

Bendigo Mining
Limited
ABN 61 005 674 073

Corporate Details:

ASX Code: BDG

Issued capital:
378.5M ord. shares
425.2M (diluted for retail
entitlement offer)

5.5M unlisted options

Substantial Shareholders:
(estimated position diluted
for retail offer)
APS Asset Management
53.4M (12.6%)
Merrill Lynch Investment
44.7M (10.5%)

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Directors:
Non-Executive Chairman
Bryan Davis
Managing Director
Douglas Buerger
Non-Executive Directors:
Ronald Beevor
Peter McCarthy
Richard Guy OAM

**For further details please
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Doug Buerger
CEO / Managing Director
20 October 2005

Key Points

- Plant construction continues on plan
- Good grades returned from Alexandria reef
- Project review returned with positive results
- \$140 million equity raising announced

Summary

Development

- South mine plant is 28% complete and on budget and plan.
- Commissioning target remains the June quarter of 2006.
- Underground mine development rate increased.

Exploration

- Assays from the Alexandria reef confirm visual indications of strong mineralisation (including 7 m at 14.4 g/t gold).
- The D5 target continues to display high grades over narrow widths (including 5 m at 10 g/t gold and 4 m at 14.9 g/t).
- Research shows rock-chip data can be used as an effective grade-control technique.

Corporate

- Major project review announced to ASX on 5 August 2005 confirmed the viability of the two mine strategy; with a total project capital cost of \$375 million.
- On 5 October the Company embarked on a significant funding exercise to secure the mine development out to around 2010. The first part of the announced \$140 million equity raising, via an entitlement issue and placement, has been completed raising nearly \$103 million. The retail entitlement offer which is planned to raise the remaining \$37 million is open until the 28 October 2005.
- The expected net proceeds of the raising of \$132.5 million increases available cash to \$210 million (at 30 June 2005).

Bendigo Mining Limited is an Australian company developing one of the world's largest and highest-grade new gold projects. The Bendigo Goldfield produced some 22 million ounces of gold over a century of mining, and today is estimated to contain high-grade gold mineralisation of over 11 million ounces beneath the historic workings. Once fully developed, the mine is planned to produce over 600,000 ounces of gold a year for more than 20 years, which would position Bendigo Mining as one of Australia's largest long-life gold producers. Phase 1 production is planned to commence by June 2006 at a rate of 120,000 oz/y and build to 200,000 oz/y after three years, with full-scale production of 600,000 oz/y planned to commence in 2011/12.

PRODUCTION STRATEGY

A major review of the Bendigo Project was completed early in the quarter with the reassessment of assumptions contained in the March 2004 Feasibility Study. The findings, as detailed in the 5 August ASX announcement, supported the Company’s two-phase development strategy.

The plan is to build a south mine delivering 120,000 oz/y next year, increasing to 200,000 oz/y after three years, while maintaining the plan to deliver a north mine of 400,000 oz/y in 2011/12. At full capacity, after 2011/12, the project plan is to produce over 600,000 oz/y of gold at a cash operating cost of less than \$200/oz utilising twin declines and plants.

Phase 1, the south mine, is planned to commence production by June 2006 at 120,000 oz/y and operate with a cash cost of around \$300/oz.

PROJECT DEVELOPMENT

Construction of the 600,000 t/y south mine gold plant continued during the quarter. Plant engineering, procurement and construction management (EPCM) services are being provided by Ausenco Ltd.

The \$53 million plant flowsheet incorporates three-stage crushing, including high pressure grinding rolls, grinding, intensive gravity concentration, sulphide flotation and carbon-in-leach processing of the flotation concentrate.

Plant construction is within budget and on plan for commissioning in the June quarter of 2006.

In addition to process plant construction a number of other major project developments are underway or in preparation including the electric power supply, pumping and ventilation upgrades, tailings storage, dewatering, mobile second egress, fuel tanks, evaporation pond expansion, raisebore projects, workshop extension, mining fleet acquisition and northern mine planning. Site activity levels are high.

Engineering & Procurement

Detailed engineering design is 81% complete. Maintainability reviews have been completed with changes incorporated into the plant design.

