

**Bendigo Mining
Limited**

ABN 61 005 674 073

Corporate Details:

ASX Code: BDG

Issued capital:

495.4M ord. shares
2.2M unlisted options
2.1M unlisted perf. rights
3.2M unlisted share rights

Substantial Shareholders:

St Barbara 49.5M (10%)
Orbis Funds 36.7M (7.4%)
STRS Ohio 32.1M (6.5%)

Directors:

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

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Rod Hanson
Managing Director & CEO
29 October 2008

Key Points

- Gill reef production of 4653 oz at a grade of 6.6 g/t gold
- Ore block grades of 14.5 g/t and 11.6 g/t gold
- Continuing strong cash balance of \$42.7 million

Summary

Rod Hanson, Managing Director & CEO comment: "I'm pleased to report that Gill reef trial mining has produced high grade bulk samples during the September quarter. The head grades of 14.5 g/t and 11.6 g/t gold from two of the mining blocks demonstrate the high grade potential of the goldfield and the variable nature of mineralisation at Bendigo.

"The average grade of all mining blocks from Gill reef is 6.6 g/t gold, which is a good result considering the early stage of trial mining combined with the strong A\$ gold price. Next quarter trial mining will begin producing data from the lower section of Gill reef, an area where drilling indicates thinner but higher grade ore zones.

"We have a strong balance sheet with \$43 million in cash and significant value in plant and equipment, which is extremely important in the current economic environment. The trial operations produced gold worth just under \$5 million in the September quarter, so we are covering our direct operating costs and hope to build value through higher levels of production in future quarters." said Mr Hanson.

Operations

- Underground development accessed Gill reef at three locations.
- The first full quarter of trial production from Gill reef achieved 4653 oz from the processing of 25,591 tonnes at an average grade of 6.6 g/t gold. Including low grade stocks, production was 4741 oz at an average grade of 6.2 g/t gold.
- Bulk samples (ore blocks) MB6 and MB9A achieved head grades of 11.6 g/t and 14.5 g/t gold respectively.
- Exploration drilling this quarter increased the length of Gill reef by 130 metres (18% increase) to 850 metres.
- Exploration to focus on defining mineable reefs close to existing workings.

Corporate

- Gold sales generated cash of \$2.5 million during the quarter from the sale of 2533 oz at an average price of A\$979/oz.
- Cash in bank at 30 September 2008 was \$42.7 million, which does not include \$2.5 million of gold dore which was sold but not settled at month end (cash as at 30 June 2008 was \$48.6 million).
- The strong A\$ gold price resulted in gold sales in early October at over \$1100/oz.

BACKGROUND

Bendigo is Australia's second largest goldfield having produced some 22 million ounces of gold, to an average depth of 750 metres. Bendigo Mining Limited is exploring for gold mineralisation beneath and along from historic mines on the richest lines of mineralisation within the goldfield.

Recent exploration from the Kangaroo Flat Mine has targeted prospective rock units on the Garden Gully, New Chum and Deborah lines. This work has discovered several new reefs, the most promising being the Gill reef. The nature and grade of gold mineralisation within the recently discovered reefs is undergoing testing through a program of trial mining, with processing at the Company's Kangaroo Flat plant.

DEVELOPMENT

There were two medically treated injuries and one lost time injury during the quarter, resulting in a medically referred injury frequency rate (MRIFR) of 38 which is above the target level.

Underground mine lateral development increased by 24% to 873 metres (705 metres in the June 2008 quarter). Mine development completed included a southern access into Gill reef and the completion of access into the lower section of the reef. Other development included preparation for mining of Dale reef and ventilation infrastructure. The narrow vein mining equipment (single boom jumbo and loader) was commissioned and commenced development in narrower sections of Gill reef.

TRIAL PRODUCTION

The primary aim of the trial production phase is to confirm the drill hole visual grade range estimation method. Gill reef has been divided into a number of 'mining blocks' which are being independently processed to enable reconciliation with drill-estimated grades.

3.1 Geology

A total of 5224 metres of Gill reef infill drilling on a 15 metre centre pattern was completed. Close-spaced drilling now covers a strike of 600 meters or 70% of the reef. The program is planned to be completed next quarter. Drill results continue to show excellent continuity of the main body of the reef, although there is an increase in faulting near the base of the reef at the southern end of the orebody.

Wider spaced drilling completed this quarter to test the limits of Gill reef successfully extended the reef 130 metres to the south. The reef is now defined over a length of 850 metres.

