

**Bendigo Mining
Limited**

ABN 61 005 674 073

Corporate Details:

ASX Code: BDG

Issued capital:

495.5M ord. shares
2.2M unlisted options
2.1M unlisted perf. rights
3.0M unlisted share rights

Substantial Shareholders:

St Barbara 49.5M (10%)
Orbis Funds 36.7M (7.4%)
STRS Ohio 32.1M (6.5%)

Directors:

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

Contact Details:

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Rod Hanson
Managing Director & CEO
29 January 2009

Key Points

- Production nearly doubles to 9180 oz gold
- Cash balance increases by \$2 million to \$45 million
- Employee numbers increase by 9%
- Two new reefs discovered

Summary

Rod Hanson, Managing Director & CEO comment: "The trial mining phase at Bendigo is continuing very successfully with gold production almost double that achieved last quarter. The result was delivered by an increase in mining and processing rates combined with the continuation of very good head grades from Gill reef, which averaged 10 g/t gold.

"We have completed six months of successful trial mining in Bendigo. If this performance continues, our plan will be supported by Gill reef for at least another 12 months. An increase to more commercial rates of production requires the discovery of additional large reefs to provide increased availability and flexibility of ore sources. With this goal in mind, I am pleased to report that we discovered two new reefs this quarter, Nankervis and Dunlop reefs, both having potential to be included in our near term mine plan. Drilling to test for extensions of these reefs is underway.

"We are benefiting from the strong A\$ gold price, with gold sales generating \$11 million of revenue for the quarter. The combination of a strong gold price and high head grade helped generate positive cashflow of \$2 million during the quarter and increased our cash balance to \$45 million. It was a great quarter where production, exploration and cashflow were all positive. Our substantial cash balance in the present climate provides us with plenty of flexibility to grow" said Mr Hanson.

Operations

- Ore treated of 32,011 t at 9.8 g/t gold for 9180 oz gold.
- Gill reef head grade averaged 10 g/t, with ore blocks ranging from 3.6 g/t gold to the bonanza grade block of 28.9 g/t gold.
- Underground cut and fill stoping commenced within Gill reef.
- The success of the program to date has supported the move to increase employee numbers by nine to optimise trial production.
- The exploration program is entirely focussed on defining mineable reefs close to existing workings.
- The first modern day test of the Nell Gwynne line, located west of the Kangaroo Flat mine workings, successfully discovered the Nankervis reef. Drill testing of a shallow target on the Deborah line discovered the Dunlop reef. Further drill testing is in progress.

Corporate

- Revenue generated of A\$11.0 million included the sale of 9189 oz of gold at an average price of A\$1189/oz.
- Cash in bank at 31 December 2008 was \$44.9 million and in addition \$3.5 million of gold dore held at year end was sold in early January (cash as at 30 September 2008 was \$42.7 million).

BACKGROUND

Bendigo is Australia's second largest goldfield having produced some 22 million ounces of gold, to an average depth of 750 metres. Bendigo Mining Limited is exploring for gold beneath and along from historic mines on the richest lines of mineralisation within the goldfield.

Recent exploration from the Kangaroo Flat Mine has targeted prospective rock units on the Garden Gully, New Chum, Nell Gwynne and Deborah lines. This work has discovered several new reefs, with the nature and grade of gold mineralisation being determined through a program of trial mining, with processing undertaken at the Company's Kangaroo Flat plant.

DEVELOPMENT

There were no lost time injuries and two medically treated injuries during the quarter, resulting in a Medically Referred Injury Frequency Rate (MRIFR) of 34 which is above the target level.

Underground mine lateral development of 725 metres (873 metres in the September 2008 quarter), including 635 metres on-reef, was completed. The on-reef development was all within Gill reef, whilst the balance of the development was undertaken in the Gordon reef access and other works.

The Gill reef infill drilling program was finalised in the quarter with the completion of 1551 metres of drilling. Some 650 metres of the 850 metre long reef has been drilled on 15 metre sections.

TRIAL PRODUCTION

The primary aim of the trial production phase is to optimise the exploration drill hole visual grade range estimation method. Gill reef has been divided into a number of mining blocks, typically around 4000 tonnes in size, which are being independently processed to enable reconciliation of gold grades with the pre-mining estimates.

