. The average rate for the year was 6.1% (2006: 5.3%).

At 30 June 2007 \$4.375 million of the cash balance was held on deposit as security for Beaconsfield Mine employee entitlements (Beaconsfield Gold NL share \$0.839 million).

#### (c) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

Facilities used at reporting date	<b>20</b>	3,020	<b>20</b>	3,020
Facilities unused at reporting date	-	3,330	-	3,330
Total facilities	<b>20</b>	6,350	<b>20</b>	6,350

#### (d) Non-cash financing activities - finance lease transactions

During the financial year the Consolidated Entity acquired plant and equipment with an aggregate fair value of \$0.131 million (2006: \$0.808 million) by means of finance leases.

# Notes to the Financial Statements

## Year Ended 30 June, 2007



### 35 KEY MANAGEMENT PERSONNEL DISCLOSURES

#### (a) Details of Key Management Personnel

##### (i) Directors

D E Clarke	Non-Executive Chairman
M W Trumbull	Non-Executive Director
W Tsingos	Non-Executive Director
K J Perrin	Non-Executive Director

##### (ii) Executives

W T Colvin	Chief Executive Officer
B D Coulter	Chief Financial Officer and Company Secretary

There were no changes to key management personnel between reporting date and the date the financial report was authorised for issue.

	Consolidated		Beaconsfield Gold NL	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>(b) Compensation of Key Management Personnel</b>				
Compensation by Category				
Short-Term	517,345	497,239	517,345	497,239
Post Employment	342,318	198,404	329,818	198,404
Share-based Payment	92,000	147,683	92,000	147,683
	951,663	843,326	939,163	843,326

The Consolidated Entity has applied the exemption under Regulation 2M.6.04 of the Corporations Act which allows the transfer of remuneration disclosures required by AASB 124: Related Party Disclosures out of the financial report and into the Remuneration Report contained within the Directors' Report. These disclosures are designated as audited within the Directors' Report.

#### (c) Option holdings of Key Management Personnel

All options refer to options over ordinary shares of Beaconsfield Gold NL, which are exercisable on a one-for-one basis under the Beaconsfield Gold NL Option Scheme.

The movements during the year in the number of options over ordinary shares in Beaconsfield Gold NL, held directly, indirectly or beneficially by each key management personnel, including their related entities, were as follows:

30 JUNE 2007	Balance at beginning of period 1 July 2006	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of period 30 June 2007	Vested and exercisable	Unvested
W T Colvin	800,000	800,000	-	-	1,600,000	400,000	1,200,000
B D Coulter	-	250,000	-	-	250,000	-	250,000
	800,000	1,050,000	-	-	1,850,000	400,000	1,450,000
30 JUNE 2006	Balance at beginning of period 1 July 2005	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of period 30 June 2006	Vested and exercisable	Unvested
W T Colvin	-	800,000	-	-	800,000	-	800,000

# Notes to the Financial Statements

## Year Ended 30 June, 2007



### 35 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

#### (d) Shareholdings of Key Management Personnel

Shares held in Beaconsfield Gold NL- Direct and Indirect Holdings

The movements during the year in the number of ordinary shares in Beaconsfield Gold NL, held directly, indirectly or beneficially by each key management personnel, including their personally related entities, were as follows:

30 JUNE 2007	Balance 1 July 2006		Granted as Remuneration		On Exercise of Options		Net Change Other		Balance 30 June 2007	
	Ord	Partly Paid	Ord	Partly Paid	Ord	Partly Paid	Ord	Partly Paid	Ord	Partly Paid
<b>Directors</b>										
D E Clarke	16,000	1,000,000	-	-	-	-	17,648	-	33,648	1,000,000
M W Trumbull	5,981,085	-	-	-	-	-	73,412	-	6,054,497	-
W Tsingos	859,628	400,000	-	-	-	-	14,706	-	874,334	400,000
K J Perrin	1,800,000	-	-	-	-	-	29,412	-	1,829,412	-
<b>Totals</b>	<b>8,656,713</b>	<b>1,400,000</b>	-	-	-	-	<b>135,178</b>	-	<b>8,791,891</b>	<b>1,400,000</b>
<b>Executives</b>										
W T Colvin	-	-	-	-	-	-	-	-	-	-
B D Coulter	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	-	-	-	-	-	-	-	-	-	-

