

**Bendigo Mining
Limited**

ABN 61 005 674 073

Corporate Details:

ASX Code: BDG

Issued capital:

507.9M ord. shares
2.1M unlisted options
2.1M unlisted perf. rights
2.3M unlisted share rights

Substantial Shareholders:

St Barbara 49.5M (9.7%)
STRS Ohio 32.1M (6.3%)
Orbis Funds 31.5M (6.2%)

Directors:

Non-Executive Chairman:
Peter McCarthy
Managing Director:
Rod Hanson
Non-Executive Directors:
Ronnie Beevor
Richard Guy OAM
David Ransom

Contact Details:

Bendigo Mining Limited
66 Ham St
Kangaroo Flat
Victoria 3555
Australia

Tel: +61 (0)3 5447 1834
Fax: +61 (0)3 5447 1835

Email: info@bendigomining.com.au

Website:
www.bendigomining.com.au



Rod Hanson
Managing Director & CEO
29 July 2009

Key Points

- Quarterly gold production increases by 33% to 13,122 oz
- Kangaroo Flat Mine grade averages 9.1 g/t gold
- Cash balance increases by \$7 million to \$57 million
- Henty Gold Mine acquired

Summary

Rod Hanson, Managing Director & CEO comment: "Record quarterly production was achieved from strong performance at our Kangaroo Flat Mine. The careful and flexible operating strategy which we have pursued is proving to be very successful at Bendigo. The strong gold price and higher level of gold production generated net cashflow in the quarter of \$7 million and increased our cash in bank to \$57 million.

"Production from October 2008 has generated positive cashflow of just over \$14 million, with the majority in the past six months. This is a strong result considering that reported cashflow is net of all capital, exploration and head office expenses.

"The Henty Gold Mine was acquired just after the end of the quarter from Barrick Gold, and I believe that this acquisition will be a turning point for the Company. We now have two quality gold operations which are generating positive cashflow and both possessing excellent exploration potential in well-endowed and unique goldfields. We will be investing significantly in the future of both operations to ensure we maximise the opportunities we have available to us" said Mr Hanson.

Operations

- Ore treated of 48,507 t at 9.1 g/t gold for production of 13,122 oz gold at a cash operating cost of A\$639/oz (9884 oz gold were produced in the March 09 qtr).
- The majority of the ore was sourced from Gill reef, with the remainder from Dale, Garrard and Dean reefs, as well as low grade stocks. Gold grades across individual mining blocks varied during the quarter from 5.5 g/t to 13.6 g/t gold, averaging 9.1 g/t gold.
- Tonnes treated increased by 20% on last quarter reflecting improved operating efficiencies and increased operating time for the June quarter.

Corporate

- Gold sales generated revenue of \$14.3 million during the quarter from the sale of 11,807 oz gold at an average price of A\$1212/oz.
- Cash in bank at 30 June 2009 was \$57.1 million (cash at 31 March 2009 was \$50 million). Over nine months since October 2008, the cash balance has increased by \$14.3 million due to the positive cashflow from operations.
- On 10 July 2009, the Company announced it had completed the acquisition of the Henty Gold Mine in North West Tasmania from a subsidiary of Barrick (PD) Australia Limited. The consideration was \$5 million in cash, \$3 million in Bendigo ordinary shares and a royalty payable on production from future exploration discoveries, capped at \$22 million.

BACKGROUND

Bendigo Mining is an Australian gold producer which is planning to produce 50-65,000 oz of gold in calendar 2009 from its two underground gold mines, the Kangaroo Flat Mine in Bendigo, Victoria and the Henty Gold Mine on the West Coast of Tasmania.

The Kangaroo Flat Mine is located in the Bendigo Goldfield, Australia's second largest goldfield having produced some 22 million ounces of gold, to an average depth of 750 metres. Production of around 30-40,000 oz gold is planned for calendar 2009. Exploration is continuing beneath and along from historic mines on the richest lines of mineralisation within the goldfield.

