



June 2007 Quarter

Report to Shareholders

Bendigo Mining
Limited
ABN 61 005 674 073

Corporate Details:

ASX Code: BDG

Issued capital:
495.4M ord. shares
3.9M unlisted options

Substantial Shareholders:
St Barbara 49.5M (10%)
JF Capital 36.0M (7.3%)
STRS Ohio 27.7M (5.4%)

Site Office:
66 Ham St
Kangaroo Flat
Victoria 3555
Australia

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

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
Tel: +61 (0)3 5447 1834

Email: tchurcher@bendigomining.com.au

Website:
www.bendigomining.com.au

Rod Hanson
Managing Director & CEO
30 July 2007

Key Points

- Two new reefs discovered
- Four important targets being tested
- Change in ASX guidance on Inferred Resource
- Cash position increased

Summary

Rod Hanson, Managing Director & CEO comment: "Exploration is progressing very well in many of the more prospective areas of the Garden Gully and New Chum lines. The good news is that our targeting is continuing to be successful with the discovery of two large reefs on Garden Gully. We are on the right track and I have confidence that our persistence will be rewarded.

"We have also announced that we will no longer report the 11 Moz Inferred Resource in accordance with new ASX guidance on interpretation of the 2004 JORC Code. Whilst we strongly believe that the field has multi-million ounce potential, we will now only use drill sample data to support the estimation process. We see this as a change in terminology, it doesn't affect the prospectivity of the Bendigo Goldfield or our commitment to exploration.

"I'm also pleased to report that the cost reduction strategy which we introduced in January is delivering some great results. Our cash position of \$72 million confirms we are in a much stronger financial position than we predicted only six months ago, so I'm confident we can support the exploration program for several years, if necessary."

Exploration

- Exploration this quarter increased the number of discovered reefs on Garden Gully by two to four.
- The two new reefs (Grenfell East and Grainger reefs) appear low grade on the sections tested so far, but have large tonnage potential.
- Drilling on Garden Gully increased the length of the Gill reef, discovered in the March quarter, to over 200 metres. Importantly, drill results have lifted the estimated grade of the reef into the 6 – 10 g/t gold range.
- The first New Chum drill section commenced into the southern end of the line testing for the continuation of one of Bendigo's largest historic reefs: the Shenandoah Consolidated reef.
- Exploration in the September quarter will focus on three target areas on Garden Gully and one target area at the southern end of the New Chum line.

Production

- Gold production of 5,561 oz was better than forecast. The Kangaroo Flat mine ceased production in May.

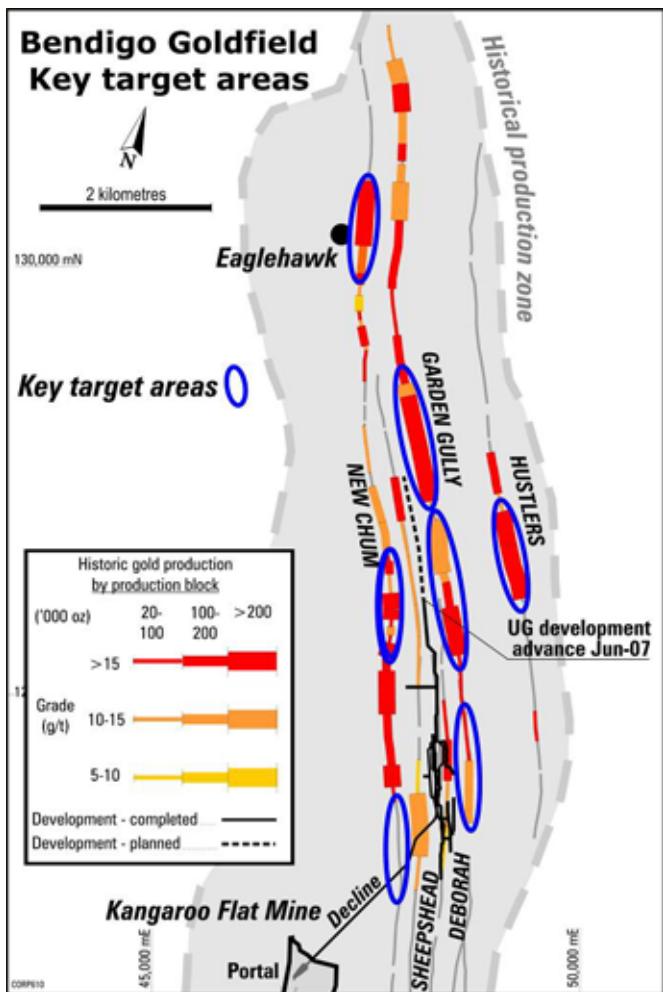
Corporate

- Cash in bank as at 30 June 2007 increased to \$71.8 million (\$68.8 million last quarter).
- Gold sales of 10,469 oz at an average price of A\$807/oz were achieved.

