

“Building a profitable
mid-tier gold mining business”

NEWSLETTER

Chief Executive Officer's Report



We successfully restarted gold production eight months ago with the commencement of trial mining in Gill reef, some 1000 metres below Bendigo. The main purpose of the trial is to test our ability to estimate gold grades from exploration drilling. Results to date are very close to our estimates. Mine performance during the December quarter was particularly pleasing with excellent grade and strong production, as well as the discovery of new reefs and continuing cash conservation.

During the latest quarter 9180 ounces of gold were produced from ore grading 9.8 g/t gold (nearly one third of an ounce of gold per tonne of ore). This was almost double the production rate of the previous quarter. We also drilled two new reefs, Nankervis and Dunlop on the Nell Gwynne and Deborah lines respectively. Although it is early days, there is potential for

these reefs to be included in our future production plans. The strong A\$ gold price at about \$1350 per ounce is strengthening our income, with the Company's cash balance increasing by \$2 million during the quarter to \$45 million.

The success of the trial program has encouraged us to employ nine additional personnel to expand activities in the mine and process plant.

As we go to press, Bendigo along with several other parts of Victoria, has suffered from devastating bushfires resulting in severe loss of life and property. We send our sincere sympathies to all those affected by this catastrophic event.



Rod Hanson
Managing Director & CEO

Emergency Response Mutual Aid Training Day

During December, mine rescue teams from Bendigo, Fosterville, Stawell and Ballarat gold mines came together at the Bendigo Aquatic Centre to combine their strengths and develop their rescue skills. The four Victorian gold mines have signed an Emergency Response Mutual Aid Agreement, which provides a framework for the sharing of emergency response resources and personnel. The teams spent a long and hot day responding to a range of challenging scenarios designed to enhance rescue techniques, coordination and leadership skills. The teams are looking forward to building on their cooperative arrangements in future training sessions.



Bendigo Mining Open Day

Celebrating 10 years underground

Sunday 29th March 2009

11.00am - 3.00pm

66 Ham Street, Kangaroo Flat

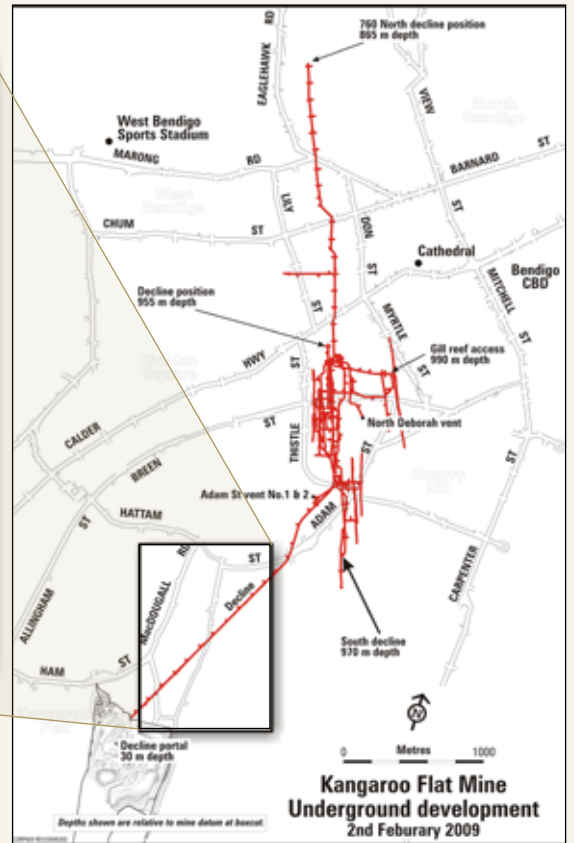
Free BBQ's • Displays

Site Tours every hour

Drilling at Nell Gwynne

In December, one of the underground diamond drill rigs commenced exploration drilling towards the historically productive Nell Gwynne line of reef. This has extended Bendigo Mining's underground exploration activities further west, allowing the geology of the Nell Gwynne anticline to be tested for the first time in more than fifty years.

Drilling is taking place in the upper part of the Swan Decline, targeting the southern part of the Nell Gwynne anticline to a depth of 650m below the surface. The closest historical workings on this part of the Nell Gwynne line is the Concord Mine, which was worked to a depth of approximately 330 m. Historical production from the Nell Gwynne line of reef produced approximately 200,000 ounces of gold.



