

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
19 January 2010

Key Points

- Quarterly gold production of 19,228 oz
- Mine operating cashflow of \$7 million
- Strong exploration results from Henty
- \$54.8 million cash in bank

Summary

Rod Hanson, Managing Director & CEO comment: "Our Henty and Kangaroo Flat Mines generated \$7 million operating cashflow during the December quarter and we remain firmly on track to achieve our production guidance of 80-90,000 oz of gold in FY10.

The exploration results from Henty are impressive and exceed our initial expectations. We have discovered additional gold mineralisation in all of the areas we have tested. Surface drilling is also underway targeting potential up-dip repetitions of the main ore trend, so it is an exciting time for the mine.

Exploration at Kangaroo Flat has confirmed the small high-grade nature of the "Dumble reef" said Mr Hanson.

Production

- Total Company gold production of 19,228 oz at a cash operating cost of A\$889/oz (23,389 oz gold Sep 09 qtr).
- The Henty Gold Mine produced 9791 oz at a cash cost of A\$970/oz, whilst the Kangaroo Flat Mine delivered 9437 oz at a cost of A\$806/oz. Henty production was impacted by a number of short term scheduling issues, whereas Kangaroo Flat production was in line with expectations.
- Production guidance of 80-90,000 oz for FY10 is unchanged, with 42,617 oz at A\$763/oz delivered for 1H of FY10.
- The upgrading of the Henty mining fleet is under assessment.

Exploration

- Exploration at Henty has delivered extensions in four main areas to date: Tyndall up-dip, Darwin Mid up-dip, Darwin South down-dip (best intersection of 9.1 metres at 11.8 g/t gold) and the Read Target (0.75 metres at 13.6 g/t gold).
- The first surface drill program in several years commenced late in the quarter to test the extensive Henty up-dip target.
- Assays received this quarter from the Dumble reef at the Kangaroo Flat Mine confirm high grades.

Corporate

- Gold sales receipts were \$23.0 million during the quarter from the sale of 19,069 oz gold at an average price of A\$1208/oz. Mine operating cashflow was positive \$7 million.
- Cash in bank increased to \$54.8 million at 30 December 2009 (\$52.2 million at 30 Sep 2009).
- The Company's interim financial result for the six months to 31 December 2009 is planned for release to the ASX on 24 February 2010.

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, to an average depth of 750 metres. 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 14 years and has produced in excess of one million ounces of gold at an average grade of over 11 g/t gold. Bendigo Mining acquired the mine in July 2009 and plans to produce 50,000 oz of gold during FY10. A significant exploration program has commenced with the aim of increasing mine life.

PRODUCTION

Safety

There were 3 lost time injuries and 3 medically treated injuries during the quarter. Two medically treated injuries reported in the September quarter subsequently became lost time injuries in the December quarter (not reported above). The safety culture at both sites is strong. Continuously improving safety performance remains a very high priority.

Production

Total Company production for the quarter reduced from last quarter's record result to 19,228 oz of gold at a cash operating cost of A\$889/oz. The reduction was predominantly due to a reduction in head grade and tonnes processed at the Henty Gold Mine.

	Dec 2009 Qtr	Sep 2009 Qtr	YTD 2009/10
<u>Henty Gold Mine</u>			
Ore mined (t)	67,232	70,931	138,163
Ore processed (t)	66,346	72,987	139,333
Grade (g/t gold)	4.9	6.3	5.7
Recovery (%)	92.9	92.6	92.7
Gold produced (oz)	9791	13,755	23,546
Cash operating cost (A\$/oz)	970	649	783
Cash operating cost (A\$/t)	143	122	132
<u>Kangaroo Flat Mine</u>			
Ore mined (t)	58,377	47,538	105,915
Ore processed (t)	52,469	50,686	103,155
Grade (g/t gold)	6.1	6.8	6.5
Recovery (%)	91.4	86.6	89.1
Gold produced (oz)	9437	9634	19,071
Cash operating cost (A\$/oz)	806	671	738
Cash operating cost (A\$/t)	145	128	136
<u>Total Company</u>			
Gold produced (oz)	19,228	23,389	42,617
Cash operating cost (A\$/oz)	889	658	763

Henty Operations

Underground mine lateral development of 622 metres was achieved with the main focus being the Tyndall access development and the start of the Darwin South decline, to provide a drill site and subsequent access to Darwin South down-dip ore zone.

