

# **ALLSTATE EXPLORATIONS NL**

**ALLSTATE EXPLORATIONS NL AND CONTROLLED ENTITIES**

**ASX APPENDIX 4D AND FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2008**

**ABN 27 000 679 023**

**ASX CODE: ALX**

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ASX APPENDIX 4D

HALF-YEAR FINANCIAL REPORT TO 31 DECEMBER 2008

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

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|  | 31 December 2008<br>\$'000 | 31 December 2007<br>\$'000 | Percentage<br>increase/<br>(decrease) |
|--|----------------------------|----------------------------|---------------------------------------|
| Revenue from ordinary activities           | 20,588                     | 6,235                      | 230.2                                 |
| EBITDA                                     | 2,257                      | (11,974)                   |                                       |
| Net loss after tax attributable to members | (1,303)                    | (13,200)                   | 90.3                                  |

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**Dividends**

No dividends were declared or paid during the half year ended 31 December 2007 and 31 December 2008

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**Explanation of Result**

In summary for the half-year ended 31 December 2008:

The net loss after tax attributable to members for the half-year was \$1.303 million. (31 December 2007 half-year: loss of \$13.200 million).

The improved performance compared to the December 2007 half-year mainly reflects increased gold production from the Beaconsfield mine of 35,424 ounces (Allstate share 18,247 ounces) compared to 12,843 ounces (Allstate share 6,615 ounces) in the December 2007 half year as the Beaconsfield mine returned to full production, and higher gold prices. The average gold price realised for the current period of A\$1,073 per ounce was 30% higher than for the same period last year.

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

Refer to the commentary in the Directors' Report for more information.

**CORPORATE INFORMATION**

**ABN 27 000 679 023**      **ASX CODE ALX**

**Directors**

|                    |                        |
|--------------------|------------------------|
| Denis E Clarke     | Non-Executive Chairman |
| Michael W Trumbull | Non-Executive Director |
| William Tsingos    | Non-Executive Director |
| Kevin J Perrin     | Non-Executive Director |

**Chief Executive Officer**

William T Colvin

**Company Secretary**

Brian D Coulter

**Registered Office and Principal Place of Business**

Level 7, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000

|            |  |
|------------|--|
| Telephone: | (03) 9909 7401   |
| Facsimile: | (03) 9909 7402   |
| E-mail:    | <a href="mailto:enquiries@beaconsfieldgold.com.au">enquiries@beaconsfieldgold.com.au</a> |

**Mine Site Office**

5 West Street  
Beaconsfield TAS 7270

|            |                |
|------------|----------------|
| Telephone: | (03) 6383 6500 |
| Facsimile: | (03) 6383 6590 |

**Share Registry**

Registries Limited  
PO Box R67  
Royal Exchange  
Sydney NSW 1223

|            |                |
|------------|----------------|
| Telephone: | (02) 9290 9600 |
| Facsimile: | (02) 9279 0664 |

**Auditor**

RSM Bird Cameron Partners  
Level 8, Rialto South Tower  
525 Collins Street  
Melbourne, VIC 3000

**Banker**

National Australia Bank Limited  
46 St John Street  
Launceston TAS 7250

**ALLSTATE EXPLORATIONS NL**  
**HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2008**

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Your directors submit their report for the half-year ended 31 December 2008.

**DIRECTORS**

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

D E Clarke – Chairman

M W Trumbull

K J Perrin

W Tsingos

**PRINCIPAL ACTIVITIES**

The principal activity of the Company during the half-year was to manage the Beaconsfield Mine Joint Venture ("BMJV"), which operates the Beaconsfield Gold Mine in north-east Tasmania, and to produce gold from the Beaconsfield Gold Mine through the participation of two of its controlled entities in the BMJV.

There have been no significant changes in the nature of those activities during the period.

The participants in the unincorporated BMJV are the Allstate group with a 51.51% interest and the Beaconsfield Gold NL group. Beaconsfield Gold NL is the parent entity of the Company, with a 90.06% interest based on voting rights (88.82% based on total shares on issue).

**CONSOLIDATED RESULT**

The consolidated loss for the half-year after income tax was \$1.303 million (31 December 2007 half-year: loss of \$13.200 million). This was after providing \$1.997 million for depreciation and amortisation and \$1.672 million for finance costs.

