

Bendigo Mining
Limited
ABN 61 005 674 073

Corporate Details:

ASX Code: BDG

Issued capital:

495.4M ord. shares
3.5M unlisted options

Substantial Shareholders:

St Barbara 49.5M (10%)
STRS Ohio 32.1M (6.5%)

Site Office:

66 Ham St
Kangaroo Flat
Victoria 3555
Australia

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Directors:

Non-Executive Chairman:
Peter McCarthy
Managing Director:
Rod Hanson
Non-Executive Directors:
Ronnie Beevor
Richard Guy OAM
Roy Woodall AO

For further details:

Tim Churcher
Chief Financial Officer
Bendigo Mining Limited
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Rod Hanson
Managing Director & CEO
25 October 2007

Key Points

- Discovery of high grade Gordon reef on Garden Gully
- Cross-cut to Gill reef commenced
- High grade drill intercept at southern end of New Chum

Summary

Rod Hanson, Managing Director & CEO comment: "Drill testing of known productive rock units at the southern end of the mine has produced very encouraging results. We have discovered another reef on Garden Gully, the Gordon reef, vertically above the Gill and Grenfell reefs. We have also received assays from the Gill reef which confirm our visual grade estimates of around 10 g/t gold. Our first phase of drilling into New Chum has highlighted significant targets which we are following up. Importantly all these results are near our existing mine infrastructure.

"With the results received from Gill reef, we have decided to commence a 350 metre cross-cut towards the reef to enable infill drilling. Close-spaced drilling will provide greater confidence in our methodology and support the estimation of resources. The North drive development will pause whilst this is underway, but as development is well ahead of plan there is two to three months of drilling to be completed before we run out of suitable drill sites on the North drive.

"We are now nine months into the new strategy and I'm very pleased with our progress in generating targets and discovering new reefs. Importantly, the results this quarter have potential to accelerate our rate of discovery. With each new discovery we get closer to making a decision on restarting production. I'm not yet in a position to make that announcement, but the cross-cut and infill drilling of the Gill reef is a natural pre-cursor to future production."

Exploration & Development

- Gordon reef discovered on Garden Gully, vertically above Gill and Grenfell reefs, increasing the number of reefs discovered in this line from four to five.
- Initial drill results 460 metres south of Gill and Grenfell indicate good potential for extensions.
- A 350 metre cross-cut to the Gill reef on Garden Gully is to be developed over next three months to enable infill drilling and future access.
- First drill section on the southern end of New Chum discovers high grade mineralisation (3.6 metres at a visual estimate of >15 g/t gold, with a screen fire assay of 78 g/t gold).

Corporate

- Cash in bank at 30 September 2007 was \$62.6 million (\$71.8 million last quarter). The reduction in cash includes a \$4 million reduction in creditors. At current levels of activity, the planned rate of expenditure is approximately \$6.5 million per quarter.
- Roy Woodall to retire as a Non-executive Director at the conclusion of the Annual General Meeting on 23 November 2007.

BUSINESS STRATEGY

Bendigo is Australia's second largest goldfield having produced some 22 million ounces of gold, to an average depth of 750 metres.

The Company is exploring for gold mineralisation beneath and along from historic mines on the richest lines of mineralisation within the goldfield. The key lines are Garden Gully and New Chum as they accounted for some 70% of the recorded historic production. The better parts of each line are identified using not only the volume and grade of gold produced from each historic area, but also the extensions of the productive rock units beyond the zones of historic mining. Multiple targets across the goldfield have been identified.

Exploration drilling is conducted from underground locations within the Company's modern mine, which has been developed down to depths of 900 metres and over a length of three and a half kilometres. A 600,000 t/y process plant, mining equipment and infrastructure are in place to capitalise on exploration success.