- Mining

Ore was sourced from Darwin North and from a number of smaller zones throughout the mine during the quarter. Of the total tonnes mined, approximately 30% of the tonnes were derived from outside the current reserve and relate largely to Tyndall Zone development.

The current availability of ore stocks and equipment availability is impacting on the near term mine schedule and performance. These challenges largely stem from the mine moving from the shutdown mode of the previous owner to the current steady-state operating plan. Development in the Tyndall Zone and current exploration are both enhancing longer term ore availability. A proposal to upgrade the existing mining fleet at a cost of around \$4 million is currently under consideration.

- Processing

Process tonnes were down during the quarter due to ore scheduling issues and a mill maintenance shutdown of five days. During this period, a significant backlog of maintenance was completed and ore stocks were replenished.

The low grade of the Tyndall Zone development ore (outside of reserve and grading 3-5 g/t gold), together with dilution experienced in some of the Darwin North stopes, resulted in below average grade delivered to the process plant. Gold grade in the March 2010 quarter is planned to return to around 6 g/t gold.

Kangaroo Flat Operations

Underground mine lateral development of 472 metres was achieved (676 metres Sep 09 qtr). Development of the first stage of the Garden Gully decline was completed providing the drilling platform for further evaluation of the Grenfell East reef system and ultimately access for mining. The Dunlop reef access development also commenced late in the quarter.

- Mining

Total ore mined was 58,791 tonnes consisting of 58,377 tonnes from Gill, Young, Dean, Dale and Christine reefs and 414 tonnes of low grade mined from Young reef north. Grades of individual reef parcels varied from 4.5 g/t to 8.4 g/t gold and averaged 6.1 g/t gold.

Of the ore mined, 7603 tonnes was from development, 48,211 tonnes from cut & fill stoping and 2563 tonnes from hand held stoping.

Unit costs have risen due to the costs associated with the increased ore tonnage mined but not yet processed. In addition, mobile fleet maintenance costs were higher due to several unplanned drive train rebuilds.

- Processing

Production for the quarter was 9437 oz, a 2% decrease on last quarter, resulting from the lower head grade largely offset by higher total recovery and tonnage processed.

Tonnes treated increased by 4% to 52,469 t with nine mining blocks processed, three from Gill reef, two from Young reef, two from Dale reef, one from Christine reef and one from a combination of small sources.

EXPLORATION

Henty Exploration

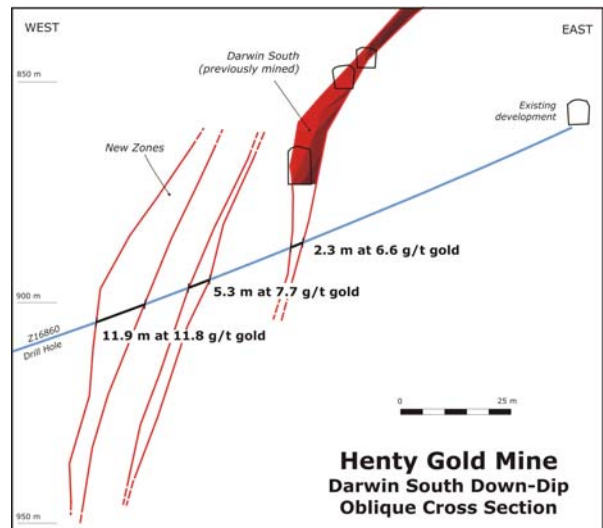
Exploration at Henty used two underground drill rigs whilst a third surface rig was added late in the quarter. Drilling activity increased by 120% to 5204 metres.

The initial program is focussing on exploration for incremental reserve extensions (Tyndall up-dip, Darwin Mid up-dip, Darwin South down-dip and Zone 15 up-dip), as well as searching for larger ore pods in 'repeat systems' (e.g. Henty Up-dip Target and Read Target).

- Darwin South Down-dip

During the quarter, the Company announced the initial results from drilling beneath the previously mined Darwin South Zone. Three new areas of gold mineralisation were discovered. Two are interpreted as the down dip extensions of the previously mined Darwin South orebody, whereas one is a separate unmined hangingwall lode (see diagram).

