

Bendigo Mining  
Limited  
ABN 61 005 674 073

**Corporate Details:**

ASX Code: BDG

*Issued capital:*

509.7M ord. shares  
1.4M unlisted options  
1.3M unlisted perf. rights  
0.3M unlisted share rights

*Substantial Shareholders:*

Orbis Funds 61.4M (12%)  
STRS Ohio 37.0M (7.2%)

*Directors:*

Non-Executive Chairman:  
Peter McCarthy  
Managing Director:  
Rod Hanson  
Non-Executive Directors:  
Ronnie Beevor  
Richard Guy OAM  
David Ransom

**Contact Details:**

Bendigo Mining Limited  
66 Ham St  
Kangaroo Flat  
Victoria 3555  
Australia

Tel: +61 (0)3 5447 1834  
Fax: +61 (0)3 5447 1835

Email: info@  
bendigomining.com.au

Website:  
www.bendigomining.com.au



Rod Hanson  
Managing Director & CEO  
21 July 2010

## Key Points

- Quarterly gold production of 19,463 oz
- Acquired 20% of West African gold explorer GoldStone Resources
- Henty Tyndall Zone resource increases by 100% with addition of 36,600 oz
- Cash in bank of \$57.2 million

## Summary

*Rod Hanson, Managing Director & CEO comment* "Gold production increased by 10% this quarter to 19,463 ounces and contributed to a full year production result of 79,827 ounces, in line with previous guidance. We also doubled the resource size of the Tyndall Zone at Henty to 72,700 oz gold, supporting our belief that Henty remains under-explored and has great potential.

"In May, we were pleased to announce a Strategic Alliance with West African gold explorer GoldStone Resources to provide exploration exposure and potential future production opportunities in one of the most attractive locations for new gold discoveries globally. Our strong balance sheet continues to support our growth of the Company through exploration, development and acquisition" said Mr Hanson.

### Production

- Total gold production of 19,463 oz at a cash operating cost of A\$976/oz (17,747 oz gold at A\$984 in Mar 10 qtr).
- Henty Gold Mine produced 10,009 oz at a cash cost of \$1072/oz, whilst the Kangaroo Flat Mine delivered 9454 oz at a cost of A\$875/oz.
- Full year production of 79,827 ounces was a 116% increase on the previous year reflecting the Henty acquisition.

### Exploration

- Successful infill drilling delivered a 100% increase in the Tyndall Zone resource along with a 15% increase in estimated grade to 7.8 g/t gold.
- Henty up-dip drilling program returned 0.8 m (down hole) at 30.6 g/t gold above the southern part of Zone 15. Follow-up drilling is planned.
- Exploration drilling at the Kangaroo Flat Mine has confirmed a southern extension of Westcott reef, and encouraging results south of the Kangaroo Flat Mine at Spring Gully.

### Corporate

- Gold sales receipts were \$24.7 million during the quarter from the physical sale of 18,279 oz gold at an average price of A\$1353/oz. Mine operating cashflow was positive \$6.7 million.
- Invested \$4.3 million to acquire and maintain 20% of AIM-listed West African gold explorer GoldStone Resources.
- Cash in bank remained unchanged at \$57.2 million at 30 June 2010 (\$57.4 million at 31 March 2010)

## BACKGROUND

Bendigo Mining Limited (ASX: BDG) is an Australian gold producer which owns and operates two producing underground gold mines in Australia; the Kangaroo Flat Mine in Bendigo, Victoria and the Henty Gold Mine on the West Coast of Tasmania. The Company is also involved in gold exploration in West Africa through its investment in GoldStone Resources Limited.

The Kangaroo Flat Mine is located in the Bendigo Goldfield, which has historically produced some 22 million ounces of gold over a century of mining. The Henty Gold Mine has produced in excess of one million ounces of gold over a 14 year period. Bendigo Mining acquired Henty in July 2009.

Bendigo is investing significantly in the future of both operations.

## PRODUCTION

### Safety

There were two lost time injuries and five medically treated injuries during the quarter. In all cases, corrective actions were identified and implemented to prevent recurrence of these incidents. Continuously improving safety performance remains a high priority.

