

26 August 2005

Attention: Company Announcements Office
Australian Stock Exchange Limited

**ANNUAL FINANCIAL STATEMENTS, DIRECTORS' REPORT AND INDEPENDENT
AUDIT REPORT**

Included herewith are Bendigo Mining Limited's Annual Financial Statements, Directors' Report and Independent Audit Report for the year ended 30 June 2005.

The full annual report is planned to be mailed to shareholders by the end of September 2005.

H.L. DUSSELJEE
Company Secretary

BENDIGO MINING Limited

ABN 61 005 674 073

Site Office: 66 Ham Street, Kangaroo Flat VIC 3555

Postal Address: Box 2113 Bendigo Mail Centre Vic 3554

PHONE (03) 5447 1834

FAX (03) 5447 1835

Email: info@bendigomining.com.au

BENDIGO MINING
ABN 61 005 674 073

Directors' Report, 2005 Financial Statements and
Independent Audit Report

Contents

Corporate Governance Statement	P 4
Directors' Report	P 8
Financial Statements	P 21
Directors' Declaration	P 53
Independent Audit Report	P 54
Shareholder Information	P 56

All references to \$ are Australian dollars unless otherwise indicated.

BENDIGO MINING LIMITED

Corporate Information

ABN 61 005 674 073

Directors:

R.B. Davis (Chairman)
A.D. Buerger (Managing Director)
R.H. Beevor
R.A. Guy OAM
P.L. McCarthy
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

Secretary:

H.L. Dusseljee

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:

Australian Stock Exchange Limited
ASX Company Security Code: BDG

Web Page

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

Corporate Governance Statement

The ASX Corporate Governance Council has developed a set of guidelines, Principles of Good Corporate Governance and Best Practice Recommendations. These guidelines are a significant development in the evolution of corporate governance in Australia.

The Company is in the process of evolution from exploration to gold mine development as its primary activity. Accordingly, a number of charters and policies have been revised and new codes and policies have been developed to ensure that the Company both complies as far as is practicable with the ASX Corporate Governance Council guidelines and has a corporate governance framework which is appropriate to the Company's change of focus to gold mine development.

These charters, codes and policies are available on the Company's website at www.bendigomining.com.au in the Corporate Governance section.

This Statement outlines the main Corporate Governance practices in place, based upon the Company's Corporate Governance framework.

Board of Directors

The Company is managed by a Board of Directors who are responsible for setting corporate direction, defining broad issues of policy and monitoring the business of the Company to ensure it is conducted appropriately and in the best interests of shareholders within the Company's Corporate Governance framework. With the approval of the Chairman the directors may seek independent professional advice, at the Company's expense, in relation to matters arising from the conduct of their duties.

Composition of the Board

The Board currently comprises a non-executive Chairman, four non-executive directors and an Executive Managing Director, who provide an appropriate mix of business and specialist skills and qualifications. The composition of the Board is consistent with ASX Best Practice Recommendations.

As a result of the Board Charter policy and the Company's evolution to gold mine development, the composition of the Board is continually in the process of being reviewed. That process will continue as the Company and its activities develop, but at all times the aim of the Board will be to continue to have the requisite set of skills and experience appropriate for the Company's needs.

Details of the directors are set out in the Directors Report.

Responsibility for the day-to-day management of the Company is delegated to the Managing Director within the corporate direction and broad policies set by the Board. He is directly accountable to the Board for the performance of the management team.

Corporate Governance Statement Continued

Board Charter

The Board has adopted a Board Charter providing for the composition of the Board to be determined using the following principles:

- The Board should comprise at least five directors (this number may be increased by the Board where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified) and in any event, the Board shall determine the number of directors from time to time;
- The chair of the Board should be an independent non-executive director;
- The Board should comprise a majority of non-executive directors; and
- The Board should have enough directors to serve on various committees of the Board without overburdening the directors or making it difficult for them to fully discharge their responsibilities.

Company policy defines an independent director as a non-executive director (i.e. not a member of management) who meets the following criteria:

- is not a substantial shareholder or an officer of, or otherwise associated directly with, a substantial shareholder;
- within the last three years has not been employed in an executive capacity or been a director after ceasing to hold such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or an employee materially associated with the service provided;
- is not a material supplier/customer or an officer of or otherwise associated directly or indirectly with a material supplier/customer;
- has no material contractual relationship with the Company other than as a director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

The Board considers that Messrs R H Beevor, R B Davis, R A Guy, and R Woodall are independent directors.

A process for performance evaluation of the Board has been formulated. There has been a number of changes to the Board during the year and as a result a performance evaluation of the Board was not carried out during the period under review.

Board Committees

The Company has reviewed the roles and responsibilities of its Board Committees to assist with the ongoing compliance with ASX Corporate Governance and Best Practice Recommendations.

These Committees have written Charters that are reviewed on a regular basis. The effectiveness of each Committee is also monitored. The decisions and recommendations of the Board Committees are communicated to the Board at the earliest opportunity, and where necessary decisions are submitted to the full Board for ratification.

Corporate Governance Statement Continued

Audit and Risk Management Committee

The Audit and Risk Management Committee comprises three non-executive directors – Mr R H Beevor (Chairman), Mr R A Guy and Mr R Woodall. The Committee meets at least three times per year and as necessary and other directors are invited to attend meetings. The Managing Director, Chief Financial Officer and external auditor may also attend Committee meetings by invitation.

The Committee's key responsibilities and functions are to:

- oversee the Company's relationship with the external auditor and the external audit function generally;
- oversee the preparation of financial statements and reports;
- oversee the Company's financial controls and systems; and
- manage the process of identification and management of business, financial and commercial risks.

The Committee meets and receives reports from the external auditors dealing with matters that arise in connection with their audits to fulfil these responsibilities. The external auditor has unrestricted access to the Committee Chairman.

The Committee is responsible for the review of performance and nomination of the external auditors. It is a policy of the Audit and Risk Management Committee that the audit partner must change every five years and that the Committee must approve any non-audit work performed by the auditors.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of Mr R A Guy (Chairman), Mr R H Beevor and Mr R B Davis and meets at least bi-annually and as necessary.

In relation to remuneration the Committee is responsible for the remuneration arrangements for senior executives including the Managing Director and reviewing and approving the general remuneration framework for other employees. To achieve this, the Committee has recourse to independent consultants and market surveys when fulfilling its primary role and determining the remuneration arrangements of senior executives.

The primary objective of the Company's remuneration policy is to ensure that the level and composition of remuneration enables the recruitment, retention and motivation of all senior management of the Company, in order to maximise the likelihood of achieving the Company's short, medium and long term business objectives. However, it is recognised that the structure and composition of remuneration varies for different senior managers, based largely on an individual's ability to have a direct impact on the performance of the organisation and comparability with an appropriate market.

In relation to the Managing Director and the senior management team, the policy objective is that the total remuneration package comprises elements of fixed and incentive remuneration. The incentive remuneration is designed to ensure an appropriate emphasis on long term growth and financial performance, whilst continuing to deliver short term goals. The individual components and guidelines taken into consideration by the Remuneration and Nomination Committee when structuring remuneration, covers fixed and performance based remuneration in addition to equities under an Employee Share Plan.

The Remuneration and Nomination Committee also makes recommendations to the Board for the remuneration of non-executive directors, which is based on advice received from independent consultants and market surveys and always at a level within the aggregate amount approved by shareholders in general meeting.

Corporate Governance Statement Continued

Remuneration and Nomination Committee continued

Retirement benefits are not payable to non-executive directors.

In relation to its nomination responsibilities, the Remuneration and Nomination Committee establishes criteria for Board membership, reviews Board membership and identifies and nominates potential directors for consideration by the Board. External advisors may be used to assist in this process. Board membership is reviewed at least annually to ensure an appropriate mix of qualifications, skills and experience. Candidates are appointed by the Board and must stand for election at the next following general meeting of shareholders (other than the Managing Director).

Thereafter directors are subject to re-election at least once every three years. The tenure for executive directors is linked to their holding of executive office.

Health, Safety, Environment and Security Committee

The Health, Safety Environment and Security Committee ('HSES Committee') consists of Mr McCarthy (Chairman), Mr R H Beevor and Mr A D Buerger. It is the objective of the Board that at least two members of the Committee have an operational level understanding of the mining industry and that the chairman of the Audit Committee is a member of the HSES Committee. The Committee meets at least twice per year and as necessary and other directors and members of the management team are invited to attend meetings.

The objective of the Committee is to advise the Board in relation to health, safety, environmental and security matters arising out of the activities of the Company as they affect employees, contractors, visitors and the communities in which the Company operates.

Conflicts of Interest

In accordance with the Corporations Act 2001 and the Company's Constitution, directors of the Company must keep the Board advised, on an ongoing basis, of any material personal interest in a matter that relates to the affairs of the Company. Where the Board believes that a director has a material personal interest in a matter, the director concerned will not receive the relevant Board papers and will not be present at the meeting of directors (and thereby does not cast a vote) whilst the item is considered. The Company has developed procedures to assist directors to disclose material personal interest.

Ethics and Conduct

The Board requires that the Company sets and maintains exemplary standards of corporate and employee practices and ethics. All directors, managers and employees are expected to act with the utmost integrity and objectivity and to endeavour at all times to enhance the reputation and performance of the Company. The Company has a Code of Conduct which is communicated to all employees and reviewed by the Board on a regular basis.

The Company's Share Trading Policy sets out the times and circumstances in which directors, employees and parties legally related to them, may trade in the shares of the Company. Trading is not permitted when directors or employees possess price sensitive information which has not yet been disclosed to the market.

Shareholder Communication

Shareholders are informed of the activities of the Company through annual and quarterly reports and are encouraged to attend the Annual General Meeting. The Company also maintains a comprehensive and up to date website at www.bendigomining.com.au

Directors' Report

The directors present the financial report of the Company for the year ended 30 June 2005.

Directors

The names and relevant details of directors of the Company in office during or since the end of the financial year are as follows:

Current Directors

- **R. Bryan Davis – BSc (Tech), FAusIMM, MAICD
Non-Executive Chairman**

Mr Davis is a mining engineer with more than 40 years experience in the industry. He is a former executive director of Pasminco Limited and currently a non-executive director of Newcrest Mining Limited, Coal & Allied Industries Limited and OneSteel Limited. He took over as non-executive chairman from Mr T P Philip on 1 September 2004, the day of his appointment.

- **A. Douglas Buerger - BSc, MPhil, FAusIMM, MAICD
Managing Director and Chief Executive Officer**

Mr Buerger has over 35 years experience in exploration and mining in Africa and Australia. He has been involved in evaluation, development and mine management and has served in senior management positions in a number of public companies. He has been with the Company since October 1994 and was appointed to the position of Managing Director in July 1995.

- **Ronald H. Beevor - BA (Hons)
Non – Executive Director**

Mr Beevor is a former investment banker and was Head of Investment Banking at N M Rothschild & Sons (Australia) Limited between 1997 and 2002. He has had an extensive involvement with the natural resources industry, both in Australia and overseas. He is a director of Oxiana Limited, Eastern Mediterranean Resources Public Limited, QMAG Limited and Emerson Exploration Australia Pty Ltd. He joined the Board in November 2002.

- **Richard A. Guy OAM - BAppSc, MSc,
Non – Executive Director**

Mr Guy is chairman of Bendigo Bank and Bendigo-based Crystal Industries Group, a director of Elders Rural Bank Limited, a director of Girton Grammar School Limited and has served on national and international boards in the cold storage industry. He is an engineer by training and plays a prominent role in various community and charitable organisations. He has chaired the Bendigo Bank through a period of rapid growth and development including the conversion to Bank status in 1995, a number of mergers, joint ventures and the introduction of the community banking concept. Mr Guy joined the Board in January 2005.