DEVELOPMENT

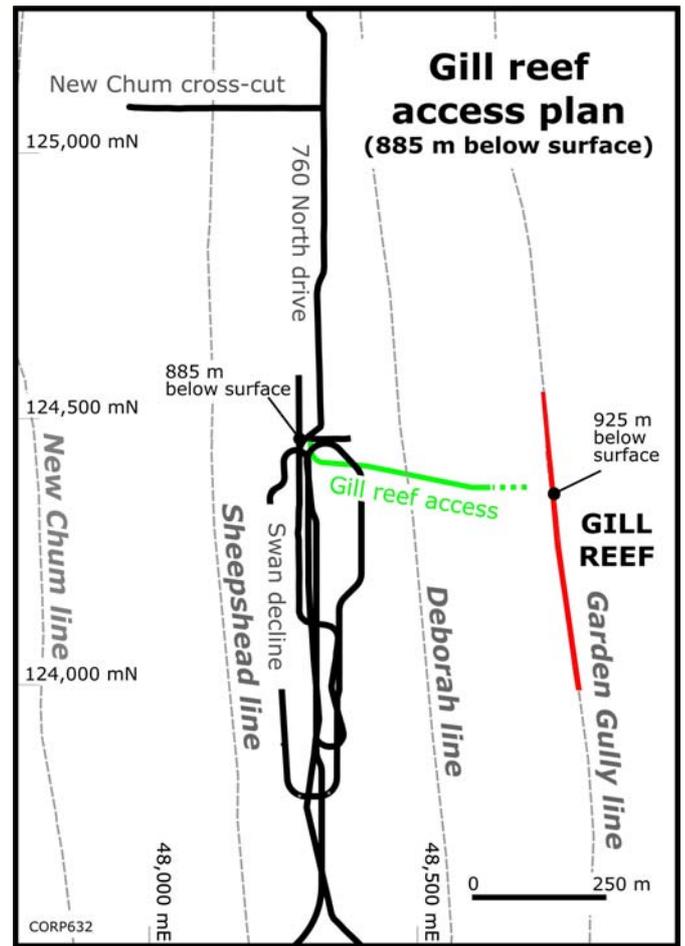
The safety performance during the quarter was unsatisfactory with one lost time injury and one medically treated injury recorded (nil last quarter). The year-to-date LTIFR of 15, and the medically referred injury rate of 29, are above our objectives.

Underground mine lateral development was on target at 530 metres (679 metres in the June 2007 quarter). The 760 North drive, at a depth of 860 metres, advanced 404 metres in the quarter and is currently 2,125 metres north of our main decline infrastructure (stockpile bay ND18 as displayed in the attached long sections).

The rate of development on the 760 North drive has been excellent with several drill sites available. Drilling is scheduled to occur over the next two to three months to test part of the central Garden Gully zone.

Whilst drilling is underway in the 760 North drive, development is being redirected to a 350 metre cross-cut from the Swan decline, east towards the Garden Gully line. This will enable infill drilling of the Gill and Grenfell East reefs and also to provide future access. This drilling will provide confidence in reef continuity and grade range estimation.

A decision to commence trial mining within the Gill reef will depend on drill results, future development priorities and water risk assessments. Other development priorities could include the 760 North drive, extension of the South Exploration Drive or access towards other reefs. One of the key determinants in the decision to restart production is that a sufficient tonnage of mineralised reef is available to support continuous production.



EXPLORATION

A total of 11,429 metres of drilling was completed using four drill rigs to test the Garden Gully and New Chum anticlines.

The program is having good success drilling the strike extensions of known productive horizons beyond the areas of historic mining. These new discoveries in the southern section of the field are close to installed mine infrastructure. Drilling continues to test the prospectivity to the north, particularly beneath the central Garden Gully zone.