Historical Facts about Mines on the Nell Gwynne Line

The south end of the Nell Gwynne line of reef was historically a scene of much activity. Important mines at the south end of the line included:

- The Nell Gwynne mine where a shaft was sunk to a depth of 1040 ft with 51,367 tons of ore mined and crushed to produce 12,475 ounces of gold.
- The North Bendigo mine where a shaft was sunk to the depth of 1183 ft and crushed 100,772 tons of ore and produced 21,669 ounces of gold.

- The Goldfields Consolidated mine where a shaft was sunk to a depth of 1600 ft and mined 32,571 tons of ore and produced 9,762 ounces of gold.

Once this initial drilling of the Nell Gwynne anticline has been completed, exploration of the adjacent Napoleon anticline will commence to test similar targets.

Woodvale Evaporation Ponds

There are currently a number of initiatives underway at the Woodvale Evaporation Ponds.

- Environmental consultants GHD have been engaged to provide engineering advice in relation to controlling seepage from the evaporation ponds. A hydrogeological assessment of the facility has been completed, which has included the trialing of a groundwater bore to intercept seepage. The consultant's proposal is currently being reviewed by an EPA auditor. The groundwater management plan is expected to be finalized in the first quarter of 2009.
- Rehabilitation of two of the evaporation ponds at Woodvale has been scheduled to commence at the start of winter. There have been some delays in completing the remediation design for ponds 4 and 5 in the south western corner of the facility, which has meant that earthworks have been postponed until after summer.
- The recent extreme hot weather has caused a significant increase in evaporation rates at the Woodvale ponds, resulting in very low water levels across the complex. Pumping of water from New Moon to Woodvale ceased over the Christmas holiday period when a buried section of the pipeline developed a leak. As the ponds dried out, a salty odour became apparent at the site boundary. It is recognized that people in the vicinity of the ponds find the odour unpleasant. This incident has highlighted the importance of keeping the base of the ponds covered with water in the hot weather.

2008 Sponsorship Highlights



The Bendigo Mining Sponsorship Program is aimed at providing funding for projects that deliver a clear community benefit for Bendigo. Sponsorships may include financial and/or in-kind support for community projects.

The end of year round of funding went to the following worthy applicants: Eaglehawk Dahlia & Arts Festival Idol Competition, Movember 2008 – Beyond blue/Prostate Cancer Foundation, St Vincent de Paul Kangaroo Flat Community Christmas Dinner for the underprivileged, Peter Harcourt Disability Services, Bendigo Swimming Club and for the Annual School Science Awards (six schools).

Increasing Processing Plant Throughput

In February, the process plant will extend its operating hours to 10pm in order to increase production rates. Since the commencement of trial processing in June 2008, the process plant has operated from 6am to 6pm, four days per week. The current trial mining and processing program has meant that the hours of operation have been chosen to match the tonnages produced from the trial mining campaign.

Mining activities will be ramping up in February as new ore zones are accessed. As a result, the process plant will need to increase throughput by approximately 30%, and therefore extend its hours of operation. The plant will continue to be operated four days per week.

When the plant was commissioned in August 2006 it operated 7 days per week, 24 hours per day.

The process plant incorporates a number of noise attenuation features in its design and it is not anticipated that near neighbours will notice any significant change in noise emissions from the site.

The noise monitoring program will continue to ensure that noise levels from all activities on site are being measured and minimised.



Remote Control Loader Training at BML



Instructor Rick Radcliffe had his hands full with twelve Bendigo miners participating in a one day course on operating remote control loaders in the week leading up to Christmas.



The group all had previous experience operating the loader underground from the driver's seat, so it wasn't long before they all had a good understanding of the remote controls. They had the machine, with each bucket load of ore weighing approximately 17 tonnes, moving around like a very large toy.

It is necessary to operate loaders by remote control when they are required to access the underground areas where ground support has not been installed and where the operator could be exposed to a risk of rock falls.



? Did you know?

Did you know that Gill reef is named after Mr John. G .Gill?

Mr Gill was born in the colliery district of Wales, in the United Kingdom, where he first started work as a machinist in a steam joinery factory. In 1892 he arrived in Bendigo where he immediately devoted his attention to mining. Working in several mines, he secured his first responsible position as Shift Boss at the Unity Mine, and then later became Underground Manager at the Great Extended Hustler Mine. Three years later he was appointed as Manager of the Unity Mine where he had previously worked.

