



BEACONSFIELD GOLD N.L.

A.C.N 057 793 834

STOCK EXCHANGE ANNOUNCEMENT

CHAIRMAN'S ADDRESS

ADDRESS BY TONY GREENWOOD AT THE ANNUAL GENERAL MEETING HELD IN THE BEACONSFIELD COMMUNITY CENTRE ON THURSDAY 25 NOVEMBER 2004

It is just 10 months since we last gathered for the 2003 AGM. It is hard to imagine how the Company could have contrived a more event packed period of 10 months.

To report to shareholders on the completion of the last 5 months of the last financial year from January to 30 June 2004 is a matter of great pleasure and pride for me and the whole Board. The first five months of this financial year have also been interesting times.

I propose to comment first on the mine joint venture, secondly on other corporate events since our last AGM, thirdly on our goals going forward, and fourthly on corporate governance.

A. Review of 2003/2004 Financial Year and Subsequent Events

1. The Beaconsfield Mine

The main reason for our Company's existence at present is to be a successful investor in the Beaconsfield Mine. The mine's operations were very successful over the 2003/2004 financial year and as a consequence, Beaconsfield Gold's corporate operations were extremely successful. Details are in your annual report, but the headlines are worth repeating often.

The average head grade for gold ore was 20.8 grams per tonne. Gold production was a record 147,152 ounces. Direct mine operating expenditure was \$308 per ounce produced. With a mine result as good as that and with the gold price at favourable levels our Company's investment would not be otherwise than highly profitable.

Maintaining the high level of profitability realised from the high grade ore will, as the decline drives more than a kilometre vertically below the surface, depend on effective control of increasing costs arising from factors including rock stress, air temperature in the deeper working areas, and trucking over the extended length of the decline. In addition a new tailings dam will need to be constructed for a mine life beyond 2007.

As we do not control mine management we have only limited influence on achieving better cost efficiency. Under current joint venture arrangements achieving the best outcomes for our shareholders in joint venture business depends on maintenance of mutual goodwill and respect leading to a capacity to get insight into, and have influence on, internal management realities.

Change in Stratigraphy: On the subject of the stratigraphy of the Tasmania Reef, it is useful to clarify an announcement we made in May 2004 in the light of later information. At that time we announced "a new high grade ore zone on the eastern flank of the Tasmania Reef". Subsequent assessment suggests that this ore zone was not "new" in the sense of "additional" but is a previously unexpected repositioning eastward of the main high grade Tasmania Reef, and results from a fold to the east that occurred at a time subsequent to formation of the reef. This fold is related to a sudden flattening in stratigraphy illustrated in the long section diagram on the back cover of the Annual Report.

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The flattening and repositioning of the ore body was not recognised at the time of our May announcement due to a lack of infill and step out exploration drilling, in part as a result of the financial controls imposed by both joint venture partners being under external administration during the year.

The changing geology has resulted in a change to (and acceleration of) the staged drilling program to delineate ore reserves. Contemporaneously with mapping of the fold, one drill hole result in May indicated a start to definition of a renewed high grade central zone down dip and justified the decision to extend and accelerate the drilling program. The further program has yet to yield results that confirm continuation of the high grade zone, however the drilling program will continue until around June 2005.

This emphasises the necessity that priority continues to be given to ameliorate the inherent risk of mine planning without sufficient geological data. Our Company therefore stands ready to commit the funds necessary for a continuing forward drilling program within the Tasmania Reef for the purpose of enabling informed mine planning.

The geological risk exposed by the unexpected divergence in the reef is linked to the financial risk inherent in our joint venture partner, who is also the mine manager, having potentially divergent financial goals from ours. As I will outline shortly, we therefore believe it is in our Company's interests to bring the mine and its tenements under the single integrated ownership of this Company if commercially possible. Not only would this eliminate the extra administrative costs and associated lines of communication built into a joint venture structure, but it would enable the operational mine management to drive mine operating and cost efficiency in the interests of a single economic entity primarily focussed on long term shareholder return rather than maximising short to medium term cash flow to recover debt.

Full ownership of the Beaconsfield mine therefore remains the primary strategic objective of the Board as one means of maintaining and growing earnings per share and achieving long term profitability in the resources industry. This is not an objective that we will pursue at all costs. If it cannot be achieved on commercial terms that enhance the interests of shareholders, then the Company will pursue growth elsewhere.

BMJV relationships: In spite of tension arising from the matters that I will come to shortly, the joint venture relationships that have been built between our Company and Allstate Explorations NL during this calendar year have been generally positive, and the growing degree of commercial respect between us is a factor that will assist overall morale at the mine and therefore contribute to good operating results.