- **Peter L. McCarthy – CPEng, BSc (Eng), MGeosc, FAusIMM, MIEAust, MAIME, MAICD
Non-Executive Director**

Mr McCarthy has more than 35 years experience in the mining industry. He is the Managing Director of AMC Consultants, a prominent mining consultancy group in Australia. His principal expertise is in underground mining and project evaluation. Mr McCarthy joined the Board in September 2004.

- **Roy Woodall AO - BSc (Hons), MSc, Hon DSc, FAA, FTSE, FAusIMM
Non-Executive Director**

Mr Woodall has 50 years experience in both mining geology and mineral exploration and has received many national and international honours and awards. He managed Western Mining Corporation's (WMC) successful exploration program for 28 years, including 17 years as a director of WMC. Mr Woodall is a non-executive director of Strike Oil Ltd. He joined the Board in September 2001.

Directors Continued

Directors resigned during the year.

- **T. Peter Philip - BSc(Met Eng), MAIME, FSAIMM
Non-Executive Chairman**

Mr Philip retired from Newmont Mining Corporation in 1994 after a 40 year association, the last position held being that of President and Chief Operating Officer. He was involved in all aspects of general management. He resigned as a director of Bendigo Mining on 5 November 2004.

- **Tobias J. Brown
Non-Executive Director**

Mr Brown is the Managing Director of UCL Asia Ltd and a director of numerous companies associated with the interests of the late Sir James Goldsmith. He resigned as a director of Bendigo Mining on 31 December 2004.

- **Thaddeus S.A. Grobicki - BSc(Hons) (Geology), MSc (Mineral Exploration) (London), PrSciNat, FIMM
Non-Executive Director**

Mr Grobicki has over 30 years experience in all aspects of the mining industry, including exploration, evaluation, development, mine management and financial and corporate management. Mr Grobicki has served at a senior management level in a wide range of public and private companies in the mining sector. He was appointed as executive director of Harmony Gold Mining Company Limited in 1999. He resigned as a director of Bendigo Mining on 4 April 2005.

- **Constantine G. Papadimitriou
Non-Executive Director**

Mr Papadimitriou is the Managing Director of Cavamont Services S.A. and an executive director of numerous companies associated with the interests of the late Sir James Goldsmith. Mr Papadimitriou's tenure as an alternate director for Mr Tobias Brown ended on 31 December 2004 when Mr T Brown resigned as a director of Bendigo Mining.

Directors' Meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year nine Board meetings, four Remuneration and Nomination Committee meetings, three Audit and Risk Management Committee and two Health, Safety, Environment and Security Committee meetings were held.

Directors	Board of Directors		Remuneration And Nomination Committee		Audit and Risk Management Committee		HSE & Security Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
R.B. Davis	6	6	4	4	-	-	-	-
T.P. Phillip	5	5	-	-	-	-	-	-
R.H. Beevor	9	7	4	2	3	3	2	2
T.J. Brown	5	5	1	1	1	1	-	-
A.D. Buerger	9	9	-	-	-	-	2	2
T.S.A Grobicki	8	5	1	1	-	-	2	0
R.A. Guy	4	3	3	3	2	2	-	-
P.L. McCarthy	6	6	-	-	-	-	2	2
R. Woodall	9	8	-	-	3	2	-	-
C.G. Papadimitriou*	-	-	-	-	-	-	-	-

* Mr C.G. Papadimitriou was an alternate director for Mr T.J. Brown

Review of Operations

With the successful raising of \$115 million early in the financial year the focus of the Company changed from exploration to mine development. Underground development activities recommenced in December 2004 and 1,087 m of development was completed by the financial year end. A decision was made to construct the southern treatment plant in one stage at 600,000 t/y capacity, rather than two stages as originally planned. Plant construction commenced in late May 2005. Gold production, at an initial rate of 120,000 oz/y, is planned by June 2006.

An important milestone was achieved with a substantial portion of the gold mineralisation, previously described informally as 'resource potential', being re-classified as an Inferred Resource of 23.5 million tonnes at 14.5 g/t gold for 11 million ounces. Some 17,000 m of drilling was completed during the year. The exploration results continue to confirm the geological model and substantial new reefs have been identified in predicted positions.

A more detailed review of the operations during the year and the results of those operations appear in the Managing Director's Report and the Review of Operations and Exploration sections of the 2005 Annual Report.

State of Affairs

In July 2004, the Company successfully completed a \$100 million global institutional placement and in August 2004 completed a \$15 million Share Purchase Plan for existing shareholders.

During the 2005 financial year the Company expended funds on underground development, plant construction and ore delineation. The statement of financial position reflects the drawdown on cash resources to leave a balance of \$89.6 million at 30 June 2005. Investment in property, mine development and plant and equipment has increased from \$4.8 million last year to \$27.0 million at 30 June 2005. The state of the Company's affairs is disclosed in detail in the Financial Statements and the notes thereto.

Other than the above, no significant changes in the state of affairs of the Company occurred during or since the end of the financial year.

Future Developments

The Company commissioned AMC Consultants Pty Ltd to update and optimise the March 2004 Feasibility Study. The results and key assumptions of the new study, the Development Strategy Study 2005, were announced to ASX on 5 August 2005. The results of the study support the Company's two phase development strategy. Phase 1, the south mine is planned to deliver 120,000 oz/y by June 2006, increasing to 200,000 oz/y after three years. Phase 2, the north mine, is planned to produce 400,000 oz/y from 2011/12. The estimated capital cost of the south and north mines is \$375 million.

Subsequent Events

With the announcement of the Development Strategy Study on 5 August 2005 the Company indicated that, based on the assumptions of the Development Strategy Study, the total funding requirement for the south and north mine is estimated at \$338 million. This is planned to be funded by available cash of \$78 million, further equity raisings of around \$140 million and an assumed debt raising of \$120 million in 2010. The \$140 million in equity is not required in one tranche and could be split between the 2005/06 financial year and later years. The Board is considering the structure of such future capital raising which may include the participation of shareholders. The Company has appointed Macquarie Bank as financial advisor in these matters.

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the Company's operations, the result of those operations or the state of affairs in subsequent financial years.

Share Options

During or since the end of the financial year the Company issued 5,324,000 options for the purchase of ordinary shares in the Company. Options totalling 650,000 were issued to the Chairman after approval was provided by shareholders at the Annual General Meeting held on 5 November 2004.

At the date of this report the Company had 5,476,353 options on issue. These options were issued to directors, executive officers and key persons as detailed in the table below.

	Number of Options as at 1.7.04	Number of Options Granted during or since the end of the financial year	Number of Options Exercised during or since the end of the financial year	Number of Options Lapsed during or since the end of the financial year	Number of Options as at 25.8.05
Directors and Executive Officers					
Mr R.B. Davis	-	650,000 (8)	-	-	650,000
Mr A.D. Buerger	50,000 (1)	-	-	50,000	-
Mr R. Woodall	40,000 (6)	-	-	-	40,000
Mr G.F. Johansen	8,333 (1) 13,333 (2) 23,334 (4)	520,000 (9)	-	8,333 (1) 13,333 (2) 11,667 (4)	531,667
Mr H.L. Dusseljee	23,334 (4)	520,000 (9)	-	11,667	531,667
Mr R.J. Hanson	-	520,000 (9)	-	-	520,000
Mr T.S. Churcher	-	520,000 (9)	-	-	520,000
Sub Total	158,334	2,730,000	-	95,000	2,793,334
Key Persons	1,667 (1) 65,664 (2) 16,665 (3) 148,180 (4) 13,667 (5)	2,594,000 (9)	-	1,667 (1) 65,664 (2) 8,330 (3) 75,497 (4) 5,666 (5)	2,683,019
Total	404,177	5,324,000	-	251,824	5,476,353

Category (1): These options vested in three equal portions on 1 November 1999, 1 November 2000 and 1 November 2001, and were exercisable during each three-year period following vesting. The options were exercisable at the price of 11 cents per share but became exercisable at \$1.10 per share because of the 1:10 share consolidation on 6 May 2004. At the grant date, 20 October 1998, the share price was 7.6 cents and the value of the options at that date has been estimated at 5.0 cents.

Category (2): These options vested in three equal portions on 30 July 2000, 30 July 2001 and 30 July 2002, and were exercisable during each three-year period following vesting. The options were exercisable at the price of 11 cents per share but became exercisable at \$1.10 per share because of the 1:10 share consolidation on 6 May 2004. At the grant date, 30 July 1999, the share price was 9.0 cents and the value of the options at that date has been estimated at 5.1 cents.

Share Options Continued

Category (3): These options vested in three equal portions on 1 March 2001, 1 March 2002 and 1 March 2003, and may be exercised during each three-year period following vesting. The options were exercisable at the price of 20.5 cents per share but are now exercisable at \$2.05 per share because of the 1:10 share consolidation on 6 May 2004. At the grant date, 1 March 2000, the share price was 16.6 cents and the value of the options at that date has been estimated at 11.2 cents.

Category (4): These options vested in three equal portions on 29 June 2001, 29 June 2002 and 29 June 2003, and may be exercised during each three-year period following vesting. The options were exercisable at the price of 18 cents per share but are now exercisable at \$1.80 per share because of the 1:10 share consolidation on 6 May 2004. At the grant date, 29 June 2000, the share price was 14.5 cents and the value of the options at that date has been estimated at 10.2 cents.

Category (5): These options vested in three equal portions on 5 September 2001, 5 September 2002 and 5 September 2003, and may be exercised during each three-year period following vesting. The options were exercisable at the price of 23.5 cents per share but are now exercisable at \$2.35 per share because of the 1:10 share consolidation on 6 May 2004. At the grant date, 5 September 2000, the share price was 18 cents and the value of the options at that date has been estimated at 9.5 cents.

Category (6): These options vested in full on 19 December 2002 and may be exercised during the three-year period following vesting. The options were exercisable at the price of 25 cents per share but are now exercisable at \$2.50 per share because of the 1:10 share consolidation on 6 May 2004. At the grant date, 19 December 2001, the share price was 16.5 cents and the value of the options at that date has been estimated at 7.1 cents.

Category (7): These options lapsed during the 2004 financial year (see note 14(iv) of the Financial Statements).

Category (8): These options vest in full on 8 November 2007 and may be exercised during the three-year period following vesting. The options are exercisable at the price of 90 cents per share. At the grant date, 5 November 2004, the share price was \$1.15 and the value of the options at that date has been estimated at 58.4 cents.

Category (9): These options vest in three equal portions on 26 July 2006, 26 July 2007 and 26 July 2008, and may be exercised during each three-year period following vesting at the price of \$1.39 per share. At the grant date, 26 July 2005, the share price was \$1.07 and the value of the options at that date has been estimated at 28 cents.

Directors' Shareholdings

Particulars of ordinary shares and options to purchase ordinary shares in the Company, in which directors have a relevant interest at the date of this report, are as follows:

Director	Ordinary Shares	Share Options
R.B. Davis	30,000	650,000
R.H. Beevor	175,428	-
A.D. Buerger	437,421	-
R.A. Guy	20,000	-
P.L. McCarthy	20,455	-
R. Woodall	41,201	40,000

Interest in Contracts

At the date of this report and since the date of the previous report, no director has declared any interest in any contract or proposed contract with the Company other than those disclosed within the related party details (see note 25 of the Financial Statements).

Principal Activities

The principal activities of the Company during the course of the financial year were underground development, plant construction and ore delineation.

Indemnification

The Company has entered into a Deed of Access, Insurance and Indemnity with each director of the Company that indemnifies the director to the extent permitted by law against liabilities and legal costs incurred by the director as an officer of the Company.