BUSINESS STRATEGY

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

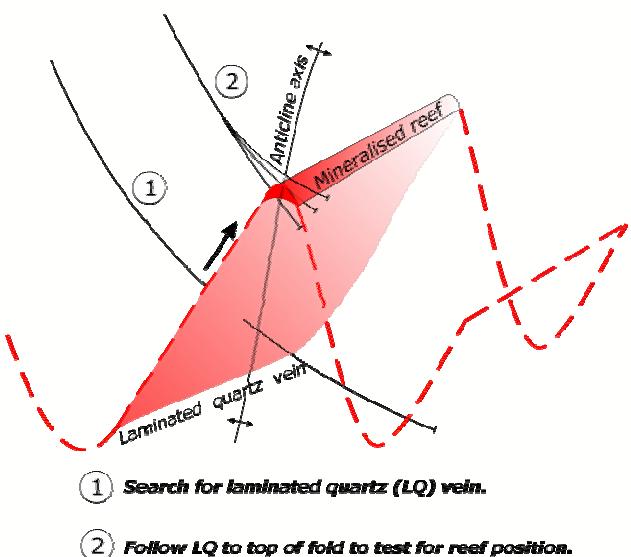
The Company is exploring for gold mineralisation beneath or along from historic mines on the richest lines of mineralisation within the goldfield. The key lines are Garden Gully and New Chum as they accounted for some 70% of historic production. The better parts of each line are identified using the volume and grade of gold produced from each historic area. This technique has identified multiple targets across the goldfield, as displayed below.



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

EXPLORATION

The focus of exploration is to test for new reefs within the folded package of prospective rocks on the Garden Gully and New Chum lines. The technique used is to search for laminated quartz veins within prospective rocks, as the laminated veins are believed to have been the primary conduits for fluids which formed the gold-bearing quartz reefs. The target horizon is the intersection between the laminated quartz veins and the crests of the folded rocks, as shown below.



A total of 13,101 metres of diamond core was drilled, mostly on Garden Gully. The resources boom has increased the demand on assay laboratories causing a significant increase in the time taken to receive assay data. Assays are taking up to three months to receive, hence most assays from the June quarter remain pending. Alternatives are being investigated in an attempt to reduce assay turnaround time.

Garden Gully

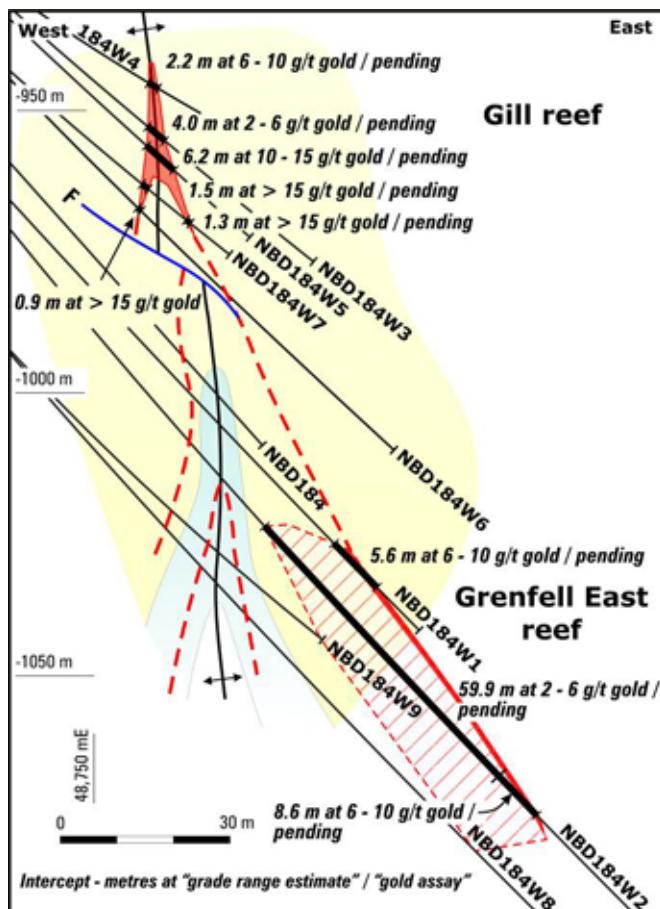
Drilling discovered two new reefs in Garden Gully (see long section on page 6), increasing the number of reefs from two to four, as well as increasing the length of the existing Gill reef.