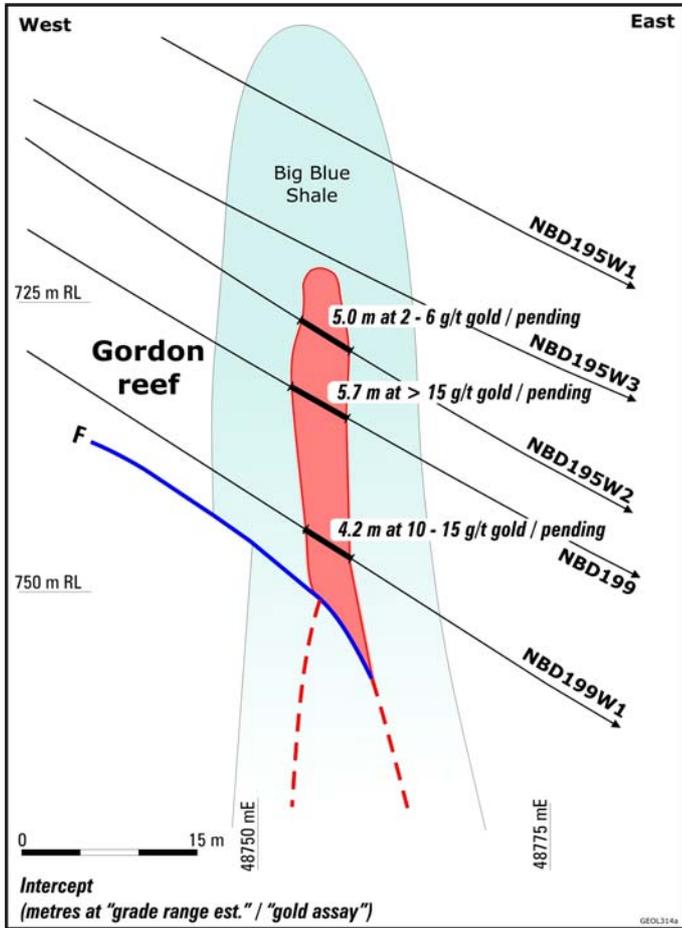
Garden Gully

Southern Garden Gully zone

i) Gordon reef

A new reef was discovered during the quarter, Gordon reef, increasing the total number of reefs discovered on Garden Gully from four to five. The reef is defined on two sections approximately 220 metres apart (from stockpile bays SP2 and SP21) in the Big Blue Shale unit. It is located approximately 300 metres vertically above the Gill and Grenfell reefs (see Garden Gully long section) resulting in a set of 'stacked reefs'. Stacked reefs are important economically as they reduce the amount of mine development per ounce of gold production. Stacked reefs were common in the historical mining record.

Three intercepts on section 124,200 mN (NBD195W2, NBD199 & NBD199W1) define a potentially large and high grade (+10 g/t gold) neck reef, some 25 to 30 metres high and 4 to 5 metres wide. The reef is open for 300 metres to the north but immediate access may be restricted until dewatering has reduced the head of water in nearby historic workings.



**Garden Gully
Cross Section 124,200 mN**

The Gordon reef diminishes in size and grade 220 metres to the south on drill section 123,980 mN. On this section the reef is interpreted to be around 10 - 15 metres high, 2 - 3 metres wide and of moderate grade (6 - 10 g/t gold). The weakening of mineralisation on this section does not diminish the potential of the Big Blue Shale unit to host other reefs further south. Drilling from stockpile bay SE2 (123,600 mN), 380 metres to the south, has intersected strong laminated quartz veins indicating potential for reef formation within this rock unit (see Garden Gully long section).

Intersection data from the Gordon reef is tabulated below.

Hole number	Length (m)	Est. true width (m)	Grade range estimate (g/t gold) ¹	Gold assay (g/t) ²	Quartz %
<i>Gordon reef: 124,200 mN (SP2)</i>					
NBD195W2	5.0	4.5	2 - 6	pending	100
NBD199	5.7	5.0	> 15	pending	90
NBD199W1	4.2	4.0	10 - 15	pending	90
<i>Gordon Reef: 123,980 mN (SP21)</i>					
NBD198W2	1.0	0.8	< 2	pending	100
NBD198W3	2.6	2.3	6 - 10	pending	100
NBD198W4	0.9	0.7	2 - 6	pending	60

Note: Items in bold reflect new data this quarter.

¹. The geological grade range estimate is based on a visual ranking of the key geological textures and minerals in the drill core: such as quartz percent, quartz textures, presence of free gold and sulphides. The use of this ranking, in combination with assays, provides an estimation of the likely gold grade range of the intercept. The visual characteristics have a far greater influence on the grade range estimate than assay data.

². Screen fire assay. The large gold particle size of mineralisation at Bendigo, termed the nugget effect, means that a single drill intersection cannot accurately represent the grade of the entire reef, as drill core will tend to miss the coarse pieces of gold. Consequently, assays will usually under-estimate the grade of the reef. However, if a nugget is intersected by drilling, the assay may over-estimate the grade of the reef.

ii) Gill reef

Drilling in the June quarter, particularly on section 124,250 mN (SP2), prompted a thorough re-interpretation of the entire Railway Shale to Emily Shale sequence over 1,500 metres strike. This re-interpretation was completed in the September quarter and resulted in the correlation and extension of the Gill reef by 260 metres to a total defined length of 460 metres (see Garden Gully long section).

The reef has been intersected on three sections, with intercepts and assays supporting a grade range estimate for the reef of around 10 g/t gold. Assays are detailed in the table below.

