



BENDIGO MINING LIMITED

ASX APPENDIX 4D AND FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2006

## BENDIGO MINING LIMITED CORPORATE INFORMATION

A.B.N. 61 005 674 073

### Directors:

P.L. McCarthy (Chairman)  
R.J. Hanson (Managing Director)  
R.H. Beevor  
R.A. Guy OAM  
R. Woodall AO

### 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](mailto:info@bendigomining.com.au)

### Secretary:

C.L. Lazenby

### 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](mailto:melbourne.services@computershare.com.au)  
OR  
Company Secretary (03) 5447 1834

### Stock Exchange:

Australian Stock Exchange Limited  
ASX Company Security Code: BDG

### Web Page:

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

## ASX APPENDIX 4D

### Results for Announcement to the Market

	31 December 2006 \$'000	31 December 2005 \$'000	Percentage increase / (decrease)
Revenue from ordinary activities	6,435	4,113	56%
Loss from ordinary activities after tax attributable to members	(224,425)	(3,595)	6,143%
Net loss for the period attributable to members	(224,425)	(3,595)	6,143%
Net Tangible Assets per ordinary share	\$0.21	\$0.67	(70%)

	31 December 2006
Interim dividend per share	Nil
Franked amount per share	Nil

### Explanation of Results

Please refer to the commentary included in the Directors' Report for an explanation of results.

## DIRECTORS' REPORT

The directors of Bendigo Mining Limited present the financial report for the half-year ended 31 December 2006. 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 L. McCarthy** - (Chairman)
- **Rodney J. Hanson** - (Appointed as Managing Director on 8 Jan 2007)
- **Ronald H. Beevor**
- **Richard A. Guy OAM**
- **Roy Woodall AO**
- **A. Douglas Buerger** - (Resigned as Managing Director on 8 Jan 2007)

### Review of Operations

#### During the half-year:

- Commissioning of the 600,000 t/y gold process plant was completed by the end of September and commercial production declared on 1 October 2006.
- Gold production for the December quarter was 9,218 ounces at a grade of 4.1 g/t gold.
- Gold sales of 5,146 ounces at an average price of A\$807 per ounce were achieved.
- Plant performance was satisfactory with total gold recovery of 90% on the lower head grade during the December quarter.
- Gold grades were substantially less than budgeted and highlighted an over-estimate of initial reserves.
- Cash operating costs of A\$124/t of ore treated were within forecast levels for the December quarter.
- Underground mine development for the half-year was 3.35 km.
- Exploration drilling of 25,200 metres was completed.

#### Change in Strategic Direction

The Company announced on 8 January 2007 a change in strategic direction after a reconciliation of the December quarter production results revealed a general overestimate of the potential of the Sheepshead and Deborah Lines of mineralisation. The significantly lower than expected production results warranted a major shift in strategy. This change will result in the cessation of production in the first half of 2007 and a focus on locating mineable reefs in more productive, higher grade areas in the southern half of the goldfield, prior to recommencing production.

## Review of Operations continued

### Impairment of Non Current Assets

Due to the change in strategy to return to an exploration phase, an impairment amount of \$160,754,000 was made to non current assets at 31 December 2006. The impairment is driven by the current uncertainty on the timing, grade and quantity of recoverable reserves which makes it difficult to determine for accounting purposes the recoverability of non-current assets until further successful exploration is completed. Upon successful exploration being completed which supports the resumption of production, the impairment of certain assets will be reversed.

The impairment asset type and amounts are as follows:

Mine development	\$62,835,000
Process plant	\$61,797,000
Infrastructure and plant & equipment	\$34,407,000
Underground mobile equipment	<u>\$1,715,000</u>
	<u>\$160,754,000</u>

### Deferred Tax Asset De-recognition

The income tax expense of \$45,794,000 for the half-year period is due to the de-recognition of a previously recognised deferred tax asset. The deferred tax asset was de-recognised at 31 December 2006 due to the uncertainty of timing in relation to when taxable profits will be derived. As the level of confidence in deriving taxable profits increases, the deferred tax asset will be re-recognised.

### Depreciation and Amortisation

Mine development costs are written off in proportion to the ounces of gold recovered from the area of interest that the mine development supports. Due to the significantly lower than expected gold production in the December quarter and the lower remaining recoverable ounces in the current accessed mineralisation, an increased depreciation and amortisation expense of \$7,254,000 was included in the half-year financial statements.

### Summary:

The operating loss after income tax for the half-year amounted to \$224,425,000 (2005: Loss \$3,595,000), after taking into consideration the following:

• Impairment of non current assets	\$160,754,000
• Deferred tax asset de-recognition	\$45,794,000
• Depreciation and amortisation	<u>\$7,254,000</u>
	<u>\$213,802,000</u>

## 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 7 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



**P.L. McCarthy**  
Chairman



**R.J. Hanson**  
Managing Director & Chief Executive Officer

Bendigo, 22 February 2007.

