



30 October 2003

Quarterly Report

July – September 2003

Highlights

- ◆ High grade zone of 15 to 30 g/t Au exposed for 140 metres within the Greater Garrard mineralisation. The high grade zone remains open to the north.
- ◆ Significant advance achieved by developing a method to assign grade from drill data. This will be used to determine grade distribution within the identified resources
- ◆ Underground development to access and evaluate the target areas and to provide drill platforms will be completed on schedule in October 2003. The evaluation of the exploration results will continue so as to meet the milestones of the feasibility study.

Milestones

- | | |
|--------------------------------|---|
| December 2003 | ◆ Complete definition of 200,000 oz Au Probable Reserve.
◆ First draft of feasibility study. |
| January – February 2004 | ◆ Complete feasibility study. |

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 information in this report that relates to Mineral Resources or Ore Reserves is based on, and accurately reflects, information compiled by G F Johansen, Member of the Australian Institute of Mining and Metallurgy. Mr Johansen is a full-time employee of the Company and has relevant experience in relation to the mineralisation being reported to qualify as a Competent Person as defined in the Australian Code for Reporting of Mineral Resources and Ore Reserves. Mr Johansen consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

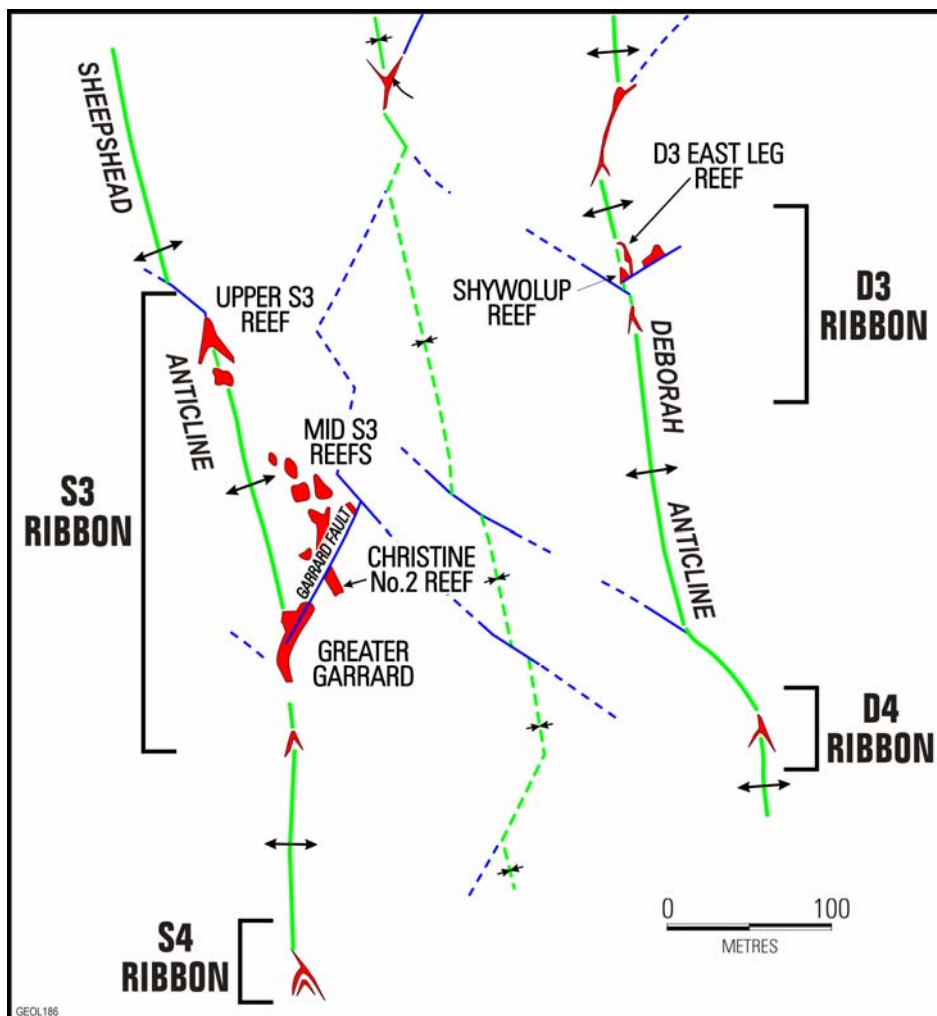
Exploration

Greater Garrard Mineralisation

Exploration during the quarter focussed on the Greater Garrard mineralisation in the lower portion of the S3 ribbon. The Greater Garrard mineralisation is more than 600 metres long and typically 10 metres wide and 20 to 30 metres high. It contains the previously identified Young, Garrard, Garrard East and True Grit No 4 gold bearing reefs in a single, broad, mineralised envelope associated with the Garrard fault. It is within the upper part of this envelope that a high grade zone was found, typical of the high grade gold areas that were found historically throughout the Bendigo Goldfield .

