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Date of lodgement: 24-Mar-2004

Title: Open Briefing. Bendigo Mining NL. Developing Gold Project

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Bendigo Mining NL has just announced details of the company's development strategy for the New Bendigo Gold Project. The initial gold output of 77,000 ounces per annum (ozpa) increases to 90,000 ozpa in the third year and then 185,000 ozpa at 600,000 tonnes per annum (tpa). Gold output is 570,000 ozpa at the design rate of 1.6 Mtpa. At full production from Year 7, cash operating costs average less than \$180 (US\$135) per ounce. The project IRR is more than 20% based on a gold price of \$525 per ounce. What free cashflow at peak production does the project generate and what's your expectation for ongoing capital expenditure and exploration?

MD Doug Buerger

Once the project reaches peak design rates in year seven, we expect to be generating after tax cash flow of between \$100 million and \$125 million per annum. The ongoing capital expenditure at that stage will be around \$45 million per annum, which equates to about \$82 an ounce and includes exploration expenditure.

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Can you outline the investment required for each phase and how you'll fund that?

MD Doug Buerger

The total investment required to reach full production is \$215 million. We will be raising the funds in two tranches. An initial \$135 million will be through an institutional placement of \$120 million over the next three months followed by a Share Purchase Plan to raise at least \$15 million in which our 8,000 shareholders can participate at up to \$5,000 each.

Phase 1 production of 300,000 tpa of ore will require about \$67 million of capital and includes building a process plant and some pre-production development. A further \$58 million in capital will be spent primarily on exploration and underground development to prepare for the increase in production rate. There is also an allowance for working capital and costs associated with the raising.

A second tranche funding of \$80 million is expected in three years time to lift production to 600,000 tpa in year 4 and to 1.6 Mtpa in year 6. This funding will be structured according to the market conditions at that time. The funding could include debt, but the board policy is to avoid gold hedging so as to provide the shareholders with the maximum upside to the gold price.

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The Feasibility Study is based on mining a total of 33.6 million tonnes over 25 years from an underground mine. The target mine head grade is 12g/t Au and total recovered gold is just over 12.7 million ounces. However, you've only declared an Ore Reserve (classified according to the JORC code) of 656,000 tonnes at 9.0g/t. Why are you confident of raising equity capital when only a small proportion of the estimated gold endowment is classified as an Ore Reserve?

MD Doug Buerger

Bendigo is targeting to have a reserve base equivalent to two years production at any one time and the 656,000 tonnes at 9g/t will support Phase 1 start up. The resource potential estimate for the gold field is presently 13 million ounces stretching over a +10 kilometre strike length and we will define reserves as and when access is gained to the mineralised positions. The structural predictability of the gold lode bearing zones allows us to confidently plan the exploration delineation program.

Our geological model has also been accurate in predicting gold content. The resource potential prediction in the area accessed in the Sheepshead and Deborah was for 700,000 tonnes at 10.9g/t and the Indicated Resource (JORC Compliant) is 720,000 tonnes at 10g/t, a strong endorsement of the geological model. A Probable Reserve of 656,000 tonnes at 9g/t was estimated from the Indicated Resource and allows for mining dilution.

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How have you arrived at the "resource potential" number of 33.6 million tonnes containing 12.7 million ounces?

MD Doug Buerger

Gold mineralisation in Bendigo occurs in horizontal structurally complex zones termed “ribbons” that repeat at regular intervals with depth. The tenor of the gold mineralisation does not materially change with depth and the resource potential estimate was derived from an analysis of the grades and tonnes mined over the history of the field and projecting this information down the anticlinal axes of the five main lines of reef. The positions of the ribbons have been established through our understanding of the geological structure. The position of approximately 75% of the target ribbons containing the 12.7 million ounces of resource potential used in the Feasibility Study have been confirmed by exploration drilling or are partially defined by historical workings. The remaining ribbon positions are predicted from the geological model.

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What can you say about the longer term potential to add to the resource potential?