## AUDITOR'S INDEPENDENCE DECLARATION

The Board of Directors  
Bendigo Mining Limited  
66 Ham Street  
Kangaroo Flat VIC 3555

22 February 2007

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 2006, 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



Ian Sanders  
Partner  
Chartered Accountants

## BENDIGO MINING LIMITED BALANCE SHEET

AS AT 31 DECEMBER 2006

	31 December 2006 \$'000	30 June 2006 \$'000
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	79,913	96,880
Receivables	1,749	5,201
Other financial assets	-	71
Inventories	5,608	1,494
Other	567	228
<b>TOTAL CURRENT ASSETS</b>	<u>87,837</u>	<u>103,874</u>
<b>NON CURRENT ASSETS</b>		
Other financial assets	2,440	2,440
Property, mine development and plant & equipment	28,827	147,862
Deferred tax asset	-	48,630
<b>TOTAL NON CURRENT ASSETS</b>	<u>31,267</u>	<u>198,932</u>
<b>TOTAL ASSETS</b>	<u><b>119,104</b></u>	<u><b>302,806</b></u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	12,048	23,715
Provisions	1,877	1,344
<b>TOTAL CURRENT LIABILITIES</b>	<u>13,925</u>	<u>25,059</u>
<b>NON CURRENT LIABILITIES</b>		
Provisions	2,602	2,410
<b>TOTAL NON CURRENT LIABILITIES</b>	<u>2,602</u>	<u>2,410</u>
<b>TOTAL LIABILITIES</b>	<u><b>16,527</b></u>	<u><b>27,469</b></u>
<b>NET ASSETS</b>	<u><b>102,577</b></u>	<u><b>275,337</b></u>
<b>EQUITY</b>		
Issued Capital	419,472	368,272
Share Option Reserve	1,529	1,064
Accumulated losses	(318,424)	(93,999)
<b>TOTAL EQUITY</b>	<u><b>102,577</b></u>	<u><b>275,337</b></u>

Notes to the financial statements are included on pages 12 to 16

## BENDIGO MINING LIMITED INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Note	31 December 2006 \$'000	31 December 2005 \$'000
<b>Sales revenue</b>		<b>4,066</b>	-
<u>Cost of sales</u>			
Mining, processing and administration costs		(10,080)	-
Depreciation and amortisation		(7,254)	-
<b>Total Cost of Sales</b>		<b>(17,334)</b>	-
<b>Gross Profit / (Loss)</b>		<b>(13,268)</b>	-
Interest and other Revenue		2,369	4,113
Exploration expenses	4	(77)	(1,606)
Pre Production expenses	4	(4,579)	(4,647)
Corporate expenses		(2,322)	(2,689)
Impairment of non current assets	5	(160,754)	-
<b>Loss before tax</b>		<b>(178,631)</b>	<b>(4,829)</b>
Income tax benefit / (expense)	6	(45,794)	1,234
<b>Loss for the period</b>		<b>(224,425)</b>	<b>(3,595)</b>
<b>Earnings Per Share:</b>			
Loss Per Share - Basic (cents per share)		<b>50.5</b>	<b>1.1</b>
- Diluted (cents per share)		<b>50.5</b>	<b>1.1</b>

**BENDIGO MINING LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Share Capital \$'000	Share Option Reserve \$'000	Accumulated Losses \$'000	Total \$'000
<b>Balance At 1 July 2006</b>	<b>368,272</b>	<b>1,064</b>	<b>(93,999)</b>	<b>275,337</b>
<b><u>Changes in Equity</u></b>				
Transaction costs incurred on issuance of shares	(2,079)	-	-	(2,079)
Items taken directly to or transferred from equity – de-recognition of deferred tax asset	(2,836)	-	-	(2,836)
<b>Net income recognised directly in equity</b>	<b>(4,915)</b>	<b>-</b>	<b>-</b>	<b>(4,915)</b>
Loss for the period	-	-	(224,425)	(224,425)
<b>Total recognised income and expense for the period</b>	<b>(4,915)</b>	<b>-</b>	<b>(224,425)</b>	<b>(229,340)</b>
Issue of share capital	56,115	-	-	56,115
Recognition of share-based payments	-	465	-	465
<b>Balance At 31 December 2006</b>	<b>419,472</b>	<b>1,529</b>	<b>(318,424)</b>	<b>102,577</b>
	Share Capital \$'000	Share Option Reserve \$'000	Accumulated Losses \$'000	Total \$'000
<b>Balance At 1 July 2005</b>	<b>232,640</b>	<b>82</b>	<b>(81,012)</b>	<b>151,710</b>
<b><u>Changes in Equity</u></b>				
Transaction costs incurred on issuance of shares	(6,516)	-	-	(6,516)
Tax on items taken directly to or transferred from equity	1,955	-	-	1,955
<b>Net income recognised directly in equity</b>	<b>(4,561)</b>	<b>-</b>	<b>-</b>	<b>(4,561)</b>
Loss for the period	-	-	(3,595)	(3,595)
<b>Total recognised income and expense for the period</b>	<b>(4,561)</b>	<b>-</b>	<b>(3,595)</b>	<b>(8,156)</b>
Issue of share capital	140,118	-	-	140,118
Recognition of share-based payments	-	512	-	512
<b>Balance At 31 December 2005</b>	<b>368,197</b>	<b>594</b>	<b>(84,607)</b>	<b>284,184</b>