The Henty Gold Mine has been in operation for 13 years and has produced in excess of one million ounces of gold at an average grade of 12 g/t gold. Bendigo Mining acquired the mine in July 2009 and plans to produce 20-25,000 oz of gold during the remainder of calendar 2009. Production in 2010 will depend on the conversion of resources to reserves and results from exploration.

PRODUCTION

Safety

There was one lost time injury and two medically treated injuries during the quarter, resulting in a year to date Medically Referred Injury Frequency Rate (MRIFR) of 36 which is above the target level.

Development

Underground mine lateral development at the Kangaroo Flat Mine of 877 metres was a 61% increase on the previous quarter (546 metres in the March 2009 quarter) and included 595 metres of on-reef development. The increase resulted from continued development within Gill reef and Dale reefs and the commencement of reef access and ore development within Young and Dean reefs.

Mining

Total ore mined was 51,656 tonnes consisting of 46,328 tonnes from Gill, Dale, Dean, Garrard and Young reefs, and 5328 tonnes of low grade ore. Of the ore mined, 18,391 tonnes was from ore development (18% increase on last quarter), 19,411 tonnes from cut and fill stoping (27% decrease) and 8526 tonnes from bench stoping (782% increase).

Processing

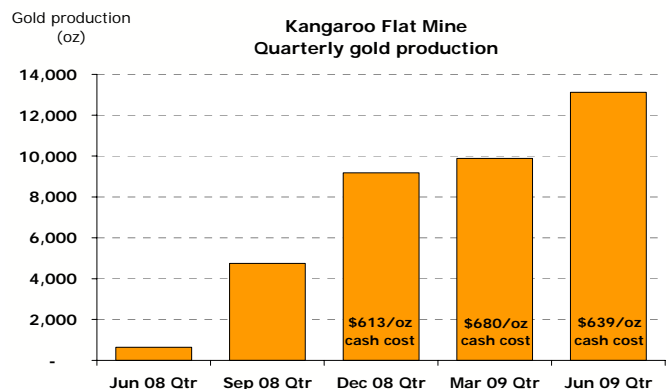
Eleven mining blocks were treated during the quarter: six from Gill reef, three from Dale reef, one from Garrard reef and one from low grade stocks. Gold grades across individual mining blocks varied from 5.5 g/t to 13.6 g/t gold, averaging 9.1 g/t gold.

Ore processed increased by 20% to 48,507 t (Gill reef 27,703 t, Dale reef 11,730 t, Garrard reef 4439 t, Dean reef 2874 t and low grade 1761 t). The number of available operating days was higher in the June quarter and the tonnes treated per day improved by 11% to 882 t/d, based on the current 14 hr/d, four days a week, plant operating schedule.

Production for the quarter was 13,122 oz of gold, a 33% increase on the previous quarter, at an average grade of 9.1 g/t gold. Cash operating cost per ounce of gold produced was A\$639/oz, a decrease on last quarter due to increased gold grade and throughput rate.

Gold production

Increased gold grades and higher process throughput rates have delivered a steady increase in quarterly gold production during FY09 at the Kangaroo Flat Mine.



Quarterly production of 7500 to 10,000 oz from the Kangaroo Flat Mine is planned for the remainder of calendar 2009.

Production data

	Jun 2009 Qtr	Mar 2009 Qtr	Year 2008/09
<u>Kangaroo Flat Mine</u>			
Ore mined (t)	51,656	43,035	159,161
Ore processed (t)	48,507	40,552	148,769
Grade (g/t gold)	9.1	8.2	8.5
Recovery (%)	93	92	91
Gold produced (oz)	13,122	9884	36,927
Cash operating cost (A\$/oz)	639	680	710
Cash operating cost (A\$/t)	173	166	176

EXPLORATION

A total of 6721 diamond drill metres were completed testing the Deborah, Garden Gully and Hustlers lines from underground locations within the Kangaroo Flat Mine. The exploration strategy is to locate additional mineable reefs within 1000 metres of existing mine development. This strategy is being implemented by testing targets both vertically below and along from historic workings.

Exploration is also focussed on upgrading the potential of recently discovered reefs through programs of infill drilling.

