



27 October 2000

QUARTERLY REPORT JULY – SEPTEMBER 2000

Highlights

- ◆ **Exploration success results in the Bulk sampling program being brought forward 3 months to the Fourth Quarter 2000**
 - Drilling from the Swan decline located a large gold bearing reef on the Deborah anticline in close proximity to the decline.
 - This phase of decline development is now completed and the bulk sampling program commenced since quarter's end.

- ◆ **A large syncline hosted reef with initial assays returning values up to 7.5 gAu/t exposed in the decline**
 - The Company's stated potential of 10 million ounces for the New Bendigo goldfield is only for anticline reef positions and the location of a reef in the Deborah syncline significantly enhances the gold potential within the Bendigo goldfield.

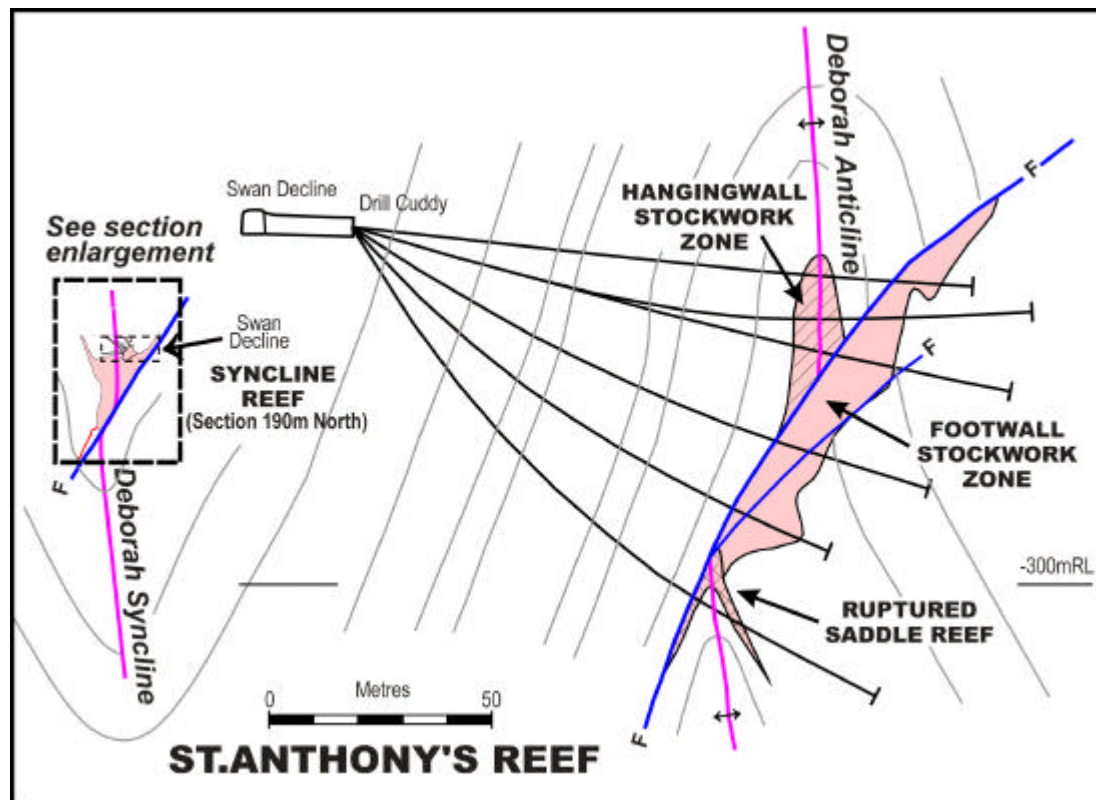
- ◆ **Exploration drilling has confirmed the 'ribbon repeat' theory for the Bendigo goldfield**
 - Drilling from the decline on the Deborah and Sheepshead lines of reef has confirmed unmined ribbons to 900 metres below surface.
 - Drilling in the north of the field beneath historic workings on the New Chum line of reef intersected three unmined ribbons to 1600 metres below surface.
 - Drilling on the Garden Gully line of reef intersected the next ribbon 200 metres beneath the deepest historically mined areas.