BMJV Exploration: Exploration on joint venture tenements has been undertaken since October 2002 through a joint venture between the BMJV partners and Diamond Ventures NL, but that venture has not had material exploration success. This joint venture has now terminated, and the BMJV will undertake its own exploration program on the principal joint venture tenement in 2005. The BMJV is in the process of applying to the Tasmanian Government for necessary extensions to its leases. We consider that a strong exploration program by the joint venture is essential. This is clearly an issue that is more important to Beaconsfield Gold than it is to Allstate Explorations at present, and we will press to reinstate the momentum that has been lost as the Diamond Ventures arrangement has wound down.

Current Year Mine Performance: Gold production for the four months to October 2004, whilst at an annualised rate of some 8.5% below 2003/04 record production, was in line with budget. The grade of ore treated, at 18.6 g/t gold, was 10.6% below the average 2003/04 grade, reflecting the variable nature of the Tasmania Reef.

Operating costs for the same four month period were 12 % higher than the monthly average for the second half of 2003/04, but were 2% below budget. Higher expenditure in the current year mainly reflects underground equipment costs to support budgeted higher production and development rates, scheduled equipment maintenance and rebuilds, the expensing of waste rock haulage on the surface as an operating cost (previously capitalised thus no increase in cash cost), and the additional cost of introducing a new manning roster.

The Joint Venture prepares its budgets on a six monthly basis, and we have not yet seen the January/June 2005 budget. However, we expect total costs over the financial year to be materially higher than in

2003/2004. Accordingly we expect that this years' profit from the mine will be lower than in 2003/04. We nevertheless believe that there are reasonable grounds to expect that, at current gold prices, the Mine will continue to generate strong net cash flow to Beaconsfield Gold over the next two years.

2. Corporate Progress of Beaconsfield Gold NL

The return of the Company to Official Quotation on ASX on 2 April 2004 requires acknowledgement of the outstanding contributions from all concerned, directors, new investors, corporate advisers and, of course, the loyal financial support of all our shareholders in contributing new capital through our extremely successful rights issue.

The two sophisticated investor groups introduced to re-finance the Company have not only done very well for themselves but have enabled all shareholders to do very well indeed. We do not know of any comparable revival of an Australian resources company after going into receivership. It was not an armchair ride on a smooth highway, but a complex and expensive exercise. While not the only possible option for moving forward, there is now no doubt that it won investment value for shareholders far in excess of what might have been achieved by any other route.

We have received many letters, telephone calls and personal visits from shareholders to ask for more information about the Board's handling of executive administration this year.

The major task of the Board by December 2003 was to secure the support of BankWest to release of the Company from receivership. While BankWest was receptive to the prospect of obtaining an early substantial debt repayment, with excellent further prospects of recovering the whole of its principal within 18 months, it had conditions to impose on the Company for assurance that its own continuing commercial position was protected at least as well as was being done by its receiver, and the devil was in the detail. These included its approval of both the composition of the Board of Directors and of the person representing us on the Beaconsfield Mine Joint Venture Management Committee.

The Company was next further constrained by the need to give additional covenants to Allstate Explorations in order to extract the receiver from the arrangements he had made with its Administrators for the trade-on of the Beaconsfield Mine operations. The Administrators imposed stringent terms to secure that the Company would comply with its future commercial obligations. Cash required for mine operations must be promptly paid each fortnight, but the most significant covenant required was a schedule to pay a \$2.6 million debt (outstanding since June 2001) by six monthly instalments with no latitude whatever for late payment of any instalment.

The corporate systems initially established were plainly inadequate for these purposes, as financial relationships with both the Administrators and the Bank were destabilised when a scheduled instalment payment to Allstate Explorations was missed on 1 July 2004. As well as putting temporary pressure on our cash reserves this in turn made the Company liable to be returned to even more restrictive bank controls. It required some weeks of patient high level communication before it was practical to make a successful a request to BankWest for loan re-draw to assist a solution to the issue that enabled the entire outstanding amount to be paid some three years ahead of schedule. Early clearing of the debt has upside for the Company in removing one constraint on our future financial options.

Corporate resources and systems put in place since 1 July are far more robust than those applying in our first quarter after emergence from receivership.

Although the July event of missing the due date for a payment to Allstate Explorations had consequences for the Company in terms of deferring repayment of bank debt, corporate reputation, additional bank and legal costs, Board distraction, and especially some loss of momentum in our pursuit of a strategy for rationalisation of mine ownership, the agenda for that rationalisation strategy has by no means been derailed. We have pressed on with negotiations with a number of banks, with a view to developing a new general banking relationship that will open the way to funding of an acquisition proposal. We presently have credit approved offers from two major banks, and anticipate choosing the successful bidder next week.