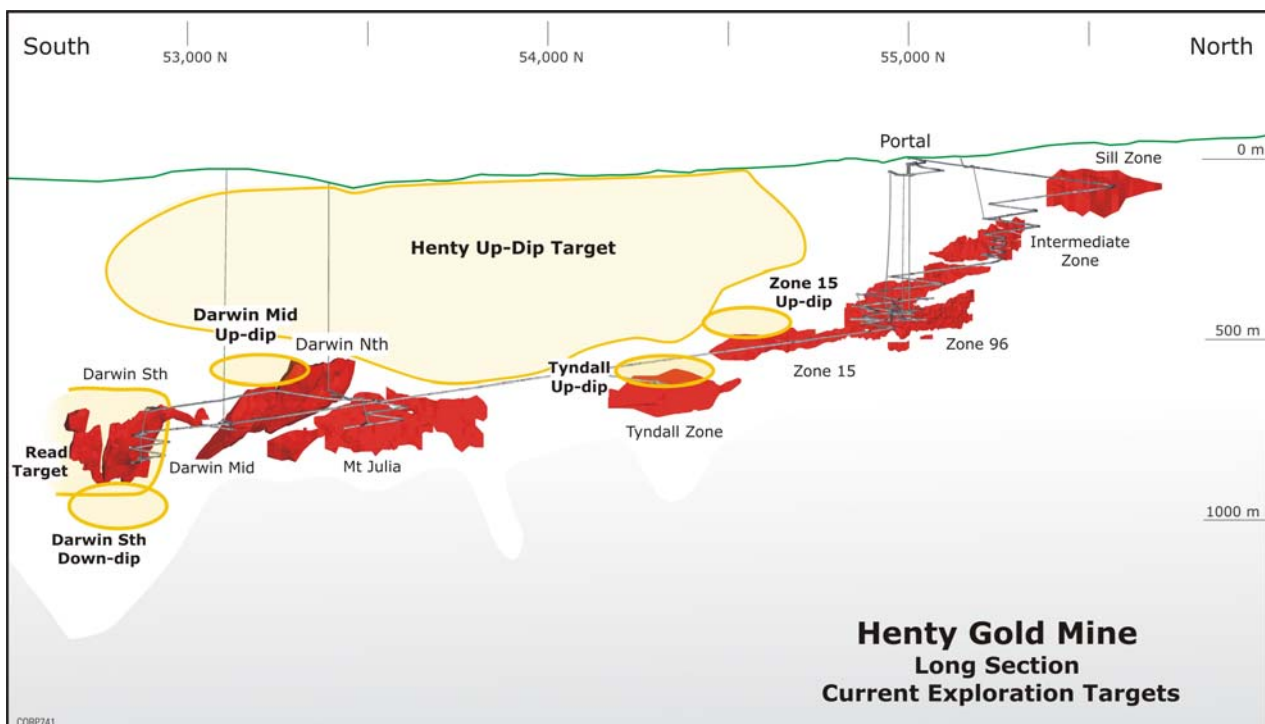
The new lodes have been intersected on three drill sections over a strike length of around 80 metres, with heights of 30-50 metres and widths of 3-6 metres. The hangingwall lodes are open at depth and



may exist up-dip parallel to mined areas. Important gold assays are tabulated below.

Hole Number	Length (m)	Est. true width (m)	Gold assay (g/t)
Darwin South Down Dip			
Z16858	4.0	3.0	8.7
Z16858	10.0	7.6	5.4
Z16858	3.0	2.3	4.4
Z16860	2.3	1.7	6.6
Z16860	5.3	4.0	7.7
Z16860	11.9	9.1	11.8
Z16862	0.9	0.6	30.4
Z16862	11.5	8.3	8.4
Z16862	4.0	2.9	3.2
Z16866	2.6	2.0	10.8
Z16870	4.9	3.5	34.5
Z16873	10.4	9.1	5.2

Decline development has commenced to provide sites for additional drilling and to provide production access.



- Darwin Mid Up-dip

Also during the quarter, the Company announced the initial drilling results from holes which intersected gold mineralisation up-dip of the previously mined Darwin Mid Zone.