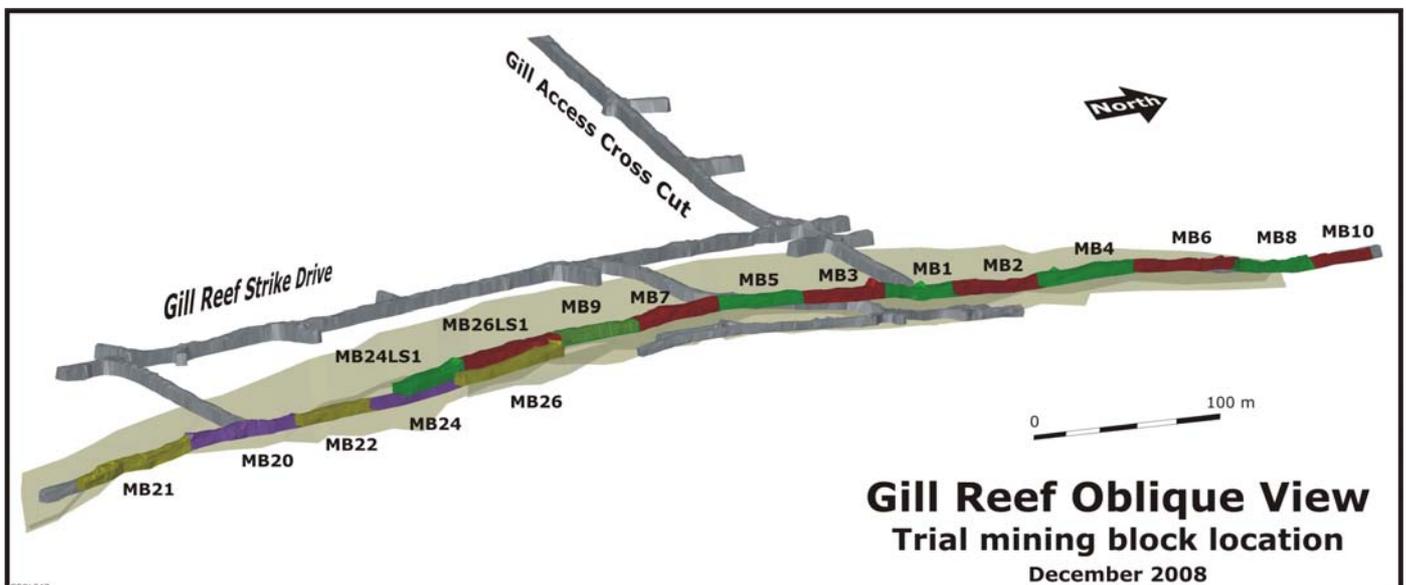
Trial Mining

A total of 39,007 tonnes of ore was produced from Gill reef during the quarter, a 63% increase compared to the previous quarter. Of the ore mined, 28,862 tonnes was derived from development and 10,145 tonnes from the commencement of cut and fill stoping. In total nine blocks were mined from the central reef sill drive area (see attached oblique view for location of the seven mining blocks: MB8, MB10, MB20, MB21, MB22, MB24 and MB26 and the two initial cut and fill blocks: MB24LS1 and MB26LS1).

Mining continues to confirm the reef shape as interpreted from diamond drilling. Ground conditions have been good with minimal overbreak of barren wall rocks. All of the reef material mined from the central sill zone has been classified as ore. An additional 1235 tonnes of low grade ore was mined during the normal course of activities.

The narrow vein mining equipment purchased in July 2008 is giving excellent performance in accessing narrower sections of Gill reef, and is planned to be integral to the trial mining next quarter of narrow reefs such as Dale reef on the Deborah line.

A hand-held mining trial, utilising a contractor, is planned to commence in the March quarter on narrow portions of Dean reef on the Deborah line.



Processing

Eight mining blocks from Gill reef were treated during the quarter: MB9B, MB20, MB8, MB22, MB24, MB26, MB21 and MB26LS1A. Low grade stocks that were previously stockpiled during mining in 2006/07 were also treated between ore campaigns.

Production for the quarter was 9180 oz of gold (a 94% increase compared to the previous quarter) from the processing of 32,011 tonnes of ore (+16%) at an average grade of 9.8 g/t (+58%) with a metallurgical recovery of 91.2% (+6%). Excluding low grade stocks, the average grade of Gill reef ore was 10.0 g/t gold. Details are tabulated below:

| Production Summary | | Sep 08 Qtr | Dec 08 Qtr | | |
|----------------------|-----|------------|------------|-----------|---------------|
| | | Total | Gill reef | Low grade | Total |
| Ore mined | t | 24,228 | 39,007 | 1235 | 40,242 |
| Ore treated | t | 27,700 | 30,664 | 1347 | 32,011 |
| Gold grade | g/t | 6.2 | 10.0 | 5.9 | 9.8 |
| Total recovery | % | 86 | 91.6 | 75.7 | 91.2 |
| Gold produced | oz | 4,741 | 8,987 | 193 | 9,180 |

Results

The trial mining campaign delivered excellent results in the December quarter. Gill reef continues to display good geological and structural continuity which provides confidence in the future performance of the reef and the mining strategy adopted. Ore output from trial mining is increasing in line with expectations as additional reef faces are brought on line.

