

BEACONSFIELD GOLD NL
(ACN 057 793 834)

APPENDIX 4E

PRELIMINARY FINAL REPORT
FINANCIAL YEAR ENDED 30 JUNE 2004
(NB These accounts are in the process of being audited.)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

		\$'000
Revenues from ordinary activities	Up 41%	40,511
Profit from ordinary activities after tax attributable to members	Up >1000%	11,726
Net profit for the period attributable to members	Up >1000%	11,726

Dividends	Amount per security	Franked amount per security
Final dividend – no final dividend is proposed	n/a	n/a
Interim dividend	n/a	n/a
Record date for determining entitlements to the dividend	n/a	

Improved revenue and net profit reflects a 39% increase in gold production from the Beaconsfield Mine Joint Venture. Net profit was further boosted by a \$4.0 million reversal of interest expense resulting from a realignment of the Company's banking facilities which coincided with the Company emerging from receivership.

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2004 \$'000	2003 \$'000
Revenues from ordinary activities	1	40,511	28,745
Costs of production	2(a)	18,903	16,385
Borrowing costs expense	2(b)	3,834	3,538
Interest expense reversed (refer Note below)		(4,000)	-
Depreciation and amortization expenses	2(c)	6,329	5,689
Other expenses from ordinary activities	2(d)	3,718	2,304
Profit/(loss) from ordinary activities before income tax expense		11,727	829
Income tax expense relating to ordinary activities	3	-	-
Net profit/(loss) attributable to members of Beaconsfield Gold NL		11,727	829
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of Beaconsfield Gold NL		11,727	829
Basic earnings/(loss) per share (cents per share)		12.35	1.06

The \$4.0 million reversal of interest expense is in accordance with the second supplemental deed to the Company's banking facility agreement with Bank of Western Australia Limited.

The deed provides that \$4.0 million of interest previously accrued will be payable only from the Company's share of proceeds of the Beaconsfield Mine Joint Venture (BMJV) Manager's claims in respect of losses suffered by the BMJV participants associated with the design, procurement, construction and commissioning of the treatment plant at Beaconsfield by Bateman Brown & Root (BBR).

Accordingly, the financial accounts will record a contingent liability of \$4.0 million, which will partly offset the contingent asset relating to the BBR claims.

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	2004 \$'000	2003 \$'000
CURRENT ASSETS			
Cash assets		5,416	2,967
Receivables		3,877	459
Inventories		1,815	1,666
Other		327	-
TOTAL CURRENT ASSETS		11,435	5,092
NON-CURRENT ASSETS			
Other financial assets	4	-	-
Property, plant & equipment	5	14783	11,539
Exploration, evaluation & development	6	6,838	12,693
Other		17	285
TOTAL NON-CURRENT ASSETS		21,638	24,517
TOTAL ASSETS		33,073	29,609
CURRENT LIABILITIES			
Payables		6,090	6,265
Interest-bearing liabilities	7	3,267	31,533
Provisions		853	505
TOTAL CURRENT LIABILITIES		10,210	38,303
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	8	2,564	539
Provisions		862	303
TOTAL NON-CURRENT LIABILITIES		3,426	842
TOTAL LIABILITIES		13,636	39,145
NET ASSETS/(LIABILITIES)		19,437	(9,536)
EQUITY			
Contributed equity	9	77,781	60,536
Accumulated losses	10	(58,346)	(70,072)
TOTAL EQUITY		19,437	(9,536)

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

	Notes	2004 \$'000	2003 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		64	55
Cash payments to suppliers and employees		(25,616)	(17,406)
Cash receipts from gold and silver sales		39,745	28,356
Borrowing costs		(966)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	11	13,227	11,005
CASH FLOWS FROM INVESTING ACTIVITIES			
Mine development expenditure		(3,027)	(2,450)
Purchase of property, plant & equipment		(690)	(232)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(3,717)	(2,682)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(26,258)	(8,000)
Repayment of lease principal		(203)	(445)
Proceeds from issue of ordinary shares		10,401	-
Proceeds from issue of convertible notes		9,000	-
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		(7,060)	(8,445)
NET INCREASE/(DECREASE) IN CASH HELD		2,449	(122)
Add opening cash brought forward		2,967	3,089
CLOSING CASH CARRIED FORWARD	11	5,416	2,967