### Production

	Jun 2010 Qtr	Mar 2010 Qtr	Year 2009/10
<b>Henty Gold Mine</b>			
Ore mined (t)	67,445	68,813	274,421
Ore processed (t)	66,838	70,130	276,301
Grade (g/t gold)	4.8	4.6	5.2
Recovery (%)	93.2	93.0	92.9
Gold produced (oz)	10,009	9623	43,178
Cash operating cost (A\$/oz)	1072	963	890
Cash operating cost (A\$/t)	160	132	139
<b>Kangaroo Flat Mine</b>			
Ore mined (t)	41,885	42,716	190,516
Ore processed (t)	52,896	49,731	205,782
Grade (g/t gold)	6.2	5.6	6.2
Recovery (%)	89.3	90.6	89.5
Gold produced (oz)	9454	8124	36,649
Cash operating cost (A\$/oz)	875	1009	834
Cash operating cost (A\$/t)	156	165	148
<b>Total Company</b>			
Gold produced (oz)	19,463	17,747	79,827
Cash operating cost (A\$/oz)	976	984	864

### Henty Operations

Underground mine lateral development of 995 metres was completed with 56% in the Tyndall Zone. Capital development in Darwin South advanced to allow infill and step-out diamond drilling to commence in preparation for detailed mine planning and extraction.

- Mining

Ore was mined from a number of sources throughout the mine, with the focus progressively increasing on the Tyndall Zone. The ramp-up in development to 995 metres, an average of 332 metres per month, compared to 237 metres per month in the previous quarter, assisted in the provision of ore for the quarter. Darwin North, Darwin Mid and Zone 96 contributed 48% of the total ore tonnes. Development

contributed 24% of the total ore mined, much of which came from the Tyndall sill drives.

Tyndall grade control drilling and face sampling has allowed extensive orebody remodelling and as announced on 7 May 2010, has doubled the resource for Tyndall to 72,700 ounces. Importantly, the grade of the resource has increased by 1 g/t to 7.8 g/t gold.

The mining fleet was bolstered by the addition of a new mine haul truck mid-quarter. An additional second-hand truck has been sourced to lift trucking rates and lower operating costs. A new twin boom jumbo is due on site early in the September quarter.

This additional equipment has lifted the development rate necessary to take the mine to full production and will reduce ore supply constraints in the future. In addition, the rising gold price has enabled previously marginal areas to be included in the schedule.

- Processing

Ore feed grade was the major factor affecting production for the quarter. Head grade (4.8 g/t gold) was below forecast, largely due to the processing of lower grade development and stope ore.

Total tonnes milled were 6% less than forecast, but ore mining and hoisting increased significantly towards the end of the quarter.

### Kangaroo Flat Operations

Underground mine lateral development of 504 metres was achieved (555 metres Mar 10 qtr). This development included access to three reefs, namely Dumble, Dunlop and Gordon, and the commencement of a new access to the southern extension of McDermott reef, previously mined in 2006/2007.

Unit costs decreased due to an increase in the total ounces produced, whilst total operating expenditure has remained relatively constant. The increased total ounces produced are primarily associated with the processing of higher grade mining blocks from Gill and Dumble reefs.

- Mining

Total ore mined was 49,676 tonnes consisting of 41,885 tonnes from Gill, Young, Christine, Dumble, Dunlop and Gordon reefs and 7791 tonnes of low grade. Grades of individual reef parcels varied from 3.1 g/t to 11.1 g/t and averaged 6.2 g/t gold. Of the ore mined, 4627 tonnes was from development and 37,258 tonnes from cut & fill stoping.

- Processing

Production for the quarter was 9454 oz, a 16% increase on last quarter, resulting from a combination of the higher head grade, higher tonnage processed and slightly lower total recovery.

Tonnes treated increased by 6% to 52,896 tonnes with 10 mining blocks processed, six from Gill reef, one from Young reef, one from Christine reef, one from Dumble reef and one from a combination of Young/Dumble reef sourced ore.

## EXPLORATION

### Henty exploration

During the quarter, 4 drill rigs, 2 surface and 2 underground, continued to test exploration and development targets at Henty.