The process plant was operated on a four day per week, 10 effective hours per day basis. In order to process higher rates of ore production, the plant operating time is planned to increase to an effective 13 hours per day.

Gold grade for the quarter was in line with expectations at 10 g/t gold. The average grade of Gill reef to date is 8.3 g/t gold, with a very high block-by-block variability and results varying from 2.2 g/t to 28.9 g/t gold. The applicability of the visual grade estimation method at a local block level remains challenging, however, on a global reef basis, the overall estimation method is very encouraging.

The goldfield has a history of producing occasional bonanza grade blocks, which occurred with MB8 returning a grade of 28.9 g/t gold over 2800 tonnes, along with several other plus 10 g/t blocks. Mine geologists continue to generate good grade estimates from face inspections, applying the same reef physical characteristics adopted for drill hole visual estimates, namely quartz abundance and texture, visible gold and sulphide species abundance.

Development of the legs beneath the central sill drives has showed variable continuity, generally in line with expectations based on drilling completed in advance of mining.

The trial program will continue to investigate gold distribution along the length and vertical extent of Gill reef.

EXPLORATION

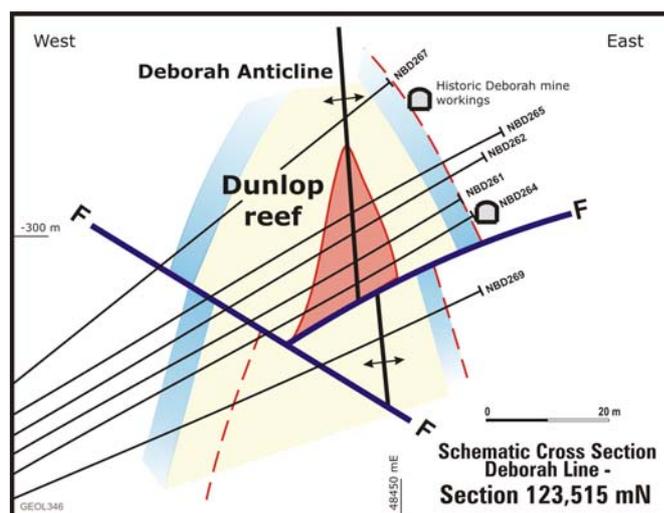
A total of 6563 diamond drill metres was completed (excluding 1551 metres of infill drilling) testing the Garden Gully, Deborah and Nell Gwynne lines from underground locations within the Kangaroo Flat mine.

The exploration drill strategy is to locate additional mineable reefs within 1000 metres of existing mine development. This is being implemented by testing targets both vertically below and along from the historic workings.

Deborah line - Dunlop reef

Exploration targeted an area south of historic workings with potential to host economic mineralisation at relatively shallow depth.

Drilling intersected a reef associated with the Deborah fault, now named the Dunlop reef, at a depth of around 350 metres below surface (see table below). It is located within 150 metres of the current mine workings. The quartz reef is up to 15 metres wide, 10 metres high, and defined over a strike length of 30 metres. The reef has potential to host high grade zones and further drilling will be undertaken next quarter to test for strike extensions.



| Hole number | Length (m) | Est. true width (m) | Grade range estimate (g/t gold) ¹ | Gold assay (g/t) ² | Quartz % |
|-----------------------------------------------|--------------|---------------------|----------------------------------------------|-------------------------------|----------|
| <i>Dunlop reef: 123,545 mN (SP18 oblique)</i> | | | | | |
| NBD251 | 13.15 | 12.3 | < 2 | Pending | 30 |
| NBD252 | 13.45 | 12.4 | > 15 | Pending | 81 |
| NBD253 | 1.6 | 1.4 | < 2 | Pending | 22 |
| <i>Dunlop reef: 123,515 mN (SP18 oblique)</i> | | | | | |
| NBD261 | 19.15 | 14.7 | 2 - 6 | Pending | 71 |
| NBD262 | 19.4 | 14.9 | 2 - 6 | Pending | 41 |
| NBD264 | 7.95 | 5.8 | < 2 | Pending | 98 |
| | 3.3 | 1.6 | < 2 | Pending | 71 |
| NBD265 | 7.6 | 6.3 | 2 - 6 | Pending | 82 |
| | 4.4 | 3.6 | 6 - 10 | Pending | 33 |

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 reef surrounding the drill hole, 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.