Hole number	Length (m)	Est. true width (m)	Grade range estimate (g/t gold) ¹	Gold assay (g/t) ²	Quartz %
<i>Gill reef: 124,050 mN (SP27)</i>					
NBD158W2	9.4	8.5	6 - 10	1.6*	80
NBD158W3	0.9	0.7	2 - 6	3.4	95
NBD158W4	3.3	3.0	6 - 10	1.0*	95
NBD158W5	6.2	5.6	10 - 15	63.6*	95
<i>Gill reef: 124,250 mN (SP2)</i>					
NBD184W3	4.0	3.5	6 - 10	1.6	90
NBD184W4	2.2	1.9	6 - 10	0.7	90
NBD184W5	6.2	5.4	10 - 15	5.1*	80
NBD184W6	0.9	0.7	> 15	22.3*	95
NBD184W7	1.5	1.2	> 15	0.4*	95
	1.3	1.0	> 15	6.1*	95
<i>Gill reef: 124,510 mN (ND1)</i>					
NBD161W1	1.1	1.0	6 - 10	2.7	37
NBD161W2	4.1	3.9	6 - 10	0.8	98
NBD161W3	0.6	0.5	6 - 10	0.5	90
	1.5	1.3	6 - 10	4.0	90

Note: Items in bold reflect new data this quarter.

¹. & ². Refer to footnotes on previous table.

* Represents initial fire assay with final screen fire assay pending.

Gill reef remains open, with drilling underway on two sections 170 metres and 460 metres south of section SP27. Drilling to date has intersected thick laminated quartz veins in the same favourable stratigraphy, which are encouraging indicators for a reef extension.

iii) Grenfell reef

As a consequence of the reinterpretation of Gill reef, the Grenfell reef is now interpreted to exist on one section only. The single drill intercept is tabulated below.

Hole number	Length (m)	Est. true width (m)	Grade range estimate (g/t gold) ¹	Gold assay (g/t) ²	Quartz %
<i>Grenfell reef: 124,050 mN (SP27)</i>					
NBD158W1	6.8	5.5	10 – 15	47	80

¹. & ² Refer to footnotes on previous table.

The reef remains open to the south and will be tested at the same time as drill-testing for the southerly extensions of Gill reef. Laminated quartz veins of significant width, in the same stratigraphic position as Grenfell, have been intersected on the southerly sections which are encouraging indicators of reef extension.

iv) Grenfell East reef

An additional intercept (NBD184W10) was returned from the base of the spur-style reef mineralisation. Assay data confirm the low grade but high tonnage potential of this reef.

Hole number	Length (m)	Est. true width (m)	Grade range estimate (g/t gold) ¹	Gold assay (g/t) ²	Quartz %
<i>Grenfell East reef: 124,250 mN (SP2)</i>					
NBD184W1	5.6	1.0	6 – 10	0.4*	65
NBD184W2	59.9	15.0	2 – 6	0.3*	55
	8.6	1.5	6 – 10	0.5*	95
NBD184W10	16.7	5.0	< 2	0.1*	30

Note: Items in bold reflect new data this quarter.

¹. & ² Refer to footnotes on previous table.

* Represents initial fire assay with final screen fire assay pending.

Central Garden Gully zone

Drilling has been completed from ND11 (125,715 mN), under the historically rich Garden Gully United production block. Laminated quartz veins in two potentially prospective rock units, Emily Shale and Owen Shale, have been tested with no significant reefs having been discovered.

The next drill section will be 480 metres north at stockpile bay ND15. The stratigraphy beneath the Owen Shale unit will be tested with a deep 'sweeper' hole to a vertical depth of 1,500 m.

New Chum

Drilling commenced in the June quarter to explore the southern end of the New Chum line, immediately south of historically mined areas.

One section has been drilled from SE4 and SP15 (see New Chum long section). Three prospective rock units were tested, the Big Blue Shale, Railway Shale and the shallower Rowses/Kingsleys units.

Numerous laminated quartz veins have been intersected in the Big Blue Shale and Rowses/Kingsleys Units, highlighting potential for multiple reefs.

i) Big Blue Shale (123,295 mN)

A small high grade reef was intersected at the crest of the folded Big Blue Shale unit. This position is 430 metres south of the large Shenandoah Consolidated reef which has been extensively mined.