- Henty Up-dip

The initial assessment of up-dip targets in the centre of the mine, from above the northern end of the Mt Julia Zone, through to the southern end of Zone 15, was completed with holes drilled from both surface and underground. In the holes testing the lower part of this zone, the main alteration system was shown to continue above the known area of mineralisation. Although the intersections in this area were thin and mostly low grade, the area above the southern part of Zone 15 returned an assay of 0.8 m (down hole) at 30.6 g/t gold. There is considerable potential to be tested by follow-up drilling in this area.

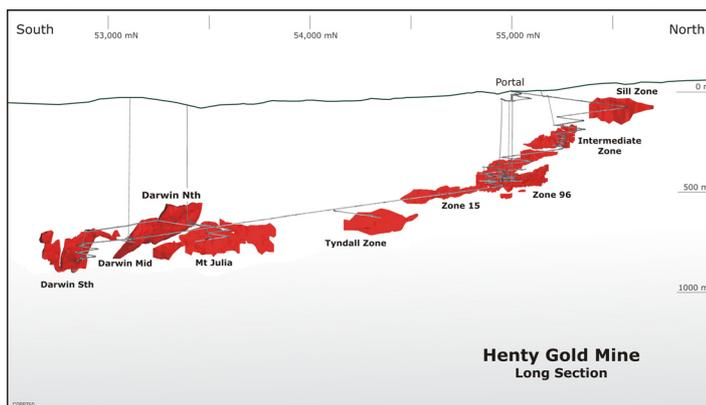
- Development and in-fill

Drilling continued around the Tyndall mineralisation, the Read Zone and the South Darwin area. Assays are still awaited for many of these holes, but some highlights were:

- Z 18072 (South Darwin in-fill) 3.8 m at 6.2 g/t gold
- Z18078 (South Darwin in-fill) 14.1 m at 4.2 g/t gold; including 0.6 m at 48.9 g/t gold and 0.3 m at 33.8 g/t gold
- Z 16994 (Tyndall up-dip) 1.3 m at 8.8 g/t gold.

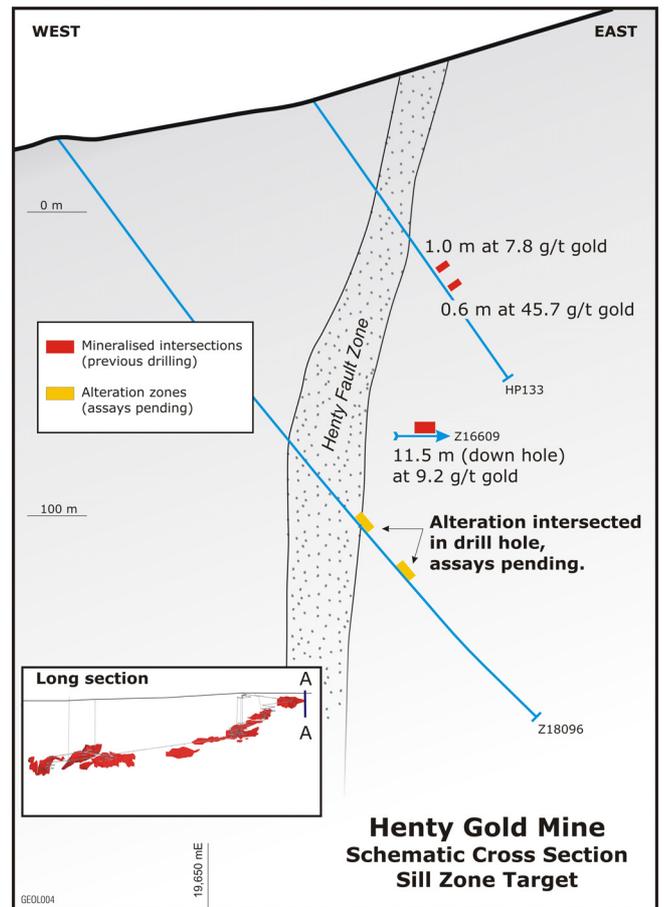
*All intercepts are down hole.*

The results of grade control and development drilling throughout the year are currently being compiled in preparation for the June 2010 Resource and Reserve statement, planned for release in the September quarter.