The improved performance compared to the December 2007 half-year mainly reflects increased gold production from the Beaconsfield mine of 35,424 ounces (Allstate share 18,247 ounces) compared to 12,843 ounces (Allstate share 6,615 ounces) in the December 2007 half year as the Beaconsfield mine returned to full production, and higher gold prices. The average gold price realised for the current period of A\$1,073 per ounce was 30% higher than for the same period last year.

Deficiency in net assets at 31 December 2008 was \$71.837 million (30 June 2008: \$70.534 million deficiency).

**REVIEW OF FINANCIAL RESULTS**

The financial results for the 31 December 2008 half-year for Allstate Explorations NL are summarised in the following table:

|                                    | <b>31 Dec 2008</b> | 31 Dec 2007 |
|------------------------------------|--------------------|-------------|
|                                    | <b>\$'000</b>      | \$'000      |
| Gold and silver sales revenue      | 20,094             | 5,877       |
| Other revenue (excluding interest) | 385                | 260         |
| Total revenue (excluding interest) | 20,479             | 6,137       |
| EBITDA                             | 2,257              | (11,974)    |
| Net loss after tax                 | (1,303)            | (13,200)    |
| Basic loss per share (cents)       | (1.8)              | (17.9)      |
| Net tangible assets (\$ per share) | (0.97)             | (0.96)      |

## **REVIEW OF OPERATIONS**

### **1. Beaconsfield Mine**

The Beaconsfield Mine operated at full production throughout the half year with 135,146 tonnes of ore mined, equivalent to 268,000 tonnes per annum.

Gold production for the period of 35,424 ounces was below expectations, despite the high level of ore production, due mainly to a lower than scheduled average gold grade in the December quarter resulting from the deferral of a number of higher grade stopes into the March 2009 quarter. This deferral followed changes made to the mining schedule to reduce the geotechnical risk of the planned extraction sequence of one of the high grade stoping blocks. As expected, gold production improved significantly in January to 7,699 ounces, and the mine is forecast to produce 80,000 ounces in the 2009 financial year.

The use of remote mining from footwall drives is continuing to prove to be a safe and effective mining method. It represents a significant departure from previous mining methods used at Beaconsfield and is a key component of the "multiple lines of defence" now employed to manage seismicity under the Cases for Safety accepted by Workplace Standards Tasmania. Footwall driving removes the need for any personnel to enter the western zone of the orebody during the stoping phase and allows drilling and charging activities to be carried out remotely from within much stronger and less seismically prone footwall rocks. Loading of trucks and backfilling of stopes is carried out using tele-remote (unmanned) loaders, with the operator located a considerable distance from the stope.

Other measures introduced recently under the Cases for Safety include the installation of sophisticated instrumentation clusters in each stoping block to continuously measure the impact of mining on ground conditions, and a ground support system that is designed to protect against all expected ground failure mechanisms. A review of actual mining data confirmed that the installed ground support has performed as designed and that the actual stress levels monitored during mining are lower than factored in the Case for Safety.

Delivery was taken of a new Elphinstone R1600G loader (early January) and tele-remote equipment was successfully commissioned on the existing Elphinstone R1600 loader fleet. These larger loaders will offer a productivity improvement of up to 50% for the bogging and backfilling cycle in some parts of the mine.

Waste development activities during the period were focussed on completing the three footwall drives in the 1020W stoping block and opening up that block for stope production. Good progress was also made on establishing the 1080W stoping block, as well as advancing the decline and establishing further production levels deeper in the mine.

The ore treatment plant processed 134,131 tonnes of ore during the December half year, equivalent to 266,000 tonnes per annum. The plant has operated well throughout the period and has consistently demonstrated its ability to process in excess of 1,000 tonnes per day.

Construction of a new, fully-lined tailings dam at a budgeted cost of \$1.6 million has commenced and is scheduled for completion in the March quarter.

### **2. BMJV Expenditure**

Cost of production for the half year for the mine as a whole totalled \$32.882 million (ALX share: \$16.938 million). Mine operating expenditure of \$22.454 million (ALX share: \$11.715 million) in the December 2007 half year included care and maintenance and recommissioning expenses.

Cash costs (calculated in accordance with the Gold Institute production cost standard for by-product costing) were \$924 per ounce, \$149 per ounce (14%) below the average selling price for the half year of A\$1,073 per ounce. Cash costs per ounce are forecast to reduce significantly in the June half year as production improves with access to higher grade stopes.