The two new reefs, Grenfell East and Grainger reefs are amongst the largest found to date and are a combination of swarms of quartz veins (spur mineralisation) and solid bodies of quartz. Spur mineralisation can generate large tonnages, but recent mining experience supports a cautious approach, as these systems are geologically complex and typically exhibit lower gold grades.

- Gill reef

The Gill reef was discovered in the March 2007 quarter on section 124,050 mN. It is termed a 'neck reef' and has formed at the intersection of the Garden Gully anticlinal axis and a laminated quartz vein within the Alexandria Sands unit. The cross-sectional size of the Gill reef is interpreted to be 20 - 30 metres high and three to nine metres wide.

Drilling this quarter on section 124,250 mN (see section below) has increased the defined length of the reef to 200 metres and it remains open to the south.



Garden Gully Cross Section 124,250 mN

The higher visual grades received from drilling has lifted the expected grade of the reef from the sub-economic range (2 - 6 g/t gold) into the economic range (6 - 10 g/t gold). Drill results are displayed 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: 124,250 mN (SP2)</i>					
NBD184W3	4.0	3.5	2 - 6	pending	90
NBD184W4	2.2	1.9	6 - 10	pending	90
NBD184W5	6.2	5.4	10 - 15	pending	80
NBD184W6	0.9	0.7	> 15	pending	95
NBD184W7	1.5	1.2	> 15	pending	95
NBD184W8	1.3	1.0	> 15	pending	95

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.

- Grenfell East reef

Drilling to the east of the Gill reef has intersected a large, low to moderate grade spur system (swarm of quartz veins). The zone consists of a one to two metre wide laminated quartz zone, grading around 6 - 10 g/t gold, with an associated low grade spur system, some 10 - 15 metres wide and up to 60 metres high.

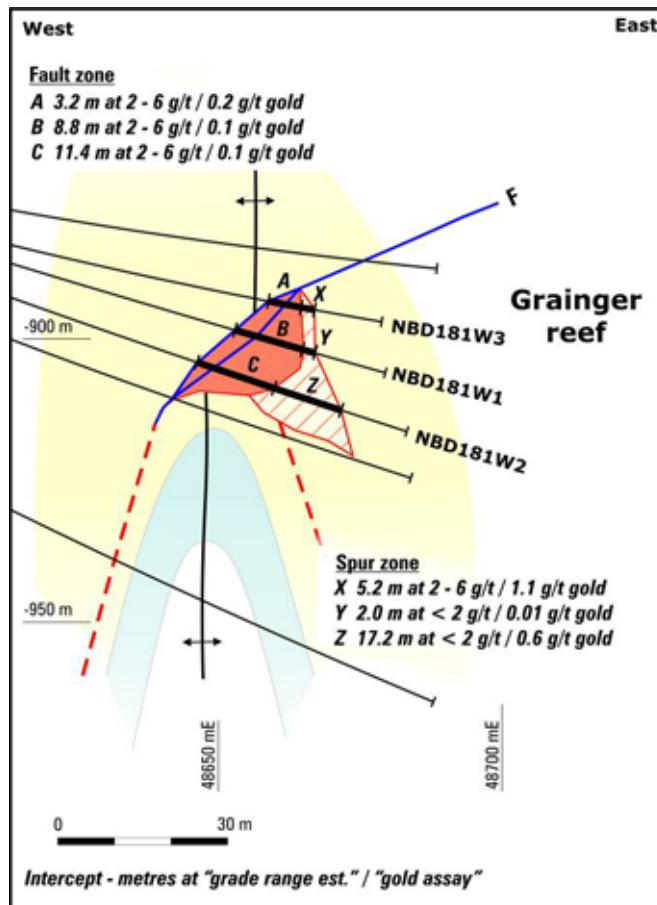
This is a large zone of quartz with potential to host economic mineralisation. Assays are pending.