NOTES TO THE FINANCIAL STATEMENTS

	2004 \$'000	2003 \$'000
1 REVENUE FROM ORDINARY ACTIVITIES		
Revenues from operating activities		
Gold & silver sales	39,589	28,690
Interest – other persons/corporations	111	55
Other revenue	811	-
Total revenues from operating activities	40,511	28,745
2. EXPENSES AND LOSSES		
(a) Costs of production	18,903	16,385
(b) Borrowing costs expensed		
Interest expense	2,346	3,470
Amortisation of establishment fees	122	68
Borrowing expenses	1,366	-
Total borrowing costs expensed	3,834	3,538
(c) Depreciation and amortization expenses		
Amortisation of non-current assets		
Exploration, evaluation and development costs	2,819	3,499
Total amortization of non-current assets	2,819	3,499
Depreciation of non-current assets		
Buildings	48	4
Mining plant and equipment	3,317	2,075
Plant and equipment under lease	145	111
Total depreciation of non-current assets	3,510	2,190
Total depreciation and amortization expenses	6,329	5,689
(d) Other expenses		
Royalties	1,704	422
Management and administration	2,014	1,882
	3,718	2,304

NOTES TO THE FINANCIAL STATEMENTS

	2004	2003
	\$'000	\$'000
3 INCOME TAX		
The prima facie tax, using tax rates applicable in the country of operation, on operating profit differs from the income tax provided in the financial statements as follows:		
Prima facie tax on profit from ordinary activities	3,518	249
Tax effect on permanent differences	-	-
Deferred tax assets recognised	(3,518)	(249)
Income tax expense attributable to operating profit	-	-

	2004	2003
	\$'000	\$'000
4 OTHER FINANCIAL ASSETS (Non-current)		
Shares listed on a Stock Exchange	19,956	19,956
Provision for diminution in value	(19,956)	(19,956)
	-	-

The investment above is the company's 25.62% (2003 25.62%) interest in Allstate Explorations NL ("Allstate") on a fully diluted basis. The market value of this investment at 30 June 2004 is nil (2003 \$Nil) following the appointment of an administrator to the company and the suspension of trading in the shares on 10 June 2001. The principal activity of Allstate is also the development of the Beaconsfield Gold Project through its participation in the Beaconsfield Gold Joint Venture operation. The company has determined that it does not have the capacity to either control or significantly influence the operations of Allstate.

NOTES TO THE FINANCIAL STATEMENTS

	2004	2003
	\$'000	\$'000
5 PROPERTY, PLANT & EQUIPMENT		
<i>Land and Buildings</i>		
Land & buildings – at cost	328	245
Accumulated depreciation	(119)	(72)
	209	173
 <i>Plant and Equipment</i>		
Mining plant & equipment – at cost	27,427	20,386
Accumulated depreciation	(13,168)	(9,626)
	14,259	10,760
 Plant and equipment under lease – at cost	426	797
Accumulated depreciation	(111)	(191)
	315	606
 Total property, plant and equipment	14,783	11,539
 6 EXPLORATION, EVALUATION & DEVELOPMENT COSTS		
Exploration, evaluation and development costs carried forward in respect of mining areas of interest in production phase	17,731	20,766
Accumulated amortization	(10,893)	(8,073)
	6,838	12,693
 7 INTEREST-BEARING LIABILITIES (Current)		
Convertible note (secured)	-	4,500
Bank loan (secured)	3,152	26,830
Lease liability	115	203
	3,267	31,533

The Bank West loan facility is secured by a fixed and floating charge over all the company's assets including its percentage interest in the Beaconsfield Joint Venture operation.

