



29 April 2003

Quarterly Report

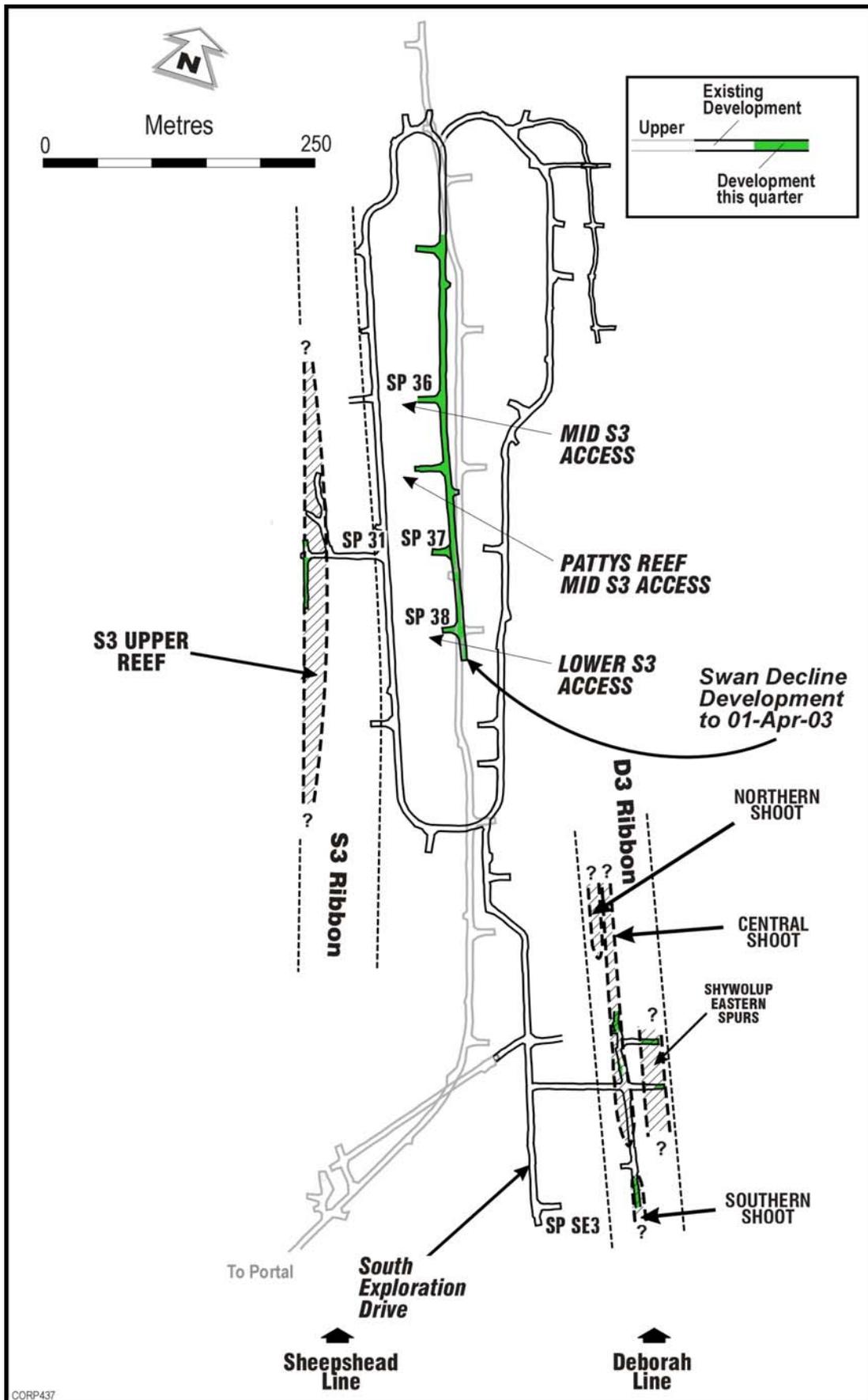
January - March 2003

Highlights

- ◆ Decline developed to target depth of 830 metres below surface for current exploration and assessment phase.
- ◆ On schedule to delineate Reserves in D3 and Upper S3 reefs by June 2003.
- ◆ On schedule to access three Mid S3 reefs by June 2003.