30 JUNE 2006	Balance 1 July 2005		Granted as Remuneration		On Exercise of Options		Net Change Other		Balance 30 June 2006	
	Ord	Partly Paid	Ord	Partly Paid	Ord	Partly Paid	Ord	Partly Paid	Ord	Partly Paid
<b>Directors</b>										
D E Clarke	-	-	-	1,000,000	-	-	16,000	-	16,000	1,000,000
M W Trumbull	5,781,085	-	-	-	-	-	200,000	-	5,981,085	-
W Tsingos	859,628	-	-	400,000	-	-	-	-	859,628	400,000
K J Perrin(1)	-	-	-	-	-	-	1,800,000	-	1,800,000	-
BG Noonan(2)	1,876,187	-	-	-	-	-	(1,876,187)	-	-	-
<b>Totals</b>	<b>8,516,900</b>	-	-	<b>1,400,000</b>	-	-	<b>139,813</b>	-	<b>8,656,713</b>	<b>1,400,000</b>
<b>Executives</b>										
W T Colvin	-	-	-	-	-	-	-	-	-	-
B D Coulter	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	-	-	-	-	-	-	-	-	-	-

(1) K J Perrin was appointed as a Director on 24 February 2006.

(2) B G Noonan resigned as a Director on 24 February 2006.

All equity transactions with key management personnel and their related parties (where applicable), other than those arising from the exercise of remuneration options, have been entered into under terms and conditions no more favourable than those the Consolidated Entity would have adopted if dealing at arm's length.

#### (e) Other transactions and balances with Key Management Personnel

There were no other transactions or balances with Key Management Personnel.

# Notes to the Financial Statements

## Year Ended 30 June, 2007



### 36 BUSINESS COMBINATION

#### (a) Summary of acquisition

On 30 April 2007 the parent entity acquired a controlling interest in Allstate Explorations NL.

The acquired business contributed revenues of \$1.743 million and a net loss of \$0.188 million to the Group for the period from 30 April to 30 June 2007. If the acquisition had occurred on 1 July 2006, consolidated revenue and consolidated loss after tax and before minority interests for the year ended 30 June 2007 would have been \$4.314 million and \$16.486 million respectively.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	<b>\$'000</b>
Purchase consideration:	
Acquisition of Newmont shares (cash paid – April 2007)	538
Acquisition of Minority Interests to 30 June 2007 (cash paid – July 2007)	30
Deferred payment	888
Direct costs relating to the acquisition (paid to 30 June 2007: \$0.323 million)	412
Total purchase consideration	1,868
Fair value of net identifiable liabilities acquired (refer to (c) below)	(23)
Goodwill	1,891

The key factors contributing to the \$1.891 million of goodwill are:

- synergies resulting from the consolidation of Mine ownership and management;
- cost savings and synergies arising from the amalgamation of corporate ownership into a single consolidated group; and
- ability to more aggressively explore BMJV tenements adjacent to the Beaconsfield Mine, unhindered by a joint venture partner in administration.

#### (b) Outflow of cash to acquire subsidiary, net of cash acquired to 30 June 2007

	<b>Consolidated 2007 \$'000</b>
Consideration (refer (a) above)	(1,868)
Less:	
Deferred payment (refer note 14)	918
Transaction costs paid after 30 June 2007	89
Cash paid to 30 June 2007	(861)
Add:	
Net cash acquired with the subsidiary	3,049
Inflow of cash to 30 June 2007	2,188
Cash inflow comprises:	
Acquisition of subsidiary	2,511
Costs incurred on acquisition of subsidiary	(323)
Net cash inflow	2,188



# Notes to the Financial Statements

## Year Ended 30 June, 2007



### 36 BUSINESS COMBINATION (continued)

#### (c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair Value \$'000
Property, plant and equipment	11,735	12,174
Exploration, evaluation and development	3,755	10,377
Other non-current assets	183	183
Cash	3,049	3,049
Trade & other receivables	1,204	1,204
Inventories	1,137	1,137
Trade & other payables	(59,723)	(14,573)
Interest bearing loans & borrowings	(538)	(538)
Leave provisions	(913)	(913)
Provisions for restoration costs	(2,663)	(2,663)
Derivatives	(7,359)	(7,359)
Deferred tax liability	-	(2,118)
Net liabilities	(50,133)	(40)
Minority interests		17
Net identifiable liabilities acquired		(23)

The above business combination adjustments are provisional and, pursuant to Australian Standard AASB 3 "Business Combinations", may be adjusted within 12 months from the date of acquisition.