NOTES TO THE FINANCIAL STATEMENTS

	2004	2003
	\$'000	\$'000
8 INTEREST-BEARING LIABILITIES (Non-Current)		
Government loan	329	329
Lease liability	95	210
Convertible Notes (Secured)	2,140	-
	2,564	539

Convertible notes are secured by a second ranking charge (behind Bank West) over the fixed and floating assets.

9 CONTRIBUTED EQUITY

(a) Issued and paid up capital

Ordinary shares fully paid - Listed	77,758	60,536
Partly paid shares - Unlisted	23	-
	77,781	60,536

(b) Movements in shares on issue

(i) Ordinary shares fully paid:

	2004		2003	
	Number of shares	\$'000	Number of shares	\$'000
Beginning of the financial year	75,677,102	60,536	75,677,102	60,536
Issued during the year	68,220,207	17,955	-	-
Less transaction costs	-	(733)	-	-
End of the financial year	143,897,309	77,758	75,677,102	60,536

(ii) Partly paid shares:

	2004		2003	
	Number of shares	\$'000	Number of shares	\$'000
Issued during the year	3,850,000	38	-	-
Less transaction costs	-	(15)	-	-
End of the financial year	3,850,000	23	-	-

Fully paid ordinary shares issued during the year include the conversion of 22,866,667 convertible notes and the issue of a like number of fully paid ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

	2004 \$'000	2003 \$'000
10 ACCUMULATED LOSSES		
Accumulated losses	(58,104)	(70,072)
Balance at beginning of year	(70,072)	(70,901)
Net profit attributable to members of Beaconsfield Gold NL	11,726	829
Balance at end of year	(58,346)	(70,072)
11 STATEMENT OF CASH FLOWS		
(a) Reconciliation of cash		
Cash balances comprise:		
Cash on hand	5,416	2,967
Closing cash balance	5,416	2,967
(b) Reconciliation of the Operating Profit/(loss) after Tax to Net Cash Flows from Operations:		
Operating profit after tax	11,968	829
Non-Cash Items		
Amortisation of non-current assets	2,941	3,567
Depreciation of non-current assets	3,292	2,190
Provision for rehabilitation	559	63
Changes in assets and liabilities		
Receivables	(3,600)	176
Inventories	(149)	(387)
Trade & other creditors & borrowings	(2,114)	4,372
Employee entitlements	329	195
Net cash flows from operating activities	13,227	11,005
12 EARNINGS PER SECURITY (EPS)		
Basic EPS (cents)	12.35	1.06
Diluted EPS (cents)	12.33	1.06
13 NET TANGIBLE ASSET BACKING		
Net tangible asset backing per ordinary security	\$0.135	(\$0.126)

REVIEW OF OPERATIONS

1. INTRODUCTION

The Beaconsfield Gold group has a 48.49% direct interest in the unincorporated Beaconsfield Mine Joint Venture (BMJV) which operates the Beaconsfield Mine at Beaconsfield in north-east Tasmania. The other participant is the Allstate group with a 51.51% interest. Allstate, with the higher interest, is Manager of the BMJV and the BMJV Mine Manager and all the personnel reporting to him are employed by Allstate. Beaconsfield Gold in turn owns 30% of the fully paid shares in Allstate.

Beaconsfield Gold and Allstate separately sell their pro-rata share of gold production each week and contribute pro-rata to fortnightly cash calls which cover operating and capital expenditure at the Beaconsfield Mine.

Joint Administrators (Michael Ryan and Tony Woodings of chartered accounting firm, Taylor Woodings, based in Perth, Western Australia) were appointed to Allstate on 8 June 2001 and became Joint Deed Administrators when Allstate creditors approved a Deed of Company Arrangement in late 2001. A Receiver and Manager was appointed to Beaconsfield Gold on 25 June 2001 and retired on 12 March 2004.