Deborah line - Dunlop reef

Exploration continued to test the relatively shallow Dunlop reef south of historic workings on the Deborah line. The reef is located adjacent to the anticline axis and is some 150 metres east of the modern mine workings.

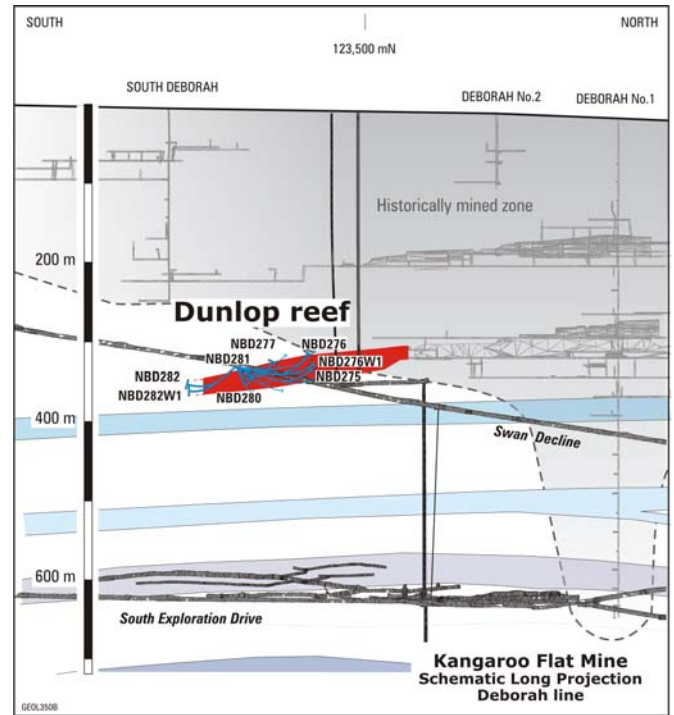
Drilling completed this quarter increased the defined length of the Dunlop reef by 110 metres to 290 metres (see diagram below). The reef size diminishes southwards, becoming a zone of weak quartz veining 15 metres high and 10 metres wide. Resource estimation and mine planning studies have commenced. Drill results are tabulated below.

Hole Number	Length (m)	Est. true width (m)	Grade range estimate (g/t gold) ¹	Gold assay (g/t) ²	Quartz %
Dunlop Reef: 123,430 mN (SP18 oblique)					
NBD275	0.75	0.7	6 - 10	1.6	95
NBD275	3.85	3.7	< 2	0.1	19
NBD275	3.55	3.4	2 - 6	0.9	81
NBD276	1.75	1.6	< 2	0	3
NBD276	4.95	4.8	6 - 10	0.4	82
NBD276W1	2.55	2.45	2 - 6	2.6	91
NBD276W1	1.05	1	< 2	0	6
NBD276W1	1.85	1.75	6 - 10	10.7	94
Dunlop Reef: 123,390 mN (SP18 oblique)					
NBD260	7.4	7.3	< 2	0.1	79
NBD277	2.75	2.7	6 - 10	3.1	95
NBD274	7.7	7.6	2 - 6	3.6	54
Dunlop Reef: 123,350 mN (SP18 oblique)					
NBD280	1.8	1.8	10 - 15	0.7	78
NBD280	2.85	2.8	< 2	0.1	16
NBD281	1.45	1.4	2 - 6	0.9	96
Dunlop Reef: 123,280 mN (SP18 oblique)					
NBD282	1.6	1.5	6 - 10	Pending	94
NBD282	1.25	1.2	2 - 6	Pending	24
NBD282W1	1.9	1.8	< 2	Pending	28
NBD282W1	2.4	2.3	< 2	Pending	19
NBD282W1	1.9	1.9	2 - 6	Pending	76

Note: Items in bold reflect new data this quarter.

1. The geological grade range estimate is based on a visual ranking of the key geological textures and minerals in the drill core: such as quartz percent, quartz textures, presence of free gold and sulphides. The use of this ranking, in combination with assays, provides an estimation of the likely gold grade range of the intercept. The visual characteristics have a far greater influence on the grade range estimate than assay data.