This extension to known mineralisation is currently some 30 metres long and 30-40 metres high, however additional drilling is planned to test for further extensions. The best assays to date over true widths include 4.2 metres at 11.7 g/t gold and 5.1 metres at 5.9 g/t gold

- Read Target

Initial drilling at the Read Target, the most southerly exploration target within the mine, located 150 metres west of the previously mined Darwin South Zone, has encountered a large alteration zone in close proximity to the Henty fault. This work has opened up a new stratigraphic horizon, paralleling the mine trend, which may host significant pods of gold mineralisation (see diagram).

Previous work had indicated some potential in this area with intersections of 4.6 metres at 4.3 g/t gold and 2.0 metres at 4.4 g/t gold. Drilling completed in the December quarter, consisting of eight drill holes, returned a best downhole intercept of 0.75 metres at 13.6 g/t gold in hole Z16910, however most assays are yet to be received.

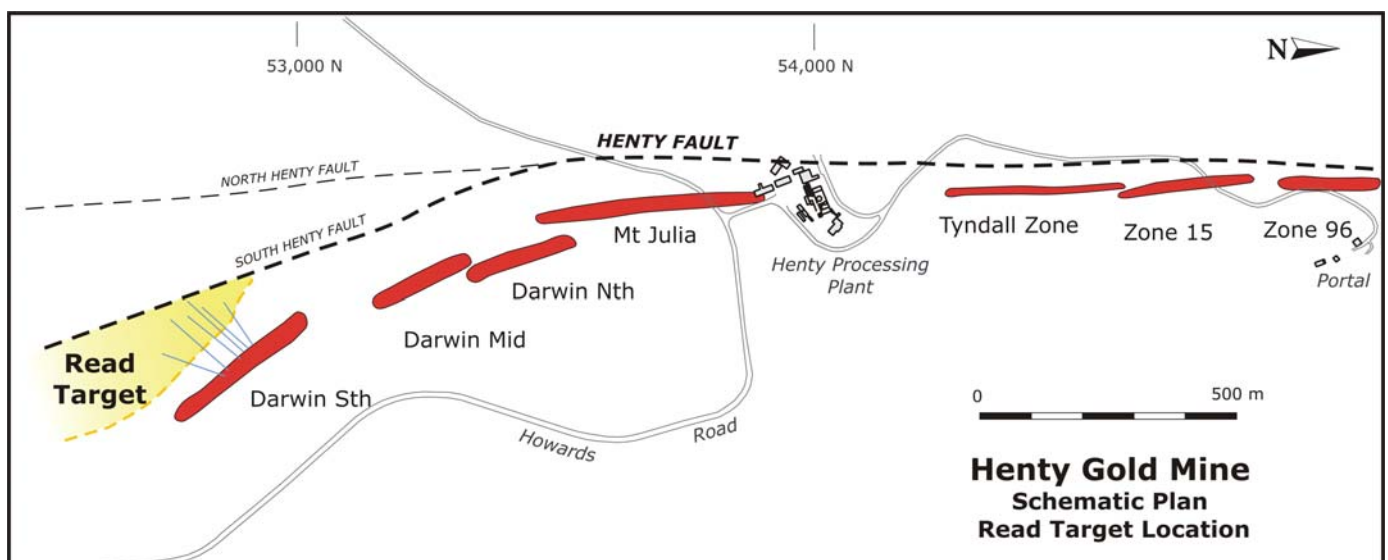
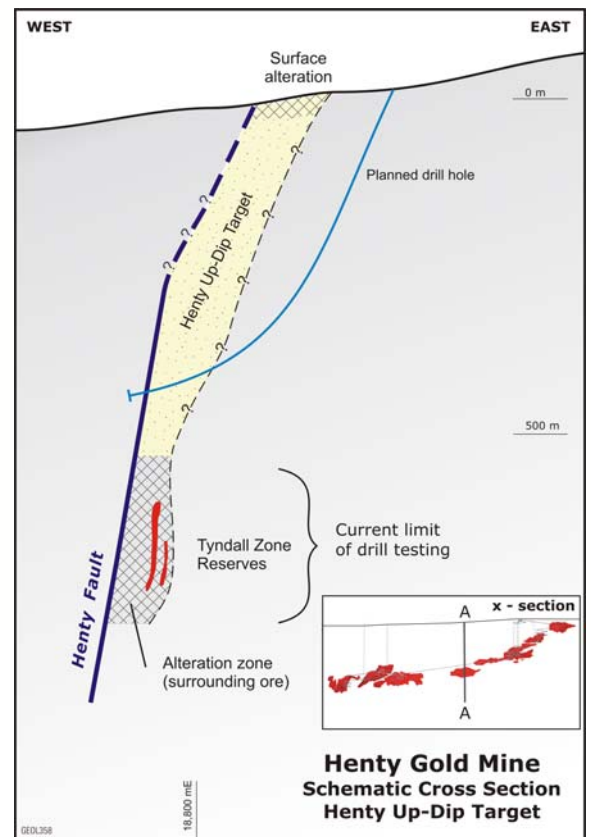
These assays are contained within an alteration zone over a strike of some 500 metres, open to the south, with a down-dip length of 300-400 metres. Alteration is typical of Darwin South mineralisation.