Nell Gwynne line - Nankervis reef

Drill testing of the Nell Gwynne line from the upper part of the Swan decline at the south of the goldfield commenced during the quarter. This anticline is immediately west of the prolific New Chum line. Previous work in the southern part of the field has confirmed the potential for a prospective rock sequence to continue from the adjacent New Chum line westwards to the Nell Gwynne line.

Drilling on the first section intersected a zone of quartz veining, named the Nankervis reef, on the west limb of the Nell Gwynne anticline. The reef is interpreted to range from three to nine metres wide and is up to 50 metres high. Zones of laminated quartz with visually estimated high grades have been observed, confirming that the reef has the potential to host significant gold mineralisation. Nankervis reef will be tested next quarter on a section 100 metres to the north.

| Hole number | Length (m) | Est. true width (m) | Grade range estimate (g/t gold) ¹ . | Gold assay (g/t) ² . | Quartz % |
|-----------------------------------------|-------------|---------------------|------------------------------------------------|---------------------------------|-----------|
| <i>Nankervis reef: 122,370 mN (SP6)</i> | | | | | |
| NBD229W1 | 1.7 | 1.2 | 2 - 6 | 0.1 | 77 |
| | 12.6 | 8.9 | 2 - 6 | 0.1 | 81 |
| NBD229W2 | 5.7 | 4.2 | 2 - 6 | 0.1 | 96 |
| | 1.9 | 1.2 | 2 - 6 | 0.3 | 8 |
| | 5.0 | 2.8 | 2 - 6 | 0.2 | 67 |
| NBD229W5 | 9.25 | 6.8 | < 2 | Pending | 87 |
| | 6.15 | 4.9 | 10 - 15 | Pending | 89 |

Note: Items in bold reflect new data this quarter.

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

CORPORATE

During the December 2008 quarter, total gold sales generated revenue of A\$11.0 million from the sale of 9189 oz gold.

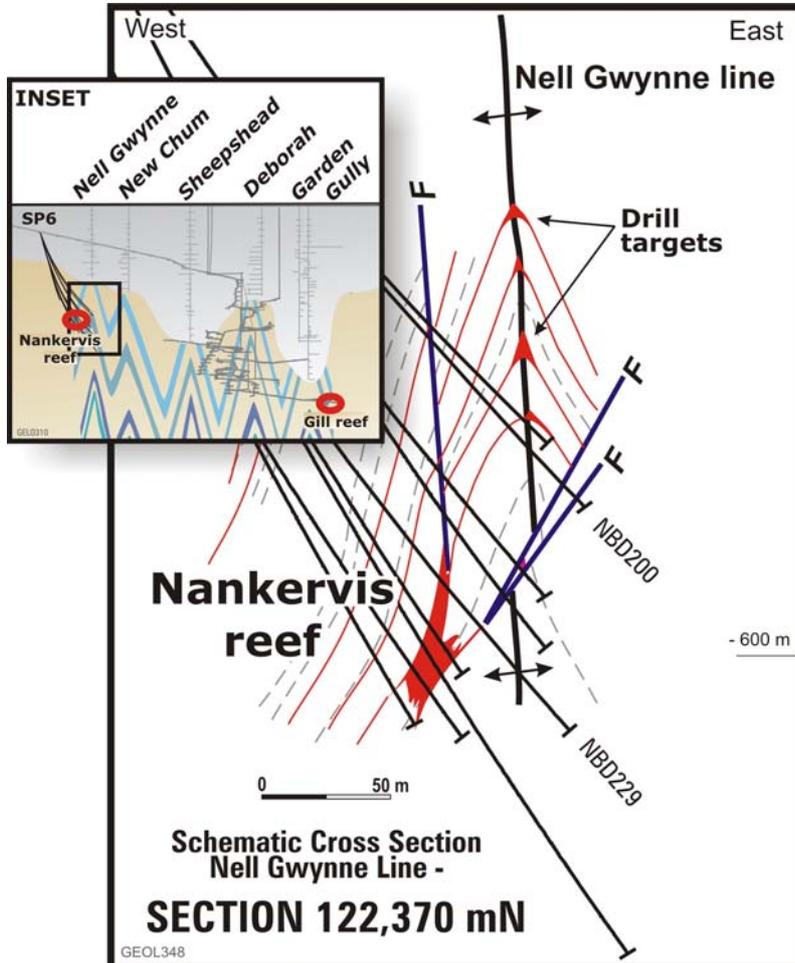
Cash in bank at 31 December 2008 was \$44.9 million (\$42.7 million as at 30 September 2008). Gold dore worth \$3.5 million was shipped late in the quarter but not sold until early January 2009. This amount is not included in the December cash balance.

