

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

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Rod Hanson
Managing Director & CEO
21 September 2010

Key Points

- Quarterly gold production of 14,992 oz
- Discovery of Newton and Read Zones at Henty
- FY10 profit of \$11.2 million and 0.5 cent dividend declared

Summary

Rod Hanson, Managing Director & CEO comment "Gold production for the September quarter was 14,992 ounces at a cash cost \$1218/oz, in line with guidance. As previously indicated the quarter was affected by lower than planned ore grades at Henty and Kangaroo Flat. Recently, ore grades have improved and our FY11 production guidance for the Company remains at 70-75,000 ounces.

"With the proposed BCD merger now behind us, we will continue to explore other options to grow the Company. The excellent drilling results from the Newton Zone at Henty demonstrate the exploration potential of our existing operations and our strong balance sheet will continue to support our plans to extend mine life and grow the Company" said Mr Hanson.

Production

- Total gold production of 14,922 oz at a cash operating cost of A\$1218/oz (19,463 oz gold at A\$976 in Jun 10 qtr). The Henty Gold Mine produced 8007 oz at a cash cost of \$1306/oz, whilst the Kangaroo Flat Mine delivered 6915 oz at a cost of A\$1116/oz.
- FY11 production guidance remains at 70-75,000 oz gold at cash cost of around \$980/oz.

Exploration

- Drilling at the Newton Zone at Henty has exceeded early expectations, with a best result this quarter of 10.2 m at 12.2 g/t gold. This zone is potentially of a similar scale to the Tyndall Zone (Tyndall Zone resource of 72,700 oz at 30 June 2010).
- Early drilling at the Read Zone at Henty returned some outstanding results (including 5 m at 105 g/t gold). Follow up drilling has confirmed an extensive alteration zone, and also indicated that further drilling is required to better understand the potential of this zone.

Corporate

- Cash in bank was \$37.6 million at 30 September 2010 (\$57.2 million at 30 June 2010). Major cash outflows during the quarter related to the BCD merger \$10.2M (\$5.2M equity acquisition plus \$5M loan), dividend \$2.5M, capital and exploration \$6.6M and changes in working capital.
- FY10 profit result of \$11.2 million and final unfranked dividend of 0.5 cent per share.
- The Company terminated the proposed merger with BCD, with BCD repaying its loan and accrued interest on 14 October.
- Announced a proposed name change to Unity Mining Ltd.

BACKGROUND

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

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. 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.

PRODUCTION

Safety

There were three lost time injuries and three 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

	Sep 2010 Qtr	Jun 2010 Qtr	YTD 2010/11
Henty Gold Mine			
Ore mined (t)	65,388	67,445	65,388
Ore processed (t)	65,632	66,838	65,632
Grade (g/t gold)	4.1	5.0	4.1
Recovery (%)	92.6	93.2	92.6
Gold produced (oz)	8007	10,009	8007
Cash operating cost (A\$/oz)	1306	1072	1306
Cash operating cost (A\$/t)	160	160	160
Kangaroo Flat Mine			
Ore mined (t)	47,251	41,885	47,251
Ore processed (t)	52,880	52,896	52,880
Grade (g/t gold)	4.8	6.2	4.8
Recovery (%)	85.1	89.3	85.1
Gold produced (oz)	6915	9454	6915
Cash operating cost (A\$/oz)	1116	875	1116
Cash operating cost (A\$/t)	146	156	146
Total Company			
Gold produced (oz)	14,922	19,463	14,922
Cash operating cost (A\$/oz)	1218	976	1218

Henty Operations

Underground mine lateral development of 864 metres was completed with 60% in the Tyndall Zone. Exploration drilling of the newly-discovered Newton and Read Zones has produced results which provide excellent potential for future gold production.

- Mining

Ore was mined from a number of sources throughout the mine, with the Tyndall Zone contributing 27% and Darwin Mid 20% of the ore mined. Development contributed a further 36% of the ore mined (65,388t), much of which came from the Tyndall sill drives.

The mining fleet increased with the addition of a new twin boom jumbo and a second ejector haul truck. This additional equipment will enhance development and ore production rates, whilst reducing unit costs.

- Processing

Ore feed grade was the major factor affecting production for the quarter. Head grade (4.1 g/t gold) was below budget, largely due to the limited ore availability, pending completion of Tyndall and Darwin South development. Total tonnes processed were 17% above budget. Head grade is expected to increase in the coming quarter as additional ore is sourced from the high-grade Tyndall Zone. October month to date grade is 6.2 g/t gold.

Kangaroo Flat Operations

Underground mine lateral development of 618 metres was completed (504 metres previous quarter). This development included access to Dunlop, Gordon, McDermott, Dumble and Westcott reefs and the subsequent development of the initial ore drives in Dunlop, Gordon and McDermott reefs.