During the year the Company paid a premium under a contract insuring the directors and officers of the Company against liability incurred in that capacity. Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

The Company has not otherwise during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as an officer or auditor.

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.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 20 of the financial report.

Company Secretary

H.L. Dusseljee – BCompt (Hons)

Mr Dusseljee has over 20 years experience in the industry. He has extensive experience in financial management in the mining industry having held senior positions at gold and diamond mining operations of Anglo American Corporation and De Beers. He joined Bendigo Mining as Chief Financial Officer in 1997 and was appointed Company Secretary on 19 April 2001.

Non-audit Services

No non-audit services were provided by the external auditors during the financial year.

Trading Results

The net loss for the year amounted to \$8,099,000 (2004: \$13,764,000).

Dividend

No dividend has been paid during the year and no recommendation is made as to dividends.

Directorships of Other Listed Companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Director	Company	Period of Directorship
R.B. Davis	Newcrest Mining Limited Indophil Resources N.L. Coal & Allied Industries Limited OneSteel Limited	1998 to date 2000 to 2005 2000 to date 2004 to date
R.H. Beevor	Oxiana Limited Kimberly Diamond Company N.L. Eastern Mediterranean Resources Public Limited OMAG Limited Emerson Exploration Australia Pty Ltd	2002 to date 2003 to 2004 2004 to date 2005 to date 2005 to date
R.A. Guy	Bendigo Bank Limited	1982 to date
R. Woodall	Strike Oil Limited Gympie Gold Limited Rothschild Golden Arrow Investors and Global Resource Funds	1996 to date 2000 to 2004 1997 to 2003

Environmental Governance

Environmental Performance

The recent Supplementary Report to the Deborah Reef EES resulted in a comprehensive and systematic review of all potential impacts resulting from the Company's operations. As a result, management plans have been developed and approved by regulators and relevant Ministers to ensure impacts are managed appropriately.

The conditions of the Company's Mining Licences and Work Plan approvals include a range of limits and requirements for the monitoring of impacts (table below). The Company established an Environmental Review Committee, consisting of representatives of the relevant authorities and the community, to review environmental performance.

	2002 - 2003		2003 - 2004		2004 - 2005	
	% Monitoring requirements to standard	% Compliance of results	% Monitoring requirements to standard	% Compliance of results	% Monitoring requirements to standard	% Compliance of results
Acoustic	97.9	99.2	100	99.5	96.9	98.6
Respirable Dust (PM ₁₀)	92	95.4	84	100	91.3	99.3
Blast Vibration	91.8	100	100	100	71.6 (1)	100
Odour	93.9	96.3	95.8	98.0	100	100
Water Treatment Plant	N/A	N/A	100	0.0	100	100

(1) Vibration limits were met for 239 blasts monitored throughout the year. However 95 blasts were not monitored in accordance with our vibration monitoring plan (approved in 1998) which states that we monitor each blast at the nearest residence.

Environmental Performance continued

The underground blasts are now deep enough not to register vibration above the compliance limits on surface except in the case of possible transmission along geological structures. Therefore monitoring at residences immediately above deep blasts is not always necessary and the level of monitoring was reduced. The Company is in discussions with the regulators to adjust the vibration monitoring plan.

There were 14 Class 1 or 2 environment and community incidents during 2004/05, these include:

- Two noise complaints related to a pump operating during the night at New Moon – this pump has since been removed.
- Eight noise-related incidents at Carshalton – we continue to identify opportunities for improvement such as quieter equipment and on-site noise attenuation.
- Three incidents related to water discharges– additional high-level shut-off systems have been installed.
- One incident related to a delay in reporting to the Environment Protection Agency (EPA) owing to a belief that incorrect results had been received from the laboratory. Whilst this was the case, the EPA indicated that in future where any doubt exists a report should be made.

Penalties

There were no incidents that resulted in penalties being imposed by the authorities.

Effectiveness of Communication

A program of engagement with the community is a way in which the Company measures its performance. In the year over 8,100 community contacts were made through visits to site, contacts in relation to monitoring results, requests for information and speaking engagements.

The Company has a system for recording community enquiries and complaints. The aim is to ensure that all potential impacts are minimised through appropriate management.

In total, 22 complaints and 164 enquiries were received during the year. The Company encourages the community to contact it at any time for information. Whilst these calls often did not relate to impacts from operations, this strategy has allowed the Company to fully inform callers of what could be perceived to have been an impact or risk of Company activities. In 93% of the cases response was within 24 hours and in 71.5% of the cases the corrective actions for these were implemented within 24 hours. The remaining requests were predominantly requests for information.

In a recent survey to assess the views of the community in relation to the Company and its activities, 89% of those surveyed believed that the community benefits from the Company's activities. This has been the broadest-scale survey that has been done since the commencement of the operations at the Carshalton site in 1998.

Remuneration Report

It is the Board's policy that remuneration packages are market related reflecting the duties and responsibilities of the positions, recognise and award performance and provide incentive and motivation to pursue the long term growth and success of the Company within an appropriate control framework.

Non-executive Directors

Non-executive directors' fees reflect the responsibilities and demands made of the directors. Guidance is obtained from independent industry surveys to ensure that director fees are appropriate and in line with the market. The Chairman's fees reflect the increased responsibility of the role and are based on comparative positions in the industry.

Non-executive directors currently receive \$50,000 per year and the Chairman \$100,000. No committee fees are paid and no retirement benefits are provided other than statutory superannuation contributions.

In November 2004 the shareholders approved the issue of 650,000 options to the Chairman. The options were issued to Mr R B Davis to secure his tenure with the Company and, as part of his remuneration as chairman, to provide him with an incentive to improve the financial performance of the Company and, in turn, shareholder value.

The maximum amount approved by shareholders which may be paid by the Company, in total, to all the non-executive directors is \$500,000 per year.

Executives

Executive remuneration comprises fixed and variable remuneration. Fixed remuneration includes base salary, superannuation and any applicable fringe benefits. In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the Remuneration Committee seeks external advice in connection with the structure of remuneration packages. The Remuneration Committee has regard to the results of industry remuneration surveys and has commissioned survey reports for a selection of companies comparable in size to the Company. In recognition of the scale of operations that the Company is developing and the challenges inherent to developing the Bendigo Project optimally, fixed remuneration is targeted at the average levels within the industry for comparable positions.

Variable remuneration will be provided from the 2006 financial year and is in form of an incentive package comprising about 10% short term incentives ('STI') in the form of a cash bonus and 15% long term incentives ('LTI') in the form of share options.

The STI is an 'at risk' cash bonus awarded at the end of the 2006 financial year. No STI has been formulated yet for the years after 2006. STI is aimed at awarding executives for the achievement of agreed Company performance targets including safety, financial and project goals. For the 2006 year the goals are aimed at achieving first gold production safely, on time and on budget. Entitlement is dependent upon achieving a threshold level of performance. Below the threshold no payment is made. Once the threshold level is passed, the amount paid is increased if target and stretch levels of performance are achieved. For 2006 the maximum STI payable to the Managing Director is \$40,000 and the other executives is \$25,000.

The LTI is aimed at aligning the executives' interests with those of shareholders and to encourage executives to build up a stake in the Company. Options vest in three equal tranches, one, two and three years after the grant date. The exercise price of the options is at a 30% premium to the prevailing share price at the time of issue and encourages executives to actively build the long term market value of the Company.

Remuneration Report continued

The STI and LTI policy described above will be implemented for the first time in the 2006 financial year. In the past share options have been issued from time to time. The directors believe that the current combination of STI and LTI will encourage team effort and focus executives on attaining production goals while promoting the long term strategic development of the Company. If the short term goals are not achieved, no bonus is paid, and if the long term development goals of the Company are not achieved the options will not gain in value. In regards to the Company's performance during the 2005 financial year, the Company made a net loss of \$8 million which is attributable to the exploration and mine development activities undertaken during the year and the share price increased from \$0.88 in July 2004 to \$1.04 at the end of June 2005. No dividends were paid in the 2005 financial year.

Company Executive Contracts

The following table discloses the details of executive contracts that are held with the Company:

Directors and Company Executives	Duration of Contract	Termination Notice
Director		
Mr A.D. Buerger	Until 31 December 2006	6 months
Company Executives		
Mr T.S. Churcher	Until 31 December 2006	3 months
Mr. H.L. Dusseljee	Until 31 December 2006	3 months
Mr. G.F. Johansen	Until 31 December 2006	3 months
Mr. R.J. Hanson	Until 31 December 2006	3 months

Termination payment equal to the remuneration package as defined in the agreement for the remaining period to 31 December 2006 is required upon termination unless termination occurs because the executive engages in conduct that warrants the summary termination of the contract or the executive commits a material breach of the contract that is not remedied within a specified time or cannot be remedied.

Remuneration Report continued

The following tables disclose the remuneration of the directors of the Company and the company executives of the Company paid during the financial year. The amount of directors' and company executives' remuneration has been determined on the basis of cost to the Company.

	Position	Primary				Post Employment	Equity	Total
		Salary & fees	Bonus * ¹	Leave Entitlements * ²	Non-monetary * ³	Super-annuation	Options	
		\$	\$	\$	\$	\$	\$	\$
Directors								
R.B. Davis* ⁴	Non-executive	83,333	-	-	-	7,500	82,506	173,339
T.P. Philip* ⁵	Non-executive	10,434	-	-	-	-	-	10,434
R.H. Beevor	Non-executive	42,250	-	-	-	-	-	42,250
T.J. Brown* ⁶	Non-executive	15,000	-	-	-	-	-	15,000
A.D. Buerger	Managing director	351,092	300,000	95,256	26,063	31,599	-	804,010
T.S.A. Grobicki* ⁷ Mr Grobicki's fees were paid to Harmony Victoria Pty Ltd	Non-executive	29,074	-	-	-	-	-	29,074
R.A. Guy* ⁸	Non-executive	22,312	-	-	-	2,008	-	24,320
P.L. McCarthy* ⁹	Non-executive	35,000	-	-	-	2,250	-	37,250
R. Woodall	Non-executive	40,000	-	-	-	-	-	40,000
Company Executives								
T.S. Churcher* ¹⁰	Corporate Affairs Manager	91,445	-	8,042	380	8,230	-	108,097
H.L. Dusseljee	Chief Financial Officer	264,967	190,000	71,751	23,433	23,847	-	573,998
R.J. Hanson* ¹¹	Chief Operating Officer	127,847	-	12,513	35,979	11,752	-	188,091
G.F. Johansen	Geology Manager	206,374	190,000	20,080	21,323	17,888	-	455,665

*¹ The Company paid a one-time bonus in September 2004 to certain executives, employees and project team members. The bonus was in recognition of services provided in the past to bring the Company from an exploration phase to a project development phase and to promote ongoing commitment to the project. The calculation of the bonus recognised tenure and the level of contribution made by individuals.

*² Leave Entitlements are increases in the total value of annual and long service leave not yet taken that have occurred during the financial year.

*³ Non monetary benefits include the provision of motor cars, salary continuance insurance and fringe benefit taxation.

*⁴ R.B. Davis commenced as a director on 1 September 2004.

*⁵ T.P. Philip resigned as a director on 5 November 2004.

*⁶ T.J. Brown resigned as a director on 31 December 2004.

*⁷ T.S.A. Grobicki resigned as a director on 4 April 2005.

*⁸ R.A. Guy commenced as a director on 18 January 2005.

*⁹ P.L. McCarthy commenced as a director on 1 September 2004.

*¹⁰ T.S. Churcher commenced as a company executive on 17 January 2005.

*¹¹ R.J. Hanson commenced as a company executive on 4 January 2005.