The reef is interpreted to be 6 – 10 metre high, 2 – 3 metre wide and high grade (screen fire assay of 2.3 metres at 78 g/t). The reef is untested to the south.

ii) Rowses/Kingsleys units (123,295 mN)

Three prospective laminated quartz veins have been identified in the Rowses Shale and Kingsleys Formation. These targets represent the interpreted along strike projection of the Young Chum reef which was historically mined approximately 300 metres to the north. Drill-testing is underway, with the potential for stacked reefs making this a high priority target.

iii) Railway Shale (123,320 mN)

Testing of the Railway Shale unit intersected a zone of quartz veining associated with a small saddle reef. Further drilling of this unit has been deferred as other targets have higher priority.

Hole number	Length (m)	Est. true width (m)	Grade range estimate (g/t gold) ¹	Gold assay (g/t) ²	Quartz %
<i>Railway Shale target: 123,320 mN (SE4)</i>					
NBD185W5	1.0	1.0	< 2	0.01*	95
<i>Big Blue Shale target: 123,295 mN (SP15)</i>					
NBD194W3	3.55	2.3	> 15	78.2	80
NBD194W5	0.8	0.3	10 – 15	pending	85

Note: Items in bold reflect new data this quarter.

¹. & ² Refer to footnotes on previous table.

* Represents initial fire assay with final screen fire assay pending.

Regional

i) Northern Extension Target

The Northern Extension target is a zone up to five kilometres immediately north of the historic workings on the Bendigo Goldfield, within the Company's mining and exploration leases. A relatively thin layer of recent sediments in this area has deterred any significant historic mining activity or modern exploration.

The only modern exploration was conducted by WMC Limited, with the drilling of two 1,000 metre-spaced traverses in the north of the field in the 1980s. The drill core from these holes is being re-interpreted using current geological knowledge to correlate and identify prospective rock units. The main prospective units will be extrapolated along strike into the northern extension target area, with the aim of generating future drill targets.

CORPORATE

Cash in bank at 30 September 2007 was \$62.6 million (\$71.8 million as at 30 June). The \$9.2 million reduction in cash includes a \$4 million reduction in creditors and net company expenditure of \$5.2 million. At current levels of activity, future expenditure rates are planned to be around \$6.5 million per quarter.

Mr Roy Woodall has advised the Company of his intention to retire as a Non-executive Director, with effect at the conclusion of the Company's Annual General Meeting on the 23 November 2007.

The Board expresses its appreciation and thanks to Mr Woodall for his six years of contribution and is pleased that Mr Woodall will make himself available as a consultant to the Bendigo project after his retirement.

The Company intends to appoint a suitable replacement for Mr Woodall.