Procurement is 52% complete. Some non-critical items are behind schedule due to scope changes associated with the maintainability review. Orders were placed for pumps, hoists, agitators, fine ore bin, platework and other processing and electrical equipment.

Construction

Bulk-earthworks were completed during the quarter and the civil works contract has been let for concrete foundations. Civil works are progressing to plan and is displayed in the accompanying photograph. Site construction is 28% complete.

Site construction manning levels total 29 personnel, with the majority employed by Ausform, a local civil works contractor.

Installation of steelwork and major equipment items is planned to commence in the December quarter.

Site preparation work has commenced for the tailings storage facility.



South mine gold plant construction: Carshalton Site.

MINING

Underground development of 1,012 m (631 m in the June quarter) was completed in the quarter. Productivity has been assisted by the adoption of in-cycle shotcreting and the introduction, in the June quarter, of the second jumbo drill rig.

A 50 t haul truck was introduced on a rental basis in August, whilst one of the 27 t trucks was demobilised from site. The performance of the larger capacity haul truck has confirmed the benefits of upgrading truck capacity.

Work on the Adams Street ventilation circuit is ongoing. The pilot holes for the raisebores were completed this quarter and reaming of both legs, Leg 1 and Leg 3, is underway. The Leg 1 rise from surface is 3.5 m in diameter and 335 m long, whilst Leg 3 is 4 m in diameter, 220 m long and starts underground at a depth of approximately 650 m. The installation of additional ventilation is crucial in maintaining the current development and exploration schedule. It is planned that this ventilation circuit will be fully commissioned in the March quarter of 2006.

Detailed mine planning for orebody access and stope designs continued in the quarter. The first ore development is expected to commence in the December quarter.

Grade Control

During the quarter, research on the use of rock chip sampling for grade-control was successfully concluded. Mathematical transformation (log algorithm) of raw rock chip assay data gives a viable grade control tool. This resolution gives increased confidence in the ability to manage head grade in a coarse gold environment.

EXPLORATION

The 11 Moz Inferred Resource at Bendigo is supported by the highly repetitive geology of the field. The geological model (ribbon model) predicts the occurrence of gold-bearing reefs repeating vertically approximately every 200 m. Exploration confirms this concept for both the Deborah and Sheepshead Lines and reinforces the reliability of the geological model (see attached diagrams showing stacked ribbons).

Exploration success at Bendigo is driven by three key elements: attractive geological targets, productivity of drill rigs and available drill platform. As underground development rates increase, the available drill platform increases and our ability to test the extensions of existing reefs and new targets also increases.

Current Activity

Drilling of 7,077 m of diamond core was completed in the quarter (down 5.6% from that achieved in the previous quarter of 7,500 m). Four underground

diamond drill rigs are engaged in the program. Productivity levels are forecast to increase from current levels as more experienced drill operators are introduced and as existing drillers increase their skill levels. The shortage of experienced diamond drillers within Australia is an issue that will need continual management.

Sheepshead line

S3 ribbon

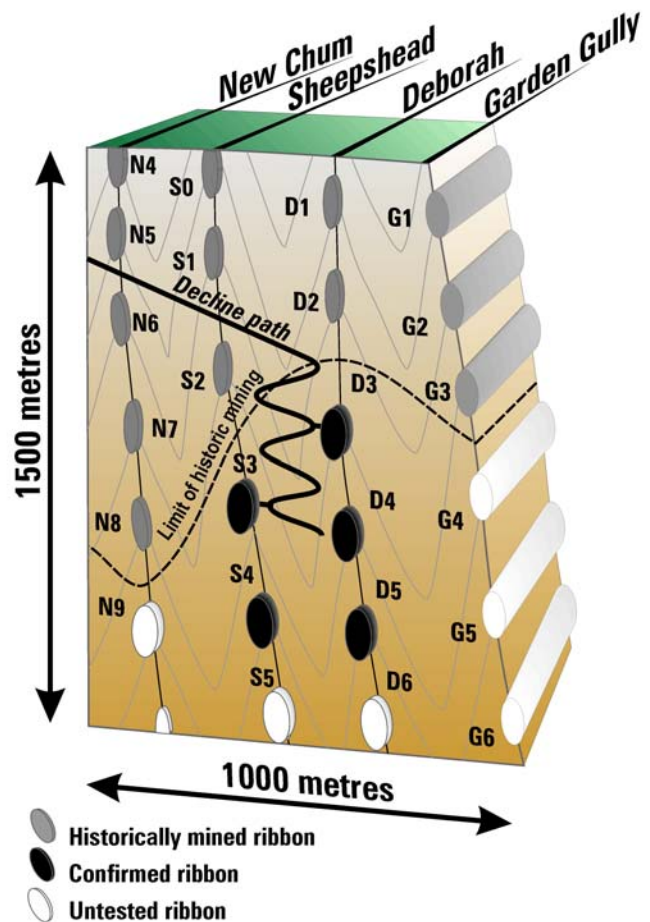
Four gold-bearing reefs are currently identified:

- Upper S3 reef: Reef length is 670 m. Limited drilling confirmed current reef dimensions.
- Christine reef: Reef length is defined at 225 m. Drilling to the north did not locate any reef extensions.
- Greater Garrard reef: Reserves are currently defined over 450 m. Drilling last quarter confirmed a 250 m northerly extension to the reef. The reef remains open to the north with further drilling awaiting the northerly development of the Swan decline.
- Cahill reef: No drilling.

S4 ribbon

- Alexandria reef: Reef length is 900 m, remaining open to the north and south.

Schematic View Of Ribbon Locations



Drilling this quarter has confirmed potentially economic mineralisation in the Alexandria reef at each end of the currently defined reef. Drill results from the southern most section returned 17 m at 7.2 g/t gold (including 7 m at 14.4 g/t) and 15 m at 4.9 g/t (including 6 m at 9.7 g/t gold).

Drilling on the most northerly section returned 5 m at 11.4 g/t gold, 17 m at 11.1 g/t gold and 22 m at 4.5 g/t gold (including 10 m at 7.0 g/t). The reef at this location is at least 40 m high and varies from 2 to 10 m wide. Visible gold was seen in 3 out of 4 holes at this location.

Drilling of infill and step-out sections is continuing.

Deborah line

D3 ribbon

- Shywolup reef: Reef length extended to 580 m (from 530 m), as detailed resource drilling outlined a minor extension of the orebody to the south.

D4 ribbon

- McDermott reef: Assays returned from drilling last quarter returned 6 m at 11.7 g/t gold and 5 m at 14.7 g/t gold. Work is ongoing.

D5 ribbon

- Step-out holes some 250 m to the north of drilling completed earlier this year continues to provide encouragement. Assays of 5 m at 10 g/t gold and 4 m at 14.9 g/t gold show a high grade reef exists at this location. Exploration will focus on testing reef development to the north and south.

CORPORATE

The results from the development strategy study, released to ASX on 5 August 2005, indicated a total project capital cost of \$375 million (\$128M for the south mine and \$247M for the north mine). The total funding requirement was estimated at \$338 million, which assumed south mine cashflow is reinvested back into the project, and a \$45 million contingency is added.

The funding requirement (at 30 June 2005) was planned to be met by available cash of \$78 million, additional equity of \$140 million and an assumed debt raising of \$120 million in 2010.

The Company announced on 5 October 2005 its intention to raise \$140 million equity by way of a pro-rata 3 for 5 entitlement issue at \$0.80 per share and an accompanying placement.

On 12 October, the Company announced that the institutional component of the planned \$140 million equity issue was settled raising nearly \$103 million,

before expenses. The institutional offer comprised an \$84 million entitlement offer at \$0.80 per share and a \$19 million placement, completed at \$0.91 per share. The issue was strongly supported by both existing shareholders and new investors. Institutional shareholders that did not participate received \$0.11 per entitlement with the price being set through a bookbuild process.

The balance of approximately \$37 million is planned to be raised through the Retail Entitlement Offer, which has the same terms as the institutional offer of 3 for 5 at \$0.80 per share. Eligible retail shareholders with registered addresses in Australia or New Zealand may participate in the Retail Entitlement Offer which closes on the 28 October 2005 in accordance with the Prospectus lodged with ASIC on 7 October 2005.