### 37 DEED OF CROSS GUARANTEE

Beaconsfield Gold NL, Beaconsfield Gold Mines Pty Ltd and Beaconsfield Operations Pty Ltd are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission. The relief commenced for the year ended 30 June 2007. Accordingly there is no comparative information for the 2006 year.

#### (a) Consolidated income statement and a summary of movements in consolidated accumulated losses

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Beaconsfield Gold NL, they also represent the 'Extended Closed Group'.

Set out below is a consolidated income statement and a summary of movements in consolidated accumulated losses for the year ended 30 June 2007 of the Closed Group consisting of Beaconsfield Gold NL, Beaconsfield Gold Mines Pty Ltd and Beaconsfield Operations Pty Ltd.

	2007 (\$'000)
<b>Revenue</b>	1,913
Care and maintenance, mine reopening expenses and production costs	(10,080)
Depreciation and amortization expenses	(195)
Exploration costs written off	(142)
Finance costs	(877)
Other expenses	(2,316)
Other income	1,665
Net derivative gains	1,601
<b>Loss before income tax expense</b>	(8,431)
<b>Income tax expense</b>	(226)
<b>Loss after income tax</b>	(8,657)
<b>Summary of movements in consolidated accumulated losses</b>	
Accumulated losses at the beginning of the financial year	(70,988)
Loss for the year	(8,657)
Accumulated losses at the end of the financial year	(79,645)

# Notes to the Financial Statements

## Year Ended 30 June, 2007



### 37 DEED OF CROSS GUARANTEE (continued)

#### (b) Balance sheet

Set out below is a consolidated balance sheet as at 30 June 2007 of the Closed Group consisting of Beaconsfield Gold NL, Beaconsfield Gold Mines Pty Ltd and Beaconsfield Operations Pty Ltd:

	<b>2007 (\$'000)</b>
<b>Current Assets</b>	
Cash	8,629
Trade & other receivables	9,898
Inventories	1,442
<b>Total Current Assets</b>	<b>19,969</b>
<b>Non-Current Assets</b>	
Financial assets	945
Investment in subsidiary	2,703
Property, plant & equipment	13,771
Exploration, evaluation & development	5,085
Other	274
<b>Total Non-Current Assets</b>	<b>22,778</b>
<b>TOTAL ASSETS</b>	<b>42,747</b>
<b>Current Liabilities</b>	
Trade & other payables	6,555
Interest-bearing loans & borrowings	365
Provisions	870
Derivatives	1,023
Other	174
<b>Total Current Liabilities</b>	<b>8,987</b>
<b>Non-Current Liabilities</b>	
Interest-bearing loans & borrowings	3,671
Provisions	2,501
Other	444
<b>Total Non-Current Liabilities</b>	<b>6,616</b>
<b>TOTAL LIABILITIES</b>	<b>15,603</b>
<b>NET ASSETS</b>	<b>27,144</b>
<b>EQUITY</b>	
Share capital	106,397
Accumulated losses	(79,645)
Reserves	392
<b>TOTAL EQUITY</b>	<b>27,144</b>

# Directors' Declaration



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

(1) In the opinion of the directors:

(a) the financial statements, notes and additional disclosures included in the directors' report designated as audited, of the Company and of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and 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.

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2007.

On behalf of the Board



---

D E Clarke

Director

Melbourne, 28 September 2007



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Australia

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Melbourne VIC 3001

■ Tel 61 3 9288 8000  
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## Independent auditor's report to the members of Beaconsfield Gold NL

We have audited the accompanying financial report of Beaconsfield Gold NL (the Company), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

The company has disclosed information as required by Accounting Standard AASB 124 *Related Party Disclosures* ("remuneration disclosures"), under the heading "Remuneration Report" in the directors' report, as permitted by Corporations Regulation 2M.6.04. These remuneration disclosures are identified in the directors' report as being subject to audit.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2 (a) the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the directors' report.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standard AASB 124 *Related Party Disclosures*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Liability limited by a scheme approved under  
Professional Standards Legislation



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence*

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

### *Auditor's Opinion*

In our opinion:

1. the financial report of Beaconsfield Gold NL is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of Beaconsfield Gold NL and the consolidated entity at 30 June 2007 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2 (a).
3. the remuneration disclosures that are contained in the directors' report comply with Accounting Standard AASB 124 *Related Party Disclosures*.