### **3. Allstate Explorations Revenue**

Total revenue from gold and by-product silver sales for the December 2008 half year was \$20.094 million (31 December 2007: \$5.877 million). The significant increase over the previous corresponding half year reflects the combined impact of increased gold production and higher realised gold price of A\$1,073 per ounce (2007: A\$822 per ounce).

**ALLSTATE EXPLORATIONS NL**  
**HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2008**

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**4. BMJV Ore Reserves/Resources**

An updated Resource and Reserve Statement was released in January 2009. The reported Identified Mineral Resource for the Tasmania Reef at Beaconsfield, Tasmania as at 31 December 2008 was:

|                    |   |
|--------------------|---|
| Measured Resource  | 321,000t @ 14.3g/t Au (148,000 ounces contained gold) |
| Indicated Resource | 481,000t @ 13.5g/t Au (209,000 ounces contained gold) |
| Inferred Resource  | 177,000t @ 10.4g/t Au (59,000 ounces contained gold)  |
| Total Resource     | 979,000t @ 13.2g/t Au (416,000 ounces contained gold) |

The previous Total Resource (dated 30 Nov 2007) contained 446,000 ounces and, incorporating mining depletion of 79,000 ounces since that time, a net increase of 49,000 ounces (13%) is shown.

The Ore Reserve for the Tasmania Reef at the Beaconsfield Mine as at 31 December 2008 was estimated as:

|                  |   |
|------------------|---|
| Proved Reserve   | 270,000t @ 11.9g/t Au (103,000 ounces contained gold) |
| Probable Reserve | 518,000t @ 9.7g/t Au (162,000 ounces contained gold)  |
| Total Reserve    | 787,000t @ 10.5g/t Au (265,000 ounces contained gold) |

The previous Total Reserve as at 30 November 2007 was estimated as 1,095,000 tonnes at 9.8g/t Au (346,000 ounces contained gold).

**5. Exploration**

**5.1 Beaconsfield Mine Resource Extension**

Underground diamond drilling to extend mine resources and reserves for the Tasmania Reef progressed during the half year with significant mineralisation reported from six of the seven holes completed. These results demonstrate continuity of mineralisation with depth. The intention of this drilling is to further extend resources and reserves to 1590 RL and increase mine life by a further three years.

**5.2 Beaconsfield Regional Exploration**

Exploration for satellite gold deposits within 10km of the Beaconsfield mine will continue through 2009, principally using soil sampling, surface RC (reverse circulation) drilling and diamond drilling. This drilling is in addition to underground resource extension diamond drilling which will continue during 2009 to drill for depth extensions beyond the current resource.

**6. Gold Hedging for Allstate Explorations**

The Allstate Group remains completely unhedged and all production from the Beaconsfield Mine is available for delivery at the spot price. The average gold price received during the half year was A\$1,073 per ounce.

**7. Coronial Inquest**

The Coronial Inquiry into the death of Larry Knight was finalised on 11 November 2008, and the Coroner, in his findings handed down on 26 February 2009, concluded that no person, corporation or other entity directly contributed to Mr Knight's death.

**8. BBR Claim**

The previously reported claim against the BBR Companies has been settled before going to court. Net proceeds to the Allstate group are expected to be in the order of \$0.7 million.

**9. Claim Against Blake Dawson**

A number of Beaconsfield Gold group companies (which includes the ALX group) commenced proceedings in 2004 in the Supreme Court of Western Australia against Blake Dawson for damages for professional negligence and breach of contract arising from legal services provided to Allstate by Blake Dawson in 1998. The claim relates to advice concerning certain insurance and risk management issues associated with the contract for construction of the treatment plant at the Beaconsfield Mine.

A court ordered mediation held on 31 July 2008 failed to resolve this matter. The Beaconsfield Gold group is continuing to pursue the action.

**ROUNDING**

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the company under Australian Securities and Investments Commission (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.

**AUDITOR'S INDEPENDENCE DECLARATION**

A declaration of independence has been provided by our auditors, RSM Bird Cameron Partners, and is attached at page 7.

Signed in accordance with a resolution of the directors.



