



BENDIGO MINING LIMITED

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2007

BENDIGO MINING LIMITED
CORPORATE INFORMATION

A.B.N. 61 005 674 073

Directors:

Peter McCarthy (Chairman)
Rod Hanson (Managing Director & CEO)
Ronnie Beevor
Richard Guy OAM
David Ransom

Registered Office & Principal Place of Business:

66 Ham Street
Kangaroo Flat Vic 3555
Telephone: (03) 5447 1834
Facsimile: (03) 5447 1835
Email: info@bendigomining.com.au

Company Secretary:

Tim Churcher

Auditors:

Deloitte Touche Tohmatsu
Chartered Accountants
180 Lonsdale Street
Melbourne Vic 3000

Share Registry:

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford Vic 3067
Telephone (03) 9415 4000

Shareholders' Enquiries:

Share Registry 1300 850 505
melbourne.services@computershare.com.au
OR
Company Secretary (03) 5447 1834

Stock Exchange:

ASX Limited (Code: BDG)

Web Page:

<http://www.bendigomining.com.au>

DIRECTORS' REPORT

The Directors of Bendigo Mining Limited present the financial report for the half-year ended 31 December 2007. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of Directors of the Company in office during or since the end of the half-year are:

- **Peter McCarthy** - (Chairman)
- **Rod Hanson** – (Managing Director & CEO)
- **Ronnie Beevor**
- **Richard Guy OAM**
- **David Ransom** - (Appointed on 23 November 2007)
- **Roy Woodall AO** - (Retired on 23 November 2007)

Review of Operations

Activities for the half-year consisted of underground mine development of 1.1 kilometres and exploration drilling of 22,000 metres. The results of these activities were:

- The commencement of a cross-cut to the newly discovered Gill reef on the Garden Gully line.
- The first phase of infill drilling into the Gill reef was completed and confirmed the predicted location and size of the reef.
- Discovery of the high grade Gordon reef on the Garden Gully line.
- Development of a second access to the Garden Gully line to enable infill drilling of the Gordon reef and access to the Dale reef on the Deborah line.

Future planned activities are:

- Infill drilling of the Gill reef.
- Complete development to intersect the Gill reef by the end of the March 2008 quarter.
- Target to commence trial mining on a modest scale by June 2008 and trial production in the second half of the calendar year.
- Continue exploration of underground targets.
- Drill testing of regional targets located to the north and west of the goldfield.

Since the change in strategy in January 2007, all exploration and mine related costs have been expensed in accordance with the current exploration phase of the business and with accounting standards under A-IFRS.

Auditor's Independence Declaration

The auditors have provided the Board of Directors with a signed Independence Declaration in accordance with s.307C of the Corporations Act 2001. This declaration is included on page 5 of this half-year report.

Rounding off of Amounts

The Company is a company of the kind referred to in Australian Securities and Investments Commission Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors



Peter McCarthy
Chairman



Rod Hanson
Managing Director & CEO

Bendigo, 21 February 2008

21 February 2008

The Board of Directors
Bendigo Mining Limited
66 Ham Street
KANGAROO FLAT VIC 3555

Dear Board Members

Bendigo Mining Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Bendigo Mining Limited.

As lead audit partner for the review of the financial statements of Bendigo Mining Limited for the half-year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



CCA Mottershead
Partner
Chartered Accountants

BENDIGO MINING LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2007

	31 December 2007 \$'000	30 June 2007 \$'000
CURRENT ASSETS		
Cash	58,121	71,778
Receivables	947	1,353
Inventories	1,655	1,881
Other	351	246
TOTAL CURRENT ASSETS	<u>61,074</u>	<u>75,258</u>
NON CURRENT ASSETS		
Other financial assets	2,440	2,440
Property, plant & equipment and mine development	19,991	21,658
TOTAL NON CURRENT ASSETS	<u>22,431</u>	<u>24,098</u>
TOTAL ASSETS	<u>83,505</u>	<u>99,356</u>
CURRENT LIABILITIES		
Payables	2,738	7,425
Provisions	842	903
TOTAL CURRENT LIABILITIES	<u>3,580</u>	<u>8,328</u>
NON CURRENT LIABILITIES		
Provisions	4,093	3,974
TOTAL NON CURRENT LIABILITIES	<u>4,093</u>	<u>3,974</u>
TOTAL LIABILITIES	<u>7,673</u>	<u>12,302</u>
NET ASSETS	<u>75,832</u>	<u>87,054</u>
EQUITY		
Issued Capital	419,472	419,472
Reserves	1,367	1,355
Accumulated losses	(345,007)	(333,773)
TOTAL EQUITY	<u>75,832</u>	<u>87,054</u>

Notes to the financial statements are included on pages 10 & 11.

BENDIGO MINING LIMITED

INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Note	31 December 2007 \$'000	31 December 2006 \$'000
Sales revenue		-	4,066
<u>Cost of sales</u>			
Mining, processing and administration costs		-	(10,080)
Depreciation and amortisation		-	(7,254)
Total Cost of Sales		-	(17,334)
Gross Loss		-	(13,268)
Interest and other revenue		4,347	2,369
Exploration expenses		(5,008)	(77)
Mining expenses		(9,179)	(4,579)
Corporate expenses		(1,394)	(2,322)
Impairment of non current assets	3	-	(160,754)
Loss before tax		(11,234)	(178,631)
Income tax expense	4	-	(45,794)
Loss for the period		(11,234)	(224,425)
Earnings Per Share:			
Basic and Diluted Earnings Per Share – (cents per share)		(2.3)	(50.5)

Notes to the financial statements are included on pages 10 & 11.