The entitlements of those retail shareholders who cannot, or choose not to participate, will be sold through a bookbuild process, with any excess value above \$0.80 per share, representing the value of the entitlement, being passed back to the non-participating shareholder.

Both the entitlement issue and the placement is being managed and underwritten by Macquarie Equity Capital Markets Limited. Austock Corporate Finance Limited has been appointed as Co-manager to the Offer and Ord Minnett Limited and Macquarie Equities Limited have been appointed as Brokers to the Offer.

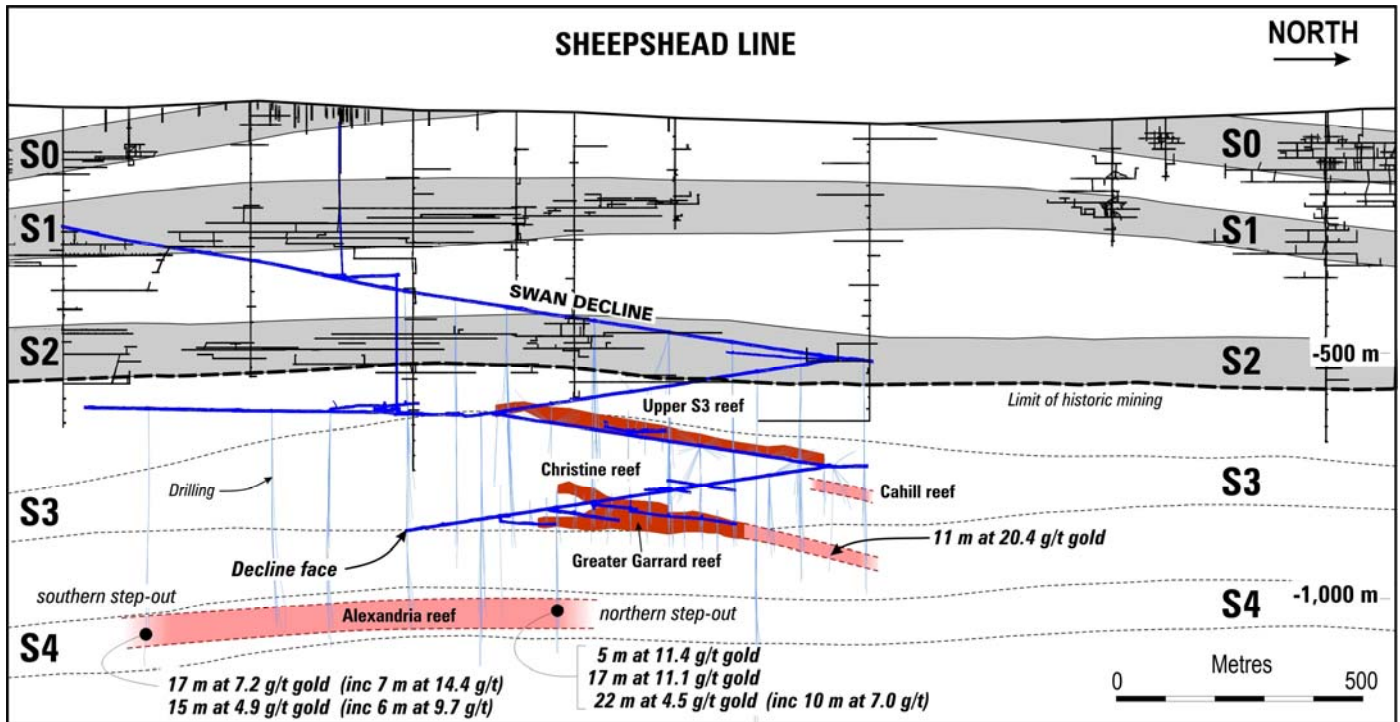
The Company's Annual General Meeting is planned on the 24 November 2005. Notice of the Meeting will be sent to shareholders shortly.

