

Bendigo Mining
 Limited
 ABN 61 005 674 073

Corporate Details:

ASX Code: BDG

Issued capital:

425.3M ord. shares
 6.5M unlisted options

Substantial Shareholders:

JF Capital Partners
 47.2M (11.1%)
 Merrill Lynch Investment
 44.7M (10.5%)
 APS Asset Management
 42.4M (10.0%)

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Directors:

Non-Executive Chairman:
 Peter McCarthy
 Managing Director:
 Douglas Buerger
 Non-Executive Directors:
 Ronald Beevor
 Richard Guy OAM
 Roy Woodall AO

For further details:

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Financial results commentary for the year ending 30 June 2006

Bendigo Mining today announced its financial results for the year ended 30 June 2006. Pre production activities resulted in a loss after tax of \$13 million. During the year the Company completed a very successful equity issue which raised \$133.6 million after expenses. Much of this money was utilised to construct a 600,000 t/y processing plant and to develop the Kangaroo Flat Mine to commence commercial production. A wide range of ancillary capital developments were also undertaken.

INCOME STATEMENT		
	2006	2005
For the year ended 30 June 2006	\$'000	\$'000
Interest revenue	7,507	5,340
Other revenue	570	91
Exploration expenses	(3,494)	(2,888)
Mining expenses	(16,610)	(7,303)
Corporate & admin. expenses	(5,214)	(3,572)
Loss before income tax expense	(17,241)	(8,332)
Income tax benefit	4,254	4,297
Net loss for the period	(12,987)	(4,035)

During the year, the Company earned interest of \$7.5 million and other income of \$0.6 million. The Income Statement was charged with exploration expenses of \$3.5 million and mining expenses of \$16.6 million. The mining expenses include depreciation and amortisation of \$3.2 million, various pre production expenses and the accelerated write off of design and planning costs amounting to \$2.4 million, accounting for staff options and rehabilitation cost revaluation of \$0.6 million and \$10.4 million operating costs of the underground mine including dewatering, ventilation, mining services, power supply, supervision and associated services. Corporate administration expenses amounted to \$5.2 million which included fund raising costs of \$0.8 million and the expensing of staff options of \$0.5 million. The foregoing resulted in a loss before income tax of \$17.2 million, which was reduced by an income tax benefit of \$4.3 million to yield a net after tax loss of \$13 million.

Cash Flow

In November 2005, the Company successfully completed a \$121.4 million equity raising by way of a pro-rata 3 for 5 entitlement issue at \$0.80 and an accompanying placement of \$18.7 million at \$0.91 per share. This and option exercises during the year raised a net \$133.7 million.

Cash payments for operating costs of \$22.9 million and \$111.3 million for property, plant & equipment were made during the year, leaving a cash balance of \$96.9 million at year end.

STATEMENT OF CASH FLOWS		
	2006	2005
For the year ended 30 June 2006	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and other revenue received	7,844	5,139
Payments to suppliers and employees	(22,924)	(11,902)
Net cash used in operating activities	<u>(15,080)</u>	<u>(6,763)</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Payments for property, plant and equipment	(111,339)	(18,140)
Sale of plant & equipment	23	89
Net cash used in investing activities	<u>(111,316)</u>	<u>(18,051)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	140,193	115,004
Capital raising expenses	(6,516)	(7,068)
Net cash provided by financing activities	<u>133,677</u>	<u>107,936</u>
Net increase in cash held	7,281	83,122
Cash at the beginning of the Financial Year	89,599	6,477
Cash at the end of the Financial Year	<u>96,880</u>	<u>89,599</u>

Balance Sheet

The balance sheet reflects the drawdown of cash resources to leave a balance of \$96.9 million at 30 June 2006. Accounts payable amounted to \$23.7 million at the end of the year reflecting the high level of activity in constructing the processing plant and other capital projects. Investment in property, mine development and plant and equipment was \$124.9 million. The investment was \$49 million for the processing plant, \$14 million for mobile underground equipment and \$62 million in mine development and infrastructure. The deferred tax asset increased to \$48.6 million from \$42.4 million last year. After allowing for temporary differences of \$1.2 million, the Company has revenue tax losses of \$49.9 million, which represents taxes that will not have to be paid in cash out of future profits.

A total of \$7.4 million was spent on the processing plant in the previous financial year giving expenditure to date of \$56.4 million. Our most recent forecast is a cost to completion for the plant of \$60-\$65 million reflecting a 22% overrun on the original budget of \$ 53.4 million. This cost increase is consistent with other minerals projects. The effect of increasing fuel, labour and supply costs on operating margins will depend on whether the gold price maintains or improves on its current high levels. The Company is reviewing its development strategy to determine how best it can optimise its plans to adapt to these changes.

BALANCE SHEET		
as at 30 June 2006	2006	2005
	\$'000	\$'000
CURRENT ASSETS		
Cash	96,880	89,599
Receivables	5,201	1,469
Inventories	1,494	305
Other	299	113
TOTAL CURRENT ASSETS	<u>103,874</u>	<u>91,486</u>
NON CURRENT ASSETS		
Other financial Assets	2,440	1,335
Mine, plant & equipment	147,862	26,834
Deferred tax assets	48,630	42,421
TOTAL NON CURRENT ASSETS	<u>198,932</u>	<u>70,590</u>
TOTAL ASSETS	<u>302,806</u>	<u>162,076</u>
CURRENT LIABILITIES		
Payables	23,715	8,464
Provisions	1,344	653
TOTAL CURRENT LIABILITIES	<u>25,059</u>	<u>9,117</u>
NON CURRENT LIABILITIES		
Provisions	2,410	1,249
TOTAL NON CURRENT LIABILITIES	<u>2,410</u>	<u>1,249</u>
TOTAL LIABILITIES	<u>27,469</u>	<u>10,366</u>
NET ASSETS	<u>275,337</u>	<u>151,710</u>
EQUITY		
Issued capital	368,272	232,640
Share option reserve	1,064	82
Accumulated losses	(93,999)	(81,012)
TOTAL EQUITY	<u>275,337</u>	<u>151,710</u>