3.2 Trial Mining

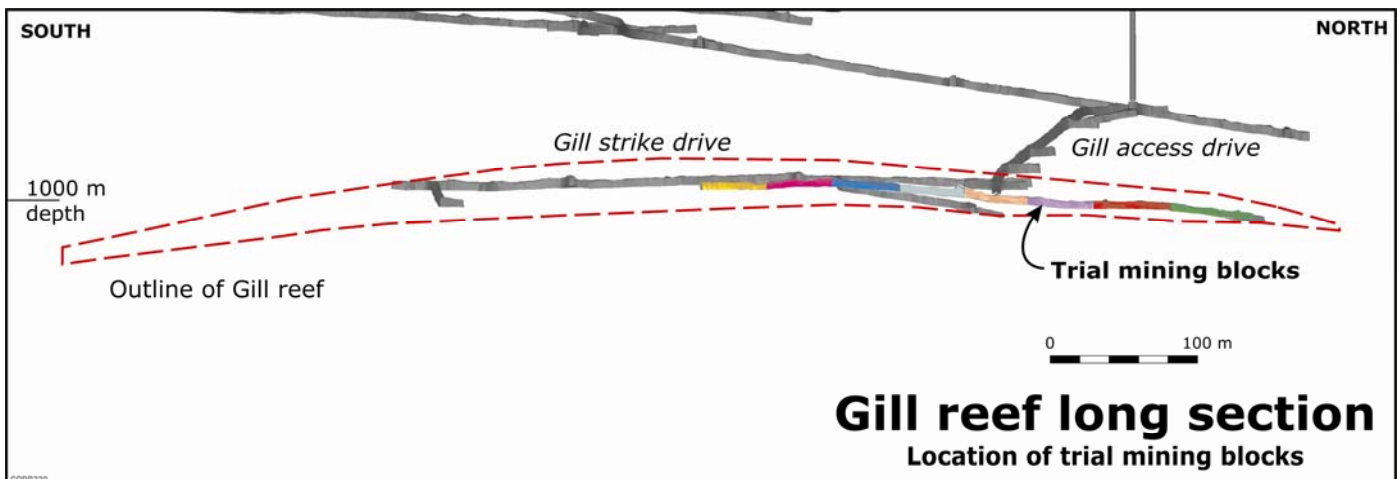
A total of 24,228 tonnes was mined during the quarter. Seven blocks were extracted from the northern end of Gill reef within the central sill drive (see attached plan and long section for location of these seven trial mining blocks: MB2, MB3, MB4, MB5, MB6, MB7 and MB9).

The development continues to confirm the interpreted reef shape, although mining to the north has progressed beyond the original resource boundary, producing more ore than planned from this location.

Total ore mined from Gill reef was 23,874 tonnes, whilst 354 tonnes of low grade ore was mined from the Dale reef stockwork zone. Mining of Gill reef Block 9 was carried out on a split face basis with the central core of the reef (MB9B) extracted and processed separately from the outer margins of the reef (MB9A). This will assist the understanding of grade distribution across the reef, particularly to test for higher grade margins.

3.3 Processing

Eight Gill reef mining blocks were treated during the quarter: MB1 (which commenced in June 2008), MB2, MB4, MB5, MB7, MB3, MB6 and MB9A. Some low grade stocks that were previously stockpiled during mining in 2006/07 were also treated between ore campaigns.



Production for the quarter was 4741 oz of gold from the processing of 27,700 tonnes of ore at an average grade of 6.2 g/t and with a metallurgical recovery of 86%. Excluding low grade stocks, the average grade of Gill reef ore was 6.6 g/t gold. Details are tabulated below:

Production Summary - Sep 08 Qtr				
		Gill reef	Low grade stocks	Total
Ore mined	t	23,874	354	24,228
Ore treated	t	25,591	2109	27,700
Gold grade	g/t	6.6	1.5	6.2
Gravity recovery	%	78%	75%	78%
Total recovery	%	86%	85%	86%
Gold produced	oz	4,653	88	4,741

3.4 Results

The trial mining campaign is progressing to plan. The reef continues to display robust geological and structural continuity.

There remains insufficient information to confirm the validity of the visual grade estimation method. The volatility of grades on a small block by block sample program is displayed in the results received to date.

It is very encouraging to record the first high grade blocks, MB6 and MB9A, particularly as the high grade blocks were predicted by mine geologists from face inspections. Details of the blocks mined and processed during the quarter are tabulated below (see attached plan for location of mining blocks).