Notes to the financial statements are included on pages 12 to 16

**BENDIGO MINING LIMITED**  
**STATEMENT OF CASH FLOWS**  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	31 December 2006 \$'000	31 December 2005 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	4,172	-
Interest and other revenue received	2,605	3,536
Payments to suppliers and employees	<u>(14,986)</u>	<u>(9,539)</u>
<b>Net cash used in operating activities</b>	<b><u>(8,209)</u></b>	<b><u>(6,003)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, mine development and plant and equipment	(62,797)	(39,309)
Proceeds from sale of property, plant and equipment	<u>4</u>	<u>21</u>
<b>Net cash used in investing activities</b>	<b><u>(62,793)</u></b>	<b><u>(39,288)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	56,115	140,118
Payment for share issue costs	<u>(2,079)</u>	<u>(6,516)</u>
<b>Net cash provided by financing activities</b>	<b><u>54,036</u></b>	<b><u>133,602</u></b>
Net increase / (decrease) in cash and cash equivalents	(16,967)	88,311
Cash and cash equivalents at the beginning of the period	<u>96,880</u>	<u>89,599</u>
<b>CASH AT THE END OF THE PERIOD</b>	<b><u>79,913</u></b>	<b><u>177,910</u></b>

## BENDIGO MINING LIMITED

### *NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS*

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

## 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 2006 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 2006 annual financial report for the financial year ended 30 June 2006, other than as detailed below.

#### **Inventory –**

- Gold in ore stockpiles, in the process of being recovered, or in unsold doré bars is valued at the lower of cost and net realisable value, provided that the amount of gold can be physically measured or reliably estimated. Cost represents the weighted average cost and includes direct costs and an appropriate proportion of fixed and variable direct costs and an appropriate proportion of fixed and variable direct overhead expenditure, including depreciation and amortisation.
- Consumables and spare parts are valued at cost on a first in first out basis with due allowance for obsolescence.

## 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.

**BENDIGO MINING LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

**3. ISSUED CAPITAL**

The company has raised \$56.1 million in share capital during the 6-month period ended 31 December 2006, through a combination of a share purchase plan and institutional placement. A total of 70.1 million ordinary shares were issued at \$0.80 per share. The cost of the issue amounted to \$2.1 million.

**4. EXPENSES**

**Exploration expenses:**

	2006 \$'000	2005 \$'000
Until the end of the 2004 financial year the Company was in an exploration phase and pursuant to the Company's accounting policy all costs arising from exploration and evaluation of the target area were expensed. Any costs arising from exploration and evaluation related to an area of interest outside the area containing the Company's Inferred Resource are written off as incurred pursuant to AASB 6.	Nil	Nil
Work that successfully defines the location and dimensions of the mineralisation within the area of the Company's Inferred Resource is treated as mine development and capitalised. The cost of unsuccessful ore delineation work within the area containing the Company's Inferred Resource is written off as exploration expenditure.	77	1,606
<b>Total</b>	<u>77</u>	<u>1,606</u>

**Pre Production Expenses:**

	2006 \$'000	2005 \$'000
Pre-Production Expenses are the costs of operating the underground mine prior to commencing gold production on 1 October 2006. Pre-Production Expenses include the operating costs of activities such as dewatering, ventilation, mining services, power consumption, supervision and associated services. It also includes depreciation and amortisation costs.	<u>4,579</u>	<u>4,647</u>

BENDIGO MINING LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

**5. IMPAIRMENT OF NON CURRENT ASSETS**

	2006 \$'000	2005 \$'000
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**Mine Development - Current Accessed Mineralisation:**

The access development and exploration drilling that was previously capitalised for current accessed mineralisation was reviewed for impairment and written down to a nil value at 31 December 2006, due to the anticipated future benefits from these reefs not exceeding the operational expenditure to be incurred in obtaining those future benefits.