- Mining

Several reefs were mined in the quarter, with the grade of individual parcels varying from 2.2 g/t to 11.7 g/t and averaging 4.8 g/t gold. The lower grade is primarily a result of accessing known lower grade mining blocks in the initial ore drive development in the Dunlop and Gordon reefs.

- Processing

Production for the quarter was 6915 oz, a 27% decrease on last quarter, resulting from a combination of the lower head grade and associated lower metallurgical recovery.

Ore processed was consistent with the previous quarter at 52,880 tonnes from 13 mining blocks, five from Gill reef, one from Young reef, one from Christine reef, two from Dumble reef, one from McDermott, one from Gordon reef, one from Dunlop reef and one low grade block from a combination of sources.

EXPLORATION

Henty exploration

During the quarter, 10,118 diamond drill metres were completed using two surface and two underground drill rigs to test exploration and development targets at Henty.

- Newton Zone

Drilling in an under-explored region between the Mount Julia and Tyndall Zones has successfully identified ore grade mineralisation, now known as the Newton Zone. The zone is located approximately 100m from existing development, and is potentially of a similar scale to the Tyndall Zone, offering high grade near-term production at low development cost (see *Newton Zone Long Section*). Some of the highlighted results are (all widths quoted are down hole):

- 8.4 m at 7.2 g/t gold
- 10.2 m at 12.2 g/t gold
- 15.2 m at 6.8 g/t gold

- Read Zone

Underground drilling of the Read Zone discovered significant gold mineralisation, close to the Henty Fault. Drilling of this zone has returned some excellent results, with three holes returning ore grade intersections (all widths quoted are down hole):

- 1.3 m at 16.5 g/t gold
- 5.0 m at 105.0 g/t gold
- 2.0 m at 141.0 g/t gold

Follow up drilling of the Read Zone has been slow, yet has confirmed that the alteration zone is continuous and extensive, providing a large target area that is the subject of further drilling from surface and underground. The zone appears to be influenced by faulting, and further drilling should assist in clarifying the distribution of mineralisation.

- Development and in-fill

Drilling continued to further refine the Tyndall and the Darwin South Zones. Assays are still awaited for many of these holes, but some highlights from Darwin South were (all widths quoted are down hole):

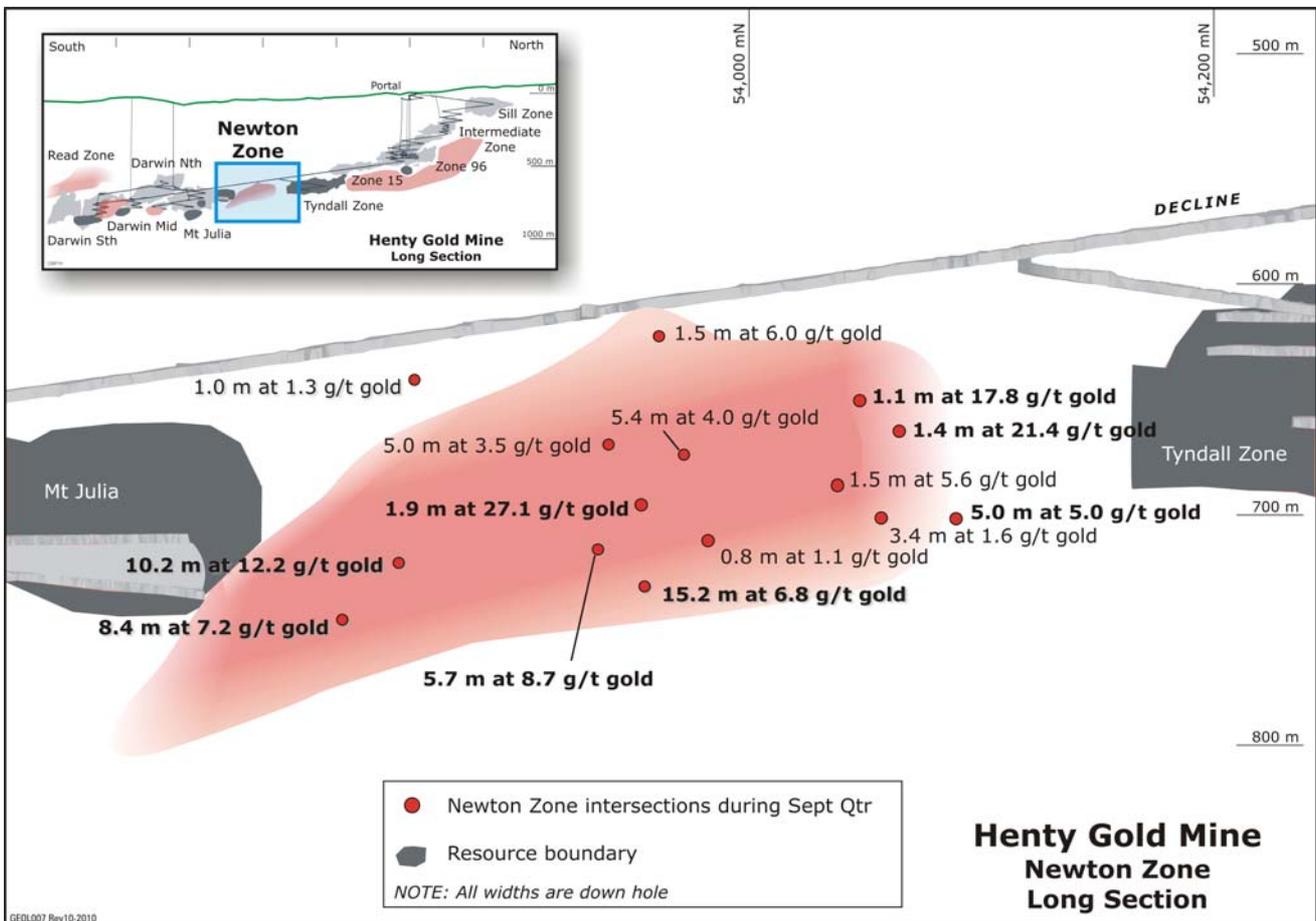
- 8.7 m at 13.5 g/t gold
- 11.3 m at 18.6 g/t gold
- 19.4 m at 12.8 g/t gold