Remuneration Report continued

The value of the share options included in the above table is based on the estimated value of the options at grant date using the Black Scholes option pricing model and spreading this estimated value over the vesting period. The model calculation assumed no dividends during the life of the options and took into consideration the exercise price of the options, the life of the options, the share price at grant date, the projected volatility of the share price over the life of the option and a risk-free interest rate for the life of the options to arrive at the estimated value. Option values are not recognised in the financial statements except for the purpose of determining directors' and executives' remuneration.

Value of options issued to directors and executives

The following table discloses the value of options granted, exercised or lapsed during the year.

	Options Granted	Options Exercised	Options Lapsed	Total value of options granted, exercised and lapsed	Value of options included in remuneration for the year	Percentage of total remuneration for the year that consists of options %
	Value at grant date	Value at exercise date	Value at time of lapse			
	\$	\$	\$	\$	\$	
Directors						
Mr R.B. Davis	379,600	-	-	379,600	82,506	47.6
Mr R.H. Beevor	-	-	-	-	-	-
Mr A.D. Buerger	-	-	Nil	Nil	-	-
Mr. R.A. Guy	-	-	-	-	-	-
Mr. P.L. McCarthy	-	-	-	-	-	-
Mr. R. Woodall	-	-	-	-	-	-
Company Executives						
Mr T.S. Churcher	-	-	-	-	-	-
Mr. H.L. Dusseljee	-	-	Nil	Nil	-	-
Mr. G.F. Johansen	-	-	Nil	Nil	-	-
Mr. R.J. Hanson	-	-	-	-	-	-

The total value of options granted, exercised and lapsed is calculated based on the following:

- Fair value of the option at grant date multiplied by the number of options granted during the year; plus
- Fair value of the option at the time it its exercised multiplied by the number of options exercised during the year; plus
- Fair value of the option at the time of lapse multiplied by the number of options lapsed during the year. The options that lapsed during 2005 were all exercisable at a higher price than the share price on the day that the shares lapsed. As a result a nil value is recorded at the time the options lapsed.

The total value of options included in remuneration for the year is calculated in accordance with Accounting Standard AASB 1046 'Director and Executive Disclosures by Disclosing Entities', as amended by Accounting Standard AASB 1046A. The Standard requires the value of the options to be determined at grant date and to be included in remuneration on a proportionate basis from grant date to vesting date.

Signed in accordance with a resolution of directors made pursuant to Section 298(2) of the Corporations Act 2001.



R B Davis
Chairman



A.D. Buerger
Managing Director & Chief Executive Officer

Bendigo, 25 August 2005.

Auditor's Independence Declaration

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

25 August 2005

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 audit of the financial statements of Bendigo Mining Limited for the year ended 30 June 2005, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



CCA Mottershead
Partner
Chartered Accountants

Bendigo Mining Limited
Statement of Financial Position as at 30 June 2005

	Note	2005 \$000	2004 \$000
CURRENT ASSETS			
Cash Assets	2	89,599	6,477
Receivables	3	1,469	406
Inventories	4	305	-
Other financial assets	5	1,335	950
Other	6	<u>113</u>	<u>136</u>
TOTAL CURRENT ASSETS		<u>92,821</u>	<u>7,969</u>
NON CURRENT ASSETS			
Property, plant and equipment	7	<u>27,025</u>	<u>4,817</u>
TOTAL NON CURRENT ASSETS		<u>27,025</u>	<u>4,817</u>
TOTAL ASSETS		<u>119,846</u>	<u>12,786</u>
CURRENT LIABILITIES			
Payables	8	8,464	1,991
Provisions	9	<u>631</u>	<u>407</u>
TOTAL CURRENT LIABILITIES		<u>9,095</u>	<u>2,398</u>
NON CURRENT LIABILITIES			
Provisions	10	<u>2,216</u>	<u>1,690</u>
TOTAL NON CURRENT LIABILITIES		<u>2,216</u>	<u>1,690</u>
TOTAL LIABILITIES		<u>11,311</u>	<u>4,088</u>
NET ASSETS		<u>108,535</u>	<u>8,698</u>
EQUITY			
Contributed equity	13	230,874	122,938
Accumulated losses	15	<u>(122,339)</u>	<u>(114,240)</u>
TOTAL EQUITY		<u>108,535</u>	<u>8,698</u>

Notes to the financial statements are included on pages 24 to 52.

Bendigo Mining Limited
Statement of Financial Performance
for the Financial Year Ended 30 June 2005

	Note	2005 \$'000	2004 \$'000
Revenue from funds investment activities		5,340	661
Other revenue from ordinary activities		180	3,204
Exploration expenses	17	-	(14,621)
Ore delineation expenses	17	(2,857)	-
Mining expenses	17	(7,223)	-
Corporate & administration expenses		(3,539)	(3,008)
		<hr/>	<hr/>
Loss From Ordinary Activities Before Income Tax Expense	16	(8,099)	(13,764)
Income Tax Expense Relating To Ordinary Activities	20	-	-
		<hr/>	<hr/>
Net Loss		(8,099)	(13,764)
Total Revenue, Expenses and Valuation Adjustments Recognised Directly as Equity		<hr/>	<hr/>
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners		(8,099)	(13,764)
		<hr/>	<hr/>
Basic Loss Per Share – (cents per share)	21	3.3	14.7
Diluted Loss Per Share – (cents per share)	21	3.3	14.7

Notes to the financial statements are included on pages 24 to 52.

Bendigo Mining Limited
Statement of Cash Flows
For the Year Ended 30 June 2005

	Note	2005 \$'000	2004 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and other revenue received		5,139	3,902
Payments to suppliers and employees		<u>(11,902)</u>	<u>(17,260)</u>
Net cash used in operating activities	19	<u>(6,763)</u>	<u>(13,358)</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Payments for property, plant and equipment		(18,140)	(810)
Proceeds from sale of property, plant & equipment		<u>89</u>	<u>-</u>
Net cash used in investing activities		<u>(18,051)</u>	<u>(810)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		115,004	208
Capital raising expenses		<u>(7,068)</u>	<u>-</u>
Net cash provided by financing activities		<u>107,936</u>	<u>208</u>
Net increase / (decrease) in cash held		83,122	(13,960)
Cash at the beginning of the Financial Year		<u>6,477</u>	<u>20,437</u>
Cash at the end of the Financial Year	2	<u>89,599</u>	<u>6,477</u>

Notes to the financial statements are included on pages 24 to 52.

Bendigo Mining Limited

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2005

1 Summary of Accounting Policies

Financial Reporting Framework - The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, applicable Accounting Standards and Urgent Issues Group Consensus Views and complies with other requirements of the law.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Significant Accounting Policies - Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

- (a) **Cash** - Cash includes cash on hand and in banks and investments in money market instruments. Money market instruments comprise short term bank deposits, commercial paper, bank bills, floating rate notes and bonds which have a maturity profile of less than 90 days after balance date. The money market instruments are recorded at cost and interest is brought to account on an accrual basis.
- (b) **Payables** - Trade payables and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.
- (c) **Recoverable Amount of Non-Current Assets** - Non-current assets are written down where the carrying value of any non-current assets exceeds their recoverable amount. Recoverable amount is determined as the amount expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the non-current asset. In determining the recoverable amount of non-current assets, the expected net cash flows have not been discounted to their present value.
- (d) **Exploration and Evaluation Expenditure** - Costs arising from exploration and evaluation related to an area of interest are written off as incurred.
- (e) **Mine development** - The costs of successful ore delineation and access and capital development are classified as mine development. Costs arising from mine development are capitalised as incurred and are depreciated according to the accounting policy. Any remaining value for drives that support areas of interest that have been mined out or are barren will be written off when the mined-out or barren status is confirmed. This policy was introduced during the 2004/05 financial year after the Company decided to commence construction and mine development activities.

Bendigo Mining Limited

Notes to and forming part of the Financial Statements For the Year Ended 30 June 2005

1 Summary of Accounting Policies continued

- (f) **Life of operations** – The directors regularly review the estimated economic life of the operations considering both the physical and economic factors relating to the target material that is planned to be mined and make adjustments to the estimates as required. The life of the mine has been established on the basis of target material that is considered economical to recover and takes account of current mine development and production plans for the exploitation of the target material. A number of assumptions regarding the availability of target material for mining, capital and operating costs, gold prices, income tax rates and other production and economic factors underlie the production plans and changes in these factors may impact upon the life of operations. The useful life of mine for accounting purposes is deemed to be 25 years.
- (g) **Depreciation** - Depreciation is provided on all property, mine development, plant and equipment, with the exception of freehold land, so as to write off the value of the assets over their estimated useful lives. Mine development costs will be written off in proportion to the ounces recovered from the area of interest that the mine development support or in proportion to the ounces recovered from the entire mine if the mine development is useful for the life of the mine. Elements of mine development that do not relate to a specific area of interest or the life of the mine will be depreciated using the straight-line method over their estimated useful lives. Items of plant and equipment that are considered to have a useful life that equates to the mine life will be written off on an ounce recovered basis if they are used in the mine or a tonne produced basis if they are used in the processing mill. Other plant and equipment with estimated useful lives of between 1 and 15 years are written off using the straight-line method. Buildings are written off using the straight-line method over their estimated useful lives.
- (h) **Income Tax** - Tax-effect accounting principles are adopted whereby income tax expense is calculated on pre-tax accounting profits after adjustment for permanent differences.
- (i) **Segment Accounting** - The Company operates within the gold mining industry in Australia.
- (j) **Rehabilitation Provision** - The expected cost of restoration works is provided for at the time the Company performs activities that necessitate future restoration works. If the restoration works are associated with exploration and evaluation activities the expected costs are expensed and, if the works are associated with mine development activities, the expected costs are added to the asset value and depreciated according to the above policy (see 1g).
- (k) **Goods and Services Tax** - Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:
- i) Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
 - ii) For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from the taxation authority is included as part of receivables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Bendigo Mining Limited
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2005

1 Summary of Accounting Policies continued

- (l) **Employee Benefits** - Provision is made for benefits accruing to employees in respect of annual and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of annual leave expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of long service leave which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to reporting date.

- (m) **Gold Stocks** - Gold doré on hand at the end of the financial year is valued at the lower of cost and net realisable value.

- (n) **Transaction Costs on the Issue of Equity Instruments** - Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

- (o) **Receivables** - Receivables are recorded at amounts due less any allowance for doubtful debts.

- (p) **Revenue Recognition** -

- i) Interest Revenue – Interest from investments is recognised on an accrual basis.
- ii) Gold Sales – Revenue from the sale of gold is recognised when the Company has passed control of the gold to the refiner.

- (q) **Inventory** – Inventories are valued at the lower of cost and net realisable value. Stores represent consumables and spare parts and are valued on a first in first out basis.

