

Bendigo Mining
Limited
ABN 61 005 674 073

Corporate Details:

ASX Code: BDG

Issued capital:

496.6M ord. shares
2.1M unlisted options
2.1M unlisted perf. rights
2.3M unlisted share rights

Substantial Shareholders:

St Barbara 49.5M (10%)
STRS Ohio 32.1M (6.5%)
Orbis Funds 31.5M (6.4%)

Directors:

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

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Acquisition of Henty Gold Mine

Bendigo Mining Limited ("Bendigo") (ASX:BDG) is pleased to announce that it has entered into an agreement with Barrick (PD) Australia Limited ("Barrick") to acquire 100% of the Henty Gold Mine ("Henty") located on the West Coast of Tasmania.

The acquisition of Henty includes the operating underground mine, process plant, infrastructure, mineral tenements and 92 skilled employees. The consideration is \$5 million in cash, \$3 million in Bendigo ordinary shares and a royalty payable on production from future exploration discoveries, capped at \$22 million. The key liabilities assumed include employee and environmental closure costs which are estimated to total approximately \$15 million but will not be incurred until such time as the mine is closed.

Henty is an excellent fit with Bendigo's growth strategy as it provides immediate gold production and significant exploration potential, combined with a low risk financing structure. The mine is planned to be immediately cash flow positive with no major capital expenditure requirements.

Importantly, the acquisition is consistent with Bendigo's strategy of building a profitable mid-tier gold company and is a very good operational fit with the Kangaroo Flat Mine in Bendigo, being similar in scale and nature of operations.

This opportunity for Bendigo has arisen due to the currently limited mine life at Henty and the operation's smaller scale within Barrick's global portfolio. To realise the potential benefits of this acquisition and increase mine life beyond Barrick's scheduled closure date of December 2009, Bendigo plans to invest significantly in exploration and development.

The acquisition remains conditional upon the finalisation of various third party agreements and will involve the assumption of a production royalty obligation to Franco-Nevada Australia.

Production

Over the next six months at Henty, Bendigo plans to mine and process approximately 130,000 tonnes at a grade of 6 g/t gold to produce approximately 20-25,000 ounces gold. The cash operating cost is planned to be less than A\$800/oz.

Production in 2010 is dependent on post acquisition actions relating to the mine plan and conversion of near mine resources into reserves. Indicated and Inferred Resources not included in reserves and estimated by Barrick at 31 December 2008 [estimated in accordance with National Instrument 43-101 as required by Canadian securities regulatory authorities and not in accordance with the JORC Code] and reported in their 2008 Annual Report¹ relate mainly to the unmined Tyndall Zone, will undergo further detailed assessment post acquisition. An updated reserve and resource estimate is planned for Bendigo's September 2009 quarterly activities report.

An existing net smelter return royalty on production from the leases, of either 1% or 10% depending on location, exists with Franco-Nevada Australia and will be assumed by Bendigo.

¹ www.barrick.com/Investors/Annualquarterlyreports/default.aspx, 2008 Barrick Annual Report, Gold Mineral Resources p145

Rationale

(i) Immediate exploration opportunities

In 2007, Barrick identified 22 priority targets, most of which remain untested. One example of a regional target is Henty North, where an 800 metre long co-incident geochemical and geophysical anomaly, only 3 km north of the mine, remains untested. Near mine targets exist, especially up and down dip of the main mineralised trend which remains poorly tested. These exploration opportunities are key to the value that Bendigo sees in this acquisition, and are the essential rationale for the acquisition.

(ii) Low financial risk acquisition structure

The cash flow generated from the existing plan (based on the current mine plan and subject to change) is planned to significantly offset the cash acquisition price and liabilities assumed. The extent of any additional cash payments will depend upon whether Bendigo successfully produces gold from new discoveries.

The acquisition will be funded from Bendigo's existing cash reserves of \$50 million (as at 31 March 2009).

(iii) Initial positive cash flow

Henty is planned to be cash flow positive for the remainder of calendar 2009, based on current plans and current gold prices. There is also excellent potential to add to the production profile through already identified near mine targets (Tyndall zone) and other untested areas which are close to existing mine workings and require additional capital expenditure to develop.

(iv) Good fit and manageable size

Henty is of comparable scale and nature to the Kangaroo Flat Mine, both being underground operations with similar depths, throughput rates, employee numbers and mining methods.

(v) Historical exploration

The mine has lacked a continuous exploration effort and remains underexplored relative to assets of a similar size. The mine has been operated by larger companies since its inception and was rarely regarded as a core asset which demanded significant exploration expenditure.

Summary of Transaction

The acquisition consideration comprises the following:

- A\$5 million in upfront cash; and
- A\$3 million in Bendigo ordinary shares issued at a price of the greater of the 10 day volume-weighted average closing price prior to settlement and 15 cents (accordingly the maximum number of ordinary shares to be issued is 20,000,000). The issue of the shares is not subject to shareholder approval; and
- up to A\$22 million of gold royalties (dependent upon future production from exploration success) over a 10 year period at variable rates of A\$10 - A\$40 per ounce of production (depending on location of future discoveries); and
- the assumption of liabilities by Bendigo.

The acquisition is scheduled to be settled in early July 2009, but the actual date of settlement is dependent upon fulfillment of conditions precedent.

Overview of the Henty Gold Mine

Bendigo will be the first junior producer/exploration company to own and manage Henty. It was originally owned by RGC, which transferred it to Goldfields, prior to its merger with Delta Gold in 2001 to become AurionGold. AurionGold was acquired by Placer Dome in 2003, which was itself acquired by Barrick in 2006. Exploration budgets since 2003 have been modest by industry standards.

Location

- Situated 10 km south of Rosebery on the West Coast of Tasmania.
- The mine is located in the mineral rich Mt. Read Volcanic Belt with a tenement package consisting of three mining leases and one exploration licence, covering 29 square km.

Operations

- The workforce comprises 92 direct employees and 33 contractors.
- Henty is an underground gold mine with substantial infrastructure including hoisting shaft, decline, 300,000 t/y process plant, mobile fleet and associated infrastructure.
- Mining methods employed include open stoping and benching. Run-of-mine ore is processed through a conventional CIP/CIL plant.

Past production

- The mine has been in production for 13 years having commenced operations in 1996 and has produced over of one million ounces of gold.
- Production has averaged around 85,000 oz gold a year, peaking at 143,000 oz gold in 2004.
- Henty has a record of high grade gold production; with an average life of mine head grade of 12.3 g/t gold.

Forward-looking statements

This release contains certain forward-looking statements regarding estimated resources and mining inventory, planned production and operating costs profiles, and plans, strategies and corporate objectives. Such forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors, many of which are beyond the control of the Company. The forward-looking statements are inherently uncertain and may therefore differ materially from results ultimately achieved. External and other factors may impact the Company and affect the forward-looking statements in this release since its preparation. Subject to applicable law and stock exchange listing rules, the Company does not intend to publicly update any of the forward-looking statements or any assumptions on which any such forward-looking statement is made.

Figure 1. Map of Tasmania, Australia. Mine location.



Figure 2. Schematic long section of the Henty Gold Mine

