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Lodgement of Open Briefing.

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Title : Open Briefing. Bendigo Mining NL. 485,000 oz p.a. Project

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Bendigo Mining NL is intending to raise approximately A$50 million to fund its New Bendigo Gold Project in central Victoria (current market capitalisation A$100 million at 18 cps). Where will those funds be applied?

Managing Director Doug Buerger
The A$50 million we're intending to raise will fund the A$56 million required for commencement of production by early 2003. The first stage of production will be at a rate of approximately 95,000 ounces of gold per annum and this will form the platform for production Stages Two and Three.

We have already developed a 3.5 km decline to a depth of 550 vertical metres. The main expenditure in Stage One will be to develop that decline to the next level and to develop the ore bodies to start gold production. Other major capital expenditure will be on drilling out the ore bodies for future mining and also on water disposal. We will process the gold at an existing treatment plant close to the site and that won't require any significant capital expenditure.

Our goal is to have a gold mining company that’s going to be generating EBITDA in excess of A$160 million p.a. in about six years time and be cumulative cash flow positive in seven years.

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You intend to produce 95,000 ounces p.a. (at a cash operating cost of US$179/oz) in Stage One by early 2003, 240,000 ounces p.a. (at US$117/oz) in Stage Two by 2005 and 485,000 ounces p.a. (at US$82/oz) in Stage Three by 2007. The project has an expected mine life of at least 25 years. What capital is required for Stages Two and Three?

Managing Director Doug Buerger
Stage Two will require around A$90 million, mainly on mine development and the construction of a new treatment plant. We plan to fund that stage through debt (A$70M) and earnings (A$20M).

Stage Three, which largely involves capital expenditure on mine development and an expansion of the treatment plant, will require about A$106 million and will be funded out of earnings.

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Will a further capital raising be required beyond the initial raising to fund Stage One of the project?

Managing Director Doug Buerger
We don't intend to raise any more equity. We are planning for Stages Two and Three to be funded either by debt or from project cash flow.

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What financial returns have you calculated for the project?

Managing Director Doug Buerger
The IRR is 31.1 percent and the NPV of the project is about A$370 million.

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What EBITDA and cash flow (after tax and capital expenditure) will you achieve at peak production?

Managing Director Doug Buerger
In 2007, the EBITDA is about A$160 million p.a. and the cash flow peaks at about A$95 million.

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What are the main assumptions used in your analysis?

Managing Director Doug Buerger
We've assumed a flat gold price of A$485 per ounce. The gold price and operating costs are not escalated. We've assumed a mill head grade of 13 grams per tonne, compared to an historic recovered grade of 15 g/t, a mill recovery of 95 percent and a mine life of 25 years.

We've performed sensitivities such as increasing operating costs and reducing head grades and the project remains robust under all scenarios, as you could imagine when the IRR is 31 percent.

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You've estimated the resource potential at the project to be 12.3 million ounces at an average grade above 13 g/t. How does that estimate of resource potential relate to mineral resources as defined under the JORC code (the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves)?

Managing Director Doug Buerger
The resource potential classification that we've used is not found within the JORC code. The JORC code doesn't allow for the kind of estimations required for extremely nuggety deposits such as Bendigo. However, the chairman of the JORC committee, Mr Pat Stephenson, is a member of our peer review panel and he has been involved in auditing our resource potential estimates. He is comfortable with the methodology and the level of confidence that we've placed on the resource potential.

Although our estimate of resource potential doesn't fall within the JORC code, the management, the board and our peer review panel has enough confidence about our estimate for us to commit to developing a mine.

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What upside or downside risks exist for the resource potential?

Managing Director Doug Buerger
In formulating our mine plans, we engaged AMC, independent engineers to develop a conceptual study. We asked SRK Consulting to do a geological risk assessment of the study. SRK identified three risks, the first was that the ribbon patterns containing the gold resource do not extend with depth. They consider that a very low risk.

The second is that the grade within the ribbons is not sufficient to give a 12 million ounce resource. They consider that risk to be low to moderate. The final risk identified was whether we would be able to define the grade in a mineable ore body and to develop a mine plan around that. SRK also considers that risk to be low to moderate.

We've made a number of conservative assumptions in estimating the resource potential of 12 million ounces in addition to allowing for loss on processing, loss on theft and dilution in mining. When we remove the most obvious conservative factors, the resource potential is as high as 25 million ounces.

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Your assessment of the resource potential of the New Bendigo Gold Project is dependent on the ribbon structure repeating at depth and the gold grades being maintained at depth. How can you be confident that will be the case?

Managing Director Doug Buerger
We've drilled in a number of places in the Bendigo Goldfield to test the ribbon repeat model. We found four new ribbons when we drilled six kilometres away from the decline to depths of 1,600 metres below surface. We hit all four ribbons the first time and those ribbons were modelled as per our geological model. That illustrates the robustness of the geological model.

We've researched the historical mining data of about 2,500 companies in the Bendigo Goldfield and we haven't found any instances where the grade drops off with depth.