- Henty Up-Dip Target

Surface drilling has commenced to test for the up-dip continuation of the Henty alteration system. The up-dip potential has not been adequately tested as it was assumed that the top of the gold-bearing alteration zone was terminated along the entire length of the system by the Henty Fault.

Recent geological investigations show that there is no evidence to support this concept and indeed there is strong potential that alteration and mineralisation may continue up-dip of the mine workings.

A surface rig commenced drilling the first 700 metre deep hole in late December, with the target zone planned to be intersected in late January. Further holes are planned.



Kangaroo Flat Exploration

A total of 8075 diamond drill metres were completed testing the Deborah, Sheepshead, Nell Gwynne, New Chum, Napoleon and Garden Gully anticlines from underground locations within the Kangaroo Flat Mine.

- Deborah line - Dumble Reef

During the quarter, initial assays from the Dumble reef were released supporting the high grade nature of this small reef. Dumble reef is interpreted to be a sub-vertical zone of quartz veining some 10-15 metres long, 3-5 metres wide and 180 metres high.

Significant assay results received included 3.7 metres at 105 g/t gold and 5.0 metres at 10 g/t gold and are tabulated below, along with the visual grade range estimates.

Hole Number	Length (m)	Est.true width (m)	Grade range estimate (g/t gold) ¹	Gold assay (g/t) ²	Quartz %
Dumble reef					
FDD0818	1.6	0.9	> 15	86.5	100
FDD0819	2.9	1.6	> 15	41.9	88
FDD0837	7.5	3.7	> 15	104.9	67
FDD1043	6.3	5.0	> 15	10.4	94
FDD1043	2.9	2.3	10 - 15	2.5	25
FDD1044	2.9	2.5	2 - 6	0.8	49
FDD1044	5.1	3.9	6 - 10	1.7	86
FDD1045	9.0	6.2	10 - 15	8.3	83
FDD1046	3.0	2.8	> 15	14.1	74
FDD1048	11.6	6.8	10 - 15	5.7	27
FDD1049	4.3	3.3	6 - 10	10.8	93
FDD1049	4.4	4.3	6 - 10	10.6	8
FDD1052	2.8	2.6	10 - 15	13.6	84
FDD1054	3.1	1.8	> 15	20.6	67
FDD1054	1.8	1.0	2 - 6	7.0	31
FDD1056	4.3	2.0	6 - 10	13.8	77

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.

- New Chum line

The line is being explored in the central part of the goldfield for the first time by modern techniques. Drill testing of a potential reef position at the northern end of the mine is currently underway.

- Garden Gully line

The testing of the Grenfell East reef system commenced at the end of the quarter with close-spaced infill drilling being undertaken to better define mineable zones, previously indicated by wide spaced drilling. The reef is located in the eastern limb of the anticline within the Railway Shale unit, down-dip of the Gill reef.

CORPORATE

Gold sales receipts were \$23.0 million during the quarter from the sale of 19,069 oz gold at an average price of A\$1208/oz. The average A\$ gold price received of A\$1208/oz was a 5% improvement on the prior quarter (\$1151/oz in the September quarter).

Cash in bank increased by \$2.6 million during the quarter and at 31 December 2009 was \$54.8 million (\$52.2 million as at 30 September 2009). Mine operating cashflow was positive \$7 million before capital of \$3.6 million and exploration expenditure of \$1.5 million.

Competent Persons' Statement

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