MD Doug Buerger

The current resource potential is contained in only five main lines of reef out of the 15 lines that were all subjected to historic mining and the remaining ten lines are bound to have potential beneath mined areas. Also, the estimate is down to an arbitrary 1500 metres below surface whilst there is every indication that the mineralised rock sequence extends deeper. So our estimate of resource potential is artificially restricted in the field and is likely to be increased in time.

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Your exploration has shown that the gold contents within the ore were as predicted by your geological model. Can you give more detail on that statement and the degree of accuracy with which you expect to be able to predict grades?

MD Doug Buerger

We took bulk samples from the southern, shallower part of the field at the Sheepshead and Deborah lines of reef. Our geological model predicted a resource in those areas of about 700,000 tonnes at a grade of 10.9g/t. The Indicated Resource we estimated from our work was 720,000 tonnes at 10g/t - a close correlation and verification of the geological model. Additional targets remain to be fully explored within the areas accessed.

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What grade profile do you expect to mine in the earlier years of the project and when do you expect to mine the higher grade areas you’ve identified to the north of the current operations?

MD Doug Buerger

We expect to mine grades of around 9 to 9.5g/t for the initial three years or so. That will increase to around 10g/t for the next five or six years and in about 10 years from now we’ll be mining head grades of around 13 to 14g/t to the north and east of the current areas. The average head grade we are targeting is 12g/t whereas the historic head grade was about 17g/t.

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You expect first gold production around one year after completing the equity raising timed for late June 2004. Why do you expect to produce first gold in such a short time frame and, conversely, why will it take seven years to ramp up to peak production?

MD Doug Buerger

The mine for the initial phase of production is largely pre-developed. After we complete the equity raising in June 2004, there'll be a period of contract tendering, pre-construction work and permitting work. We expect construction to commence in the December quarter 2004. It will take about a year to complete project construction and most of that will be on building a processing facility with some additional pre-production development.

The ramp up to peak production over 7 years might sound like a long time but in fact it's a relatively short period because we have to commission a second production facility in the north of the field with a processing capacity of around 1 Mtpa. We'll commence a decline from the northern part of the field about two and a half years after first production. So ultimately the project will operate with a decline and processing plant in both the northern and southern areas of the field.

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To what degree of accuracy have you prepared your project assumptions and can you comment on the outcome of the sensitivity analysis?

MD Doug Buerger

The cost estimates for phase 1 and 2, that is the 300,000 tpa and expansion to 600,000 tpa, were estimated to an accuracy of plus or minus 15%. The cost estimates for Phase 3 (expansion to 1.6 Mtpa) have been estimated to an accuracy of plus or minus 25%.

Our sensitivity work shows that the project is sensitive to grades and gold price. It is reasonably insensitive to capital cost and is only moderately sensitive to operating costs.

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Harmony maintains a 31.6% stake in Bendigo Mining. Can you describe Harmony's ongoing role in developing the project and why it is not participating in the equity placement?

MD Doug Buerger

Harmony is fully supportive of our plans to bring the project into production and continue to be represented on our board by Ted Grobicki. Harmony has indicated that it is prepared to support the institutional placement by undertaking not to trade in their shares for a period.

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Why isn't the equity placement open to all shareholders?

MD Doug Buerger

All shareholders will be eligible to participate in a Share Purchase Plan and shareholders in Australia who qualify as professional or sophisticated investors pursuant to the *Corporations Act 2001* are expected to be invited to participate in the private placement.

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Thank you Doug.

In this document, the term "resource potential" is used to describe the Company's estimate of the contained ounces of gold which it believes, on the basis of a technical evaluation of available data and geological extrapolation, should occur within the New Bendigo. It is emphasised that this term is not covered by the JORC Code and is not equivalent to a Mineral Resource or Ore Reserve estimate.

The document also contains prospective financial material which is predictive in nature and may be affected by inaccurate assumptions or by known or unknown risks and uncertainties, and may differ materially from results ultimately achieved.

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For further information on Bendigo Mining NL visit www.bmnl.com.au or contact:

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