Bendigo Mining Limited
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2005

	2005	2004
	\$'000	\$'000
2 Cash		
Cash at bank	116	33
Bank term deposits	4,966	1,469
Commonwealth and State Government securities	<u>84,517</u>	<u>4,975</u>
	<u>89,599</u>	<u>6,477</u>
<p>Commonwealth and State Government securities have been purchased to yield interest at rates ranging from 5.45% to 5.89% with a weighted average interest rate of 5.50% (2004: 5.30%). Because of the nature of the investments and the maturity profile, the Company's exposure to interest rate risk is considered to be low.</p> <p>The Company's policy is to invest only in instruments issued by Commonwealth and State Governments. The investment profile provides access to funds to meet cash drawdown requirements and it is anticipated that each of the instruments will be held to maturity at which time their face value will be realised. The net fair value approximates the carrying value of these instruments.</p>		
3 Current Receivables		
Accounts receivable	1,149	379
Interest receivable	<u>320</u>	<u>27</u>
	<u>1,469</u>	<u>406</u>
4 Current Inventories		
Stores	305	-
	<u>305</u>	<u>-</u>
5 Other Financial Assets		
Bank Term Deposits	<u>1,335</u>	<u>950</u>
	<u>1,335</u>	<u>950</u>
<p>Bank Term Deposits to the value of \$1,335,000 (2004: \$950,000) have been lodged as security for the Company's obligations to meet expenditure requirements of the Department of Primary Industries, Vic Roads and The Bendigo Trust (see notes 10 & 23).</p>		
6 Other Current Assets		
Prepayments	113	136
	<u>113</u>	<u>136</u>

Bendigo Mining Limited
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2005

7	Property, Mine Development & Plant & Equipment (at cost)	Land & Buildings \$'000	Plant & Equipment \$'000	Mine Development \$'000	Work in Progress (1) \$'000	Total \$'000
	Gross Carrying Amount					
	Balance at 30 June 2004	2,226	6,651	-	-	8,877
	Additions	-	-	-	22,755	22,755
	Transfers	445	2,298	10,908	(13,651)	-
	Disposals	-	(238)	-	-	(238)
		<u>2,671</u>	<u>8,711</u>	<u>10,908</u>	<u>9,104</u>	<u>31,394</u>
	Accumulated Depreciation					
	Balance at 30 June 2004	(27)	(4,033)	-	-	(4,060)
	Disposals	-	238	-	-	238
	Depreciation expense	(32)	(461)	(54)	-	(547)
		<u>(59)</u>	<u>(4,256)</u>	<u>(54)</u>	<u>-</u>	<u>(4,369)</u>
	Net Book Value					
	As at 30 June 2004	<u>2,199</u>	<u>2,618</u>	<u>-</u>	<u>-</u>	<u>4,817</u>
	As at 30 June 2005	<u>2,612</u>	<u>4,455</u>	<u>10,854</u>	<u>9,104</u>	<u>27,025</u>

(1) Work in progress as at 30 June 2005 relates to Woodvale Evaporation Pond improvements, the 600,000 t/y processing mill and underground development.

Bendigo Mining Limited
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2005

7	Property, Mine Development & Plant & Equipment (at cost) continued	2005	2004
	Aggregate depreciation allocated as an expense during the year:	\$'000	\$'000
	Buildings	32	27
	Plant and Equipment	461	761
	Mine Development	54	-
		<u>547</u>	<u>788</u>
8	Current Payables		
	Unsecured Trade Creditors	<u>8,464</u>	<u>1,991</u>
9	Current Provisions		
	Employee Benefits – Annual Leave (note 11)	<u>631</u>	<u>407</u>
10	Non Current Provisions		
	Employee Benefits – Long Service Leave (note 11)	171	90
	Provision for Rehabilitation	<u>2,045</u>	<u>1,600</u>
		<u>2,216</u>	<u>1,690</u>

During 2005 the Rehabilitation Provision increased as a result of surface earthwork activities associated with the Woodvale evaporation pond site. The Rehabilitation Provision has been prepared on the basis of current cost of undertaking the required rehabilitation work.

Bank guarantees totalling \$1,310,000 have been lodged in favour of the Department of Primary Industries for the rehabilitation obligations that the Company has on the licences. The Company has lodged term deposits of \$1,310,000 as security for these bank guarantees.

11	Employee Benefits		
	The aggregate employee benefit liability recognised and included in the financial statements is as follows:		
	Current - payables (note 8)	-	210
	- provisions (note 9)	631	407
	Non current - provisions (note 10)	<u>171</u>	<u>90</u>
		<u>802</u>	<u>707</u>
		2005	2004
		No.	No.
	Number of employees at end of financial year	<u>63</u>	<u>33</u>

Bendigo Mining Limited
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2005

12 Provisions	Employee Benefits \$'000	Rehabilitation \$'000
Balance at 30 June 2004	497	1,600
Additional provisions recognised	546	445
Payments made	(241)	-
	<hr/>	<hr/>
Balance at 30 June 2005	802	2,045
Current (note 9)	631	-
Non-current (note 10)	171	2,045
	<hr/>	<hr/>
Balance at 30 June 2005	802	2,045

13 Contributed Equity	2005 Shares	2004 Shares
Issued Shares – fully paid ordinary shares	252,925,477	93,197,699
	2005 \$'000	2004 \$'000
Issued Share Capital	230,874	122,938

During the financial year the Company issued the following fully paid Ordinary Shares:

	Number of ordinary shares	Issue price per ordinary share	Reason
i)	138,900,000	\$0.72	\$100M global institutional placement
ii)	20,827,778	\$0.72	\$15M Share Purchase Plan
	<hr/>		
	159,727,778		

Bendigo Mining Limited
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2005

13 Contributed Equity Continued

Movement for the year:	2005 Shares	2005 \$'000	2004 Shares	2004 \$'000
Balance at beginning of year	93,197,699	122,938	930,221,072	122,730
Ordinary Share Issues	159,727,778	107,936 (1)	1,754,995	208
1:10 Share Consolidation	-	-	(838,778,368) (2)	-
Balance at end of year	<u>252,925,477</u>	<u>230,874</u>	<u>93,197,699</u>	<u>122,938</u>

- (1) The funds raised from ordinary share issues during 2005 were reduced by capital raising expenses of \$7,068,000
- (2) On 6 May 2004 shareholders approved a 1:10 share consolidation that decreased the number of fully paid ordinary shares by 838,778,368.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share Options

As at the end of the financial year the Company had 844,524 options on issue to directors, executive officers, employees and key persons for the purchase of ordinary shares. Further details of the employee share option plan are contained in note 14. All options carry no rights to dividends and no voting rights.

14 Employee Share Option Plans

Options have been issued pursuant to Bendigo Mining Share Option Plans and other specific issues as approved by shareholders. The options have been used to provide an incentive to certain employees (including executive directors), consultants and the non-executive chairman of the Company, and employees engaged by the Company's mining contractor, Macmahon Underground Pty Ltd, ('Key Persons') to enhance the value of the shares in the Company. The plans also assist in the reward, motivation and retention of those Key Persons.

Options that were still to be exercised on 6 May 2004 were reduced in number on a 1:10 basis and the exercise price was increased ten fold as a result of the consolidation of the Company's share capital on a 1:10 basis at that date.

Employee Share Options	2005 No.	2004 No.
Balance at beginning of the financial year (a)	404,177	19,421,669
Granted during the financial year (b)	650,000	-
Exercised during the financial year (c)	-	(1,754,995)
Lapsed during the financial year (d)	(209,653)	(12,750,481)
Consolidation of options during the financial year (e)	-	(4,512,016)
Balance at the end of the financial year (f)	<u>844,524</u>	<u>404,177</u>

Bendigo Mining Limited
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2005

14 Employee Share Option Plans Continued

(a) Balance at the Beginning of Financial Year 2005

Option Series	No.	Grant Date	Expiry Date	Exercise Price
1	60,000	20/10/98	31/10/04	\$1.10c
2	78,997	30/07/99	29/07/05	\$1.10c
3	16,665	01/03/00	28/02/06	\$2.05c
4	194,848	29/6/00	28/06/06	\$1.80c
5	13,667	05/09/00	04/09/06	\$2.35c
6	40,000	19/12/01	19/12/05	\$2.50c
<hr/>				
404,177				
<hr/>				

- (1) These options vested in three equal portions on 1 November 1999, 1 November 2000 and 1 November 2001, and were exercisable during each three-year period following vesting.
- (2) These options vested in three equal portions on 30 July 2000, 30 July 2001 and 30 July 2002, and may be exercised during each three-year period following vesting.
- (3) These options vested in three equal portions on 1 March 2001, 1 March 2002 and 1 March 2003, and may be exercised during each three-year period following vesting.
- (4) These options vested in three equal portions on 29 June 2001, 29 June 2002 and 29 June 2003, and may be exercised during each three-year period following vesting.
- (5) These options vested in three equal portions on 5 September 2001, 5 September 2002 and 5 September 2003, and may be exercised during each three-year period following vesting.
- (6) These options vested on 19 December 2002 and may be exercised during the three-year period following vesting.

All options carry no rights to dividends and no voting rights.

Bendigo Mining Limited
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2005

14 Employee Share Option Plan Continued

(b) Granted During the Financial Year

	No.	Grant Date	Expiry Date	Exercise Price \$	Fair Value \$
2005 (1)	650,000	5/11/04	8/11/10	\$0.90	\$379,600
2004	-	-	-	-	-

All options carry no rights to dividends and no voting rights.

(1) These options vest in full on 8 November 2007 and may be exercised during the three-year period following vesting. The options are exercisable at the price of 90 cents per share. At the grant date, 5 November 2004, the share price was \$1.15 and the value of the options at that date has been estimated at 58.4 cents.

(c) Exercised During the Financial Year

Option Series	No. of Options Exercised	Grant Date	Exercise Date	Expiry Date	Exercise Price	No. of Shares Issued	Fair Value Received \$	Fair Value of Shares at Date of Issue \$
2005	Nil							
2004								
2	316,663	30/7/99	24/7/03	29/7/05	11.0c	316,663	34,833	69,666
2	383,330	30/7/99	1/8/03	29/7/05	11.0c	383,330	42,166	86,249
2	28,334	30/7/99	18/9/03	29/7/05	11.0c	28,334	3,117	5,950
4	26,667	29/6/00	18/9/03	28/6/06	18.0c	26,667	4,800	5,600
1	100,000	20/10/98	7/10/03	31/10/04	11.0c	100,000	11,000	23,000
2	100,000	30/7/99	7/10/03	29/7/05	11.0c	100,000	11,000	23,000
1	583,333	20/10/98	24/10/03	31/10/04	11.0c	583,333	64,167	142,917
4	100,000	29/6/00	24/10/03	28/6/06	18.0c	100,000	18,000	24,500
2	33,334	30/7/99	3/11/03	29/7/05	11.0c	33,334	3,667	7,833
4	83,334	29/6/00	3/11/03	28/6/06	18.0c	83,334	15,000	19,583
	1,754,995					1,754,995	207,750	408,298

Fair value of consideration received is measured as the nominal value of cash receipts on conversion of the options. The fair value of shares at the date of their issue is measured as the market value at close of trade on the date of their issue. Vesting dates are outlined in (i) above.

Bendigo Mining Limited
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2005

14 Employee Share Option Plan Continued

(d) Lapsed During the Financial Year

Option Series	2005 No.	2004 No.
1	60,000	16,667
2	36,826	53,332
3	8,330	83,330
4	98,831	97,152
5	5,666	-
7	-	12,500,000
	209,653	12,750,481

Options series 1, 2, 3, 4 and 5 lapsed pursuant to the plan rules. Option series 7 lapsed on 31 December 2003 as no options were exercised at that date. The options carried no voting or dividend rights.

(e) Consolidation of Options during the Financial Year

Option Series	2005 No.	2004 No.
1	-	540,001
2	-	711,011
3	-	150,005
4	-	2,628,000
5	-	122,999
6	-	360,000
	-	4,512,016

Options that were still to be exercised on 6 May 2004 were reduced in number on a 1:10 basis and the exercise price was increased ten fold as a result of the consolidation of the Company's share capital on a 1:10 basis at that date (see note 13 above).