2. BEACONSFIELD MINE PERFORMANCE

Ore production at the end of the 2004 year was available from over 10 levels throughout the mine, down to the 940 metre level, allowing significant flexibility in mine scheduling. The improved decline / waste development layout and the modified ½ Upper / Avoca mining method provided operating benefits and efficiencies during the year. The face of the decline was 975 metres below surface at 30 June 2004.

Production Summary

Quarter Ending	Ore Hoisted (t)	Ore Milled (t)	Head Grade (g/t) (1)	Gold Milled (oz)	Gold Recov. (%) (2)	Total Gold Prodn. (oz)
2002 September	57,806	55,454	13.0	23,216	89.9	20,880
2002 December	58,466	57,367	16.6	30,617	86.9	26,618
2003 March	61,494	58,783	15.7	29,672	89.6	26,582
2003 June	56,506	56,304	18.6	33,670	94.0	31,656
2003 Year	221,321	227,908	16.0	117,175	90.3	105,736
2003 September	60,204	60,378	20.9	40,571	95.1	38,578
2003 December	59,811	60,987	22.0	43,137	93.0	40,104
2004 March	53,588	56,849	21.7	39,643	94.9	37,622
2004 June	59,308	56,226	18.4	33,320	92.6	30,848
2004 Year	232,911	234,440	20.8	156,671	93.9	147,152

(1) Mill reconciled head grade.

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

234,440 tonnes of ore were milled for the year, a 3% improvement on 2003. Average mill reconciled head grade for the year, 20.8 g/t gold, was a significant 30% improvement on 2003. Gold recovery in the ore treatment plant, excluding changes in gold in circuit, averaged 93.9% for the 2004 year, a 4% improvement on 2003. The percentage of gold production recovered by gravity processes during the 2004 year was 58% (2003 year 53%).

Total BMJV gold production for the 2004 year of 147,152 ounces was a 39% improvement on the 2003 result of 105,736 ounces, 44% greater than the feasibility target for average annual production, and 15% greater than BMJV budget production for the 2004 year.

3. BMJV EXPENDITURE PER OUNCE

Operating, Capital and Total Cash Expenditure

Quarter Ending	Operating Costs (\$M)	Capital Costs (\$M)	Total Costs (\$M)	Operating Costs (A\$/oz)	Capital Costs (A\$/oz)	Total Costs (A\$/oz)
	(1)	(1)	(2)	(2)	(2)	(2)
2002 September	9.463	1.217	10.680	453	58	511
2002 December	8.122	0.976	9.098	305	37	342
2003 March	8.767	2.303	11.070	330	86	416
2003 June	9.463	1.035	10.498	299	33	332
2003 Year	35.815	5.531	41.346	339	52	391
2003 September	9.398	1.236	10.634	244	32	276
2003 December	9.276	1.161	10.437	231	29	260
2004 March	9.668	2.849	12.517	257	76	333
2004 June	9.682	2.103	11.785	314	68	382
2004 Year	38.024	7.349	45.373	258	50	308

1. Including underground diamond drilling costs.
2. Direct operating expenditure (including management fee to Allstate) plus capital expenditure.

BMJV direct operating expenditure for the 2004 year was \$38.024 million (2003 year \$35.815 million) or \$258 per ounce of production (2003 year \$339 per ounce).

BMJV capital expenditure for the 2004 year was \$7.349 million (2003 year \$5.531 million) or \$50 per ounce of production (2003 year \$52 per ounce). The main abnormal capital expenditure activity was the extensive ore resources diamond drilling program.

BMJV direct operating plus capital expenditure for the 2004 year was \$45.373 million (2003 year \$41.346 million) or \$308 per ounce of production (2003 year \$391 per ounce).

Beaconsfield Gold's 48.49% share of direct operating plus capital expenditure for the 2004 year was \$22.001 million (2003 year \$20.049 million).