- Sill Zone

A second program testing down-dip targets north of the Sill Zone, at the very north of the mine, was commenced (see diagram). The first hole, drilled below a historical intersection of 11.5 m (down hole) at 9.2 g/t gold, has intersected two alteration zones, with assay results pending.



- Regional

Drill testing at the Tyndall Creek Prospect intersected what has been interpreted as a continuation of the "Henty Horizon" but it did not contain anomalous gold. However, elevated base metals, bismuth and molybdenum were detected and a follow-up program is under consideration.

During the quarter a one year extension of EL 28/2001 was granted and EL 1/2010 was granted for a period of 5 years.

### Bendigo exploration

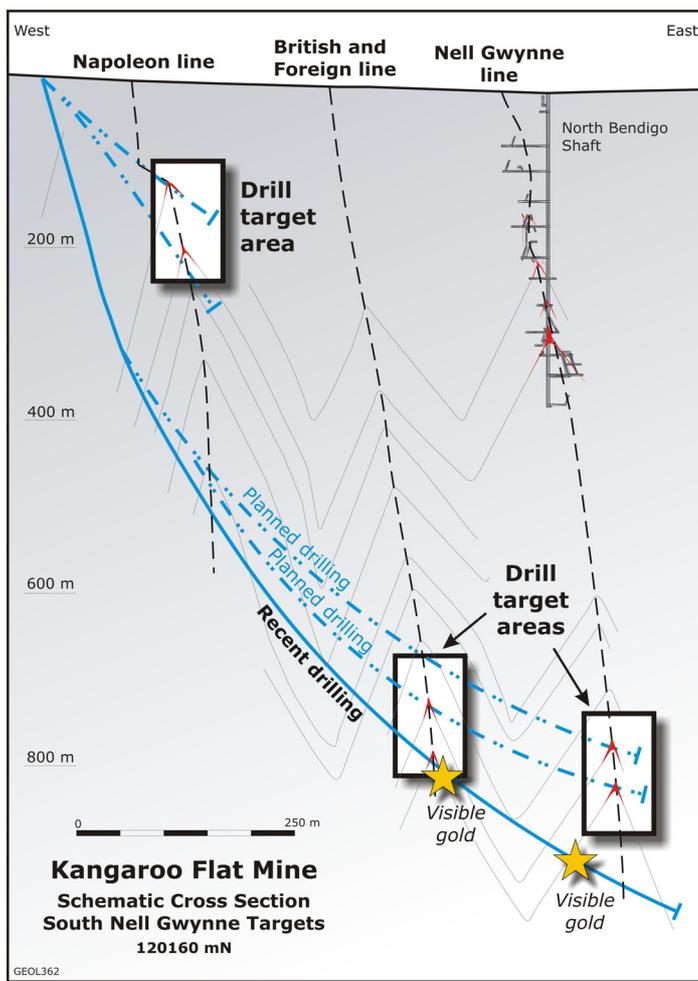
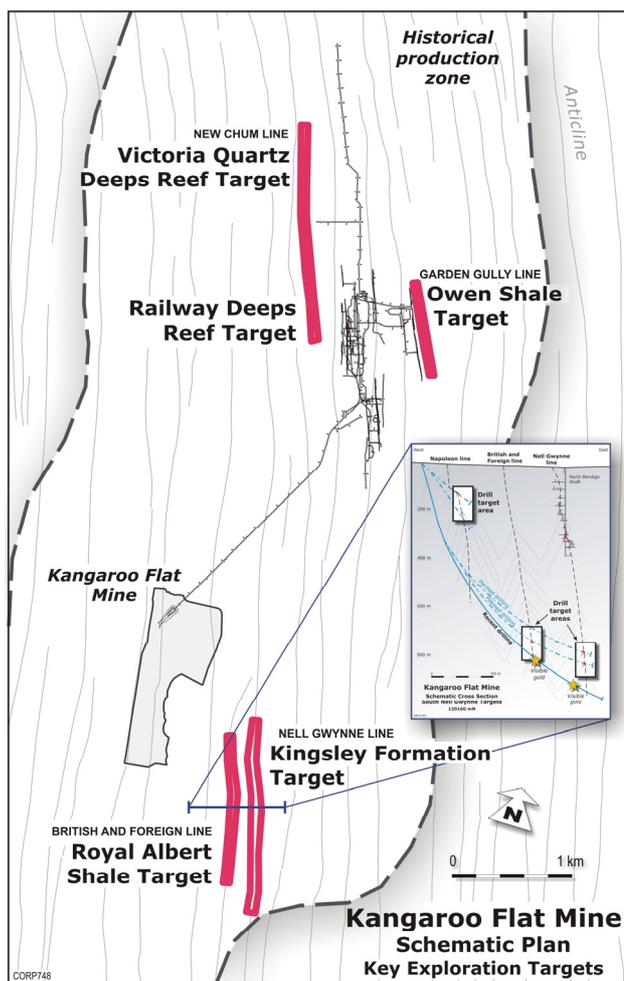
During the quarter, 5915 diamond drill metres were completed using two drill rigs to test the Deborah, Sheepshead and Garden Gully anticlines from underground locations within the Kangaroo Flat Mine and the Nell Gwynne anticline from a surface location south of the mine workings.