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Cash flows from gold production since June mean that the Company is now in a much stronger cash position than at 30 June 2004: Cash held by BankWest in our gold proceeds and guarantee collateral accounts is currently around \$6.8 million. This cash is dedicated to Beaconsfield Mine related expenses and debt repayment. Bank debt stands at \$4.2 million. We are thus confident that in the first half of 2005 the Company will either be in a position to repay, or will have repaid, its current bank debt. This will further strengthen the Company's capacity to fund any new acquisition, or to pay a dividend for the 2004/2005 year.

The hedging regime presently imposed on us by BankWest has reduced the current hedge book to around 19,000 ounces. The low level of hedging will enable the Company to review its hedging strategy when it re-establishes a capacity to undertake new hedging as part of the expected new banking relationship, as well as to exploit favourable current spot prices.

The Allstate Administrators had sought, as part of settlement of the July default, to have our claim arising out of circumstances related to entry into the BBR contract in 1998 abandoned. I strongly resisted this, and a proof of debt in respect of this claim has now been lodged with the Administrators. The Administrators have yet to inform us whether they will admit the claim. We see this claim (already subordinated to other non-related creditors) primarily in the context of our Company's investment in the Beaconsfield mine through Allstate Explorations. The claim must be maintained on foot as part of the protection of that investment.

3. Beaconsfield Gold Exploration

We have established an exploration plan for the Company's 100% owned mining tenements and have identified some positive prospects. A drilling program is in progress, and initial results have been encouraging, but it is early days. A report on the initial drill hole was given in the September Quarterly Report, and up to date details will be given in the December Quarterly.

B. Corporate Goals for the Balance of 2004/2005

The Company's principal goals this financial year are:

- (1) To negotiate a successful commercial proposal to bring the entire Beaconsfield mine under the ownership of Beaconsfield Gold NL. Alternatively, if that goal cannot be achieved on commercial terms satisfactory to the Company, then the Board may seek to grow and diversify by acquisition of other sound gold mining assets.
- (2) To continue with the planned exploration of the Company's 100% owned tenements surrounding the Beaconsfield mine for the purpose of discovering and establishing further economic gold assets, under the Company's sole control, in the vicinity of the existing mine.

It is my personal judgment that achievement of full ownership of the Beaconsfield mine is largely dependent on the Board, with a common mind, putting in place an executive management team focussed on entrepreneurial negotiation of the acquisition, and on the team being capable of hitting the ground running with efficient execution of consolidation of the asset on successful completion of a deal. The acquisition team, at both Board and management level, must have the commercial respect of the willing but not anxious players with whom it will need to deal. If those pre-conditions to the acquisition are to be satisfied, Beaconsfield Gold still has some internal management preparation to do before we are fully ready for external change. However, the changes needed are, in principle, able to be quickly achieved.

Last March we canvassed the four main parameters of an acceptable commercial Beaconsfield Mine acquisition outcome with Macquarie Bank, the principal stakeholder. While the acquisition would be complex, it is achievable commercially in the near term. Alternate routes that may lead to the same destination would be long, arduous and uncertain, though they are not to be dismissed until all relevant circumstances at the time are assessed.

In addition to our two main goals, establishment of a dividend policy has been on the Board agenda for some months. Further consideration of the matter was necessarily deferred until the effects of the July

event were overcome and our new banking facilities settled. The Board has not recommended a dividend for the financial year 2003/4. It is obviously premature to say what the Board will recommend to the next AGM, but continuing good cash flow and a longer term banking facility structure should provide the basis for consideration of securing further shareholder returns in 2005. The fundamental of dividend policy is not only that the Company has sustainable profits but also has sufficient cash resources to cover reasonably foreseeable mining expenses and debt costs. Once the balance sheet is secure on those points, the Board will be guided by shareholder sentiment in determining whether to apply some cash surpluses in paying an interim dividend. Shareholders must consider the timing of dividends relative to the priority of investing to acquire additional assets that will extend the life of the Company (and enhance returns to shareholders) beyond the immediately known economic time horizon of the Tasmania Reef. The Board would like to see the Company stay profitably productive with a life longer than some of us in the room, but to pursue that goal we need to retain sufficient cash resources to contribute to establishment of a long term productive asset base.