4. BEACONSFIELD GOLD REVENUE

Beaconsfield Gold's total revenue from gold and by-product silver sales for the 2004 year was \$39.589 million, a 38% improvement on the 2003 year figure of \$28.690 million.

5. BMJV ORE RESERVES / RESOURCES AS AT 30 JUNE 2004

The BMJV commenced an extensive ore resources underground diamond drilling program mid way through the 2004 year. The program is planned to be completed in June 2005 so that the program was approximately one-third complete at the end of the 2004 year.

The reserves and resources for the Tasmania Reef as at 30 June 2004 have been calculated by Allstate as Manager of the BMJV. Allstate released a detailed report to the ASX, as did Beaconsfield Gold, in July 2004.

The updated BMJV reserves and resources are as follows:

Ore Reserve

Proven Reserve	226,000 tonnes @ 17.9 g/t Au	(130,000 ounces contained gold)
Probable Reserve	510,000 tonnes @ 15.3 g/t Au	(251,000 ounces contained gold)
Total Reserve	736,000 tonnes @ 16.1 g/t Au	(381,000 ounces contained gold)

Identified Mineral Resource (including Ore Reserve)

Measured Resource	149,000 tonnes @ 29.8 g/t Au	(143,000 ounces contained gold)
Indicated Resource	400,000 tonnes @ 22.2 g/t Au	(285,000 ounces contained gold)
Inferred Resource	586,000 tonnes @ 19.0 g/t Au	(358,000 ounces contained gold)
Total Resource	1,135,000 tonnes @ 21.5 g/t Au	(786,000 ounces contained gold)

The Proven and Probable Reserves were calculated from the Measured and Indicated Resources as follows:

Measured Resource	149,000 tonnes @ 29.8 g/t Au	(143,000 ounces contained gold)
Indicated Resource	400,000 tonnes @ 22.2 g/t Au	(285,000 ounces contained gold)
Total	549,000 tonnes @ 24.2 g/t Au	(428,000 ounces contained gold)

After allowances had been made for mine design parameters and cut-off grade (6 g/t gold), the in-situ ore grade was reduced from 24.2 g/t gold to the diluted reserve grade of 16.1 g/t gold (a reduction of 8.1 g/t or 33%).

5.1 Reconciliation between 30 June 2003 and 30 June 2004 Ore Reserves

Total gold milled by the BMJV in the 2004 year was estimated to be 156,671 ounces. Subtracting this total from the ore reserves at 30 June 2003 (369,000 ounces) gives 212,329 ounces.

As the ore reserves at 30 June 2004 were 381,000 ounces, there was a net increase in ore reserves over the year, allowing for the mining depletion, of approximately 168,671 ounces or 46%.

Tonnes milled for the 2004 year were 234,440 tonnes. Total tonnes of reserves as at 30 June 2004 were 736,000 tonnes, indicating a reserve life, based on mill throughput for the 2004 year, of approximately 3.1 years.

5.2 Inferred Resources

At 30 June 2003, inferred resources for the Tasmania Reef were 216,000 tonnes at 11.4 g/t gold, containing 79,000 ounces of gold. At 30 June 2004, they had increased significantly to 586,000 tonnes at 19.0 g/t gold, containing 358,000 ounces. The increase over the 2004 year was 171%, 67% and 353% respectively for tonnes, grade and contained ounces.

6. GOLD HEDGING FOR BEACONSFIELD GOLD

The company initially sold forward 240,000 ounces of gold in October 1998 in a hedging arrangement with BankWest. The remaining hedge book at 30 June 2004 was 42,181 ounces at an average forward price, with deliveries out to May 2005, of A\$552 per ounce based on a gold lease rate of 1.5% per annum.

The marked-to-market value of the hedge book at 30 June 2004, when the spot price of gold was A\$570.37 per ounce, was negative \$1.3 million.