<u>7,773</u>	<u>-</u>
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**Mine Development - Unaccessed Mineralisation :**

As a result of the shift in strategy, the mine development (including ventilation and lateral development) and exploration drilling that was previously capitalised has been written down to a nil value at 31 December 2006. Upon successful exploration being completed and the resumption of production, the impairment on some of these assets that will be utilised to support the production activities will be reversed to the extent that they would not have been depreciated had they been in use.

<u>55,062</u>	<u>-</u>
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**Process Plant:**

Due to the planned cessation of production in the first half of 2007, the process plant was reviewed for impairment, and written down to a recoverable value at 31 December 2006. Upon successful exploration being completed and the resumption of production, the impairment on these assets will be reversed to the extent that they would not have been depreciated had they been in use.

<u>61,797</u>	<u>-</u>
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**BENDIGO MINING LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

**5. IMPAIRMENT OF NON CURRENT ASSETS Continued**

	2006 \$'000	2005 \$'000
<b>Infrastructure and Plant &amp; Equipment:</b>		
As a result of the shift in strategy, the infrastructure and plant and equipment that was previously capitalised (including water treatment plants, underground pump stations and rock storage facilities) were reviewed for impairment, and written down to a nil value at 31 December 2006. Upon successful exploration being completed and the resumption of production, the impairment on some these assets will be reversed to the extent that they would not have been depreciated had they been in use.	<u>34,407</u>	<u>-</u>
<b>Underground Mobile Equipment:</b>		
Due to the cessation of mining activities in the first half of 2007 a number of underground mobile equipment items are not planned to be required. These asset carrying values at 31 December 2006 has been reviewed and impaired to a recoverable amount.	<u>1,715</u>	<u>-</u>
<b>Total</b>	<u>160,754</u>	<u>-</u>

BENDIGO MINING LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

**6. INCOME TAX EXPENSE**

	2006	2005
	\$'000	\$'000

**Deferred Tax Asset de-recognition:**

In accordance with AASB 112 "Income Taxes" an entity that has a history of recent taxable losses can only recognise a deferred tax asset if there is convincing evidence that sufficient taxable profit will be available against which the unused tax losses can be utilised. For consistency with the impairment of the current accessed and unaccessed mineralisation areas for accounting purposes (refer note 5) the deferred tax asset that had previously been recognised has been 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>48,630</u>	<u>-</u>

**7. SUBSEQUENT EVENTS**

The Company announced on 8 January 2007 a change in strategic direction after a reconciliation of the December quarter production results revealed a general overestimate of the potential of the Sheepshead and Deborah Lines of mineralisation. The significantly lower than expected production results warranted a major shift in strategy. This change will result in the cessation of production in the first half of 2007 and a focus on locating mineable reefs in more productive, higher grade areas in the southern half of the goldfield, prior to re-commencing production.

The revised strategy is planned to test a 2 million ounce Inferred Resource target to a depth of 1,200 m over the next 18 months. Within six months, drilling is planned to target areas beneath historic mines which produced 500,000 oz at a grade of 23 g/t gold.

Other significant changes included the resignation of the Managing Director and CEO Mr Buerger on 8 January 2007. For personal and health reasons, Mr Buerger decided to resign and allow the Company to move forward under new stewardship. Mr Hanson, was appointed as the Managing Director and CEO on 8 January 2007. Mr Johansen, General Manager Geology, ceased employment with the Company on 12 January. Mr Hanson has taken responsibility for exploration and managing a team of experienced geologists. Mr Churcher became the Chief Financial Officer on 8 January 2007 adding to his existing responsibilities for Corporate Development and Investor Relations.

No other 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.

**8. SEGMENT ACCOUNTING**

The Company operates within the gold mining industry in Australia.

**BENDIGO MINING LIMITED**  
**DIRECTORS' DECLARATION**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

The directors declare that:

- 1) The financial report of the company are 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 2006 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



**P.L. McCarthy**  
**Chairman**



**R.J. Hanson**  
**Managing Director & Chief Executive Officer**

Bendigo, 22 February 2007.

## INDEPENDENT REVIEW REPORT

TO THE MEMBERS OF BENDIGO MINING LIMITED

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Bendigo Mining Limited, which comprises the balance sheet as at 31 December 2006, and the income statement, cash flow statement and statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of Bendigo Mining Limited as set out on pages 8 to 17.

#### *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 designing, implementing 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 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 2006 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 2006 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



Ian Sanders  
Partner  
Chartered Accountants  
Melbourne, 22 February 2007