



September 2009 Quarter

Report to Shareholders

Bendigo Mining
Limited
ABN 61 005 674 073

Corporate Details:

ASX Code: BDG

Issued capital:
507.9M ord. shares
1.5M unlisted options
2.1M unlisted perf. rights
2.2M unlisted share rights

Substantial Shareholders:
Orbis Funds 48.5M (9.6%)
STRS Ohio 32.1M (6.3%)

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
29 October 2009

Key Points

- Quarterly gold production increases by 78% to 23,389 oz
- Henty production guidance doubled to 50,000 oz in FY10
- Planned total production of 80-90,000 oz for FY10
- Strong cash balance of \$52 million after Henty acquisition

Summary

Rod Hanson, Managing Director & CEO comment: "Record gold production was achieved in the September quarter with the first contribution from the Henty Gold Mine. We are extremely pleased with the Henty acquisition as it has doubled the size of the Company in terms of gold output and most importantly in future growth options. Operating cashflows from Henty are strong and we have already increased the mine life from six to 12 months, to June 2010, and I am confident that we will see extensions beyond that."

"At Henty we are excited by the high quality mine and regional exploration targets which are available for testing. Exploration is showing immediate rewards with delineation of an up-dip continuation of the Tyndall Zone. Success was also achieved at the Kangaroo Flat Mine with the discovery of significant extensions to the small but high grade Dumble reef."

"The Company's first major acquisition has been professionally integrated and I believe we have capacity for further growth at both our mines, whilst being alert for additional acquisition opportunities." said Mr Hanson.

Production

- Gold production of 23,389 oz at a cash operating cost of A\$658/oz (13,122 oz gold June 09 qtr). Production and operating costs were to plan.
- Kangaroo Flat delivered 9634 oz at a cost of A\$671/oz whilst the first contribution from the Henty Gold Mine was 13,755 oz at \$649/oz.
- Production guidance at the Henty Mine doubled from 25,000 oz to 50,000 oz for FY10. Mine life was increased from Dec 09 to June 10, with resources to support further extensions. The Tyndall Zone was accessed late in the quarter with high grade ore faces intersected (up to 11.2 g/t gold).

Exploration

- Exploration has recommenced at Henty with the first drill results indicating a high grade extension of the Tyndall Zone (including 2.9 m at 13.8 g/t gold).
- The small tonnage but high grade Dumble reef was significantly extended this quarter at the Kangaroo Flat Mine.
- A broader exploration program is being developed at Henty to test for extensions and repetitions of the Henty system.

Corporate

- Gold sales receipts were \$22.8 million during the quarter from the sale of 19,816 oz gold at an average price of A\$1151/oz.
- Cash in bank remains high at \$52.2 million at 30 September 2009 (at 30 June 2009 was \$57.0 million) after payments for Henty acquisition of \$5 million, a \$2.5 million dividend payment and increased working capital.
- On 26 August 2009, the Company announced a profit of \$8.25 million for the 2009 financial year and declared a maiden unfranked dividend of 0.5 cent a share.

BACKGROUND

Bendigo Mining is an Australian gold producer which is planning to produce 80-90,000 oz of gold in the 2010 financial year from its two underground gold mines, the Kangaroo Flat Mine in Bendigo, Victoria and the Henty Gold Mine on the West Coast of Tasmania.

The Kangaroo Flat Mine is located in the Bendigo Goldfield, Australia's second largest goldfield having produced some 22 million ounces of gold. Production of around 30-40,000 oz gold is planned for FY10. Exploration is continuing beneath and along from historic mines on the richest lines of mineralisation within the goldfield.

The Henty Gold Mine has been in operation for 13 years and has produced in excess of one million ounces of gold. Bendigo Mining acquired the mine in July 2009 and plans to produce 50,000 oz of gold during FY10. The previous guidance for Henty was 25,000 oz for the first half of FY10. The increase in planned production from Henty is largely due to the inclusion of the Tyndall Zone.

PRODUCTION

Safety

There were 2 lost time injuries and 5 medically treated injuries during the quarter. Achievement of high standards of safety performance remains a core value and significant effort is being applied to ensure the workforce at both mines remains focussed on working safely.

Production

Total Company production for the quarter increased by 10,267 oz to a record 23,389 oz of gold at a cash operating cost of A\$658/oz. The increase was due to the inclusion of production from the newly acquired Henty Gold Mine from 1 July. Production and costs achieved budgeted expectations at both operations.

