

Bendigo Mining
Limited
ABN 61 005 674 073

Corporate Details:

ASX Code: BDG

Issued capital:

507.9M ord. shares
1.5M unlisted options
2.1M unlisted perf. rights
2.2M unlisted share rights

Substantial Shareholders:

Orbis Funds 48.5M (9.6%)
STRS Ohio 32.1M (6.3%)

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 2009 Annual General Meeting

Good morning ladies and gentlemen.

I would like to report on your Company's strong performance during the past year, and equally importantly, outline what your Directors expect for the coming year.

2009 was a year of great progress where we successfully advanced from trial mining to consistent gold production at Kangaroo Flat, delivered a profit of some \$8 million and declared our maiden dividend. Just after year end, the Company's first major acquisition was concluded - the Henty Gold Mine in Tasmania. It has been a very productive, busy and successful year and one in which the Company has not only delivered to plan but advanced its strategic objectives.

The past year was also one of continuing global financial volatility. However, in times of crisis people turn to gold as a store of value and as a safe haven. This was indeed the case last year with the Australian dollar gold price increasing by 19% during the year.

The gold price peaked at just over A\$1500/oz in February of this year, driven in part by the collapse in the value of the Australian dollar to around 63 US cents. Since then we have had a strongly rising Australian dollar keep pace with a rising US\$ gold price. The strong Australian dollar is reducing part of the benefit of the rising US\$ gold price, however we are still achieving strong Australian dollar gold prices of around \$1200/oz, which I believe is an excellent price and provides a significant cash margin on our current production.

The continuing uncertainty in global economic conditions should continue to underpin demand for gold and support a strong gold price for some time. We are seeing central banks, such as those in China and more recently in India, becoming buyers of gold to diversify their reserve assets. So the future looks bright for gold.

It was against the rising Australian dollar gold price that your Company achieved record gold production of 36,927 oz of gold from the Kangaroo Flat Mine, generating revenue of \$43 million for the 2008/09 year. Strong mine performance delivered a profit after tax of \$8.25 million. This is our Company's inaugural net profit and represents a marked turnaround from the net loss of \$24.2 million reported in the previous year.

On the back of this performance the Board declared an unfranked dividend of 0.5 cents per share. This was the Company's first ever dividend and represented a payout ratio of around 30%.

The Board believes shareholders are due to be rewarded when Company performance is good, but the Board is conscious of the future capital demands of a growing business. It is the Board's intention to maintain a flexible dividend policy which, not unlike the policy of the many companies that historically worked the Bendigo Goldfield, rewards shareholders when it is prudent to do so, but also takes due account of the growth options available to the Company.

Our Company's strong financial performance during the year demonstrates that the operational approach pursued since 2007 is fundamentally sound. Trial

mining at Kangaroo Flat has been a success and we are now in a position to trust our visual grade estimation technique as a reliable method for assessing future exploration results and as a key input in resource estimation. This has been a major achievement in the year.

Shortly after the end of the financial year, we announced the acquisition of the Henty Gold Mine in Tasmania for a consideration of \$5 million in cash, \$3 million in Bendigo Mining ordinary shares and a royalty payable on production from future exploration discoveries outside the immediate mine area.

The Henty Mine has been operating for over 13 years and has produced more than one million ounces of gold at an average grade of 12 g/t gold. It has always been a small but high quality operation. Henty currently has a short mine life based on reserves, but we believe we can increase this with a relatively modest investment in exploration.

The Henty acquisition is consistent with the Company's strategy of building a profitable mid-tier gold company. The mine offered immediate gold production, significant exploration potential and had a modest acquisition price. Henty is a good operational fit with the Kangaroo Flat Mine in Bendigo, being similar in scale and nature of operations.

We will continue to look for more opportunities to add value to shareholders, which I believe Henty has done and will continue to do.

Shareholders may rightly ask when this value will be reflected in the share price. Whilst our share price performed well in a relative sense last year, I think our recent share price performance, particularly since announcing the Henty acquisition could have been better.

We are now a significant Australian gold producer with output of around 80-90,000 oz a year gold producer, we have over \$50 million in cash and 100% ownership of two highly-endowed goldfields.

Part of the explanation for the share price performance is undoubtedly a concern over short mine life. However, we consider that our resource base of 180,000 oz of gold, with good conversion of resources to reserves could be expected to underpin our mine plan for the next two years. It is not uncommon for companies with underground gold mines to have a modest reserve positions. However, what I believe sets us apart is the pedigree of the mineralised systems at Bendigo and at Henty and our ability to continue to explore and discover more resources.

With ownership of two great goldfields, we anticipate life beyond two years at both operations and I will leave it your Managing Director & CEO to explain where we are exploring and why we see great future potential. In summary, 2009 was a pivotal year for the Company. It was a year where we had consistent production, generated our first profit, paid our first dividend and successfully proved our grade estimation technique at Bendigo. Just after year end we also successfully completed our first major corporate acquisition.

The year ahead looks equally as promising, but there are a few external factors that create resistance as we move forward. Cost inflation is once again an issue to be managed, now that commodity prices and demand for Australian minerals have rebounded off a very low base in early 2009. We also see cost imposts on the horizon due to regulatory changes associated with the government's complex and onerous climate change policy, and potentially some adverse outcomes from the Henry tax review, such as increased mineral royalties. As a primary producer, we are unable to pass cost increases onto our customers and must therefore bear the full brunt of any increases.

On a more positive note, and with regards to matters that we can control, we plan to produce 80-90,000 oz of gold in the 2010 financial year and we will invest in exploration at our mine sites, both of which have an excellent chance of delivering exploration success. We plan to continue to grow and evolve and move down the path of becoming a successful mid-tier Australian gold producer.

In closing, I would like to sincerely acknowledge the efforts of our employees, management team and my fellow Directors. The business has delivered on the important production, cost and strategic goals we set ourselves for the year and I would like to thank everyone involved for their effort and dedication.

Finally, I would like to thank shareholders for their support and look forward to Bendigo Mining delivering solid returns during the year ahead.

Thank you

Peter McCarthy
Chairman