Mine Block Summary		
Mine Block	Tonnes	Grade g/t gold
MB1*	1749	5.9
MB2	3744	4.6
MB4	4605	7.0
MB5	2883	7.4
MB7	4271	3.1
MB3	3151	2.2
MB6	2960	11.6
MB9A	2228	14.5
Total	25,591	6.6

* MB1 was partially processed in the June quarter. The total block result is 3837 tonnes at a grade of 5.7 g/t gold.

The trial program will continue to investigate gold distribution along the length and vertical extent of Gill reef. To this end, all blocks including known low grade blocks, are being processed. Initial data from the lower portions of the reef (legs) is planned to be available in the December quarter.

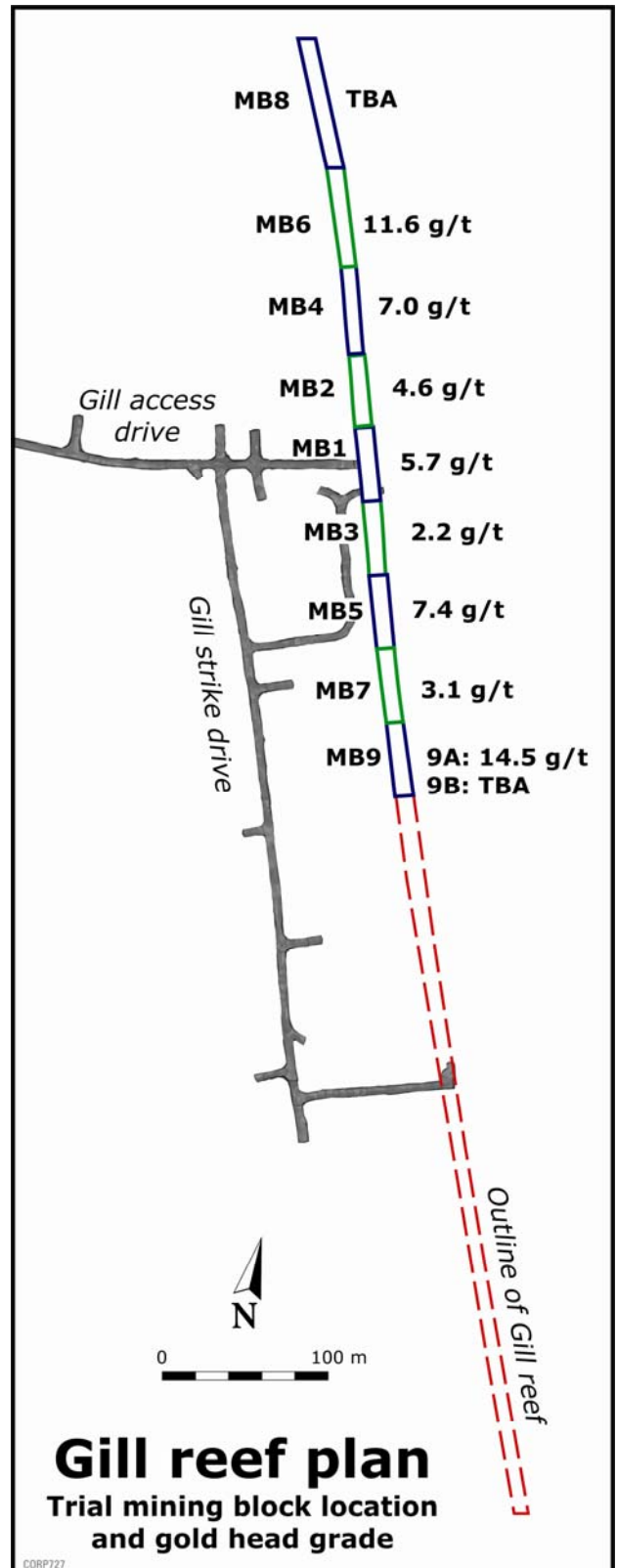
EXPLORATION

A total of 10,122 drill metres was completed (excluding 5224 metres of infill drilling) testing the Garden Gully and Deborah lines from the Kangaroo Flat mine as well as the New Chum and Paddy's Gully lines at the northern end of the goldfield.

The exploration drill program has been refocused to give priority to the discovery of additional mineable reefs close to existing mine development.

4.1 Gordon reef

The Gordon reef was discovered in the September 2007 quarter, with the initial drill section displaying a robust high-grade reef. Further infill drilling north and south over a 550 metre strike has intersected complexity and potentially lower grade. Infill drill results are tabulated on the next page.