- ◆ **Funds on hand of \$11.9 million are more than sufficient to complete the current program.**

PROJECT STATUS

Bulk sampling program

Exploration drilling from the decline located a previously unknown reef on the Deborah line of reef approximately 100 metres beneath the historic workings of the North Deborah Shaft. This reef has been named St Anthony Reef and is the focus of an intensive drilling program. Drilling has defined a large reef system 500 metres long, 70 metres high and 10 – 15 metres wide. The reef is associated with a major west dipping reverse fault with mineralisation extending up the fault for 70 metres. Arsenopyrite, sphalerite and visible gold have been observed in drill core associated with the quartz reefs and assaying returned anomalous gold values ranging from 0.1gAu/t to 80gAu/t. This wide range of gold values is symptomatic of the nuggetty distribution of gold at Bendigo and illustrates the requirement for bulk sampling to correctly determine gold grade. St Anthony's Reef is less than 25 metres to the east of the current decline face which enables the bulk sampling program to commence some 3 months ahead of schedule.

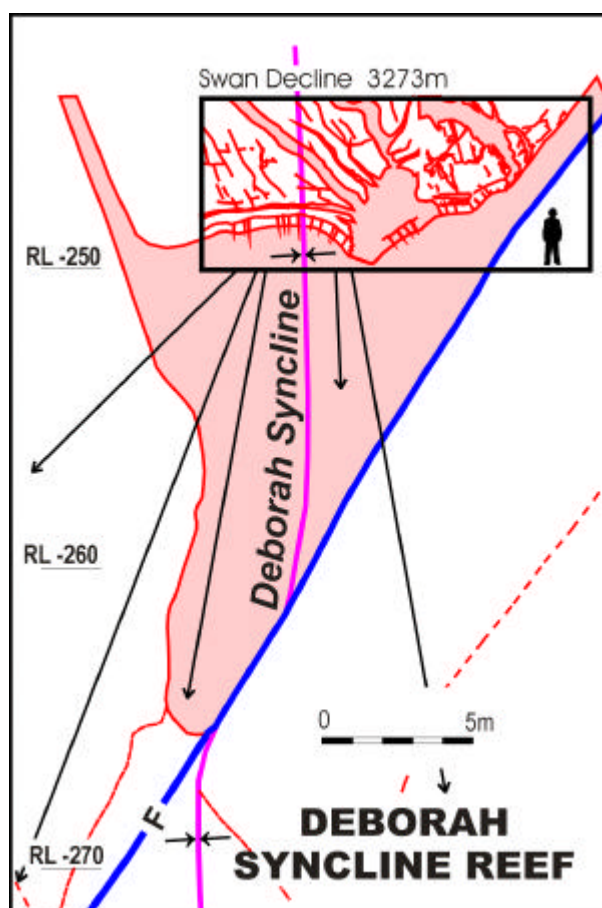


Section of St Anthony's reef showing the relative position to the Swan decline and the exploration drill holes through the reef. The syncline reef is also shown in its relative position.