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	pending	65
NBD184W2	59.9	15.0	2 - 6	pending	55
NBD184W3	8.6	1.5	6 - 10	pending	95

¹ & ² Refer to footnotes on previous table.

- Grainger reef

The Grainger reef was discovered to the north of Gill and Grenfell reefs at a similar depth. It is a large mineralised system with a length of 480 metres (from 124,730 mN to 125,210 mN), ranging from five to 30 metres high and five to 25 metres wide.



Garden Gully Cross Section 124,960 mN

The reef consists of a solid quartz zone overlying a spur zone. The reef has significant tonnage potential of visually low-grade mineralisation in the 2 – 6 g/t gold range. At its widest point, displayed in drill hole NBD181W2 on cross section 124,960 mN, the reef comprises approximately 50% solid quartz (11.4 metres at 2 – 6 g/t gold) and 50% spur zone mineralisation (17.2 metres at <2 g/t gold). Assays are pending.

No further work is currently planned, however infill drilling will be required to assess the economic potential of this reef.

- Grenfell reef

The Grenfell reef was discovered last quarter on two sections 460 metres apart (SP27 – 124,050 mN and ND1 – 124,510 mN). The reef is interpreted to be a saddle reef containing economic gold mineralisation at the upper end of the 6 - 10 g/t gold range. Infill drilling this quarter on section 124,250 mN indicates some structural complexity requiring more investigation.

- Further Garden Gully targets

- (i) The Gill and Grenfell reefs are open to the south. Future exploration will test these horizons south of 124,000 mN.
- (ii) Also at the southern end of Garden Gully, at around 124,000 mN but shallower than the Gill and Grenfell reefs, is a highly prospective target adjacent to modern mine workings. The target is the intersection of a laminated quartz vein and a 500 metre long portion of the Big Blue Shale unit. The Big Blue Shale is the shallowest unmined horizon on Garden Gully and one of the stronger ore-forming horizons in the goldfield. Drill testing will commence next quarter.
- (iii) Drilling has commenced from ND11 in the 760 North drive, at 125,720 mN, targeting the central Garden Gully zone. A prospective laminated quartz vein was discovered in a new, deep prospective rock unit, named the Owen Shale. This unit and the overlying Emily Shale are the key drill targets in this area.

New Chum

The first drill section into New Chum commenced at the southern end of the line. Exploration is targeting the extension of reefs to the south of historic workings.

The rock units identified in the drilling were as expected and highlighted a number of targets. Importantly, it identified a relatively wide laminated quartz vein in the Big Blue Shale unit, which is the same prospective geological unit that has been folded across the field from Garden Gully to New Chum.

The laminated vein defines a strong target some 400 metres south of the historically mined and prolific Shenandoah Consolidated reef. This reef was one of

the largest orebodies mined in the field and remains untested by exploration to the south of historic workings.

Regional

A large exploration licence abutting the western margin of the Company's tenements was applied for and granted in the quarter.

Regional target generation has commenced. The best rock units will be correlated across to adjacent lines and along strike to provide targets outside the zone of major historic production.

Resources

The reporting of the 11 Moz Inferred Mineral Resource will not be continued as the estimate does not comply with the updated guidance on interpretation of the 2004 JORC Code (ASX Companies Update 03/07, 3 May 2007).

ASX released the update to guide the manner in which the existing 2004 JORC Code and Guidelines should be interpreted and applied in specific areas. Included in the update was clarification on Reporting of Mineral Resources, Extrapolation and Sampling. Specifically, it requires that the estimation of Mineral Resources is supported by sampling within the resource for all classifications, including Inferred Mineral Resources.

At Bendigo, the Inferred Resource estimate was based on the extrapolation of a geological "ribbon repeat" model into zones beneath areas of historical mining. An estimate of the gold endowment for the extrapolated ribbons was derived from historical production in the mined zones above. Whilst the geological model remains valid, this method of estimation does not comply with the new guidance on how to interpret the 2004 JORC Code and Guidelines.