D E Clarke  
Director

27 February 2009

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# RSM Bird Cameron Partners

Chartered Accountants

Level 8 Rialto South Tower  
525 Collins Street Melbourne VIC 3000  
PO Box 248 Collins Street West VIC 8007  
T +61 3 9286 1800 F +61 3 9286 1999  
www.rsmi.com.au

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Allstate Explorations NL for the half year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

*Rsm Bird Cameron Partners*

**RSM BIRD CAMERON PARTNERS**  
Chartered Accountants

*Jason Croall*  
**J S CROALL**  
Partner

Melbourne  
27 February 2009

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## INCOME STATEMENT

HALF-YEAR ENDED 31 DECEMBER 2008

|  | Notes | CONSOLIDATED          |                       |
|--|-------|-----------------------|-----------------------|
|  |       | 31 Dec 2008<br>\$'000 | 31 Dec 2007<br>\$'000 |
| <b>Revenue</b>                         | 3(a)  | <b>20,588</b>         | 6,235                 |
| Cost of production *                   |       | <b>(16,938)</b>       | (11,715)              |
| Depreciation and amortisation expenses |       | <b>(1,997)</b>        | (609)                 |
| Finance costs                          | 3(b)  | <b>(1,672)</b>        | (715)                 |
| Other expenses                         | 3(c)  | <b>(1,848)</b>        | (1,296)               |
| Other income                           | 3(d)  | <b>564</b>            | 49                    |
| Net derivative gains/(losses)          | 3(e)  | -                     | (5,149)               |
| <b>Loss before income tax expense</b>  |       | <b>(1,303)</b>        | (13,200)              |
| <b>Income tax expense</b>              |       | -                     | -                     |
| <b>Loss after tax</b>                  |       | <b>(1,303)</b>        | (13,200)              |

\* The 31 December 2007 cost of production included care and maintenance and mine reopening expenses.

## EARNING PER SHARE (EPS)

|                                |              |        |
|--------------------------------|--------------|--------|
| Basic loss per share (cents)   | <b>(1.8)</b> | (17.9) |
| Diluted loss per share (cents) | <b>(1.8)</b> | (17.9) |
| Dividend per share (cents)     | -            | -      |

## BALANCE SHEET

AS AT 31 DECEMBER 2008

|                                       | Notes | CONSOLIDATED                              |                                    |
|---------------------------------------|-------|---|------------------------------------|
|                                       |       | AS AT<br>31<br>DECEMBER<br>2008<br>\$'000 | AS AT<br>30 JUNE<br>2008<br>\$'000 |
| <b>ASSETS</b>                         |       |   |                                    |
| <b>Current Assets</b>                 |       |   |                                    |
| Cash and cash equivalents             |       | 1,816                                     | 1,633                              |
| Trade & other receivables             |       | 1,186                                     | 1,114                              |
| Prepayments                           |       | 165                                       | 242                                |
| Inventories                           |       | 1,783                                     | 1,964                              |
| <b>Total Current Assets</b>           |       | <b>4,950</b>                              | 4,953                              |
| <b>Non-Current Assets</b>             |       |   |                                    |
| Cash and cash equivalents             |       | 767                                       | 825                                |
| Property, plant & equipment           |       | 12,055                                    | 12,498                             |
| Exploration, evaluation & development |       | 4,869                                     | 4,435                              |
| Other                                 |       | 306                                       | 301                                |
| <b>Total Non-Current Assets</b>       |       | <b>17,997</b>                             | 18,059                             |
| <b>TOTAL ASSETS</b>                   |       | <b>22,947</b>                             | 23,012                             |
| <b>LIABILITIES</b>                    |       |   |                                    |
| <b>Current Liabilities</b>            |       |   |                                    |
| Trade & other payables                | 4     | 53,855                                    | 52,412                             |
| Interest-bearing loans & borrowings   | 5     | 33,701                                    | 33,773                             |
| Provisions                            |       | 1,288                                     | 1,111                              |
| Other                                 |       | 258                                       | 303                                |
| <b>Total Current Liabilities</b>      |       | <b>89,102</b>                             | 87,599                             |
| <b>Non-Current Liabilities</b>        |       |   |                                    |
| Payables                              | 4     | 1,533                                     | 1,943                              |
| Interest-bearing loans & borrowings   | 5     | 505                                       | 380                                |
| Provisions                            |       | 3,001                                     | 2,904                              |
| Other                                 |       | 643                                       | 720                                |
| <b>Total Non-Current Liabilities</b>  |       | <b>5,682</b>                              | 5,947                              |
| <b>TOTAL LIABILITIES</b>              |       | <b>94,784</b>                             | 93,546                             |
| <b>DEFICIENCY IN NET ASSETS</b>       |       | <b>(71,837)</b>                           | (70,534)                           |
| <b>EQUITY</b>                         |       |   |                                    |
| Share capital                         | 6     | 49,688                                    | 49,688                             |
| Accumulated losses                    |       | (121,525)                                 | (120,222)                          |
| <b>TOTAL EQUITY DEFICIENCY</b>        |       | <b>(71,837)</b>                           | (70,534)                           |