2. Screen fire assay. The large gold particle size of mineralisation at Bendigo, termed the nugget effect, means that a single drill intersection cannot accurately represent the grade of the reef surrounding the drill hole, as drill core will tend to miss the coarse pieces of gold. Consequently, assays will usually under-estimate the grade of the reef. However, if a nugget is intersected by drilling, the assay may over-estimate the grade of the reef.



Garden Gully line - Railway Shale

Drill testing of the Railway Shale unit on the Garden Gully line was undertaken in the quarter. No significant mineralization was intersected.

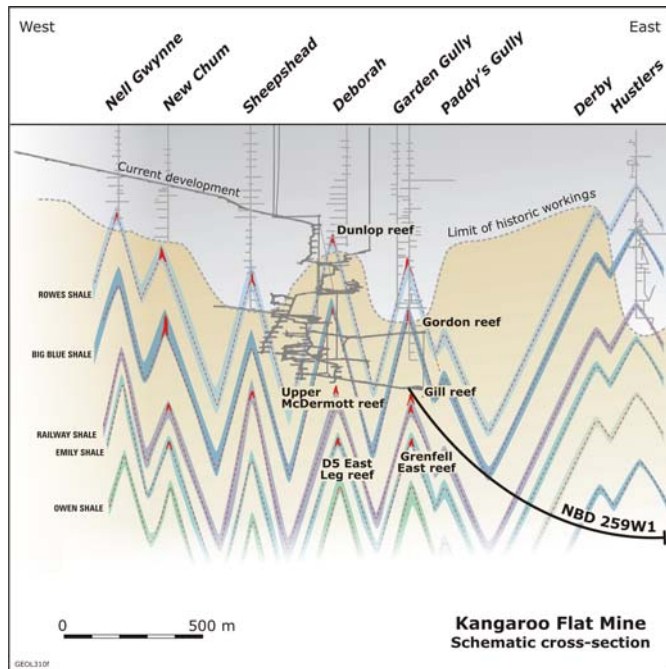
Hustlers line – Sweeper hole

The first modern day test of the Hustlers line was conducted this quarter with a drill hole targeting beneath the southern end of the main historically productive zone.

The diamond drill hole commenced from an underground location near the Gill reef at a depth of 980 metres and intersected the Hustlers Anticline at a down-hole depth of 1106 metres (see diagram over). The hole passed through the minor Paddy's Gully and the Derby lines and revealed a change in geological structure to a more open style of folding.

This hole tested over 300 metres of new stratigraphy beneath currently known rock units. Minor quartz veining was intersected at the fold hinges within the deeper stratigraphy.

The interpretation of the drill data is ongoing and will determine future targets on the Hustlers line. Follow-up drilling of targets developed on the Paddy's Gully line is planned for next quarter.



Deborah line – D5 East Leg

A re-assessment of mineralisation on the eastern limb of the Deborah anticline (D5 East Leg reef) has indicated potential for economic mineralisation. The size potential of this zone is large with current drilling indicating an erratically mineralised body of quartz veining up to 100 metres high and up to 10 metres wide. Drilling is underway to further test this zone.

Lockwood – EL5035

Regional drilling was conducted on EL 5035 which adjoins the western boundary of the Company's main Bendigo exploration licence, EL 3327. Drilling near the town of Lockwood targeted depth extensions and or repetitions of mineralisation beneath the historic Break O'Day mine workings. Diamond drilling totalling 464 metres was completed and did not encounter significant mineralisation.

CORPORATE

Total revenue for the quarter of A\$14.3 million included the sale of 11,807 oz gold at an average price of A\$1212/oz.

Cash in bank increased by \$7 million during the quarter and at 30 June 2009 was \$57.1 million (\$50.0 million as at 31 March 2009). The cash balance is prior to the costs involved in the acquisition of the Henty Gold Mine post quarter end, referred to below.

The average A\$ gold price received of \$1212/oz was a 13% decline on the prior quarter (A\$1385/oz in the March quarter).

Henty Gold Mine acquisition

The acquisition of the Henty Gold Mine from AurionGold Ltd a subsidiary of Barrick (PD) Australia Limited ("Barrick") was completed just after the end of the quarter and was detailed in releases to ASX on 6 July and 10 July 2009.