BENDIGO MINING LIMITED
STATEMENT OF CHANGES IN EQUITY
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Share Capital \$'000	Reserves \$'000	Accumulated Losses \$'000	Total \$'000
Balance At 1 July 2007 Brought Forward	419,472	1,355	(333,773)	87,054
Net income recognised directly in equity	-	-	-	-
Loss for the period	-	-	(11,234)	(11,234)
Total recognised income and expense for the period	-	-	(11,234)	(11,234)
Recognition of share-based payments	-	12	-	12
Balance At 31 December 2007	419,472	1,367	(345,007)	75,832

	Share Capital \$'000	Reserves \$'000	Accumulated Losses \$'000	Total \$'000
Balance At 1 July 2006 Brought Forward	368,272	1,064	(93,999)	275,337
<u>Changes in Equity</u>				
Transaction costs incurred on issuance of shares	(2,079)	-	-	(2,079)
Tax on items taken directly to or transferred from equity – de- recognition of deferred tax asset	(2,836)	-	-	(2,836)
Net income recognised directly in equity	(4,915)	-	-	(4,915)
Loss for the period	-	-	(224,425)	(224,425)
Total recognised income and expense for the period	(4,915)	-	(224,425)	(229,340)
Issue of share capital	56,115	-	-	56,115
Recognition of share-based payments	-	465	-	465
Balance At 31 December 2006	419,472	1,529	(318,424)	102,577

Notes to the financial statements are included on pages 10 & 11.

BENDIGO MINING LIMITED
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	31 December 2007 \$'000	31 December 2006 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	4,172
Interest and other revenue received	4,278	2,605
Payments to suppliers and employees	<u>(18,333)</u>	<u>(14,986)</u>
Net cash used in operating activities	<u>(14,055)</u>	<u>(8,209)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment and mine development	(130)	(62,797)
Proceeds from sale of property, plant and equipment and mine development	<u>528</u>	<u>4</u>
Net cash used in investing activities	<u>398</u>	<u>(62,793)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	56,115
Capital raising expenses	<u>-</u>	<u>(2,080)</u>
Net cash provided by financing activities	<u>-</u>	<u>54,035</u>
Net decrease in cash held	(13,657)	(16,967)
Cash at the beginning of the period	<u>71,778</u>	<u>96,880</u>
CASH AT THE END OF THE PERIOD	<u>58,121</u>	<u>79,913</u>

Notes to the financial statements are included on pages 10 & 11.

BENDIGO MINING LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

1. STATEMENT OF ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report, prepared in accordance with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 Interim Financial Reporting. The half-year financial report does not include notes of the type normally included in an annual report and should be read in conjunction with the 2007 Annual Report and any public announcements made by Bendigo Mining Limited during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1988, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2007 annual financial report for the financial year ended 30 June 2007.

2. CONTINGENT LIABILITIES

Bank guarantees

Bank guarantees totalling \$25,000 have been lodged in favour of Vic Roads and The Bendigo Trust. These guarantees are in regard to the Company's obligations on a Vic Roads pipeline agreement and use of facilities controlled by The Bendigo Trust. The Company has lodged term deposits of \$25,000 as security for these bank guarantees.

3. IMPAIRMENT OF NON CURRENT ASSETS

	2007 \$'000	2006 \$'000
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The strategy change in January 2007 prompted an impairment to non current assets at 31 December 2006 due to the uncertainty on the recoverability of non current assets. Upon resumption of commercial production, the impairments will be assessed and where appropriate reversed to the extent that they would not have been depreciated had they been in use.

The impairment asset type and amounts were:

Mine development	-	62,835
Process plant	-	61,797
Infrastructure and plant & equipment	-	34,407
Underground mobile equipment	-	1,715
	<u>-</u>	<u>160,754</u>

4. INCOME TAX EXPENSE

Deferred Tax Asset de-recognition

In accordance with AASB 112 "Income Taxes" and consistent with the impairment of non current assets for accounting purposes (refer note 3), the deferred tax asset was de-recognised at 31 December 2006.

As the level of confidence in deriving taxable profits increases, the deferred tax asset will be re-recognised.

Income tax expense	-	45,794
Equity adjustment	-	2,836
	<u>-</u>	<u>48,630</u>

5. SUBSEQUENT EVENTS

No matters or circumstances have arisen subsequent to the reporting date which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

6. SEGMENT ACCOUNTING

The Company operates within the gold mining industry in Australia.

BENDIGO MINING LIMITED
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

The Directors declare that:

- 1) The financial report of the company is in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Company's financial position as at 31 December 2007 and of the Company's performance for the half-year ended on that date; and
 - ii) complying with Accounting Standards; and
- 2) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to Section 303(5) of the Corporations Act 2001.

On behalf of the Directors



Peter McCarthy
Chairman



Rod Hanson
Managing Director & CEO

Bendigo, 21 February 2008

Independent Auditor's Review Report to the Members of Bendigo Mining Limited

We have reviewed the accompanying half-year financial report of Bendigo Mining Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration as set out on pages 6 to 12.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Bendigo Mining Limited's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Bendigo Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bendigo Mining Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



CCA Mottershead
Partner
Chartered Accountants
Melbourne, 21 February 2008