C. Corporate Governance

At the last AGM I quoted George Santayana to the effect that those who fail to learn the lessons of history may be condemned to repeat it. Looking back on the Board's experience this year, it may be said that we have done both a lot of learning from history and some repeating of it.

We have made substantial progress in establishing the framework for governance of the Company and are engaged in implementation of systems that reflect ASX Best Practice Principles. The limited infrastructure of the Company has required all directors to put in substantial time this year, and the expectations of time contributions from all directors are substantial and growing with the growth of the Company.

As I foreshadowed at the last AGM, the recapitalisation of the Company was followed by a restructure of the Board. John Miedecke retired from the Board earlier this year after many years of service, and three new Directors were appointed. Mike Trumbull will retire as managing director at the end of this meeting but will continue as a Non-Executive Director. His personal commitment to the Beaconsfield mine and to prospects for further discoveries in the Beaconsfield region is legendary.

Jeff Williams will retire at the end of the year. Elected at an EGM in June 2003, Jeff was an important member of the Board team that finalised the recapitalisation agreements that led to the retirement of the receiver. Jeff has been a wise Board contributor and we wish him well in his company's new African endeavours.

Strong individual contributions have been made to the Board by Bede Noonan, Elizabeth Parkin and Bill Tsingos. Shareholders have been well served by each of them and we thank them for the unstinting generosity of time they have given that is out of all proportion to the remuneration to which they are entitled under present arrangements. I especially wish to acknowledge the contributions made by Elizabeth Parkin, whose hard work and clear appreciation of the discipline required by audit and risk management processes have been a stabilising influence for the Company. Her courage and independence in standing up to pressures exerted upon her are qualities that would add lustre to any board.

In the notice of meeting we have said that the Board will undertake a review of its own composition and performance in the first half of next year, and that could mean encouraging a voluntary resizing of the Board. The imminent retirement of Jeff Williams and departure of Elizabeth Parkin have changed the picture since that was written, but such a review would still be valuable.

Our Board in its first 8 months of post receivership life has necessarily been, because of thin corporate head office infrastructure, what can be described, in governance speak, as both an "Intervening Board" and an "Operating Board". An Intervening Board becomes intensely involved in decision making around key issues and communicates intensely, often with meetings at short notice. An Operating Board makes key decisions for management implementation and fills in gaps in management capacity. Because of multiplication of operating decision makers, boards that intervene or operate create risks that individual directors may veto and stultify desirable action, so that the Board becomes as slow to act as the most obstinate member. While I am not suggesting this has happened to us, moving the management structure of

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the Company to a shape that will enable the Board to be engaged in the most effective mode of involved decision making is an internal governance goal for us in 2005.

The Board has been engaged since mid July in a wide ranging search for a suitable new Chief Executive Officer, to succeed Mike Trumbull, and has used a professional search consultant. The market is tight and the search process is still continuing. A successful outcome will, in my view, be crucial in shaping progress towards, and execution of, a successful acquisition strategy.

As from the conclusion of this meeting, our Chief Financial Officer, Brian Coulter, will be acting Chief Executive Officer. As acting CEO, Brian will be primarily responsible for the Company's relationship with the Beaconsfield Mine Joint Venture and therefore our representative on the Joint Venture Management Committee. Brian was appointed as Chief Financial Officer and Company Secretary on 19 July. In that role he has done a magnificent job with great sang-froid and efficiency, and has already made a large contribution to the task of enhancing financial control systems of the Company. We also congratulate him for his role in progress towards securing a new banking relationship for the Company, and for identifying an area of potential significant corporate cost reduction.

Conclusion

In the calendar of the United States of America today is, of course, Thanksgiving Day. It is a time for focus on community and family, but Thanksgiving celebrates primarily the attitude of the pilgrims who left inhospitable circumstances in England to find wealth, freedom and integrity in the new world. At the last AGM I suggested we celebrate Chinese New Year. At this AGM it is pertinent to quote the Old Testament reading set for Thanksgiving Day which will be listened to by millions of Americans, since with a little imagination it has something to say to the community of Beaconsfield Gold shareholders:

"When your cattle and flocks increase, when you have plenty of silver and gold and when you have an abundance of everything, be sure you do not feel self-important ... Be careful not to say 'My own ability and skill have gotten me this wealth'. You must remember the Lord your God, for he is the one who gives ability to get wealth." (Deuteronomy 8:13, 17-18)

The quality of the Beaconsfield Mine assets and the support of its shareholders have enabled us to overcome all the issues the Company has encountered this year. We look forward with thankfulness, if not yet to an abundance of everything, to plenty of silver and gold.



Tony Greenwood
Chairman

25 November 2004