	Sep 2009 Qtr	Jun 2009 Qtr
Henty Gold Mine		
Ore mined (t)	70,931	-
Ore processed (t)	72,987	-
Grade (g/t gold)	6.3	-
Recovery (%)	92.6	-
Gold produced (oz)	13,755	-
Cash operating cost (A\$/oz)	649	-
Cash operating cost (A\$/t)	122	-
Kangaroo Flat Mine		
Ore mined (t)	48,627	51,656
Ore processed (t)	50,686	48,507
Grade (g/t gold)	6.8	9.1
Recovery (%)	86.6	93.0
Gold produced (oz)	9,634	13,122
Cash operating cost (A\$/oz)	671	639
Cash operating cost (A\$/t)	128	173
Total Company		
Gold produced (oz)	23,389	13,122
Cash operating cost (A\$/oz)	658	639

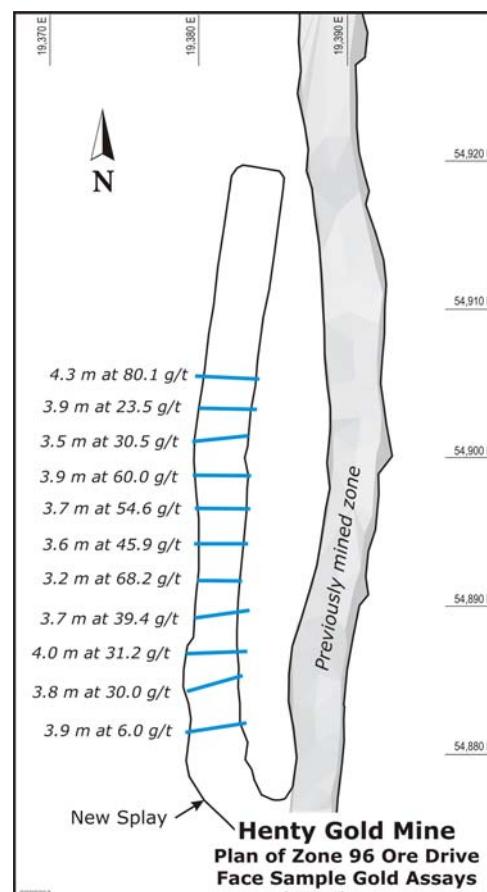
Henty Operations

Underground mine lateral development of 462 metres was achieved with the main focus being the Tyndall decline for access to the Tyndall ore body (68% of the total metres). Other development activity was aimed at gaining access to resources at Darwin North and Zone 96.

The primary ore source for the quarter was Darwin North which delivered over 60% of tonnes mined. The remainder of the ore was sourced from Darwin South, Mt Julia, Zone 15 and Zone 96. Darwin North will remain the primary ore source during the December quarter whilst the Tyndall orebody is developed for production.

Access development to the Tyndall orebody commenced immediately after the acquisition of the mine in early July and was intersected by mine development late in the September quarter. The ore from the initial cross-cut delivering 1080 tonnes at 5.0 g/t gold. This zone is outside the current Tyndall Probable Reserve boundary. The walls of the access cross-cut were sampled and returned encouraging diluted ore grades of 7.4 g/t and 11.2 g/t gold.

Positive mining results were also achieved from development into a previously considered low grade zone on the periphery of Zone 96. The Zone 96 cross cut on the 2100 level delivered high grade ore (1081 tonnes at 49.6 g/t gold) from a short strike length (the face sample grades can be observed in the diagram below). The importance of this new splay and its potential to be included in the production plan are being investigated.



Kangaroo Flat Operations

Underground mine lateral development of 676 metres was achieved at the Kangaroo Flat Mine (877 metres Jun 09 qtr) and included 352 metres of on-reef development. Development of the Garden Gully decline commenced during the quarter, to provide drill sites for infill drilling and production access for the Grenfell East reef. The first access into Dumble reef was completed from the South Decline.

Total ore mined was 48,627 tonnes (6% decrease on last quarter) sourced from the Gill, Young, Dean and Dale reefs. Of the high grade ore mined, 13,219 tonnes was from ore development, 24,747 tonnes from cut & fill stoping, 5509 tonnes from bench stopes and 4063 tonnes from hand-held stoping of Dean reef. Gold grades across individual mining blocks varied during the quarter from 3.6 g/t to 10.6 g/t gold, averaging 6.8 g/t gold.

Production for the quarter was 9632 oz of gold, a 27% decrease on the previous record quarter, resulting from the lower head grade and associated lower total recovery.

EXPLORATION

During the quarter, the Company released an updated Resource and Reserve statement as at 30 June 2009. A summary of the data can be found below, further detail is provided on the Company's website www.bendigomining.com.au/operations/resources_and_reserve, or in the Company's 2009 Annual Report also available on the website, or in the Company's ASX release dated 24 September 2009. Mineral Resources as quoted include Ore Reserves.