Infill and extensional drilling of Dunlop and Westcott reefs on the Deborah and Sheepshead lines respectively was completed. Drilling of Westcott reef has confirmed a 150 metre southern extension, with the reef now defined over 320 metres and over a vertical extent of up to 20 metres.

Surface drilling at the southern end of the Nell Gwynne line successfully intersected the target zone of favourable stratigraphy on both the Nell Gwynne and the adjacent British and Foreign lines, with visible gold seen in laminated quartz veins on both anticlines.

Drilling is continuing above the parent hole to test for mineralised reef on both lines.

Drilling of the Victoria Quartz, Railway Deeps and Owen Shale targets on the New Chum and Garden



Gully lines has refined target locations, with further drilling required

Once the existing targets have been tested, the exploration strategy will continue to evolve to a more field-wide approach.

**CORPORATE**

Gold sales receipts were \$24.7 million during the quarter from the physical sale of 18,279 oz gold at an average price of A\$1353/oz. The gold price received was a 10% improvement on the \$1227/oz in the March 2010 quarter.

In May, the Company entered into a strategic alliance with AIM-listed West African gold explorer GoldStone Resources. Bendigo Mining invested \$4.3 million to acquire and maintain 20% of GoldStone, whose key asset is the Homase project (JORC resource of 283,000 oz), located on the Ashanti Gold Belt in Ghana. GoldStone also has other exploration projects in both Ghana and Senegal. The Alliance provides exploration exposure and potential future production opportunities for Bendigo.

Cash in bank at 30 June 2010 was steady at \$57.2 million (\$57.4 million at 31 March 2010).

Mine operating cashflow was positive \$6.7 million before capital of \$2.4 million and exploration expenditure of \$2.8 million, and changes in working capital over the period.

Competent Persons' Statement

Any information in this public report that relates to Ore Reserves, Exploration Results and Mineral Resources is based on, and accurately reflects, information compiled by Rob McLean for the Kangaroo Flat Mine and Matt Daly for the Henty Gold Mine in relation to Ore Reserves, Rodney Fraser for Exploration Results and Mineral Resources at the Kangaroo Flat Mine and Angela Lorrigan for regional Exploration Results at the Henty Gold Mine and Raul Hollinger in relation to mine Exploration Results and Mineral Resources at the Henty Gold Mine. Daly, Hollinger, Lorrigan and McLean are Members of the Australasian Institute of Mining and Metallurgy, and Hollinger and Fraser are Members of the Australian Institute of Geoscientists. Daly, Fraser, Hollinger, Lorrigan and McLean are full time employees of the Company and have more than five years experience in the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Daly, Fraser, Hollinger, Lorrigan and McLean have given prior written consent, where required, to the inclusion in this report of the matters based on their respective information, where applicable, in the form and context in which it appears.