

**Bendigo Mining
Limited**

ABN 61 005 674 073

Corporate Details:

ASX Code: BDG

Issued capital:

495.4M ord. shares
2.2M unlisted options
2.1M unlisted perf. rights
3.2M 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:

Bendigo Mining Limited
66 Ham St
Kangaroo Flat
Victoria 3555
Australia

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

Email: info@
bendigomining.com.au

Website:
www.bendigomining.com.au

Chairman's Address to the 2008 Annual General Meeting

Good morning ladies and gentlemen.

In my address today I would like to discuss how your Company is responding to the current business environment, I would like to highlight what we have accomplished during the past year, and what your Directors expect for the coming year.

Before doing so, I would like to acknowledge the efforts of our employees and management team. The business has faced many challenges and achieved some important goals during the year and I would like to thank our employees for their effort and dedication.

I would also like to thank Directors for their hard work and support. Particular mention should be made of our new Director, Dr David Ransom, who having been appointed at the close of last year's AGM is standing for election at today's meeting. David has provided very strong geological and commercial input to the Board. His experience as both a geologist and a fund manager is highly valuable, and the Board looks forward to David's ongoing involvement.

Like many others, your Company has experienced a remarkably volatile 2008. The sub-prime issues emanating from the US triggered a dramatic collapse in business confidence. Global economies are under pressure, commodity prices and the value of the Australian dollar have fallen, while interest rates are also going down. The debt and equity markets are virtually closed as sources of funding, and company profits look to be falling in response to reduced consumer demand. The property markets have been seriously impacted in the US and UK, while property values in Australia have also declined.

So what does this mean for a small Australian gold mining company? In general terms, resource companies rely on equity markets for funding exploration and debt markets for funding new project development. With both the equity and debt markets very difficult to access, or at least very expensive to access, it will mean that the money that a junior company has in the bank today will probably be the only money it will have available for some time.

Companies are likely to respond by deferring exploration activity, and delaying or shelving new projects or expansions. We are already seeing this occurring amongst our peers. The key strategy will be to preserve cash and maintain financial strength until economic conditions improve.

This business environment creates both negative and positive factors which affect your Company. The key negative is self-evident in a share price of around 12 cents a share, which has reduced by 55% in value since the end of June. At 12 cents a share, the share price is reflecting not much more than the value of our cash in bank. We have been caught in the wave of selling which has affected the entire market, but there has been particular underperformance of smaller capitalised companies, especially junior resource stocks.

I would like to focus on some of the positives that this market can create. Due to events specific to your Company in early 2007, we 'battered down the hatches' and restructured some 18 months ago, well before the sub-prime storm hit the market. Being prudent with our money is not new and we have been focussed on doing more for less for quite some time. This plan has

proven to be the right one for the times. Today we have more than \$40 million in cash, held in AA-rated Australian banks, and we have trial gold production underway.

One year ago, having \$40 million in cash was nothing of particular note; today it is an enormous asset. There has been a huge devaluation of asset prices, yet our cash is still worth \$40 million. Its buying power has increased dramatically.

The cash balance supports our trial mining strategy and greatly reduces our financial risk. It also provides us with the strategic option to act on acquisitions, if the opportunity is right. Looking at your own share portfolios or scanning daily share quotes, I think you will agree that there are pockets of significant value in this market.

Keeping to the macro environment, it is worth mentioning that gold is typically a beneficiary of financial turmoil. This was certainly the case in 2008, with the US\$ gold price increasing to a record close of US\$1007/oz in March. Since March, the US\$ gold price has fallen by some 29% to around US\$720/oz, but this decline in the US gold price has been compensated by the decline in the value of the Australian dollar. This has meant that the A\$ gold price, the price that is important to us as a local producer, has remained very strong. The A\$ price actually peaked in October at just over A\$1300/oz and currently remains at a very healthy level of around A\$1100/oz. The fundamentals for the gold price remain positive and we believe that the current economic environment could support higher prices into the future.

In this quite chaotic business environment our significant cash balance creates low financial risk and strongly supports our business strategy. This strategy is being developed through two key avenues.

Firstly, we are working hard to discover additional reefs around our existing workings. We have two exploration diamond drilling rigs that are 100% dedicated to this task. We are applying significant effort, but like any drilling program, there is no certainty of success. Hence a second and equally important activity is the analysis of external opportunities that may assist our growth. Creating growth opportunities both internally and externally is management's highest priority.

Looking closer at our business and our activities during the past year, it is pleasing for me to report that we accomplished our key goals. The overriding focus was to get Gill reef, our recent and most important new discovery, into trial production. This was done on time and under budget, with trial mining commencing in June 2008. The trial program is producing quality data which is being used to assess our grade estimation methods, whilst generating strong revenue from gold production.

At this stage, I can report that the trial mining program is delivering according to expectations. Total Gill reef production from the start of the trial in June to early November, has generated 8558 oz of gold from the processing of 36,829 tonnes of ore at an average grade of 8.1 g/t gold. The production of some high grade ore blocks, grading 11.6 g/t, 14.5 g/t and more recently a bonanza grade of 28.9 g/t gold, reaffirm the high grade nature of Bendigo mineralisation.

It also highlights the difficult task your Company has in making predications about future gold production. Up until early this week, the grade of Gill reef was trending below our initial expectation based on visual estimates made from diamond drill data. However, with the processing of the 28.9 g/t gold ore block, the average grade is now within the expected range. Historically, Bendigo has a record of producing bonanza grade ore from within larger reef systems, so it is very encouraging to experience this in our current operations. The trial program will continue collecting quality data to enable us to provide an informed view of Gill reef and of other reefs we have discovered to date, such as Grainger, Dale and Grenfell East reefs.

In terms of revenue, I am pleased to report that we have generated some \$9 million in revenue from gold sales to date and we are focussed on improving this into next year.

Another area where we are focussed on improvement is our exploration success rate. After our successes in early 2007, results have slowed. While the new reefs discovered are currently thought to have modest gold grades based on visual estimates, further insights will come from the Gill reef trials, and all reefs will be regularly reassessed. Exploration is continuing with a goal of reefs in locations which do not require large amounts of capital to access and mine.

Now, looking to the future.

- I expect that we will continue mining Gill reef throughout all of the 2008/09 year.
- We plan to mine the full length and vertical extent of Gill reef and gain a much clearer understanding of gold grades and gold distribution throughout the orebody. This should improve the understanding of the formation of Gill reef, which in turn will provide some insights into the formation of gold mineralisation across the goldfield.
- We also plan to maintain our strong cash balance and hence maintain low financial risk. Depending on gold head grades and gold prices, the revenue from trial gold production is planned to offset our direct operating costs, while we aim to minimise our overhead costs.
- We will continue to focus exploration to discover gold mineralisation around our Kangaroo Flat Mine, with the goal of supporting and expanding our gold production.
- And finally, we plan to grow the business by using our strong cash position to capitalise on external opportunities. I would like to be in a position to report to shareholders during the forthcoming year that we have identified an excellent value-adding opportunity.

Finally, I would like to sincerely thank shareholders for their support during a year of market turmoil. Our share price is strongly cash-backed, we own significant mine infrastructure and equipment, and have ownership of the entire Bendigo Goldfield. Your Company is now in a very strong position relative to its peers and we look forward to an active and rewarding year ahead.

Thank you

Peter McCarthy
Chairman