In recent years, Bendigo Mining has named newly discovered reefs after past mine managers whose names start with the same letter as the line of reef. For example, new reefs discovered on the Garden Gully Line of reef are named after historic mine managers whose names start with a "G". Reefs on the Deborah Line are given names starting with "D", etc

Heather Langshaw - Community Affairs Co-ordinator



Since starting with Bendigo Mining since April 2008 as an Exploration Field Assistant and have now transferred to the HSE Department as the Community Affairs Co-ordinator.

Bridgewater is the town I call home, whilst raising five children, Kara 25, Matt 23, Brad 21, Jade 16 and Natasha 10. I share our partly run down, partly renovated house with my partner Steve. I grew up in Melbourne until I was a teenager, then travelled for several years around Australia with my family,

settling in Robinvale, Victoria where I spent the next 11 years. Since then I have lived in several states before returning for the second time to the Bendigo region. Prior to joining Bendigo Mining, I spent some time as a tour guide at the Central Deborah Tourist Mine.

My role as Community Affairs Co-ordinator includes co-ordination of community consultation activities, sponsorship programs, providing information about our operations to members of the public and organising open days and other public events.

My hobbies? Hiking, travel, a good movie, camping, spending time with my family, and going out with friends.

My favourite band? Meatloaf, Cold Chisel.

Football team? Western Bulldogs.

My dream holiday? To travel around Europe.

A typical weekend? Spending time with family, friends and studying.

My horoscope? Scorpio.

Keeping up to date



First Phase of Drilling Completed at North Eaglehawk

The initial phase of exploration drilling from the surface at the New Moon site in North Eaglehawk site commenced in June 2008 and concluded in October 2008.

The purpose was to identify gold bearing laminated quartz veins. 4191 metres of diamond drilling was completed comprising 10 parent holes and 9 'wedge holes'. No significant ore bodies were intersected during this drilling program. However, valuable geological information has been acquired about the historically profitable northern end of the goldfield, which will be assessed to determine whether further drilling is justified.

2008 was an eventful year, with a number of significant milestones achieved, including:

- Development of the large, high grade Gill reef.
- Recommissioning of the gold processing plant.
- Commencement of trial mining and processing, with production of 14,562 ounces of gold.
- Treated water from the New Moon water treatment plant supplied to Coliban Water to supplement rural water supplies during the first half of the year. The plant was placed on care and maintenance in the middle of the year when dewatering activities were scaled down.
- Purchase of new jumbo and loader for narrow mining in Gill reef.
- The Bendigo Mining Mine Rescue Team competed for the first time in the Victorian Underground Mine Rescue Competition.
- Northern exploration drilling program undertaken at the New Moon site in north Eaglehawk.
- Decommissioning and rehabilitation of a disused tailings dam at New Moon, utilizing soil excavated from the Bendigo Marketplace car park development.
- Transfer of Bendigo Mining's St Arnaud native vegetation offset land to Parks Victoria for inclusion in the St Arnaud National Park.
- Bendigo Mining celebrates the 10 year anniversary since underground development commenced at the Kangaroo Flat mine site.
- Successful winter revegetation planting completed at Woodvale, New Moon and Kangaroo Flat.

Community Clipboard

ERC Representatives

The Bendigo Mining Environmental Review Committee (ERC) meets quarterly to review activities occurring at the mine site and all environmental monitoring results. The Committee's Community Representatives are Mary Markey and Peter Foreman (Kangaroo Flat), Rose Walsh and Jan Pavich (Woodvale), and Ian Magee (Eaglehawk). For contact numbers, please call 5447 1834.

There is currently a vacancy on the Environmental Review Committee for a Community Representative from Eaglehawk. If you are interested in applying for the position as ERC Community Representative, please phone Peter Hargreaves at the City of Greater Bendigo on 5434 6441.

Community Advisory Board

The Community Advisory Board is an important link between the community and the mine. Current members from the Bendigo community are: Daryl McClure, Bendigo; Murray Oakes, Kangaroo Flat; David Richards, Eaglehawk; Dennis Demeo, Raywood; Cr. Rod Fyffe, City of Greater Bendigo; Anne Jones, Kangaroo Flat; Leighton Rawlings, Quarry Hill; Leon Scott, Eaglehawk, Bill Lucas, Kangaroo Flat; Billy Allen, Kangaroo Flat; and Maurie Sharkey, Goornong.

Need to contact us?

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