**CASH FLOW STATEMENT**

HALF-YEAR ENDED 31 DECEMBER 2008

|  | Notes | CONSOLIDATED          |                       |
|--|-------|-----------------------|-----------------------|
|  |       | 31 Dec 2008<br>\$'000 | 31 Dec 2007<br>\$'000 |
| <b>Cash Flows from Operating Activities</b>        |       |                       |                       |
| Receipts from customers                            |       | 20,474                | 5,539                 |
| Receipt of government grant                        |       | -                     | 723                   |
| Payments to close out hedge book                   |       | -                     | (10,491)              |
| Payments to suppliers & employees                  |       | (17,310)              | (12,201)              |
| Net Cash Flows from/(used) in Operating Activities |       | 3,164                 | (16,430)              |
| <b>Cash Flows from Investing Activities</b>        |       |                       |                       |
| Interest received                                  |       | 104                   | 80                    |
| Proceeds from sale of fixed assets                 |       | 5                     | 8                     |
| Purchase of plant & equipment                      |       | (524)                 | (225)                 |
| Mine development expenditure                       |       | (1,262)               | (965)                 |
| Net Cash Flows (used in)/from Investing Activities |       | (1,677)               | (1,102)               |
| <b>Cash Flows from Financing Activities</b>        |       |                       |                       |
| Advances received from parent entity               |       | -                     | 18,441                |
| Repayment of parent loan                           |       | (1,593)               | -                     |
| Repayment of indemnity                             |       | (115)                 | (3,852)               |
| Proceeds from call under indemnity                 |       | 459                   | 268                   |
| Proceeds from borrowings                           |       | -                     | 2,400                 |
| Interest paid                                      |       | -                     | -                     |
| Repayment of lease principal                       |       | (113)                 | (319)                 |
| Net Cash Flows (used in)/from Financing Activities |       | (1,362)               | 16,938                |
| Net Increase/(Decrease) in Cash                    |       | 125                   | (594)                 |
| Cash at Beginning of the Financial Period          |       | 2,458                 | 2,954                 |
| <b>Cash at End of the Financial Period</b>         | 10    | <b>2,583</b>          | <b>2,360</b>          |

## STATEMENT OF CHANGES IN EQUITY

HALF-YEAR ENDED 31 DECEMBER 2008

|                            | <b>Issued<br/>Capital<br/>\$'000</b> | <b>Accumulated<br/>Losses<br/>\$'000</b> | <b>Total<br/>Deficiency<br/>\$'000</b> |
|----------------------------|--------------------------------------|--|--|
| <b>At 1 July 2007</b>      | 49,688                               | (100,009)                                | (50,321)                               |
| Loss for the period        | -                                    | (13,200)                                 | (13,200)                               |
| <b>At 31 December 2007</b> | 49,688                               | (113,209)                                | (63,521)                               |
| <b>At 1 July 2008</b>      | 49,688                               | (120,222)                                | (70,534)                               |
| Loss for the period        | -                                    | (1,303)                                  | (1,303)                                |
| <b>At 31 December 2008</b> | 49,688                               | (121,525)                                | (71,837)                               |

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

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### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### (a) Basis of preparation

This general purpose financial report for the half year ended 31 December 2008 has been prepared in accordance with applicable accounting standards including AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2008 and considered together with any public announcements made by Allstate Explorations NL during the half-year ended 31 December 2008 and up to the date of signing these accounts in accordance with the continuous disclosure obligations of the *Corporations Act 2001* and the *ASX listing rules*.