Milestones

- | | |
|--------------------------------|---|
| April - June 2003 | <ul style="list-style-type: none">➤ Access and bulk sample Patty Reef, True Grit No 1 Reef and True Grit No 2 Reef in the Mid S3 ribbon.➤ Delineate Indicated Resources and Probable Reserves in the D3 and Upper S3 reefs. |
| July - September 2003 | <ul style="list-style-type: none">➤ Access and bulk sample Garrard Reef, Christine No 2 Reef and True Grit No 4 Reef in the Lower S3 ribbon.➤ Delineate Indicated Resources and Probable Reserves in Mid and Lower S3 reefs. |
| October - December 2003 | <ul style="list-style-type: none">➤ Finalisation of feasibility studies for a decision on production and commencement of construction of commercial-sized mine facilities. |



CORP437

Underground Development

The Swan decline reached the planned depth for this phase of exploration, being 830 metres below surface, which corresponds with the access point to the Lower S3 reefs. Development will now focus on accessing and testing additional reefs in the Mid and Lower S3 ribbon. During the quarter, 125 metres of exploration development were completed in the D3 ribbon and Upper S3 reef. Access crosscuts were also commenced to the Mid and Lower S3 reefs.

Exploration

Exploration within the reefs continued to focus on the identification of boundaries to mineralisation and resource envelopes. The understanding of the structural controls to mineralisation was also substantially advanced. As expected, gold distribution is not entirely coincident with quartz distribution in the reefs at Bendigo and, as a consequence, a detailed understanding of the structural controls to gold mineralisation within individual reefs is required to successfully define Resources and Reserves.

Sufficient exploration has now been completed to identify both the resource envelopes, and the structural controls to gold mineralisation within the reefs in the D3 ribbon and the Upper S3 reef. The Company is on schedule to delineate Indicated Resources and Probable Reserves within these reefs in the June 2003 quarter.

Deborah Anticline

The D3 ribbon comprises 3 reefs: D3 East Leg Reef, Shywolup Reef and Shywolup Eastern Spur Reef. Gold mineralisation forms a continuum between the D3 East Leg and Shywolup Reef and discussion of the exploration of these reefs is therefore reported together.