The acquisition included the operating underground mine, 300,000 t/y process plant, infrastructure, mineral tenements and 92 skilled employees. Henty is an excellent fit with Bendigo's growth strategy as it provides immediate gold production and significant exploration potential, combined with a low risk financing structure. The mine is planned to be immediately cash flow positive with no major capital expenditure requirements.

The consideration was \$5 million in cash, \$3 million in Bendigo ordinary shares and a royalty payable on production from future exploration discoveries, capped at \$22 million. The \$3 million in equity consideration was satisfied by the issue of Barrick of 11,235,955 fully paid ordinary shares each at an issue price of \$0.267 a share. Barrick is now a 2.2% shareholder in Bendigo.

Over the next six months at Henty, Bendigo plans to mine and process approximately 130,000 tonnes at a grade of 6 g/t gold to produce approximately 20-25,000 ounces gold. The cash operating cost is planned to be less than A\$800/oz. Production in 2010 is dependent on post acquisition actions relating to the mine plan and conversion of near mine resources into reserves.

Competent Person's Statement

The information in this public report that relates to Exploration Results and Mineral Resources is based on, and accurately reflects, information compiled by Mr Rodney Fraser. Mr Fraser is a Member of the Australian Institute of Geoscientists. He is a full time employee of the Company and has more than five years experience in the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Fraser has given prior written consent to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Bendigo Mining Limited

ABN

61 005 674 073

Quarter ended ("current quarter")

30 June 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	16,608	42,964
1.2 Payments for		
(a) exploration and evaluation	(1,283)	(6,072)
(b) development	(453)	(6,321)
(c) production	(7,504)	(23,121)
(d) administration	(596)	(2,647)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	506	4,137
1.5 Interest and other costs of finance paid	(36)	(134)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	7,244	8,806
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects		
(b)equity investments		
(c) other fixed assets	(88)	(255)
1.9 Proceeds from sale of:		
(a)prospects		
(b)equity investments		
(c)other fixed assets	2	189
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(86)	(66)
1.13 Total operating and investing cash flows (carried forward)	7,158	8,740

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	7,158	8,740
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (repayment of lease liability)	(81)	(277)
	Net financing cash flows	(81)	(277)
Net increase (decrease) in cash held			
1.20	Cash at beginning of quarter/year to date	49,998	48,612
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	57,075	57,075

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	208
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,000
4.2 Development	5,000
Total	7,000 *

* Excludes cash from sale of gold derived from production.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	112	248
5.2 Deposits at call	8,694	4,729
5.3 Bank overdraft	-	-
5.4 Other – Floating rate notes, Bonds, Commercial Papers, Bank Bills & Term Deposits	48,269	45,021
Total: cash at end of quarter (item 1.22)	57,075	49,998

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL 5035	Compulsory reduction to 75% of original area	287 graticules	211 graticules
6.2 Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	495,528,780	495,528,780		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	<i>Employee Share Rights</i> 30,000	30,000		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options & Performance Rights <i>(description and conversion factor)</i>	<i>Options – convert into one fully paid share</i> 1,733,000 335,000 <i>Performance Rights – convert to one fully paid share subject to performance hurdles</i> 2,101,577 <i>Employee Share Rights – Convert to one fully paid share subject to Tenure</i> 2,785,000	Unlisted Unlisted Unlisted Unlisted	<i>Exercise price</i> 1.26 2.81 Nil Nil	<i>Expiry date</i> 25 July 2011 27 April 2012 2 April 2012 1 July 2010

+ See chapter 19 for defined terms.

7.8	Issued during quarter	Employee Share Rights – Convert to one fully paid share subject to Tenure 585,000	Unlisted	Nil	1 July 2011
7.9	Exercised during quarter	Employee Share Rights 30,000	Unlisted	Nil	1 July 2010
7.10	Expired / lapsed during quarter	Employee Share Rights 20,000	Unlisted	Nil	1 July 2010
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 29 July 2009.....
(Company Secretary)

Print name: Tim Churcher

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.