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Title : Open Briefing. Bendigo Mining NL. Progress with Bulk Sampling

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Bendigo Mining NL has commenced exploration development and bulk sampling in three gold bearing reefs at the New Bendigo Gold Project. What are the conclusions of the bulk sampling program so far and has it met your expectations?

Managing Director Doug Buerger

We have accessed two reefs in the D3 ribbon, the D3 East Leg Reef and the Shywillup Eastern Spur Reef, and one reef in the S3 ribbon, the Upper S3 Reef. The majority of the exploration development and bulk sampling to date has been done in the D3 East Leg Reef and the Upper S3 Reef. Abundant coarse grained visible gold has been seen in the reefs and gold grades in bulk samples are from 4 to 16 g/t in the D3 East Leg Reef and 3 to 22 g/t in the Upper S3 Reef. We've made significant progress in being able to define the boundaries of the mineralized envelopes in the reefs. The results to date represent a meaningful advance in overcoming the sampling issues at Bendigo caused by the abundance of very coarse gold.

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What level of confidence do you have in being able to successfully distinguish between potentially economic reef and sub-economic reef through future drilling?

Managing Director Doug Buerger

We've actually made better progress with the program than I expected at this stage. We've been able to confirm that the boundaries we've previously defined through drilling match potentially economic envelopes in the D3 East Leg and

Upper S3 Reefs. We now need to extend this success across the full range of reef types present at Bendigo.

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How far through the bulk sampling program are you and what are the objectives for the total program?

Managing Director Doug Buerger

The report we've just released covers about 10 percent of the entire bulk sampling program. We've received results for 10 bulk samples and will collect more than a hundred in total. We've completed about 150 metres of on-reef development and mined around 8,500 tonnes for trial processing. We plan to do about 1,500 metres more development and mine and process an additional 55,000 tonnes of reef material.

The program is designed to enable us to develop a methodology to determine reserves and resources ahead of production using drilling and not having to resort to extensive bulk sampling.

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You've stated that the initial bulk sample grades should not be taken to accurately represent future mined grades and that further bulk sampling and trial processing is being undertaken to confirm grades. How then can you say that the grades of the bulk samples are all within the Company's expectations?

Managing Director Doug Buerger

Much of the bulk sampling undertaken so far was intended to help identify the margins of mineralised envelopes, which we were able to do successfully. Further exploration development and sampling will determine grade within the mineralised reef however, what is very encouraging, is that two of the bulk samples within the reefs returned grades in excess of ½ ounce gold.

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You've previously estimated the total resource potential at the New Bendigo Gold Project to be 12.3 million ounces at an average grade above 13 g/t. The bulk sample results returned grades ranging from 3 to 22 g/t gold in the Upper S3 Reef and 4 to 16 g/t gold in the D3 East Leg Reef. Can you draw any conclusions yet about possible future mined grades from the bulk sampling?

Managing Director Doug Buerger

The ranges of grades you've quoted are from the edge of the potentially economic part of the reef into the middle of the reef and from a limited number of samples. It's a bit early to predict possible future mined grades from these results but we're very encouraged by what we've seen. The balance of the program will address the issues of cut off grade, overall grade and mining parameters.

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You expect first production in the June half 2004, commencing at a rate of 100,000 ounces per annum and ramping up to 400,000 to 500,000 ounces per annum. You've previously stated that the biggest impediment to achieving the

production schedule is being able to determine reserves and resources ahead of production because of the nuggety nature of the ore bodies. When will you have mitigated this risk and be in a position to announce first reserves?

Managing Director Doug Buerger

The determination of Reserves is dependent on determining grade boundaries within reefs and we aim to estimate the Reserves within the reefs we have currently accessed during the first quarter 2003. The decline access into deeper reefs in the S3 ribbon is targeted for the second and third quarter 2003, which will give us access to a good cross section of reef types for Reserve estimation and, in our view, mitigate the risk of Reserve estimation.

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You've so far developed in two gold-bearing reefs, the D3 East Leg Reef and Upper S3 Reef. What has the sampling and geological mapping revealed about the size of these reefs and how does that compare with expectations?

Managing Director Doug Buerger

Based on the initial wide spaced drilling, we expected the D3 East Leg Reef to be a very narrow reef with high grade areas. We've found that this reef is significantly wider than we'd anticipated, though the grade is more subdued in the area sampled.

On the other hand, the Upper S3 Reef, a saddle reef, looks very similar to what our model predicted.

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The material obtained from on-reef development will be used at the New Moon pilot plant for the trial processing program. Can you outline the scope and objectives of the trial processing program?

Managing Director Doug Buerger

The trial processing program will run in parallel with the bulk sampling. The pilot plant processing program will give us some idea as to how the ore will behave when it goes through a processing plant, particularly when the ore grades vary so much. We'll then be able to fine tune the plant configuration and finalise the process flow sheet. It also provides further confirmation of reef grade.

Some of the initial process test work indicates that gravity separation works spectacularly well for the New Bendigo project. Our test work to date indicates gravity recoveries at over 90 percent at a very coarse grind size of 500 to 1000 micron. Simple flotation on the tails increases recoveries to over 97 percent. The combination of high gravity recovery at a very coarse grind size and no need for cyanide in the main circuit is a huge advantage. It's going to give us some really good opportunities to build a low operating cost processing circuit.

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What are the next major project milestones?

Managing Director Doug Buerger

We'll continue with the bulk sampling program until the September quarter 2003. Over that time we'll bulk sample the Shywillup Eastern Spur Reef and Shywillup Reef on the D3 ribbon and the Patty Reef, True Grit No 2, True Grit No 4, Garrard East Reef, Young Reef and Railway Reef on the S3 ribbon.

We are targeting to define at least 200,000 ounces of Reserves within these reefs. These Reserves plus the information gained from processing 65,000 tonnes through the New Moon pilot plant should provide sufficient confidence for a commitment to production. That will have us on track to go into production by the middle of 2004. The Company has approval for mining and ore treatment at the Carshalton mine site, where we are presently operating, and a program to deal with the additional approvals required has commenced.

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Thank you Doug.

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