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The gold resource at Bendigo is amongst the most nuggety in the world. How will you be able to identify the high grade zones and accurately estimate the grades?

Managing Director Doug Buerger
22 million ounces were mined from 1851 until 1954 from the Bendigo Goldfield. The old timers were able to identify the gold bearing areas and mine them profitably and we've got the advantage of today's technology. We've used modern drilling techniques to test for indicators in the reefs that will help us identify the high grade zones. The results of a bulk sampling program show that the presence of certain mineral types have a high correlation with the high grade zones.

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What amount of exploration drilling have you performed as part of your exploration study?

Managing Director Doug Buerger
We've drilled about 30,000 metres from the surface. Western Mining did a similar amount of percussion and diamond drilling. We've done an additional 20,000 metres of underground drilling from the decline.

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You mentioned historical mining was to a vertical depth of 1,400 metres. To what depth will you mine under each of the project stages?

Managing Director Doug Buerger
We plan to start from 500 metres below the surface, which is at the base of the historic mining and go down to a depth of 1,500 metres. 500 metres is the average depth of the historic mining while 11 of the old shafts went down to 1,000 metres.

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Why did mining cease in 1954?

Managing Director Doug Buerger
The main reasons were a drop in gold price and the competition for capital. There were 1,500 companies competing for capital in Bendigo and it meant that many went out of business.

The companies that persisted ran into ventilation and de-watering problems. For as much as 18 hours each day they were manually bailing water from the shafts and their cost structures became prohibitive.

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The mine site is on the edge of Bendigo and the decline is located below the township. Do you have all the required permits to commence underground mining and surface processing?

Managing Director Doug Buerger
Yes, we've got all the permits for underground mining. We've been developing the decline for two and a half years. We've got permits to process the ore in two areas. One is at the mine site and the other is in the northern part of the Goldfield.

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Can you describe the underground mining conditions?

Managing Director Doug Buerger
The decline is 550 metres below the surface and the rock conditions are good for underground mining and stoping. From 30 metres below surface the rock is very competent and only requires rock-bolting and mesh as with most underground mines.

We've also examined some historic openings that were last mined in the 1950's. These have been de-watered and flooded a number of times but the openings are still in good condition without any significant rock falls.

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WMC Limited explored and evaluated the Bendigo tenements from 1978 to 1993, during which time it spent A$28 million, yet it decided not to proceed with a development. What did it cost Bendigo to buy the project from WMC?

Managing Director Doug Buerger
We bought the project from WMC for about A$1.5 million plus a royalty capped at A$8 million.

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How can Bendigo Mining succeed where WMC could not?

Managing Director Doug Buerger
WMC were working in a difficult political environment in Victoria and the project was probably not suitable for a major mining corporation at that time and maybe required a smaller organisation with its primary focus on this project.

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Why has it taken Bendigo Mining 8 years to progress the project to this stage?

Managing Director Doug Buerger
It’s taken time to thoroughly understand the geology. It's not a shallow exploration project and we decided the best approach was to get closer to the resource by developing a decline. That is now 3.5km long and 550m below the surface. It took time to attract the funding and it's taken us nearly three years to put the decline in but we're now on the verge of some serious gold production.

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What is your background and management history?

Managing Director Doug Buerger
I have been in the mining industry for over thirty years now. My first involvement was in exploration in Africa and in Australasia and in production in Australia.

I became involved in the Bendigo project in 1994. I introduced a system of peer review involving experts in various disciplines to supplement our expertise base and to provide an internal audit on our work. This has stood us in good stead having been able to attract leading industry figures to serve on the peer review panel.

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What are the remaining project risks?

Managing Director Doug Buerger
The definition of mineable bodies of mineralisation is the single biggest challenge facing us. We are making great strides in being able to outline what appear to be economic zones from drill results and as we get more information and knowledge we will get better. The nuggety nature of Bendigo gold makes grade estimation difficult and the ultimate test will be the conversion rate from resources into gold bars poured.

We've then got to demonstrate that our mining case is robust and produce at the operating costs we predicted.

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You have appointed NM Rothschild and Sons as financial advisors to your fund raising activity. What interest has been shown by potential corporate investors?

Managing Director Doug Buerger
We've spoken to a select group of major world mining companies and specialist mining funds. Half a dozen have shown a serious interest and are continuing their investigation of the project.

Our data room will open this week and we expect to receive all offers by the end of July so we can finalise the equity raising by October.

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Why is your preference for an equity partner to invest in the company and not directly in the project?

Managing Director Doug Buerger
We are encouraging investors to take a direct stake in Bendigo Mining to share in accumulated tax losses. Bendigo Mining is a single project company anyway.

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Who are the major shareholders of Bendigo Mining?

Managing Director Doug Buerger
We don't have any mining companies on our share register. Our principal shareholder is General Oriental Investments, which is the late Sir James Goldsmith's family company. It owns 35.5 percent. Our second largest shareholder is UniSuper, which owns about 13 percent of the company. The top 10 shareholders control about 74 percent of the company.

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Thank you Doug.

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Authorised Company

Officer Name
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Position : ....….......

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