Strong balance sheet

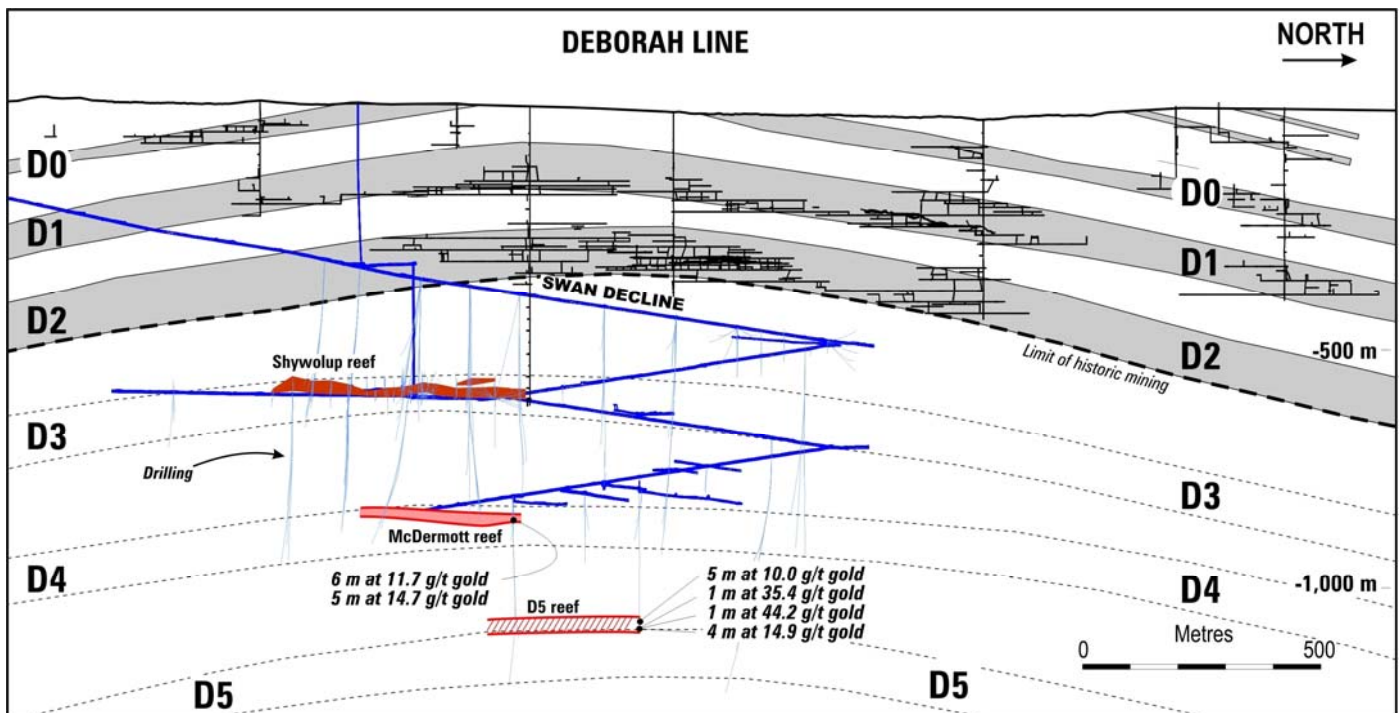
The expected net proceeds of the capital raising of \$132.5 million, after capital raising fees, increases available cash to \$210 million (based on 30 June 2005 figures).

The information in this public report that relates to Exploration Results and Mineral Resources is based on, and accurately reflects, information compiled by G. F. Johansen and the information that relates to Ore Reserves is based on, and accurately reflects, information compiled by R.J. Hanson. Both are Members of The Australasian Institute of Mining and Metallurgy. Bendigo is a high nugget environment and, based on statistical comparisons with extensive bulk sampling, gold assays are modified to allow for variable sample volumes. Mr Johansen and Mr Hanson are full

time employees of the Company and have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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 Johansen and Mr Hanson consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.



Long section of Sheepshead line: showing mined-out ribbons nearer the surface and the underground decline accessing the un-mined ribbons at depth. The new reefs within the within S3 and S4 ribbons are shown.



Long section of Deborah line: around 275 m east of the Sheepshead line. The mined-out ribbons are shown, as are the new ribbons at depth. The decline traverses between the two 'lines' and hence appears on both sections.