6.1 Gold Hedging as a Percentage of Ore Reserves

The BMJV ore reserves as at 30 June 2004 were 381,000 ounces so that Beaconsfield Gold's 48.49% direct interest was approximately 184,700 ounces. As a percentage of those ore reserves therefore, Beaconsfield Gold at 30 June 2004 was approximately 23% hedged.

7. RETIREMENT OF THE RECEIVER AND MANAGER

The Receiver and Manager for Beaconsfield Gold, Mr Garry Trevor of Ferrier Hodgson, who was appointed on 25 June 2001, retired on 12 March 2004 following the completion of fund raisings totalling \$14.5 million and the restructuring of the debt facilities with BankWest.

7.1 Fund Raisings

On 12 March 2004, the Company completed \$5.5 million of equity funding provided by "sophisticated investor" clients of Tolhurst Noall Limited. The first \$0.431 million of funding had been provided to pay for all the corporate costs necessarily incurred by the Beaconsfield Gold board up until the retirement of the Receiver and Manager and this high-risk funding was converted into Beaconsfield Gold fully-paid ordinary shares at \$0.10 per share. A total of approximately 4.312 million shares were issued to cover this initial funding.

The balance of the agreed funding, \$5.069 million, was subscribed at \$0.23 per Beaconsfield Gold fully-paid ordinary share to facilitate the necessary restructuring of the company's finances with BankWest. A total of approximately 22.038 million shares were issued to cover this secondary funding. For the total agreed equity funding of \$5.5 million, approximately 26.350 million shares were issued.

On 12 March 2004, the Company also raised \$9 million through the issue of 30 million unlisted convertible notes to Gold Investors Pty Ltd, each note convertible into a fully paid Beaconsfield Gold share for \$0.30 by 30 June 2006.

Principal terms of the convertible notes include the following:

- Interest of 9.0% per annum, interest payable each six months in arrears until conversion or redemption;
- Notes secured by a second ranking charge (behind BankWest) over the fixed and floating assets of Beaconsfield Gold;
- Beaconsfield Gold must redeem the notes in full at 30 June 2006 unless the notes have been converted; and
- Notes can be converted at any time during their life.

On 29 March 2004, the Company received conversion notices for 22,866,667 of the convertible notes on issue with a total face value of \$6,860,000. The resultant 22,866,667 fully-paid ordinary shares in Beaconsfield Gold were issued on 30 March 2004. The remaining Beaconsfield Gold convertible note debt therefore is currently \$2,140,000 (7,133,333 notes at \$0.30 each).

In addition to the above fund raisings totaling \$14.5 million, the Company announced a renounceable Rights Issue on 31 March 2004. This is discussed further in section 8.

7.2 Restructuring of Debt Facilities with BankWest

Net secured debt for Beaconsfield Gold (being BankWest secured debt plus accrued interest less cash held by the Receiver and Manager) had been reduced to \$22.7 million at 31 December 2003, having been \$32.8 million on 25 June 2001, when the Receiver and Manager was appointed, and having peaked at around \$35.0 million in

October 2002. \$4.5 million of the secured debt was in the form of a convertible note which could be converted into a maximum of 9.0 million fully paid Beaconsfield Gold shares at \$0.50 per share by 31 December 2004.

Under the restructuring undertaken in March 2004, the \$4.5 million convertible note with BankWest was cancelled and Beaconsfield Gold issued 6.5 million unlisted options to BankWest with an exercise price of \$0.30 each on or before 30 June 2006. If BankWest exercises all of the options in the future, the additional funds raised by Beaconsfield Gold would be \$1.95 million.

Following the fund raisings totaling \$14.5 million and the restructure of the BankWest facilities in March 2004, Beaconsfield Gold's secured debt with BankWest was dramatically reduced to approximately \$8.3 million and the total of Beaconsfield Gold's cash accounts with BankWest was approximately \$3.9 million.