Indicated and Inferred Mineral Resource at 30 June 2009

Kangaroo Flat Mine:	315 kt at 8 g/t gold	79 koz gold
Henty Gold Mine:	440 kt at 7.1 g/t gold	101 koz gold
Total Company	755 kt at 7 g/t gold	180 koz gold

Probable Ore Reserve at 30 June 2009:

Kangaroo Flat Mine:	144 kt at 6 g/t gold	30 koz gold
Henty Gold Mine:	375 kt at 6.5 g/t gold	78 koz gold
Total Company	519 kt at 6 g/t gold	108 koz gold

The Competent Person's Statement is at the end of this report.

Henty exploration

The Company commenced its inaugural exploration program at Henty. Angela Lorrigan was recently appointed as Exploration Manager Tasmania to manage the work programs.

Drilling contractors were mobilised in August and commenced drilling with two jumbo mounted underground drill rigs. A total of 2365 metres was drilled during the quarter. A third drill rig is planned to be mobilised in the December quarter to commence surface drilling.

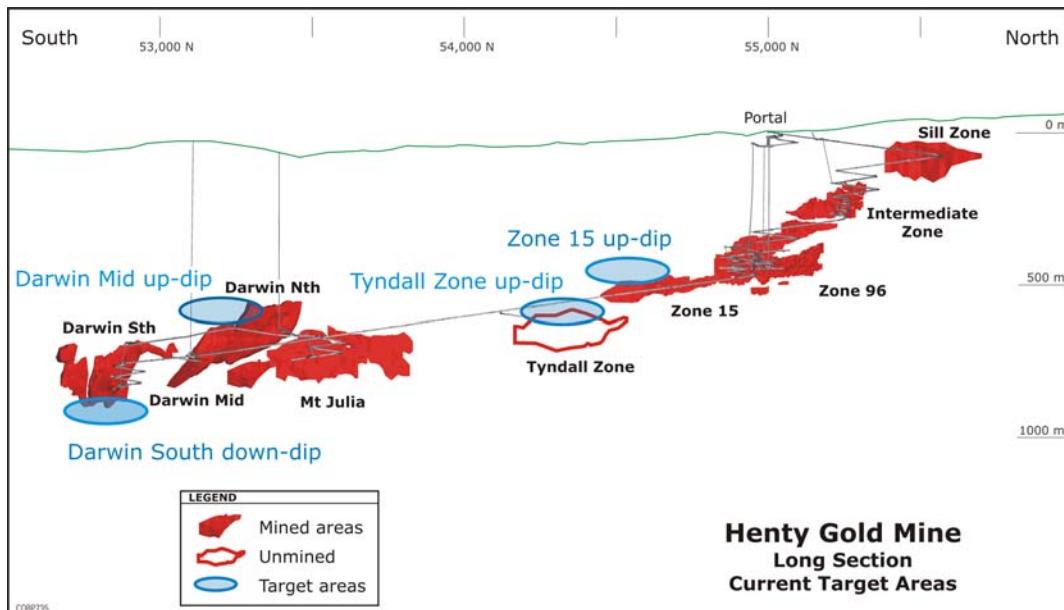
The current exploration program is focused on a number of areas around the mine exploring for incremental reserve extensions (Tyndall up-dip, Darwin South down-dip, Darwin Mid up-dip, Zone 15 up-dip). The location of these target areas is displayed on the attached long section.

The ongoing establishment of the geological infrastructure and human resources to manage a significant exploration program, combined with faster than planned drilling, has meant that a number of samples from exploration this quarter are still being processed prior to assay. This backlog of work is planned to be resolved over the next quarter.

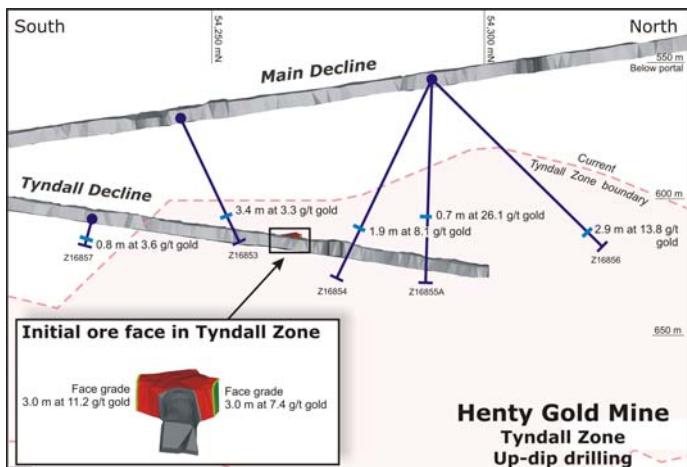
- Tyndall Up-dip

Final assays were received for the initial Tyndall Zone up-dip drilling program. These results, tabulated below and shown in the attached diagram, demonstrate a successful extension of high grade mineralisation up-dip at the northern end of the Tyndall zone. Best intercepts included 2.9 m at 13.8 g/t gold and 0.7 m at 26.1 g/t gold.