This re-classification does not change the Company's exploration strategy or its chances of success. Prospective remains excellent and the program will continue to target extensions beneath and along from some of Australia's richest historic gold mines.

The estimation of Inferred Mineral Resources will now use data generated by drilling on appropriate centres. It is considered that Inferred Resources can be estimated utilising 120 metre spaced sections, depending on reef style. A new statement of Inferred Mineral Resources will be released when supported by sufficient drilling.

OPERATIONS

The safety performance improved significantly with no lost time injuries (LTIs) in the quarter, compared to four LTIs in the March 2007 quarter. The 12 month rolling LTIFR was 10, and the medically referred injury rate was 24.

Production during the quarter of 5,561 ounces was generated largely from processing low-grade stockpiles (32,755 t at 4.9 g/t gold for 4,704 oz) and from the clean-up of the process plant (857 oz gold). Ore production ceased in May and the plant was placed on care and maintenance in June.

Underground mine development exceeded forecast at 679 metres (1,166 metres achieved in the March 2007 quarter). The 760 North drive is now the sole development activity. This drive, at a depth of 800 metres, advanced 431 metres in the quarter and is currently 1,721 metres north of our main decline infrastructure.

CORPORATE

Cash in bank as at 30 June 2007 was \$71.8 million (\$68.8 million at 31 March 2007). This is better than forecast due to cost reductions and increased revenue from gold and mining equipment sales. Planned total expenditure for the 2007/08 financial year is approximately \$30 million.

The cash position at 30 June 2007 is some \$16 million higher than the forecast made at the start of 2007. The \$16 million of savings were delivered by approximately \$10 million in operational improvements (increased gold sales at lower operating and capital costs) and around \$6 million from equipment sales. Importantly, these savings have been achieved whilst delivering key physical targets.

The sale of surplus mining equipment and light vehicles was successfully concluded in the quarter and raised just over \$6 million. The remaining mining fleet consists of three trucks, two loaders and two jumbos.

Capital expenditure for the quarter was \$7.1 million (\$9.6 million last quarter) and included \$2.2 million on exploration and \$4.9 million on mine development and infrastructure.

Gold sales of 10,469 oz at an average price of A\$807/oz generated net revenue of \$8.3 million.