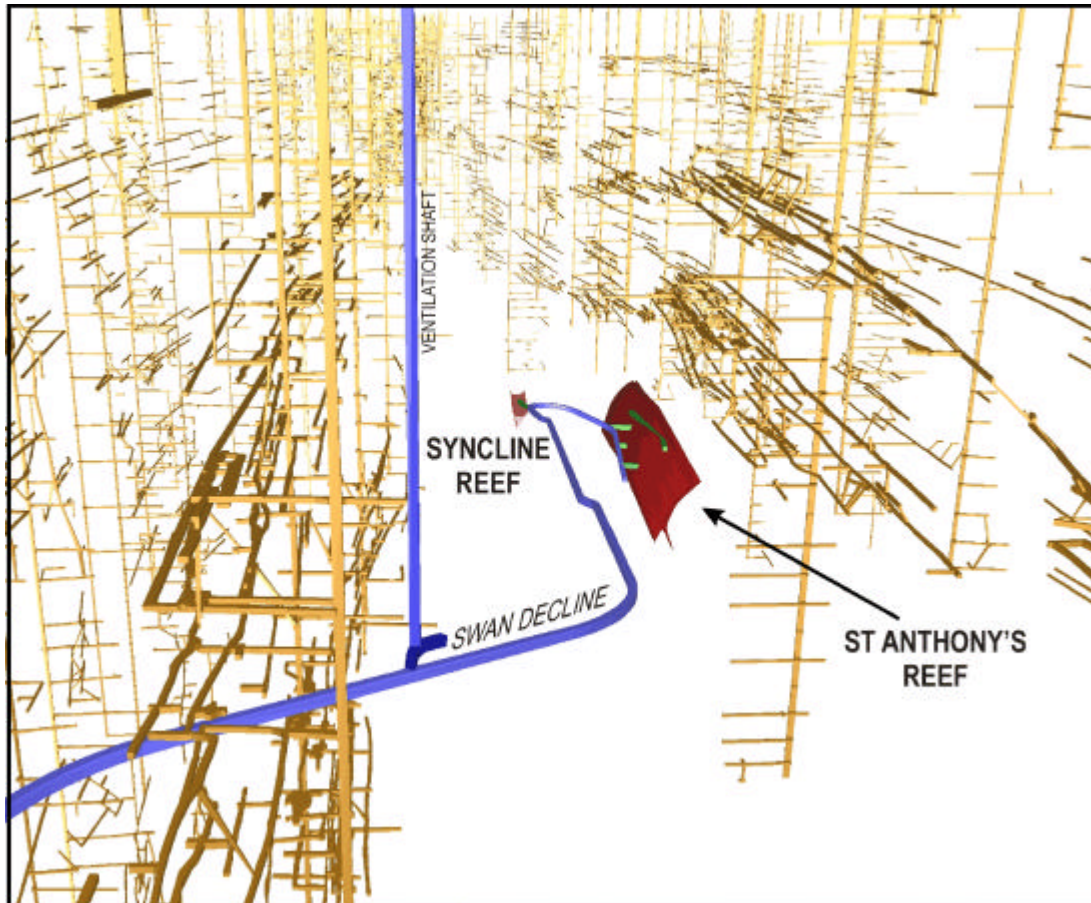
Syncline reef

During the quarter the decline was developed along a narrow laminated vein which is the down dip extension of the Outer Reef from the uppermost historically mined ribbon on the Deborah anticline. As the decline approached the Deborah Syncline the reef rapidly increased in size with at least 3 metres of laminated quartz and strong stockworking exposed in the decline face. Sphalerite and galena (often associated with gold bearing reefs) are common and, though no visible gold was observed, channel sampling results have included 1.3 metres @ 7.6gAu/t. Drill testing of this syncline reef indicates the reef is at least 15 metres high and up to 10 metres wide.

Mineralisation in synclines has not been considered in the 10 million-ounce resource potential identified within the New Bendigo and the identification of mineralised reefs in this syncline further improves the exploration potential within the Bendigo Goldfield.



Cross section of the Deborah syncline reef showing the reef exposure in the decline in the top right hand corner and the extent of the reef in the syncline as determined from exploration drilling.



A three dimensional view of part of the Swan decline showing the position of the St Anthony's reef which is to be bulk sampled. The position of historic workings is also shown.

Repeat Ribbon

The exploration work of Bendigo Mining N.L. has confirmed the "ribbon repeat" geological thesis which is central to the 10 million ounce resource potential of the New Bendigo. Ribbons are sub horizontal zones of structural complexity, which occur in close proximity to an anticline axis and which host gold bearing reefs. The Bendigo goldfield is comprised of 15 parallel anticlines (lines of reef), stretching for 17 kilometres north to south, with ribbons repeating at regular intervals beneath the anticlines. Previous mining has revealed up to six ribbons, in three separate locations to depths of 1400 metres while on average the field has been mined to a depth of 500 metres on 3-4 ribbons.

Drilling from the decline on the Deborah anticline of reef has located an unmined ribbon (D3) beneath historic workings. This ribbon is some 120 metres high and has in it two identified gold bearing reefs. The uppermost of these reefs, St Anthony, is some 200 metres beneath historic workings. While the deeper reef, New Formation, is a further 100 metres down.