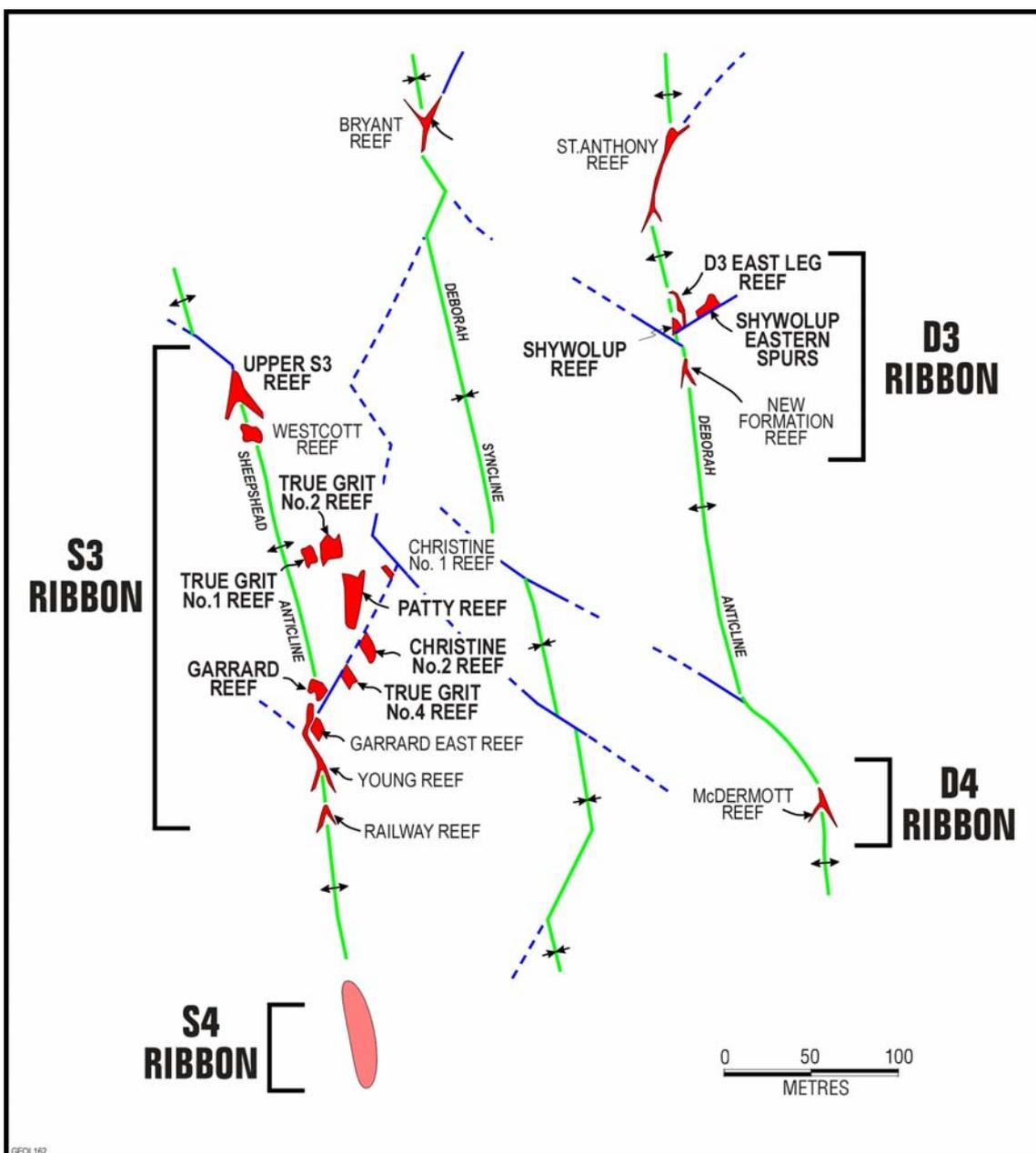
D3 East Leg and Shywolup Reefs

During the quarter, 50 metres of development were completed in the D3 East Leg and Shywolup reefs. An additional 6 bulk samples were processed and a further 53 drill intersections into the reefs were also completed. A total of 300 metres of strike length have now been tested with the reefs being open both to the north and south.

This exploration has defined 3 areas with potential economic mineralisation:

- a) Southern Shoot. A 1 metre wide vein defined by 3 high-grade intersections on 1 drill section and 25 metres of on-reef development. Three bulk samples have been collected with processing underway. In excess of 30g/t Au as coarse gold was recovered from the circuit while processing the first bulk sample. The gold content in the concentrate and tailings samples, which are not yet to hand, must be added to the coarse gold to give the true grade of the bulk sample. The shoot is open to the south and further testing through drilling and vertical development is planned.
- b) Central Shoot. Currently identified over a strike length of 250 metres on 10 drill sections. This zone is typically 20 metres high and 5 metres wide and is still open to the north. During the quarter an additional 20 metres of development was completed on this zone and 3 bulk samples were processed. Of the 8 bulk samples collected from the central shoot 4 have grades in excess of 10g/t Au. Additional drilling and some vertical development is planned to delineate Probable Reserves in this shoot.
- c) Northern Shoot. A vein defined in 5 drill holes on 2 drill sections which partially overlaps the Central Shoot. It is some 50 metres long and open to the north. Further drill testing is planned.

Indicated Resources and Probable Reserves will be delineated in the D3 ribbon during the June quarter.



Shywolup Eastern Spur Reef

Testing during the quarter included 30 metres of development in 2 crosscuts and processing of 3 bulk samples. The controls on gold mineralisation within this large stockwork system are yet to be determined with all available data being reviewed before additional test work is undertaken.