Bendigo Mining Limited
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2005

14 Employee Share Option Plan Continued

(f) Balance at End of Financial Year

Option Series	Vested No.	Unvested No.	Grant Date	Expiry Date	Exercise Price
2	42,171	-	30/7/99	29/7/05	\$1.10
3	8,335	-	1/3/00	28/2/06	\$2.05
4	96,017	-	29/6/00	28/6/06	\$1.80
5	8,001	-	5/9/00	4/9/06	\$2.35
6	40,000	-	19/12/01	19/12/05	\$2.50
8	-	650,000	5/11/04	8/11/10	\$0.90
	194,524	650,000			

The extended binomial and Black Scholes option pricing models were used to estimate the values of the options at grant date. The model calculation assumed no dividends during the life of the options and took into consideration the exercise price of the options, the life of the options, the share price at grant date, the projected volatility of the share price over the life of the option and a risk-free interest rate for the life of the options to arrive at the estimated value. Option values are not recognised in the financial statements except to determine directors' and executives' remuneration, for which purpose the option value is spread over the vesting period. Consideration received on the exercise of share options is recognised in share capital. During the financial year no options were exercised. In 2004 \$208,000 was recognised in share capital arising from the exercise of share options. The option exercise price increased by a factor of 10 as a result of the 1:10 share consolidation on 6 May 2004. Share options carry no rights to dividends and no voting rights. Vesting dates are outlined in (i) above.

Bendigo Mining Limited
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2005

	2005 \$'000	2004 \$'000
15 Accumulated Losses		
Balance at beginning of financial year	114,240	100,476
Net loss	<u>8,099</u>	<u>13,764</u>
Balance at end of financial year	<u>122,339</u>	<u>114,240</u>

16 Loss From Ordinary Activities

Loss from Ordinary Activities before Income Tax Expense includes the following items of Revenue and Expense:

(a) Operating Revenue

Interest received	5,340	660
Gold sales	38	3,165
Other	<u>53</u>	<u>39</u>
Revenue sub total	5,431	3,864

Gold Sales resulted from the bulk sampling and trial ore processing that occurred during the 2004 financial year.

(b) Non – Operating Revenue

Proceeds from sale of non current assets:

Property plant & equipment	<u>89</u>	<u>-</u>
Total Revenue	<u>5,520</u>	<u>3,864</u>

(c) Expenses

Depreciation expense	547	788
Transfer to provision for employee entitlements:		
Annual leave	465	274
Long service leave	81	24

(d) Sale of Assets

Sale of Assets in the ordinary course of business has given rise to the following profits:

Profit on sale of property, plant & equipment	89	-
---	----	---

Bendigo Mining Limited
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2005

17 Expenses

Exploration expenses: 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 was expensed (refer to note 1d).

Ore delineation expenses: Having completed the exploration phase the Company commenced mine development in July 2004. Any further work that successfully defines the location and dimensions of the mineralisation within the Bendigo Goldfield is treated as mine development and capitalised (refer to note 1e). The cost of ore delineation work that does not lead to new economic deposits is not capitalised as mine development and is expensed as incurred.

Mining expenses: Mining expenses are the costs of operating the underground mine and includes activities such as dewatering, ventilation, mining services, power supply, supervision and associated services.

18 Remuneration of Auditors	2005	2004
	\$	\$
Audit or review of the financial report	57,000	25,675
Other non-audit services - Fundraising advice	-	9,960
- Accounting advice	-	1,000
	<u>57,000</u>	<u>36,635</u>

The auditor of Bendigo Mining Limited is Deloitte Touche Tohmatsu.

	2005	2004
	\$'000	\$'000
19 (a) Reconciliation of Loss after Income tax to Net Cash provided for Operating Activities		
Loss after income tax	(8,099)	(13,764)
Depreciation	547	788
Profit on sale of non current assets	(89)	-
(Increase)/decrease in assets:		
Interest receivable	(293)	37
Sundry debtors	(770)	40
Prepayments and other assets	(667)	92
Increase/(decrease) in liabilities:		
Trade creditors	1,857	(634)
Provisions	751	83
Net cash used in operating activities	<u>(6,763)</u>	<u>(13,358)</u>

(b) Non-cash financing and investing activities

No non-cash financing and investing transactions occurred during the 2005 or 2004 financial year.

Bendigo Mining Limited
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2005

2005
\$'000 **2004**
\$'000

20 Income Tax

The prima facie income tax expense on pre-tax accounting losses is reconciled to the income tax expense in the financial statements as follows:

Loss from Ordinary Activities	8,099	13,764
Income tax benefit calculated at 30% of loss from Ordinary Activities	(2,430)	(4,129)
Add tax effect of permanent differences:		
Non deductible items	51	104
Research and development allowance	(124)	(397)
Capital raising expenses	(503)	(69)
Income tax benefit attributable to operating loss	(3,006)	(4,491)
Less tax effect of timing differences not recognised	(820)	(118)
Under provision in previous year	(1,072)	(264)
Tax losses not brought to account as a future income tax benefit.	4,898	4,873
Income Tax Expense	-	-
Future income tax benefits attributable to tax losses not brought to account, the benefit of which is not virtually certain at 30%.	40,878	35,980

These benefits will only be obtained if:

- (a) The Company derives assessable income of a nature and amount sufficient to enable the benefit to be realised;
- (b) The Company continues to comply with the conditions of deductibility imposed by law; and
- (c) There are no changes in tax legislation which adversely affect the Company in realising the benefit from deduction of the losses.

Bendigo Mining Limited
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2005

	2005	2004
21 Earnings Per Share		
Basic loss per share	<u>3.3 cents</u>	<u>14.7 cents</u>
Diluted loss per share	<u>3.3 cents</u>	<u>14.7 cents</u>

Basic Loss per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2005 \$'000	2004 \$'000
Net Loss	<u>(8,099)</u>	<u>(13,764)</u>
	2005 No.	2004 No.
Weighted average number of ordinary shares	<u>243,460,743</u>	<u>93,415,819</u>

Diluted Loss per Share

The earnings and weighted average number of ordinary shares used in the calculation of diluted loss per share are as follows:

	2005 \$'000	2004 \$'000
Net Loss	<u>(8,099)</u>	<u>(13,764)</u>
	2005 No.	2004 No.
Weighted average number of ordinary shares and potential ordinary shares	<u>243,460,743</u>	<u>93,415,819</u>

Earnings used in the calculation of diluted loss per share reconciles to net profit in the statement of financial performance as follows:

	2005 \$'000	2004 \$'000
Net loss	<u>(8,099)</u>	<u>(13,764)</u>
Loss used in the calculation of diluted loss per share	<u>(8,099)</u>	<u>(13,764)</u>

Bendigo Mining Limited
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2005

21 Earnings Per Share Continued

Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted loss per share reconciles to the weighted average number of ordinary shares used in the calculation of basic loss per share as follows:

	2005 No.	2004 No.
Weighted average number of ordinary shares used in the calculation of basic loss per share	243,460,743	93,415,819
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted loss per share	<u>243,460,743</u>	<u>93,415,819</u>

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted loss per share:

Options	<u>404,177</u>	<u>19,200,306</u>
---------	-----------------------	--------------------------

No options were exercised after the end of the financial year.

As a result of the consolidation of the Company's share capital on a 1:10 basis on 6 May 2004, the 2004 shares and options, where applicable, have been restated and reduced by a factor of 10 and the basic loss per share increased ten fold.

Bendigo Mining Limited
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2005

22	Commitments for Expenditure	2005 \$'000	2004 \$'000
	(a) Operating expenditure		
	Not later than 1 year	483	118
	Later than 1 year but not later than 5 years	-	-
	Later than 5 years	-	-
		483	118
	(b) Capital expenditure		
	Not later than 1 year	11,113	-
	Later than 1 year but not later than 5 years	-	-
	Later than 5 years	-	-
		11,113	-

(c) Royalty

Bendigo Mining Limited has an agreement with Western Mining Corporation Limited (now part of BHP Billiton Limited) for the payment of a royalty of no more than \$8,000,000 based on a percentage of future gold recoveries from certain areas of the Company's mining tenements.

23 Contingent Liabilities

(a) Bonds

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 Year Ended 30 June 2005

24 Directors' and Executives' Remuneration

The specified directors of Bendigo Mining Limited during the financial year were:

R. Bryan Davis (Chairman, non-executive), appointed 1 September 2004
Ronald H. Beevor (Non-executive)
A. Douglas Buerger (Managing Director)
Richard A. Guy (Non-executive), appointed 18 January 2005
Peter L. McCarthy (Non-executive), appointed 1 September 2004
Roy Woodall (Non-executive)
T. Peter Philip (Chairman, non-executive), resigned 5 November 2004
Tobias J. Brown (Non-executive), resigned 31 December 2004
Thaddeus S.A. Grobicki (Non-executive), resigned 4 April 2005
Constantine G. Papadimitriou (Non-executive), alternate to T.J. Brown, tenure ceased on 31 December as a result of the resignation of Tobias J. Brown

The specified executives of Bendigo Mining Limited during the financial year were:

Timothy S. Churcher (Corporate Affairs Manager), appointed 17 January 2005
Hilko L. Dusseljee (Chief Financial Officer)
Rodney J. Hanson (Chief Operating Officer), appointed 4 January 2005
Garry F. Johansen (Exploration Manager)

The Remuneration and Nomination Committee reviews the remuneration packages of all directors and executive officers on an annual basis and makes recommendations to the Board. Remuneration packages are reviewed with regard to industry salary package levels, performance and other relevant factors. In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the Remuneration and Nomination Committee seeks external advice in connection with the structure of remuneration packages.

Bendigo Mining Limited

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2005

24 Directors' & Executives' Remuneration Continued

The following tables disclose the remuneration of the Directors of the Company and the specified executives of the Company paid during the financial year. The amount of Directors' and Specified Executives' remuneration has been determined on the basis of cost to the Company.

	Date	Primary				Post Employment	Equity	Total
		Salary & fees	Bonus * ¹	Leave Entitlements * ²	Non-monetary	Super-annuation	Options	
		\$	\$	\$	\$	\$	\$	
Specified directors								
R.B. Davis* ³	2005	83,333	-	-	-	7,500	82,506	173,339
	2004	-	-	-	-	-	-	-
T.P. Philip* ⁴	2005	10,434	-	-	-	-	-	10,434
	2004	30,000	-	-	-	-	-	30,000
R.H. Beevor	2005	42,250	-	-	-	-	-	42,250
	2004	30,000	-	-	-	-	-	30,000
T.J. Brown* ⁵	2005	15,000	-	-	-	-	-	15,000
	2004	30,000	-	-	-	-	-	30,000
A.D. Buerger	2005	351,092	300,000	95,256	26,063	31,599	-	804,010
	2004	287,996	-	24,499	15,770	34,649	-	362,914
T.S.A. Grobicki* ⁶ Mr Grobicki's fees were paid to Harmony Victoria Pty Ltd	2005	29,074	-	-	-	-	-	29,074
	2004	30,000	-	-	-	-	-	30,000
R.A. Guy* ⁷	2005	22,312	-	-	-	2,008	-	24,320
	2004	-	-	-	-	-	-	-
J.D.S. MacLeod* ⁸	2005	-	-	-	-	-	-	-
	2004	20,192	-	-	-	-	-	20,192
P.L. McCarthy* ⁹	2005	35,000	-	-	-	2,250	-	37,250
	2004	-	-	-	-	-	-	-
A.C. Offenbergl* ¹⁰	2005	-	-	-	-	-	-	-
	2004	15,000	-	-	-	-	-	15,000
R. Woodall	2005	40,000	-	-	-	-	-	40,000
	2004	30,000	-	-	-	-	-	30,000
Total	2005	628,495	300,000	95,256	26,063	43,357	82,506	1,175,677
	2004	473,188	-	24,499	15,770	34,649	-	548,106
Specified executives								
T.S. Churcher* ¹¹	2005	91,445	-	8,042	380	8,230	-	108,097
I. D. Crowe* ¹²	2004	167,727	-	7,427	16,645	16,773	-	208,572
H.L. Dusseljee	2005	264,967	190,000	71,751	23,433	23,847	-	573,998
	2004	202,158	-	7,655	14,916	20,615	-	245,344
R.J. Hanson* ¹³	2005	127,847	-	12,513	35,979	11,752	-	188,091
G.F. Johansen	2005	206,374	190,000	20,080	21,323	17,888	-	455,665
	2004	203,727	-	14,763	10,520	20,772	-	249,782
P.A. Varris* ¹⁴	2004	107,708	-	7,579	3,560	10,667	-	129,514
Total	2005	690,633	380,000	112,386	81,115	61,717	-	1,325,851
	2004	681,320	-	37,424	45,641	68,827	-	833,212

Bendigo Mining Limited

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2005

24 Directors' & Executives' Remuneration Continued

*¹ The Company paid a one-time bonus in September 2004 to certain executives, employees and project team members. The bonus was in recognition of services provided in the past to bring the Company from an exploration phase to a project development phase and to promote ongoing commitment to the project. The calculation of the bonus recognised tenure and the level of contribution made by individuals.