Apart from the changes in accounting policy and disclosures noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

#### (b) Going Concern

Despite a net asset deficiency at 31 December 2008 and negative operating cash flow for the six months ended 31 December 2008, the half-year consolidated financial statements have been prepared on a going concern basis after taking into account the following factors: -

- (i) At the date of this report Beaconsfield Gold NL ("BGNL") the parent entity of the Company continued to fund the operations of the Company and its subsidiaries;
- (ii) the Beaconsfield Mine has now returned to full production levels and is cash positive, with all gold delivered into the spot market. Strong cash flow from the mine in January and February reflects strong mine production and the historically high A\$ gold price; and
- (iii) BGNL has advised the Company it will not require repayment of loans owed to BGNL as at February 2008 until such time as the company is capable of repaying these loans without any adverse consequences in relation to solvency. BGNL has undertaken not to withdraw this financial support for a period of at least 12 months from the date of signing this financial report.

In the event that any of the above factors did not eventuate there would be a significant uncertainty as to whether the Consolidated Entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the entity not continue as a going concern.

### 2. PRIOR PERIOD ADJUSTMENT

Cash held on deposit as security for Beaconsfield Mine employee entitlements, totaling \$4.559 million at 30 June 2008 (ALX share \$2.348 million), has previously been disclosed as a current asset. This account can be used only for the payment of employee entitlements. Given the restriction on the operation of this bank account there is a portion of this asset that does not meet the definition of a current asset and accordingly should be classed as a non-current asset. A prior period adjustment has therefore been made to the 30 June 2008 balance sheet to correct this disclosure. The adjustment has had the effect of decreasing cash (current asset) by \$0.825 million and increasing cash (non-current asset) by \$0.825 million at 30 June 2008.

**ALLSTATE EXPLORATIONS NL**  
**HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2008**

**CONSOLIDATED**  
**31 Dec 2008**    31 Dec 2007  
**\$'000**            \$'000

**3. REVENUE AND EXPENSES**

Loss before income tax expense includes the following revenues, income and expenses whose disclosure is relevant in explaining the performance of the Consolidated Entity:

|   |                |                |
|---|----------------|----------------|
| (a) <b>Revenue</b>  |                |                |
| Revenue from sale of gold & silver  | 20,094         | 5,877          |
| Interest received   | 109            | 98             |
| Other revenue   | 385            | 260            |
|   | <b>20,588</b>  | <b>6,235</b>   |
| (b) <b>Finance costs</b>  |                |                |
| Interest expenses   | (1,399)        | (551)          |
| Borrowing costs   | (176)          | (73)           |
| Unwind of rehabilitation provision discount   | (97)           | (91)           |
|   | <b>(1,672)</b> | <b>(715)</b>   |
| (c) <b>Other expenses</b>   |                |                |
| Royalties   | (286)          | (76)           |
| Administration  | (1,562)        | (1,092)        |
| Adjustment to debt owed to former Allstate banker   | -              | (128)          |
|   | <b>(1,848)</b> | <b>(1,296)</b> |
| (d) <b>Other income</b>   |                |                |
| Beaconsfield Community Fund grant income  | 121            | 41             |
| Adjustment to debt owed to former Allstate banker   | 443            | -              |
| Profit on sale of fixed assets  | -              | 8              |
|   | <b>564</b>     | <b>49</b>      |
| (e) <b>Net derivatives gains / (losses)</b>   |                |                |
| Loss on close out of gold forward sales contracts during the period   | -              | (10,491)       |
| Reversal of previously recognised loss on ineffective gold forward sales contracts closed out during the period | -              | 5,342          |
|   | <b>-</b>       | <b>(5,149)</b> |