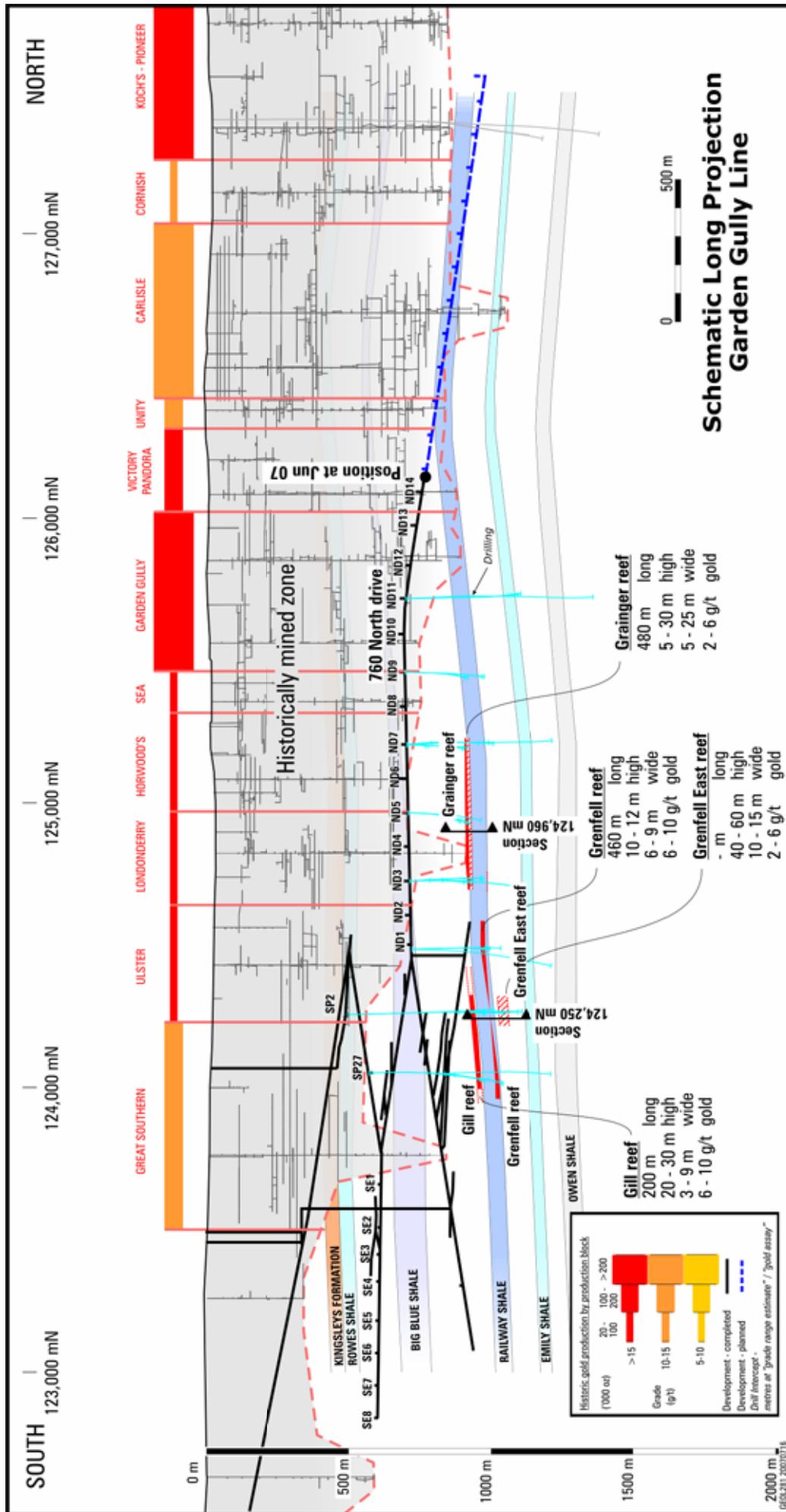
Competent Persons Statement

The information in this public report that relates to Exploration Results and Mineral Resources is based on, and accurately reflects, information compiled jointly by Richard Buerger and Jim Dugdale. Richard Buerger is a Member of The Australasian Institute of Mining and Metallurgy and Jim Dugdale is a Member of the Australian Institute of Geoscientists. Both are full time employees of the Company and have 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 Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Buerger and Mr Dugdale consent to the inclusion in the report of the matters based on their 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 µm mesh. The sample is then dry-sieved through a -106 µm 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.



Rule 5.3

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 June 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	8,446	24,093
1.2	Payments for <ul style="list-style-type: none"> (a) exploration and evaluation (b) development (c) production (d) administration 	(2,352) (10,112) (901)	(5,116) (35,754) (4,521)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	1,328	5,078
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		(3,591)	(16,220)
Cash flows related to investing activities			
1.8	Payment for purchases of: <ul style="list-style-type: none"> (a)prospects (b)equity investments (c) other fixed assets 	-	(69,444)
1.9	Proceeds from sale of: <ul style="list-style-type: none"> (a)prospects (b)equity investments (c)other fixed assets 	6,526	6,526
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net investing cash flows		6,526	(62,918)
1.13	Total operating and investing cash flows (carried forward)	2,935	(79,138)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	2,935	(79,138)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	54,036
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	-	54,036
	Net increase (decrease) in cash held		
1.20	Cash at beginning of quarter/year to date	68,843	96,880
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	71,778	71,778

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	2,600
4.2 Development	4,800
Total	7,400

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	211	70
5.2 Deposits at call	7,471	4,395
5.3 Bank overdraft	-	-
5.4 Other – Floating rate notes, Bonds, Commercial Papers, Bank Bills & Term Deposits	64,096	64,378
Total: cash at end of quarter (item 1.22)	71,778	68,843

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	EL 5035	100%	0%	100%

+ 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 (description)				
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 (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	2,950,999 930,332		Exercise price 1.26 2.81	Expiry date 26 July 2011 27 April 2012
7.8 Issued during quarter	-			
7.9 Exercised during quarter	-			
7.10 Expired during quarter	913,330 41,668		Exercise price 1.26 2.81	Expiry date 26 July 2011 27 April 2012
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ 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: ..30 July 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.

=====

+ See chapter 19 for defined terms.