*² Leave Entitlements are increases in the total value of annual and long service leave not yet taken that have occurred during the financial year.

*³ R.B. Davis commenced as a director on 1 September 2004.

*⁴ T.P. Philip resigned as a director on 5 November 2004.

*⁵ T.J. Brown resigned as a director on 31 December 2004.

*⁶ T.S.A. Grobicki resigned as a director on 4 April 2005.

*⁷ R.A. Guy commenced as a director on 18 January 2005.

*⁸ J.D.S. MacLeod resigned as a director on 3 March 2004.

*⁹ P.L. McCarthy commenced as a director on 1 September 2004.

*¹⁰ A.C. Offenbergl resigned as a director on 31 December 2003.

*¹¹ T.S. Churcher commenced as a specified executive on 17 January 2005.

*¹² I.D. Crowe resigned as a specified executive on 6 July 2004.

*¹³ R.J. Hanson commenced as a specified executive on 4 January 2004.

*¹⁴ P.A Varris ceased being a specified executive in July 2004 but remained as the Safety Health & Environment Manager for the Company.

The maximum amount approved by shareholders which may be paid by the Company, in total, to all the non-executive directors is \$500,000 per year.

In November 2004 the shareholders approved the issue of 650,000 options to the Chairman, Mr R B Davis. The options were issued to Mr R B Davis to secure his tenure with the Company and, as part of his remuneration as chairman, to provide him with an incentive to improve the financial performance of the Company and, in turn, shareholder value.

Company Executive Contracts

The following table discloses the details of executive contracts that are held with the Company:

Directors and Company Executives	Duration of Contract	Termination Notice
Director		
Mr A.D. Buerger	Until 31 December 2006	6 months
Company Executives		
Mr T.S. Churcher	Until 31 December 2006	3 months
Mr. H.L. Dusseljee	Until 31 December 2006	3 months
Mr. G.F. Johansen	Until 31 December 2006	3 months
Mr. R.J. Hanson	Until 31 December 2006	3 months

Termination payment equal to the remuneration package as defined in the agreement for the remaining period to 31 December 2006 is required upon termination unless termination occurs because the executive engages in conduct that warrants the summary termination of the contract or the executive commits a material breach of the contract that is not remedied within a specified time or cannot be remedied.

Bendigo Mining Limited

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2005

25 Related Party Disclosures

(a) Ordinary shares issued by Bendigo Mining

The following table details the share holdings of related parties, specified directors and specified executives.

	Balance 1/7/04	Granted as remuneration	Received on exercise of options	Net other change	Balance 30/6/05
	No.	No.	No.	No.	No.
Related parties					
Nil					
Specified directors					
R. B. Davis	-	-	-	30,000	30,000
R.H. Beevor	68,484	-	-	106,944	175,428
A.D. Buerger	423,533	-	-	13,888	437,421
R.A. Guy	-	-	-	20,000	20,000
P.L. McCarthy ⁽¹⁾	20,455	-	-	-	20,455
R. Woodall	34,257	-	-	6,944	41,201
Specified executives					
T.S. Churcher	-	-	-	20,000	20,000
H.L. Dusseljee	354	-	-	100,000	100,354
R.J. Hanson ⁽²⁾	30,000	-	-	-	30,000
G.F. Johansen	111,292	-	-	108,041	219,333
Total	688,375	-	-	405,817	1,094,192

(1) P.L. McCarthy commenced as a director on 1 September 2004 and these shares were held on that date.

(2) R.J. Hanson commenced as a specified executive on 4 January 2005 and these shares were held on that date.

(b) Share options issued by Bendigo Mining

The following table details the option holdings of related parties, specified directors and specified executives.

	Balance 1/7/04	Granted as remuneration	Exercised	Lapsed	Balance 30/6/05	Balance vested 30/6/05	Vested but not exercisable	Vested and exercisable
	No.	No.	No.	No.	No.	No.	No.	No.
Related Parties								
Nil	-	-	-	-	-	-	-	-
Specified directors								
R.B. Davis	-	650,000	-	-	650,000	-	-	-
R.H. Beevor	-	-	-	-	-	-	-	-
A.D. Buerger	50,000	-	-	50,000	-	-	-	-
R.A. Guy	-	-	-	-	-	-	-	-
P.L. McCarthy	-	-	-	-	-	-	-	-
R. Woodall	40,000	-	-	-	40,000	40,000	-	40,000
Specified executives								
T.S. Churcher	-	-	-	-	-	-	-	-
H.L. Dusseljee	23,334	-	-	11,667	11,667	11,667	-	11,667
R.J. Hanson	-	-	-	-	-	-	-	-
G.F. Johansen	45,000	-	-	26,666	18,334	18,334	-	18,334
Total	158,334	650,000	-	88,333	720,001	70,001	-	70,001

Further details of options are provided in the Directors Report and note 14 to the financial statements.

Bendigo Mining Limited
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2005

25 Related Party Disclosures Continued

(c) Specified directors' and specified executives' remuneration

Details of specified directors' and specified executives' remuneration are disclosed in note 24 to the financial statements.

(d) Other transactions with specified directors

During the financial year consultancy fees of \$0 (2004: \$34,500) was paid to an entity in which Mr R. Beevor has an interest and \$30,000 (2004: \$37,500) was paid to an entity in which Mr R. Woodall has an interest. Consultancy fees are paid based on a commercial rate commensurate with the services provided.

(e) Other transactions

During the financial year \$1,211,524 was incurred and \$21,445 is outstanding at the end of the financial year to AMC Consultants Pty Ltd for consultancy work performed on updating feasibility studies and development strategies. Consultancy fees are paid based on a commercial rate commensurate with the services provided. Mr P.L. McCarthy is the managing director of AMC Consultants Pty Ltd.

During the financial year \$352 was paid to Crystal Industries Group Limited for the provision of consumable supplies. These supplies are paid based on a commercial rate commensurate with the goods provided. Mr R.A. Guy is chairman of Crystal Industries Group Limited.

Bendigo Mining Limited

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2005

26 Subsequent Events

With the announcement of the Development Strategy Study on 5 August 2005 the Company indicated that, based on the assumptions of the Development Strategy Study, the total funding requirement for the south and north mine is estimated at \$338 million. This is planned to be funded by available cash of \$78 million, further equity raisings of around \$140 million and an assumed debt raising of \$120 million in 2010. The \$140 million in equity is not required in one tranche and could be split between the 2005/06 financial year and later years. The Board is considering the structure of such future capital raising which may include the participation of shareholders. The Company has appointed Macquarie Bank as financial advisor in these matters.

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the Company's operations, the result of those operations or the state of affairs in subsequent financial years.

27 Impacts of adopting Australian Equivalents to IFRS

Bendigo Mining Limited will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ('A-IFRS') for reporting periods beginning on or after 1 January 2005. Accordingly, Bendigo Mining Limited's first half-year report prepared under A-IFRS will be for the half-year reporting period ended 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006.

Bendigo Mining Limited has completed an A-IFRS impact study, including the formulation of the A-IFRS accounting policies that are intended to be adopted from 1 July 2005. The likely impact of the accounting policy changes on the results and financial position of the Company has been determined.

The following pro forma statement of financial performance and statement of financial position outline the impacts on the current year result and financial position of the Company had the financial statements been prepared using A-IFRS, based on the directors' accounting policy decisions current at the date of this financial report. Users of the financial report should note that further developments in A-IFRS (for example, the release of further pronouncements by the Australian Accounting Standards Board and the Urgent Issues Group), if any, may result in changes to the accounting policy decisions made by the directors to date, and, consequently, the likely impacts outlined in the following pro forma financial statements.

The directors may, at any time until the completion of the company's first A-IFRS compliant financial report, elect to revisit and, where considered necessary, revise the accounting policies applied in preparing the pro forma financial statements.

Bendigo Mining Limited
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2005

27 Impacts of adopting Australian Equivalents to IFRS Continued
Pro forma Statement of Financial Performance for the year ended 30 June 2005

	Note	AGAAP actual* \$'000	A-IFRS impact \$'000	A-IFRS pro forma \$'000
Revenue from funds investment activities		5,340	-	5,340
Other revenue from ordinary activities		180	-	180
Exploration expenses		-	-	-
Ore delineation expenses	v & vi	(2,857)	(31)	(2,888)
Mining expenses	v & vi	(7,223)	(80)	(7,303)
Corporate & administration expenses	iv & vi	(3,539)	(122)	(3,661)
		<hr/>	<hr/>	<hr/>
Loss from ordinary activities before income tax expense		(8,099)	(233)	(8,332)
Income tax (expense) / benefit relating to ordinary activities	iii	-	4,297	4,297
		<hr/>	<hr/>	<hr/>
Net loss		(8,099)	4,064	(4,035)
Total revenue, expenses and valuation adjustments recognised directly as equity		<hr/>	<hr/>	<hr/>
Total changes in equity other than those resulting from transactions with owners as owners		(8,099)	4,064	(4,035)
		<hr/>	<hr/>	<hr/>

* Reported financial results for the year ended 30 June 2005.

Bendigo Mining Limited

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2005

27 Impacts of adopting Australian Equivalents to IFRS Continued Pro forma Statement of Financial Position as at 30 June 2005

	Note	AGAAP actual* \$'000	A-IFRS Impact \$'000	A-IFRS pro forma \$'000
CURRENT ASSETS				
Cash Assets		89,599	-	89,599
Receivables		1,469	-	1,469
Inventories		305	-	305
Other financial assets		1,335	-	1,335
Other		113	-	113
TOTAL CURRENT ASSETS		92,821	-	92,821
NON CURRENT ASSETS				
Deferred tax asset	iii	-	42,421	42,421
Property, plant and equipment	i	27,025	(191)	26,834
TOTAL NON CURRENT ASSETS		27,025	42,230	69,255
TOTAL ASSETS		119,846	42,230	162,076
CURRENT LIABILITIES				
Payables		8,464	-	8,464
Provisions	v	631	(386)	245
TOTAL CURRENT LIABILITIES		9,095	(386)	8,709
NON CURRENT LIABILITIES				
Provisions	v & vi	2,216	(559)	1,657
TOTAL NON CURRENT LIABILITIES		2,216	(559)	1,657
TOTAL LIABILITIES		11,311	(945)	10,366
NET ASSETS		108,535	43,175	151,710
EQUITY				
Contributed equity	iii & iv	230,874	1,848	232,722
Accumulated losses	vii & viii	(122,339)	41,327	(81,012)
TOTAL EQUITY		108,535	43,175	151,710

* Reported financial position for the year ended 30 June 2005.