**ALLSTATE EXPLORATIONS NL**  
**HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2008**

|           |  | <b>CONSOLIDATED</b>    |                         |
|-----------|--|------------------------|-------------------------|
|           |  | <b>31 Dec<br/>2008</b> | <b>30 June<br/>2008</b> |
|           |  | <b>\$'000</b>          | <b>\$'000</b>           |
| <b>4.</b> | <b>TRADE &amp; OTHER PAYABLES</b>  |                        |                         |
|           | <b>Current</b>   |                        |                         |
|           | Trade and sundry creditors   | 4,833                  | 3,699                   |
|           | Owing to Beaconsfield Gold NL  | 48,000                 | 48,000                  |
|           | Amounts paid under indemnity by the Consolidated entity's banker   | 1,022                  | 713                     |
|           |  | <b>53,855</b>          | <b>52,412</b>           |
|           | <b>Non-Current</b>   |                        |                         |
|           | Amounts paid under indemnity by the Consolidated entity's banker   | 1,533                  | 1,943                   |
| <b>5.</b> | <b>INTEREST BEARING LOANS &amp; BORROWINGS</b>   |                        |                         |
|           | <b>Current</b>   |                        |                         |
|           | Owing to Beaconsfield Gold NL  | 33,534                 | 33,571                  |
|           | Lease Liabilities  | 167                    | 202                     |
|           |  | <b>33,701</b>          | <b>33,773</b>           |
|           | <b>Non-Current</b>   |                        |                         |
|           | Lease Liabilities  | 505                    | 380                     |
| <b>6.</b> | <b>ISSUED CAPITAL</b>  |                        |                         |
|           | <b>Issued and paid up capital</b>  |                        |                         |
|           | 62,818,175 (30 June 2007: 62,818,175) ordinary shares fully paid   | 44,801                 | 44,801                  |
|           | 10,859,452 (30 June 2007: 10,859,452) partly paid ordinary shares issued at \$0.75 and partly paid to \$0.45   | 4,887                  | 4,887                   |
|           |  | <b>49,688</b>          | <b>49,688</b>           |
| <b>7.</b> | <b>CONTINGENT ASSETS AND LIABILITIES</b>   |                        |                         |
|           | Since the last annual reporting date, there has been no material change in any contingent liability or contingent asset other than: -  |                        |                         |
|           | <b>Allstate Former Banker (Contingent Liability)</b>   |                        |                         |
|           | The amount repayable to the Company's former banker which is contingent on an increase in recoverable reserves at the Beaconsfield Mine (\$1.229 million at 30 June 2008) increased to \$1.768 million at 31 December 2008 due principally to further payments by the former banker in accordance with an indemnity agreement. |                        |                         |

**ALLSTATE EXPLORATIONS NL**  
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**8. EVENTS AFTER THE BALANCE SHEET DATE**

**BBR Claim**

The previously reported claim against the BBR Companies has been settled before going to court. Net proceeds to the Allstate group are expected to be in the order of \$0.7 million.

**9. SEGMENT INFORMATION**

The group operates within the gold mining industry in Australia. Its principal activities are the production of gold at the Beaconsfield Gold Mine through its participation in the Beaconsfield Mine Joint Venture.

**Seasonality**

The Consolidated Entity's operations are not affected by cyclical or seasonal changes

**10. CASH AND CASH EQUIVALENTS**

**Reconciliation of Cash**

For the purposes of the Cash Flow Statement, cash and cash equivalents comprised the following at 31 December:

|  | <b>CONSOLIDATED</b>               |                                   |
|--|-----------------------------------|-----------------------------------|
|  | <b>31 Dec<br/>2008<br/>\$'000</b> | <b>31 Dec<br/>2007<br/>\$'000</b> |
| Cash at bank & in hand (current asset and non-current asset portion) | <b>2,583</b>                      | 2,360                             |

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Allstate Exploration NL, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001* including:
- (i) Giving a true and fair view of the financial position as at 31 December 2008 and the performance for the half-year ended on that date of the Consolidated Entity; and
  - (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *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.

On behalf of the Board



D E Clarke  
Director

27 February 2009

# RSM! Bird Cameron Partners

Chartered Accountants

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## INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

ALLSTATE EXPLORATIONS NL

### *Report on the Half-Year Financial Report*

We have reviewed the accompanying half-year financial report of Allstate Explorations NL which comprises the balance sheet as at 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, accompanying notes to the financial statements and the directors' declaration. The consolidated entity comprises both Allstate Explorations NL (the company) and the entities it controlled during the half-year.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with 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 half-year 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.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of Allstate Explorations NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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*Auditor's Responsibility (cont.)*

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Allstate Explorations NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*Material Uncertainty Regarding Continuation as a Going Concern*

Without qualifying our conclusion, we draw attention to Note 1 in the half-year financial report which alludes to the significant net liability position of the Allstate Explorations NL and the reliance of the consolidated entity on the continued support of Beaconsfield Gold NL to enable Allstate Explorations NL to meet its debts as and when they fall due. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

  
**RSM BIRD CAMERON PARTNERS**  
Chartered Accountants

  
**J S CROALL**  
Partner

Melbourne  
27 February 2009