Hole number	Length (m)	Est. true width (m)	Grade range estimate (g/t gold) ¹	Gold assay (g/t) ²	Quartz %
<i>Gordon reef: 124,100 mN (520-SP3 - Oblique)</i>					
NBD204	0.95	0.7	> 15	Pending	98
NBD204W1	1.8	1.7	10 - 15	Pending	100
	0.4	0.3	2 - 6	Pending	82
NBD204W2	3.6	3.6	< 2	Pending	100
NBD204W3	1.6	1.3	< 2	Pending	22
NBD204W4	1.15	1.0	2 - 6	Pending	90
NBD204W5	2.7	2.4	< 2	Pending	33
	0.5	0.35	6 - 10	Pending	66
NBD204W6	8.8	8	< 2	Pending	18

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.

4.2 Grenfell East reef

Drilling has successfully extended the large visually estimated low-grade Grenfell East reef by 120 metres to the north. The spur (stockwork) reef is now some 380 metres long, 35 – 40 metres high, up to 15 metres wide, and remains open to the north.

4.3 Regional

A total of 4191 metres of diamond drilling was completed to test the New Chum line in the north of the goldfield (North Eaglehawk target). The target lithological sequence, which is known to host very significant gold mineralisation on the adjacent Garden Gully anticline, was intersected along with prospective laminated quartz veins. Testing of the key anticlinal targets was completed but no significant mineralisation was intersected. Data will now be reviewed to determine the next steps in this program.

Drilling of stratigraphic holes west of the Kangaroo Flat Mine into the Nell Gwynne and Napoleon lines (western anticlines target) is planned to commence next quarter from the Swan Decline.

4.4 Research

The Company has commenced two research projects to assist with the targeting of gold mineralisation in the Bendigo Goldfield.

One project is aimed at understanding whether laminated quartz veins and shale rock units, which are associated with productive reefs, have specific geochemical fingerprints that can set them apart from non-productive veins and rock units. The second project will focus on structural geology, specifically to determine the structural controls and timing of gold mineralisation within Gill reef and relate this to structural trends across the goldfield.

CORPORATE

For the September 2008 quarter, total gold sold was 2533 oz at an average price of A\$979/oz, generating \$2.5 million.

Cash in bank at 30 September 2008 was \$42.7 million (\$48.6 million as at 30 June 2008). Gold dore worth \$2.5 million was shipped late in the quarter but not settled until early October. This amount is not included in the September cash balance.

The A\$ gold price received averaged \$979/oz in the September quarter (\$951/oz in the June quarter) and reached just over \$1100/oz in early October.

The weak equity market is increasing the number of investment opportunities. These continue to be carefully assessed by the Company.

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 Richard Buerger. Mr Buerger is a Member of The Australasian Institute of Mining and Metallurgy. 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 Buerger 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 Sept 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	2,473	2,473
1.2 Payments for		
(a) exploration and evaluation	(2,047)	(2,047)
(b) development	(3,238)	(3,238)
(c) production	(4,090)	(4,090)
(d) administration	(499)	(499)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1,453	1,453
1.5 Interest and other costs of finance paid	(20)	(20)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(5,968)	(5,968)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects		
(b)equity investments		
(c) other fixed assets	(129)	(129)
1.9 Proceeds from sale of:		
(a)prospects		
(b)equity investments	182	182
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	53	53
1.13 Total operating and investing cash flows (carried forward)	(5,915)	(5,915)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(5,915)	(5,915)
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 (provide details if material)		
	Net financing cash flows	-	-
Net increase (decrease) in cash held			
1.20	Cash at beginning of quarter/year to date	48,612	48,612
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	42,697	42,697

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 trial mining 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	299	65
5.2 Deposits at call	2,772	2,392
5.3 Bank overdraft	-	-
5.4 Other – Floating rate notes, Bonds, Commercial Papers, Bank Bills & Term Deposits	39,626	46,155
Total: cash at end of quarter (item 1.22)	42,697	48,612

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	-	-	-
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	495,433,780	495,433,780		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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> 1,853,000 380,333 <i>Performance Rights – convert to one fully paid share subject to performance hurdles</i> 2,101,577 <i>Employee Performance Rights – Convert to one fully paid share subject to Tenure</i> 3,195,000	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	<i>Employee Performance Rights – Convert to one fully paid share subject to Tenure</i> 3,255,000	Unlisted	Nil	1 July 2010
7.9	Exercised during quarter	-			
7.10	Expired / lapsed during quarter	<i>Options</i> 140,000 1,667 <i>Employee Performance Rights</i> 60,000	Unlisted Unlisted Unlisted	<i>Exercise price</i> 1.26 2.81 Nil	<i>Expiry date</i> 25 July 2011 27 April 2012 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 October 2008.....
(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.