



BENDIGO MINING N.L.

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QUARTERLY REPORT OCTOBER – DECEMBER 2000

Highlights

- ◆ **Ore Grade Intersections in New Bendigo Reefs**
 - Drill testing on the Sheepshead and Deborah anticlines identified four unmined ribbons containing eight gold bearing reefs.
 - Significant intersections include 13.5 m @ 58.1 gAu/t, 13 m @ 11 gAu/t, 16.3 m @ 20.3 gAu/t and 9m @ 55.9 gAu/t.
 - Typical size of the reefs is 10 metres wide and 30 metres high.
 - The reefs are of similar size and tenor of gold mineralisation to the shallower historically mined reefs.

- ◆ **Initial Correlation bulk sampling confirm that drill core assays substantially under report in situ grades**
 - Reef intersections with sufficient gold associated minerals and alteration of the surrounding rock, are expected to upgrade to economic grades despite relatively modest drill indicated grades.
 - This strongly supports the view that the drill indicated grades and sizes of the eight new reefs in the Sheepshead and Deborah meet the economic criteria for production.

- ◆ **The Company's directors have agreed to raise money for a year long program aimed at putting the field on an accelerated path towards production**

- ◆ **Status Report released on 30 January 2001**

Exploration Drilling

Two new ribbons have been identified on each of the Deborah and Sheepshead anticlines from the base of historic workings down to the present depth of testing some 900 metres below surface. Eight gold bearing reefs have thus far been identified in the four new ribbons.

The reefs previously mined on the Deborah and Sheepshead lines produced 650,000 ounces at a recovered grade of 14 gAu/t. The new reefs are of a similar size and tenor of gold mineralisation which augers well for future gold production.

A detailed description of the intersections is given in the status report released on 30 January 2001 – refer below.

Correlation Bulk Sampling

The correlation bulk sampling program of St Anthony progressed well with 24 samples being taken by the end of January 2001. The St Anthony reef demonstrates the range of reef characteristics from quartz with low gold and no “associated” minerals, through quartz with low gold plus “associated” minerals, up to quartz with gold and “associated” minerals. This spread of low to better gold grade reef is well suited to the correlation bulk sampling program which is being conducted in St Anthony.

The results to date demonstrate that in areas with poor drilling results the drilling has under reported the in situ bulk sample grade by factors ranging from 10 to over 30 times. The results are discussed in detail in the end January status report.

Further sampling is being carried out to establish a more statistically robust database to help determine correlations between drill indicated and in situ grades and determine variation from bulk sample to bulk sample.

These results will help to demonstrate a methodology to determine Reserves and Resources in the New Bendigo, and formulate an exploration strategy to maintain a reserve and resource base for production planning.

A total of 30 correlation samples are being collected from St Anthony and the processing and evaluation of results is scheduled for completion during March 2001.

Status Report

A detailed status report was released to the market on 30 January 2001 and will be posted to all shareholders together with this quarterly report. Copies of the status report can be obtained at the Company’s web site at http://www.bmnl.com.au/whats_new/index.htm, or by phoning the Company on (03) 5447 1834.

Future Program

The current program, targeted for completion by the end of March 2001, includes:

- Further bulk sampling on St Anthony reef to develop a more statistically robust correlation between drill indicated gold grades and in situ gold grades in quartz reefs. This will be used to:
 - Develop a methodology, using drill test results, to determine gold Reserves and Resources in the quartz reefs of Bendigo, with their characteristically spotty distribution of gold.
 - Formulate an exploration strategy to cost effectively maintain a reserve and resource base commensurate with the production rate.
- Drill testing of the gold bearing reefs on Sheepshead and Deborah along strike for Reserve and Resource definition.
- Initial mine planning around the eight reefs already identified on Sheepshead and Deborah
- Broader scoping study for production on the New Bendigo goldfield to determine:
 - Optimal production rate (oz/annum)
 - Cash cost (A\$/oz)
 - Capital cost (A\$/oz)
 - Exploration cost (A\$/oz)
 - Return on investment

The successful exploration program has led to the view that it is highly likely that a long-life/low-cost gold mine in the New Bendigo will be developed and that maximum value for shareholders will be achieved by moving swiftly to production. The directors of Bendigo Mining NL have therefore committed to raise funds for the next phase of development of the New Bendigo gold project which will lead to a decision on mine construction.

The program will take about 12 months and includes:

- Advancing the decline to deeper gold reefs and shortening the time lapse before production can commence.
- Ore development, correlation sampling and drilling to establish Resources and Reserves for production.
- Development of a five year production plan and life of mine plan to provide the necessary technical and financial information so that an informed decision on construction for full scale production can be made.
- Starting any additional permitting arrangements so that the Project can move into the production phase in 2002 without delay.

Profit & Loss Statement**For the quarter ended 31 December 2000 (Unaudited)**

	\$A'000
Operating Expenditure	4,044
Less: Interest Received	<u>(179)</u>
Operating Loss	3,865
Income Tax Attributable	<u>0</u>
Operating Loss After Income Tax	3,865
Accumulated Losses 30 September 2000	<u>52,535</u>
Accumulated Losses 31 December 2000	<u><u>56,400</u></u>

Balance Sheet**As at 31 December 2000 (Unaudited)**

	\$A'000
CURRENT ASSETS	
Cash & Investments	7,262
Other Current Assets	<u>1,252</u>
TOTAL CURRENT ASSETS	<u>8,514</u>
NON CURRENT ASSETS	
Property, Plant and Equipment	<u>2,760</u>
TOTAL NON CURRENT ASSETS	<u>2,760</u>
TOTAL ASSETS	<u><u>11,274</u></u>
CURRENT LIABILITIES	
Accounts Payable	1,332
Provisions	<u>114</u>
TOTAL CURRENT LIABILITIES	<u>1,446</u>
NON CURRENT LIABILITIES	
Provisions	<u>11</u>
TOTAL NON CURRENT LIABILITIES	<u>11</u>
TOTAL LIABILITIES	<u><u>1,457</u></u>
NET ASSETS	<u><u>9,817</u></u>
SHAREHOLDERS' EQUITY	
Share Capital	66,217
Accumulated Losses	<u>(56,400)</u>
TOTAL SHAREHOLDERS' EQUITY	<u><u>9,817</u></u>