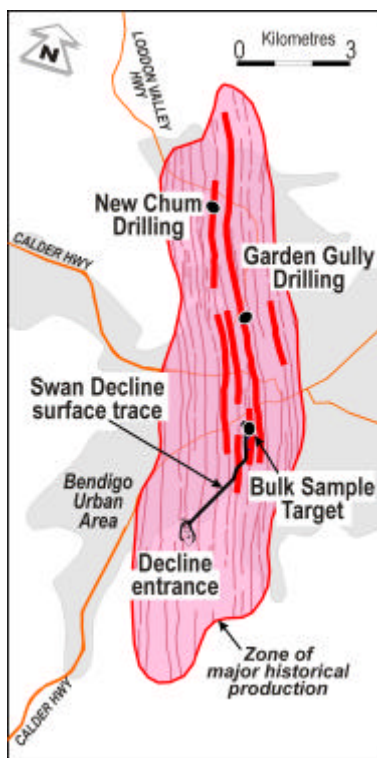
On the Sheepshead anticline a ribbon (S3) was intersected some 200 metres beneath historic workings. Drilling indicated a 15 metre wide zone of quartz stockworking with arsenopyrite in the ribbon. While no visible gold was observed sampling of the quartz stockworking has reported sporadic anomalous gold assays

with values ranging from 0.1gAu/t to 64gAu/t. As previously mentioned the grade of reefs can, at present, only be confirmed through bulk sampling. This reef will not be bulk sampled in this phase of the program.

Drilling for the next unmined ribbon on the Sheepshead line of reef intersected a broad zone of alteration with some quartz stockworking, arsenopyrite and anomalous gold, some 200 metres beneath S3. It is believed that this represents the S4 ribbon. Drill testing of these ribbons on the Sheepshead anticline is ongoing.

Exploration drilling in the northern part of the field has focussed on the New Chum and Garden Gully lines of reef, the largest historic producers in the field. On the Garden Gully line 5 ribbons were mined down to 800 metres and drilling has confirmed the sixth ribbon some 200 metres beneath the historic workings. On the New Chum line four ribbons were mined down to approximately 700 metres depth and drilling has intersected two additional ribbons 200 metres and 400 metres respectively beneath the historic workings and has indicated the presence of a third ribbon at even greater depth.

The increased geological understanding of reef formation in Bendigo has significantly improved our ability to target reef positions.



Plan of the Bendigo goldfield showing the lines of reef with the 10 million ounce resource potential and the positions of the decline, the bulk sample target and the New Chum and Garden Gully drilling.

Throughout 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 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.

Profit & Loss Statement**For the quarter ended 30 September 2000 (Unaudited)**

	\$A'000
Operating Expenditure	5,829
Less: Interest Received	<u>(261)</u>
Operating Loss	5,568
Income Tax Attributable	<u>0</u>
Operating Loss After Income Tax	5,568
Accumulated Losses 30 June 2000	<u>46,967</u>
Accumulated Losses 30 September 2000	<u><u>52,535</u></u>

Balance Sheet**As at 30 September 2000 (Unaudited)**

	\$A'000
CURRENT ASSETS	
Cash & Investments	11,931
Other Current Assets	<u>1,678</u>
TOTAL CURRENT ASSETS	<u>13,609</u>
NON CURRENT ASSETS	
Property, Plant and Equipment	<u>2,528</u>
TOTAL NON CURRENT ASSETS	<u>2,528</u>
TOTAL ASSETS	<u><u>16,137</u></u>
CURRENT LIABILITIES	
Accounts Payable	2,459
Provisions	<u>109</u>
TOTAL CURRENT LIABILITIES	<u>2,568</u>
NON CURRENT LIABILITIES	
Provisions	<u>7</u>
TOTAL NON CURRENT LIABILITIES	<u>7</u>
TOTAL LIABILITIES	<u><u>2,575</u></u>
NET ASSETS	<u><u>13,562</u></u>
SHAREHOLDERS' EQUITY	
Share Capital	66,097
Accumulated Losses	<u>(52,535)</u>
TOTAL SHAREHOLDERS' EQUITY	<u><u>13,562</u></u>