- Hook Zone

The Hook Zone is an area down-dip of the northern part of the mine. During the quarter, four holes were drilled into this zone. Altered, but unmineralised rocks were encountered. Drilling continues to test this large target.

- Regional

Approval to drill five short holes into the Red Hills Prospect, 3km north-east of the Henty Gold Mine, was granted by the Tasmanian Government. Previous drilling at Red Hills identified a zone of base metal mineralisation. The best intercept from historical drilling was 2.8 m (down hole) at 34.5% zinc, 11.3% lead, 250 g/t silver and 6.5 g/t gold.



Bendigo exploration

During the quarter, 5304 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.

Testing of near mine targets and extensions to known mineralisation was conducted during the quarter.

Surface drilling at the southern end of the Nell Gwynne line is continuing to test for the presence of large-scale mineralised reefs.

Field mapping of the exploration licences has commenced with initial work concentrating on the locations of historic workings. Review of the available geophysical data has been undertaken and an interpretation of the geological structure completed, which has indicated several areas of geological complexity that will be investigated in more detail.

GOLDSTONE RESOURCES

On 4 October, AIM-listed GoldStone Resources Limited (20% owned by Bendigo Mining) announced that the Company had entered into an agreement that will allow GoldStone to obtain a beneficial interest of 85.1% in the Akrokerry License in Ghana.

The Akrokerry License area joins the southern boundary of GoldStone's existing Homase concession (see *Location Map*). The Homase open pit and defined gold resources are located at the southern end of the Homase concession, and are believed to trend into the newly acquired Akrokerry permit area.

Previous owners of the Akrokerry License achieved best drill results of 30 m at 2.09 g/t gold from 11 m, and 11 m at 4.76 g/t gold from 36 m.

Full details of the announcement can be found on GoldStone's website at www.goldstoneresources.com

CORPORATE

The proposed merger with BCD Resources, as announced on 22 July 2010, was terminated on 14 October 2010. During the merger process Bendigo received information from BCD which it believed did not satisfy the requirements of the loan agreement. BCD has since repaid in full Bendigo's pre-completion loan and all outstanding interest.

Gold sales were \$22.2 million during the quarter from the physical sale of 16,337 oz gold at an average price of A\$1358/oz.

Cash in bank was at \$37.6 million at 30 September 2010 (\$57.2 million at 30 June 2010). Mine operating cashflow was positive \$2.8 million before capital and exploration expenditure of \$6.6 million, and changes in working capital over the period.

Other major cash outflows were the purchase of BCD of shares (\$5.2 million) and the provision of a loan to BCD (\$5 million) and the final dividend payment (\$2.5 million). The \$5 million pre-completion loan to BCD was repaid in full with interest on 14 October.

In November, Bendigo Mining shareholders will be asked to approve a name change to Unity Mining Limited. The recommended name change will mark an important step in the Company's evolution and one the Board believes will encourage international and Australian investors to take a fresh look at the Company's growth potential.

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 Matt Daly for the Henty Gold Mine and Rob McLean for the Kangaroo Flat Mine in relation to Ore Reserves, 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 and Rodney Fraser for Exploration Results and Mineral Resources at the Kangaroo Flat 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.