Bendigo Mining Limited

Notes to and forming part of the Financial Statements For the Year Ended 30 June 2005

27 Impacts of adopting Australian Equivalents to IFRS Continued

The following explanatory notes relate to the pro forma financial statements above and describe the differences between the accounting policies under A-IFRS and the current treatment of those items under Australian Generally Accepted Accounting Principles ('AGAAP').

- i) Property, plant and equipment** – On initial adoption of A-IFRS, the directors have elected to use the true A-IFRS historical cost of plant and equipment at 1 July 2004 to be cost for accounting purposes, as permitted by the first-time adoption provisions of AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards'. Under this election, no adjustment is required to property, plant and equipment values upon adoption of A-IFRS at 1 July 2004.

When an asset is initially recognised, A-IFRS requires the capitalisation of the cost of dismantling and removing the asset and restoring the site on which the asset was created. The Company currently provides for the cost of restoration works at the time that activities that necessitate future restoration works are performed (refer Note 1j). Pursuant to the Company's current accounting policy, all exploration and evaluation expenditure that was incurred before 30 June 2004 was expensed as incurred. A provision of \$1,600,000 was also made for rehabilitation works. As a result of this policy there are no assets with values that need to be increased by future rehabilitation costs upon adoption of A-IFRS as at 1 July 2004.

During 2005, under AGAAP, \$445,000 was capitalised for the estimated current cost of future restoration works that resulted from disturbances that occurred during the 2005 financial year. Under A-IFRS the effect of the time value of money is taken into account and consequently the present value of the estimated future cost of the restoration works is capitalised at \$254,000, giving rise to an adjustment of \$191,000.

- ii) Impairment of assets** – Under AGAAP, non-current assets are written down when the carrying value of any non-current asset exceeds its recoverable amount.

Under A-IFRS, both current and non-current assets are tested for impairment. The A-IFRS objective is to ensure that an entity's assets are carried at no more than their recoverable amount. The recoverable amount of an asset or cash generating unit ('CGU') is defined as the higher of its fair value less costs to sell and its value in use. The directors have determined that the area of interest relating to the Bendigo Gold Project constitutes one CGU and consequently all the assets in that CGU are tested collectively for impairment.

A review of the Company's assets held at 1 July 2004 did not reveal any indicator to require impairment of the assets and, as a result, no adjustment to non current asset balances at 1 July 2004 are expected to be made upon transition to A-IFRS.

For future years the Company will annually assess the 'fair value less costs to sell' test by discounting expected future cash flows to arrive at a net present valuation for the project.

Bendigo Mining Limited

Notes to and forming part of the Financial Statements For the Year Ended 30 June 2005

27 Impacts of adopting Australian Equivalents to IFRS Continued

ii) **Impairment of assets continued** - The net present value of the expected future cash flows as assessed in the recently completed Development Strategy Study exceeds the non current asset valuation at 30 June 2005 and consequently the non current asset values will not be adjusted upon the application of A-IFRS for the 30 June 2005 year end.

iii) **Income Taxes** – Under A-IFRS, the criteria for the recognition of carried forward tax losses and deferred tax balances is 'probable' as compared to the present 'virtually certain' test for tax losses and 'beyond reasonable doubt' test for deferred tax assets arising from timing differences. Tax balances are determined under A-IFRS using a 'balance sheet' approach which significantly differs from the current methodology described in note 1h. On adoption of A-IFRS, deferred tax assets will increase by \$35,980,000 as a result of the recognition of previously unrecognised tax losses and a further \$517,000 deferred tax asset (net of deferred tax liabilities of \$468,000) relating to temporary differences. Accordingly, accumulated losses are reduced by \$35,980,000 for previously unrecognised tax losses and \$378,000 for temporary differences. Contributed equity is increased by \$139,000 for temporary differences due to fundraising expenditure incurred in 2002.

The impact on the profit and loss, under A-IFRS, for the financial year ended 30 June 2005 is an increase in tax benefit of \$4,297,000 resulting from an increase in deferred tax assets. Contributed equity is increased by \$1,627,000 for temporary differences due to fundraising expenditure incurred in 2002 and 2005.

The cumulative impact on the financial position at 30 June 2005 of the different criteria to be applied is an increase in deferred tax assets of \$40,878,000 for previously unrecognised tax losses and \$1,543,000 (net of deferred tax liabilities of \$1,500,000) relating to temporary differences. Contributed equity is increased by \$1,766,000 for temporary differences due to fundraising expenditure incurred in 2002 and 2005.

iv) **Share-based payments** – Under AGAAP, the Company does not recognise an expense for share-based compensation. Under A-IFRS, the fair value of share options is determined at grant date and expensed over the expected vesting period of the options. As permitted under A-IFRS first time adoption, the Company will not retrospectively recognise share-based payments that have vested before 1 January 2005.

For the financial year ended 30 June 2005, under A-IFRS, contributed equity will increase by \$82,000 and an additional employee benefit expense of the same amount will be recognised in profit and loss in relation to the options issued during the year.

v) **Annual leave provision** – Under AGAAP the provision for leave that is expected to be taken beyond the current reporting period is not discounted to present value. Under A-IFRS, the effect of the time value of money is taken into account and as a consequence the provision at 1 July 2004 will be decreased by \$46,000 and accumulated losses will be similarly adjusted. Under A-IFRS the annual leave provision expense in the 2005 financial year will be reduced by \$21,000 and the leave provision will be decreased by the same amount at 30 June 2005.

Under A-IFRS the leave expected to be taken beyond the current reporting period is required to be disclosed as a non-current provision and as a consequence current provisions will decrease and non-current provisions increase by \$320,000 as at 30 June 2005.

Bendigo Mining Limited

Notes to and forming part of the Financial Statements For the Year Ended 30 June 2005

27 Impacts of adopting Australian Equivalents to IFRS Continued

- vi) **Rehabilitation provision** – Under AGAAP, rehabilitation provisions are valued at the current cost of expected restoration works whereas A-IFRS requires that the estimated future costs be discounted to its present value. As a result the rehabilitation provision upon adoption of A-IFRS decreases from \$1,600,000 to \$741,000 at 1 July 2004.

Under A-IFRS, the rehabilitation provision will be remeasured at each reporting period to take account of changes in the time value of money (recognised as an expense and an increase in provision), and additional disturbances or changes in the rehabilitation costs (recognised as additions or changes to the corresponding asset and rehabilitation liability).

For the 2005 financial year, \$44,000 will be recognised in profit and loss for changes in the time value of money under A-IFRS. Changes in rehabilitation costs of \$128,000, relating to the \$1,600,000 rehabilitation provision as at 30 June 2004 (see note 27i), will also be recognised in the profit and loss. \$254,000, being the present value of the estimated future cost of the restoration works for disturbances that occurred during the year, will be recognised as an asset and an increase to the rehabilitation liability. At 30 June 2005, the above entries result in the rehabilitation provision being recorded at \$1,166,000 under A-IFRS, compared to \$2,045,000 under AGAAP.

- vii) **Accumulated losses** – Adjustments required on first-time adoption of A-IFRS are recognised directly in accumulated losses at the date of transition to A-IFRS. The effect of these adjustments for the Company will be to decrease accumulated losses by \$37,263,000. Details are as follows:

1. Deferred tax asset – carried forward tax losses	\$35,980,000
2. Deferred tax asset – temporary differences	378,000
3. Annual leave provision – reduction	46,000
4. Rehabilitation provision – reduction	859,000

- viii) **2005 Operating loss** – The combined effect of A-IFRS adjustments will reduce the AGAAP reported 2005 financial year operating loss by \$4,064,000. Details are as follows:

1. Income tax benefit	4,297,000
2. Option expense	(\$82,000)
3. Annual leave expense	\$21,000
4. Rehabilitation expense	(\$128,000)
5. Time value of money expense	(\$44,000)

- ix) **Financial Instruments** – The Company has financial investments in the form of Commonwealth and State Government instruments that are usually short dated and held to maturity in the normal course of business. The investments are recorded at cost and interest is brought to account on an accrual basis. Under these circumstances it is the Company's view that it is unnecessary to adjust the value of the cash assets held upon transition to A-IFRS.

The Company has no financial liabilities that are affected by A-IFRS.

**Bendigo Mining Limited
Directors' Declaration
for the Year Ended 30 June 2005**

The directors declare that:

- (a) The attached financial statements and notes thereto comply with Accounting Standards;
- (b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Company;
- (c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001;
- (d) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (e) The directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to Section 295(5) of the Corporations Act 2001.



R.B. Davis
Chairman



A.D. Buerger
Managing Director & Chief Executive Officer

Bendigo, 25 August 2005.

Independent Audit Report to the Members of Bendigo Mining Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Bendigo Mining Limited, for the financial year ended 30 June 2005 as set out on pages 21 to 53.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Bendigo Mining Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



DELOITTE TOUCHE TOHMATSU



CCA Mottershead
Partner
Chartered Accountants
Melbourne, 25 August 2005

SHAREHOLDER INFORMATION

Shareholdings

At 25 August 2005 the issued share capital of the Company was held as follows:

- | a) Distribution | Holders |
|------------------------------|----------------|
| 1 – 1,000 | 4,193 |
| 1,001 – 5,000 | 4,067 |
| 5,001 – 10,000 | 1,493 |
| 10,001 – 100,000 | 1,283 |
| 100,001 and over | 87 |
| Total number of shareholders | 11,123 |
- b) Number of shareholders with holdings of less than a marketable parcel - \$500. (451 shares)** 1,675
- c) As at 25 August 2005, the register of substantial shareholders disclosed the following information:**
- | Holders Giving Notice | Date of Notice | Ordinary Shares As at Date of Notice | % Holding As At Date of Notice |
|---|-----------------------|---|---------------------------------------|
| APS Asset Management Pty Limited | 18.7.05 | 35,333,003 | 13.97 |
| Merrill Lynch Investment Managers Group Limited | 12.5.05 | 29,998,449 | 11.86 |
| General Oriental Investments Ltd | 20.6.05 | 20,631,386 | 8.16 |
- d) Of the issued ordinary capital 72.3% was held by or on behalf of the 20 largest shareholders.**
- e) All shares carry voting rights of one vote per share.**
- f) As at 25 August 2005, 109 option holders hold 5,476,353 unquoted options. Options do not carry a right to vote.**

List of Mining Tenements

	Interest
MIN 5344	Bendigo 100%
MIN 4878	Bendigo 100%
EL 3327	Bendigo 100%
MIN 5364	Outer Bendigo 100%

Top 20 Holders at 25 August 2005:	Ordinary Shares	%
National Nominees Limited	54,202,143	21.43
ANZ Nominees Limited	49,850,200	19.71
Westpac Custodian Nominees Limited	30,826,825	12.19
HSBC Custody Nominees (Australia) Limited	17,625,658	6.97
J P Morgan Nominees Australia Limited	9,500,665	3.76
AMP Life Limited	4,810,082	1.90
General Oriental Investments Limited	4,725,000	1.87
Ceramic Oxide Fabricators Pty Ltd	2,014,139	0.83
Citicorp Nominees Pty Ltd	1,565,906	0.62
Cogent Nominees Pty Ltd	1,429,768	0.57
H Prettejohn	1,200,000	0.47
Napla Pty Ltd	1,000,000	0.40
R Keller	659,150	0.26
Elise Nominees Pty Ltd	634,000	0.25
Nefco Nominees Pty Ltd	509,290	0.20
Lancaster Investments Nominees Pty Ltd	502,483	0.20
HSBC Custody Nominees (Australia) Limited	458,685	0.18
Bow Lane Nominees Pty Ltd	412,978	0.16
Buerger Investments Pty Ltd	404,652	0.16
Merrill Lynch (Australia) Nominees Pty Ltd	359,668	0.14
Total	182,781,292	72.27