The high grade zone has been exposed for 140 metres with initial sample grades of 15-30 g/t Au. During the quarter over 5,000 tonnes of mineralised reef from this development has been processed through the Company's New Moon plant confirming the high grades from the initial sampling. The high grade zone is still open to the north and detailed drilling indicates an average width of 8 metres.

Development within the upper part of the Greater Garrard mineralisation was halted and the lower portion around Young reef was accessed at the beginning of October. All remaining development is on schedule for completion by late October with detailed drilling to be completed by mid November. This will complete the underground exploration necessary for the feasibility study.



Cross Section of Reefs on Sheepshhead and Deborah anticlines showing the revised shape for the Garrard mineralisation which includes the previously identified Young, Garrard, Garrard East and True Grit no 4 reefs.

Grade Distribution within individual reefs

During the quarter there were significant advances in analysing and interpreting drill core data to enable the modelling of grade distribution within individual reefs. Until recently the high nugget effect present in the Bendigo Goldfield has complicated the meaningful interpretation of drill information to determine grade distribution within the reefs. The breakthrough has come about through the application of a statistical analysis that partially compensates for the high nugget effect and focuses on the mineralisation characteristics of the reef.

The application of this method has the potential to identify areas of higher and lower grade mineralisation within the reefs and can be calibrated with the bulk sample results and geological observations to ensure that the interpretations are valid. It will be used to model the grade distribution within the current resources so as to optimise the mining.

S4 Ribbon

Drilling into the S4 ribbon is now complete on 3 drill sections with a final section to be completed in October – November, extending the strike length tested to 450 metres. An Inferred Resource estimate for the S4 mineralisation is scheduled for December.

Underground Exploration Development

As the current phase of underground exploration draws to a close, the underground development work will be suspended as from the end of October at which time the mining contractor will demobilise. The processing of bulk samples and the analysis and interpretation of exploration data will continue so as to meet the deadlines for the feasibility study that is underway.

Underground development work is planned to resume again when a decision is made to prepare a mine for commercial production.

Preparation for Production

Work on the feasibility study for Stage One production and the pre-feasibility study for the Life of Mine has progressed during the quarter. The initial report on the feasibility study is expected during the first week of December 2003 and final Reserve and Resource estimates will become available in mid December. It will take six weeks to update the feasibility study with the final resource shape information allowing the final feasibility study report to be completed by the end of January 2004.

Work on the permitting necessary for production continued during the quarter and all required permitting is planned to be completed by the June Quarter 2004.

Funding options are also being studied, with the view to commencing development and construction for Stage One Production as soon as practical.

Annual General Meeting

The annual general meeting will be held on Friday 7 November 2003 at the All Seasons International Hotel, 171-183 Mclvor Highway, Bendigo. Copies of the annual report and notices of the annual general meeting and proxy forms were posted to shareholders during the first week of October 2003. At the annual general meeting, the Managing Director, Mr Doug Buerger, will give a presentation on progress with the New Bendigo Gold Project.

STATEMENT OF FINANCIAL PERFORMANCE (UNAUDITED)

	Qtr Ended 30/09/03 \$A'000	Qtr Ended 30/06/03 \$A'000
Operating Expenditure	6,918	7,547
Less: Interest Received & Other Income	<u>(1235)</u>	<u>(389)</u>
Operating Loss	5,683	7,158
Income Tax Attributable	<u>0</u>	<u>0</u>
Operating Loss After Income Tax	5,683	7,158
Accumulated Losses 30/06/03	<u>100,476</u>	<u>93,318</u>
Accumulated Losses 30/09/03	<u><u>106,159</u></u>	<u><u>100,476</u></u>

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	As At 30/09/03 \$A'000	As At 30/06/03 \$A'000
CURRENT ASSETS		
Cash & Investments	14,954	20,437
Other Current Assets	<u>1,716</u>	<u>1,662</u>
TOTAL CURRENT ASSETS	<u>16,670</u>	<u>22,099</u>
NON CURRENT ASSETS		
Property, Plant and Equipment	<u>4,804</u>	<u>4,896</u>
TOTAL NON CURRENT ASSETS	<u>4,804</u>	<u>4,896</u>
TOTAL ASSETS	<u><u>21,474</u></u>	<u><u>26,995</u></u>
CURRENT LIABILITIES		
Accounts Payable	2,715	2,725
Provisions	<u>426</u>	<u>338</u>
TOTAL CURRENT LIABILITIES	<u>3,141</u>	<u>3,063</u>
NON CURRENT LIABILITIES		
Provisions	<u>1,676</u>	<u>1,677</u>
TOTAL NON CURRENT LIABILITIES	<u>1,676</u>	<u>1,677</u>
TOTAL LIABILITIES	<u><u>4,817</u></u>	<u><u>4,740</u></u>
NET ASSETS	<u><u>16,657</u></u>	<u><u>22,255</u></u>
SHAREHOLDERS' EQUITY		
Share Capital	122,816	122,731
Accumulated Losses	<u>(106,159)</u>	<u>(100,476)</u>
TOTAL SHAREHOLDERS' EQUITY	<u><u>16,657</u></u>	<u><u>22,255</u></u>