Ernst & Young

Brett Croft

Partner

Melbourne

28 September 2007



Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows.  
The information is current as at 27 September 2007.

## (a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

	Ordinary shares		Partly-paid shares	
	Number of holders	Number of shares	Number of holders	Number of shares
1 - 1,000	1,873	769,795	-	-
1,001 - 5,000	1,611	4,316,674	-	-
5,001 - 10,000	748	5,775,040	-	-
10,001 - 100,000	1,326	41,156,369	-	-
100,001 & over	292	228,762,218	5	3,250,000
	5,850	280,780,096	5	3,250,000

The number of shareholders holding less than a marketable parcel of shares are:

2,293      1,316,146

The number of fully-paid ordinary shares by location are:

	Number of Shares
Victoria	152,299,879
New South Wales	79,024,091
Queensland	12,859,637
Tasmania	10,430,601
Western Australia	12,623,796
Australian Capital Territory	2,754,092
South Australia	2,735,548
Northern Territory	228,992
<b>Total Australia</b>	<b>272,956,636</b>
Overseas	7,823,460
<b>Total</b>	<b>280,780,096</b>



## (b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	National Nominees Limited	13,959,120	4.97
2	J P Morgan Nominees Australia Limited	12,418,192	4.42
3	HSBC Custody Nominees (Australia) Limited – A/c 2	11,904,650	4.24
4	Drysdale Metals Pty Ltd	11,762,648	4.19
5	D & D Nominees Pty Ltd	11,717,387	4.17
6	ANZ Nominees Limited <Cash Income A/c>	7,051,190	2.51
7	Mr Ralph Douglas Russell <Russell-Hynes Superfund A/c>	5,539,695	1.97
8	Citicorp Nominees Pty Limited	5,525,722	1.97
9	Mr Frank Hudson	5,205,116	1.85
10	Zero Nominees Pty Ltd	4,461,989	1.59
11	Saturn Investments Sarl	4,385,965	1.56
12	Citicorp Nominees Pty Ltd <Cwlth Bank Off Super A/c>	4,041,061	1.44
13	Evergem Pty Ltd	3,873,702	1.38
14	Michael Ward Trumbull	3,309,829	1.18
15	Ankaa Springs Pty Ltd	3,000,000	1.07
16	Dunkeld Pastoral Co Pty Ltd <The Yasme A/c>	3,000,000	1.07
17	Evergem Pty Ltd	3,000,000	1.07
18	Cypron Pty Ltd <MW Trumbull Super Fund A/c>	2,300,668	0.82
19	Sandhurst Trustees Ltd <JMFG Consol A/c>	2,300,000	0.82
20	Reliance International Service Pty Limited	2,158,942	0.77
		120,915,876	43.06

## (c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of shares
Acorn Capital Limited	20,684,531

## (d) Voting rights

All fully paid ordinary shares carry one vote per share without restriction.

Partly-paid shares carry no voting rights.

## (e) Schedule of interests in mining tenements

Location	Tenement	Percentage held
BMJV Tenements		
• Beaconsfield, Tasmania	1767 P/M	100.0
• Beaconsfield, Tasmania	RL 1/1999	100.0
• Beaconsfield, Tasmania	EL 20/1994	100.0
Beaconsfield Gold Group Exploration Licences (a)		
• Beaconsfield, Tasmania	EL 27/2000	100.0
• Beaconsfield, Tasmania	EL 7/2000	100.0
• Stavelly, Victoria	EL 4556 (b)	100.0
• Stavelly, Victoria	EL 4929	100.0
• Stavelly, Victoria	EL 4930	100.0
• Stavelly, Victoria	EL 4931	100.0
• Stavelly, Victoria	EL 4932	100.0
• Stavelly, Victoria	EL 4514	100.0

(a) The Allstate group has no percentage interest in these tenements

(b) A controlled entity of the Company has an option to acquire 100% interest, subject to a 3% net smelter return royalty.



*High grade gold sample from 840E level.*





## **BEACONSFIELD GOLD NL**

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