Hole Number	Length (m)	Est.true width (m)	Gold assay (g/t)
Tyndall Zone			
Z16853	4.0	3.4	3.3
Z16854	2.5	1.9	8.1
Z16855A	0.9	0.7	26.1
Z16856	3.0	2.9	13.8
Z16857	1.4	0.8	2.8



Analysis of results is in progress and it is likely further up-dip drilling will be justified with potential to delineate additional resources.



- Zone 15 up-dip

Three holes totalling 406 metres were drilled during the quarter. This program is testing a target up-dip from the previously mined Zone 15 ore body. Drilling of one hole (Z16808) in this zone, completed last year by the previous mine owner, returned 1.9 m at 26.7 g/t gold, but no follow-up drilling was undertaken. Assays are awaited.

Bendigo exploration

A total of 7274 diamond drill metres were completed testing the Deborah, Garden Gully, Paddys Gully and Nell Gwynne lines from underground locations within the Kangaroo Flat Mine. The exploration strategy is to locate additional mineable reefs within 1000 metres of existing mine development. This strategy is being implemented testing targets both vertically below and along from historic workings.

- Deborah line - Dumble reef

The Dumble reef was intersected by previous drilling (three drill holes) and was interpreted to be a small (2500 tonnes) high grade (+15 g/t gold) pod of mineralisation. The intersection of mineralisation in the development has prompted a revised geological interpretation, with the reef now interpreted to be a steeply dipping 'pipe' of mineralisation associated with a NW-SE crosscutting fault, known as the South Deborah Crosscourse. These 'crosscourse' faults were discussed in the historical mining record and are known to be sources of high grade gold production.

Drilling has defined the Dumble reef to be 15 meters long, 5 metres wide, with a vertical extent of at least 160 metres. The tonnage potential is small but the high grade nature of the mineralisation, with visible gold in several drill holes, indicates high value ore.

Hole Number	Length (m)	Est.true width (m)	Grade range estimate (g/t gold)	Gold assay (g/t)	QTZ %
Dumble reef: 48,430 mE					
FDD1043	6.3	5.5	> 15	Pending	94
FDD1043	2.9	2.4	6 - 10	Pending	25
FDD1044	5.1	3.4	2 - 6	Pending	86
FDD1044	2.9	1.8	2 - 6	Pending	49
FDD1045	9.0	5.9	> 15	Pending	83
FDD1046	3.0	3.0	> 15	Pending	74
FDD1047	5.3	1.6	2 - 6	Pending	93
FDD1047	18.9	7.0	2 - 6	Pending	39

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.

CORPORATE

On 26 August 2009, the Company announced a profit of \$8.25 million for the 2009 financial year and declared a maiden unfranked dividend of 0.5 cent a share. The dividend was paid to shareholders on the 25 September 2009.

Gold sales receipts were \$22.8 million during the quarter from the sale of 19,816 oz gold. The average A\$ gold price received of A\$1151/oz was a 5% decline on the prior quarter (\$1212/oz in the June quarter).

Cash in bank decreased by \$4.8 million during the quarter and at 30 September 2009 was \$52.2 million (\$57.0 million as at 30 June 2009). Mine operating cashflow was positive \$11.9 million, before \$5.4 million of capital and exploration expenditure. Other cash outflows in the September quarter included the \$5 million Henty acquisition payment, \$2.5 million dividend payment, other corporate expenditure of \$0.8 million and \$3 million increase in working capital.

The Notice of Meeting has been sent to shareholders informing them that the Company's AGM will be held at 10.30 am on Friday 20 November 2009 at the All Seasons Quality Resort, 171-183 McIvor Highway, Bendigo, Victoria.

Competent Persons' Statement

The information in this public report that relates to Ore Reserves, Exploration Results and Mineral Resources is based on, and accurately reflects, information compiled by Mr Rob McLean for the Kangaroo Flat Mine and Mr Matt Daly for the Henty Gold Mine in relation to Ore Reserves, and Mr Rodney Fraser for the Kangaroo Flat Mine and Mr Raul Hollinger for the Henty Gold Mine in relation to Exploration Results and Mineral Resources. Mr McLean, Mr Daly and Mr Hollinger are Members of the Australasian Institute of Mining and Metallurgy and Mr Fraser is a Member of the Australian Institute of Geoscientists. Mr McLean, Mr Daly, Mr Hollinger and Mr Fraser 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. Mr McLean, Mr Daly, Mr Hollinger and Mr Fraser have given prior written consent to the inclusion in this report of the matters based on their respective information in the form and context in which it appears.