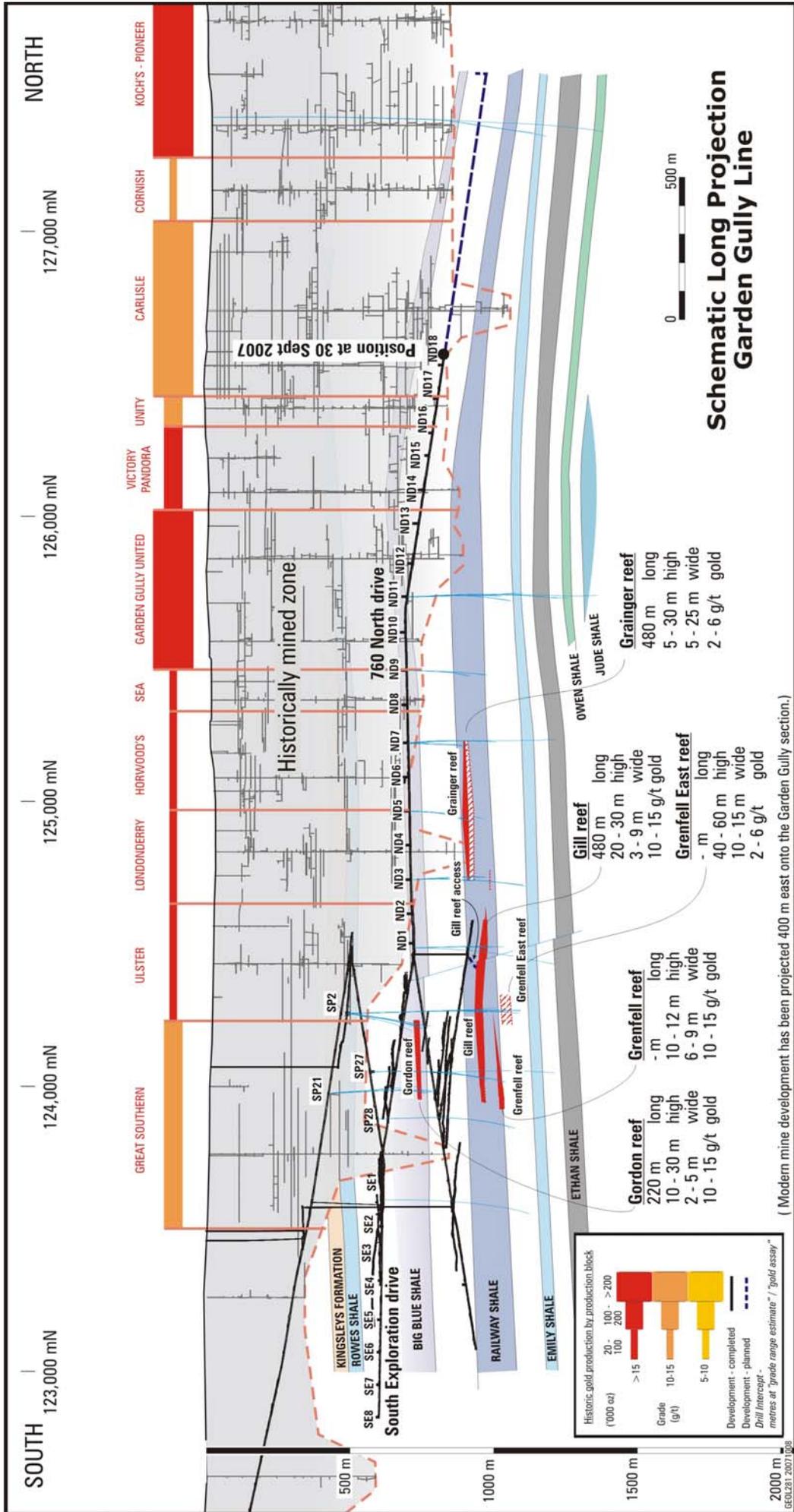
Competent Persons Statement

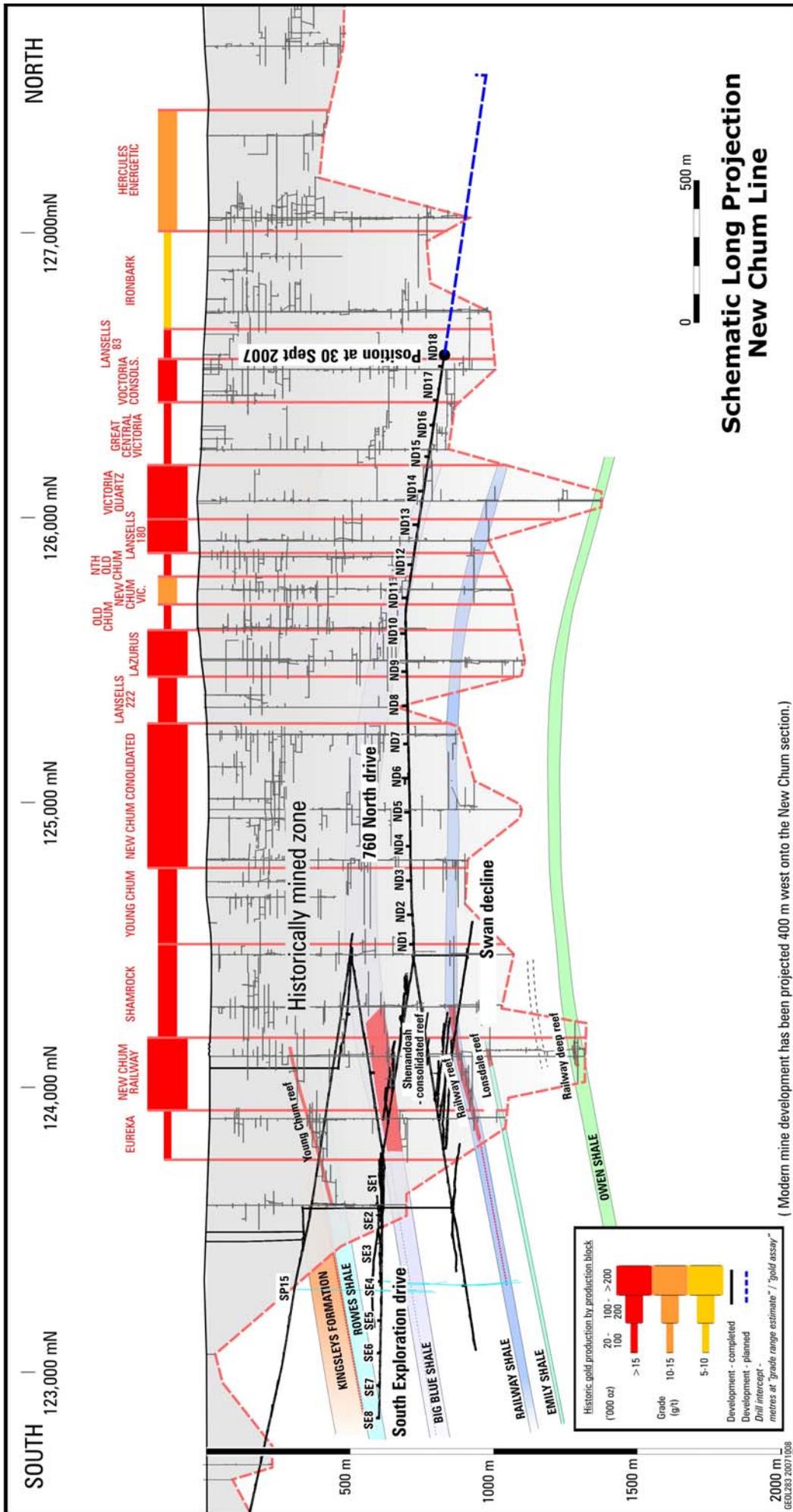
The information in this public report that relates to Exploration Results and Mineral Resources is based on, and accurately reflects, information compiled by Richard Buerger. Richard Buerger is a Member of The Australasian Institute of Mining and Metallurgy. He is a full time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Buerger consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Logging, Sampling and Assaying Techniques