With significant cash flow from Beaconsfield Gold's 48.49% interest in the BMJV and the successful completion of a Rights Issue (refer section 8), Beaconsfield Gold repaid a further \$5.1 million, plus interest, to BankWest during the June 2004 quarter, reducing the outstanding debt to approximately \$3.2 million at 30 June 2004.

7.3 BMJV Arrangements

At the time the Receiver and Manager for Beaconsfield Gold retired, Beaconsfield Gold entered into a Transitional Arrangements Deed (TAD) with Allstate and the Allstate Deed Administrators.

Under the TAD, the Receiver and Manager for Beaconsfield Gold paid to Allstate, as the BMJV Manager, the Beaconsfield Gold group's 48.49% share of outstanding accrued Beaconsfield Mine employee entitlements and all invoiced liabilities for Beaconsfield Mine goods and services delivered or received at that time. At the same time, the Allstate group paid its 51.51% pro rata share to Allstate as Manager.

Under the TAD, the BMJV participants agreed to pay fortnightly cash calls (previously monthly) to Allstate, as the BMJV Manager, to cover operating and capital expenditure at the mine.

Under the TAD, Beaconsfield Gold also agreed to fully repay its 48.49% share of the outstanding debt owed to the trade creditors of the Beaconsfield Mine who had their invoices frozen when Administrators were appointed to Allstate, the BMJV Manager, on 8 June 2001. Beaconsfield Gold owed a remaining total of \$2.621M and agreed to make equal payments of \$0.328M on 12 March 2004, 1 July 2004 and at six-monthly intervals thereafter. At 30 June 2004, the total outstanding was \$2.293M.

Also as required by the TAD, Beaconsfield Gold provided a \$3 million bank guarantee (via BankWest) to Allstate as the BMJV Manager (the Allstate BMJV participants similarly provided a \$3 million bank guarantee to the BMJV Manager). Beaconsfield Gold is required by BankWest to keep a minimum of \$2 million in a cash collateral account with BankWest in support of the \$3 million guarantee. Under the TAD, the \$3 million BankWest guarantee is to guarantee any obligations of Beaconsfield Gold in connection with or arising out of the TAD and other BMJV agreements.

8. RIGHTS ISSUE

On 31 March 2004, the Company announced a renounceable Rights Issue. The Rights Issue entitled security holders to acquire, at a price of \$0.30 per new share:

- 1 new fully paid ordinary share in Beaconsfield Gold for every 7 fully paid ordinary shares; and
- 1 new fully paid ordinary share in Beaconsfield Gold for every 7 convertible notes; and
- 1 new fully paid ordinary share in Beaconsfield Gold for every 245 partly paid shares,

held by them. The issue was not underwritten.

On 20 May 2004, the Company announced that the issue had been very successful with a take-up of approximately 92% and that 17,481,565 new shares had been allotted. The total raised, before costs of the issue, was approximately \$5.24 million.

9. ARBITRATION AWARD

Arbitration proceedings were brought by the BMJV participants in relation to a dispute with ACN 005 585 795 Pty Ltd (formerly Brown & Root Engineering & Construction Pty Ltd (BREC)) and Batepro Australia Pty Ltd ACN 009 006 777 (BA). The dispute arose in connection with a contract under which BREC and BA undertook to design, supply, construct and commission a gold treatment plant and backfill plant at the Beaconsfield Mine. The BMJV participants alleged amongst other things, delay, unsatisfactory design and construction, major defects and omissions in the works and failure to satisfy performance tests.

In January 2004, the arbitrator, Mr. J Tyrill, found that BREC and BA are jointly and severally liable to the BMJV participants for \$60,366,785 together with interest after 17 January 2004 at the rate of \$29,292 per week. The Arbitrator also found that the cross claims by BREC and BA against the BMJV participants fail.

In April 2004, Administrators were appointed to BREC and, in June 2004, liquidators were appointed to BA. The Deed Administrators of the Allstate group, together with the Beaconsfield Gold group, are dealing with the relevant appointees in regard to the arbitration award.