The A\$ gold price received averaged \$1189/oz in the December quarter (A\$979/oz in the September quarter).

External investment opportunities continue to be carefully assessed by the Company.

Competent Person's Statement

The information in this public report that relates to Exploration Results and Mineral Resources is based on, and accurately reflects, information compiled by Mr Rodney Fraser. Mr Fraser is a Member of the Australian Institute of Geoscientists. He is a full time employee of the Company and has more than five years experience in the style of mineralisation and type of deposit under consideration and to the activity which he is 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 Fraser has given prior written consent to the inclusion in this report of the matters based on his information in the form and context in which it appears.



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")

| |
|------------------|
| 31 December 2008 |
|------------------|

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 | 10,152 | 12,625 |
| 1.2 Payments for | | |
| (a) exploration and evaluation | (1,535) | (3,582) |
| (b) development | (1,338) | (4,569) |
| (c) production | (4,919) | (9,596) |
| (d) administration | (757) | (1,256) |
| 1.3 Dividends received | | |
| 1.4 Interest and other items of a similar nature received | 769 | 2,802 |
| 1.5 Interest and other costs of finance paid | (40) | (60) |
| 1.6 Income taxes paid | | |
| 1.7 Other (provide details if material) | | |
| Net Operating Cash Flows | 2,332 | (3,636) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| (a)prospects | | |
| (b)equity investments | | |
| (c) other fixed assets | (155) | (284) |
| 1.9 Proceeds from sale of: | | |
| (a)prospects | | |
| (b)equity investments | | |
| (c)other fixed assets | | 182 |
| 1.10 Loans to other entities | | |
| 1.11 Loans repaid by other entities | | |
| 1.12 Other (provide details if material) | | |
| Net investing cash flows | (155) | (102) |
| 1.13 Total operating and investing cash flows (carried forward) | 2,177 | (3,738) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|---------------------------------------------------|------------------------------------------------------------|--------|---------|
| 1.13 | Total operating and investing cash flows (brought forward) | 2,177 | (3,738) |
| 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 | 42,697 | 48,612 |
| 1.21 | Exchange rate adjustments to item 1.20 | | |
| 1.22 | Cash at end of quarter | 44,874 | 44,874 |

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 | 208 |
| 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 | 2,000 |
| 4.2 Development | 5,000 |
| Total | 7,000 * |

* Excludes cash from sale of gold derived from trial mining production.

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 | 58 | 299 |
| 5.2 Deposits at call | 4,061 | 2,772 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other – Floating rate notes, Bonds, Commercial Papers, Bank Bills & Term Deposits | 40,755 | 39,626 |
| Total: cash at end of quarter (item 1.22) | 44,874 | 42,697 |

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 & Performance Rights <i>(description and conversion factor)</i> | <i>Options – convert into one fully paid share</i> 1,843,000 363,666 <i>Performance Rights – convert to one fully paid share subject to performance hurdles</i> 2,101,577 <i>Employee Performance Rights – Convert to one fully paid share subject to Tenure</i> 3,040,000 | Unlisted Unlisted Unlisted Unlisted | <i>Exercise price</i> 1.26 2.81 Nil Nil | <i>Expiry date</i> 25 July 2011 27 April 2012 2 April 2012 1 July 2010 |
| 7.8 Issued during quarter | | | | |

+ See chapter 19 for defined terms.

| | | | | | |
|------|---------------------------------------------|------------------------------------|----------------------|-----------------------|-------------------------------|
| 7.9 | Exercised during quarter | - | | | |
| 7.10 | Expired / lapsed during quarter | <i>Options</i> | | <i>Exercise price</i> | <i>Expiry date</i> |
| | | 10,000 16,667 | Unlisted Unlisted | 1.26 2.81 | 25 July 2011 27 April 2012 |
| | | <i>Employee Performance Rights</i> | | | |
| | | 155,000 | Unlisted | Nil | 1 July 2010 |
| 7.11 | Debentures <i>(totals only)</i> | | | | |
| 7.12 | Unsecured notes <i>(totals only)</i> | | | | |

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: 29 January 2009.....
(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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+ See chapter 19 for defined terms.