D4 Ribbon

The McDermott reef in the D4 ribbon was drill tested on a second section some 120 metres to the south, 6 drill holes tested the target zone with visible gold seen in the reef position.

Sheepshead Anticline

Upper S3 Reef

During the quarter, 50 metres of on-reef development were completed in the Upper S3 Reef. This development was to the south on the west leg of the reef and examined the continuity of grade on the margins of the identified mineralised envelope. An additional 2 bulk samples were collected for processing.

Drilling has now identified the reef over a strike length of 400 metres and it remains open to the north and south. A further 23 drill intersections into the reef was completed during the quarter. Drilling is now complete on 9 drill sections with another 4 drill sections planned.

As well as the extra drilling, some vertical development is planned to test grade continuity. Processing of a series of 1,000 tonne parcels of reef material through the New Moon pilot plant is scheduled to verify grade estimation procedures. Delineation of Indicated Resources and Probable Reserves within the Upper S3 reef is planned in the June quarter.

Mid and Lower S3 Reefs

A total of 28 drill intersections were completed into the Mid S3 reefs, and the development of access crosscuts into the Patty and True Grit No 1 and 2 reefs was commenced.

A further 5 holes were drilled in Christine No 2 and adjacent reefs in the Lower S3. The decline is now at the position where the reef can be accessed and this is planned for the coming quarter.

S4 Ribbon

No drill testing of this ribbon was conducted during the quarter.

Trial Processing

Processing of trial ore parcels commenced at the New Moon pilot plant during the quarter. These parcels are from the on-reef exploration development and are 1,000 tonnes or greater in size. The first parcel of material, comprising about 6,000 tonnes, is from development within the D3 ribbon. The gold recovered from these tests will help verify grade estimation procedures within the reefs.

Since the quarter's end an Intensive Leach Reactor has been commissioned to process the gravity concentrate and produce gold dore. This and components of the gravity circuit are of equivalent size and specification to those used in a commercial processing facility. Their use in the pilot plant will test their effectiveness and help optimize the production process flow sheet.

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.

Statement of Financial Performance (Unaudited)

	Qtr Ended 31/03/03 \$A'000	Qtr Ended 31/12/02 \$A'000
Operating Expenditure	6,380	5,577
Less: Interest Received & Other Income	<u>(382)</u>	<u>(477)</u>
Operating Loss	5,998	5,100
Income Tax Attributable	<u>0</u>	<u>0</u>
Operating Loss After Income Tax	5,998	5,100
Accumulated Losses 31/12/02	<u>87,320</u>	<u>82,220</u>
Accumulated Losses 31/03/03	<u>93,318</u>	<u>87,320</u>

Statement of Financial Position (Unaudited)

	As At 31/03/03 \$A'000	As At 31/12/02 \$A'000
CURRENT ASSETS		
Cash & Investments	28,219	33,592
Other Current Assets	<u>1,418</u>	<u>1,605</u>
TOTAL CURRENT ASSETS	<u>29,637</u>	<u>35,197</u>
NON CURRENT ASSETS		
Property, Plant and Equipment	<u>4,110</u>	<u>3,894</u>
TOTAL NON CURRENT ASSETS	<u>4,110</u>	<u>3,894</u>
TOTAL ASSETS	<u>33,747</u>	<u>39,091</u>
CURRENT LIABILITIES		
Accounts Payable	3,067	2,454
Provisions	<u>299</u>	<u>272</u>
TOTAL CURRENT LIABILITIES	<u>3,366</u>	<u>2,726</u>
NON CURRENT LIABILITIES		
Provisions	<u>1,000</u>	<u>992</u>
TOTAL NON CURRENT LIABILITIES	<u>1,000</u>	<u>992</u>
TOTAL LIABILITIES	<u>4,366</u>	<u>3,718</u>
NET ASSETS	<u>29,381</u>	<u>35,373</u>
SHAREHOLDERS' EQUITY		
Share Capital	122,699	122,693
Accumulated Losses	<u>(93,318)</u>	<u>(87,320)</u>
TOTAL SHAREHOLDERS' EQUITY	<u>29,381</u>	<u>35,373</u>