Each intercept is logged by lithology and mineralisation, with samples generally selected according to mineralisation style. The minimum sample length is 0.5 metres, with a maximum of 1.4 metres. The typical size of drill core is NQ2, with half-core samples dispatched for analysis. Full-core samples are typically used with smaller diameter core.

All sample preparation and analysis for gold and arsenic is completed at a National Association of Testing Authorities accredited laboratory. All reef intersections are routinely analysed by screen fire assay. Preparation for a screen fire assay involves crushing and pulverising of the sample such that >90% can pass through a -75 um mesh. The sample is then dry-sieved through a -106 um mesh, with the entire plus fraction (the coarser grained material) assayed by fire assay and a representative sample of the minus fraction (the finer grained material) assayed by fire assay, both sets of assays are completed using atomic absorption spectroscopy. The screen fire head grade is then calculated by the weighted average of the individual results. The reported intersection assay grades are a length weighted average of all the samples in the intersection.





Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Bendigo Mining Limited

ABN

61 005 674 073

Quarter ended ("current quarter")

30 Sept 2007

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(2,316)	(2,316)
(b) development	(7,483)	(7,483)
(c) production		
(d) administration	(670)	(670)
1.3 Dividends received	1,106	1,106
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(9,363)	(9,363)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of: (a)prospects	177	177
(b)equity investments		
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	177	177
1.13 Total operating and investing cash flows (carried forward)	(9,186)	(9,186)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(9,186)	(9,186)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	-	-
Net increase (decrease) in cash held			
1.20	Cash at beginning of quarter/year to date	71,778	71,778
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	62,592	62,592

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	193
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,300
4.2 Development	4,200
Total	6,500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	70	211
5.2 Deposits at call	3,279	7,471
5.3 Bank overdraft	-	-
5.4 Other – Floating rate notes, Bonds, Commercial Papers, Bank Bills & Term Deposits	59,243	64,096
Total: cash at end of quarter (item 1.22)	62,592	71,778

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	495,433,780	495,433,780		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	2,659,333 851,999		<i>Exercise price</i> 1.26 2.81	<i>Expiry date</i> 25 July 2011 27 April 2012
7.8 Issued during quarter	-			
7.9 Exercised during quarter	-			
7.10 Expired during quarter	291,666 78,333		<i>Exercise price</i> 1.26 2.81	
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 25 October 2007.....
(Company secretary)

Print name: Tim Churcher

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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