

Bendigo Mining  
Limited  
ABN 61 005 674 073

**Corporate Details:**

Ordinary Share  
Code: BDG (ASX)

*Issued capital:*  
252.9m ord. shares  
1m unlisted options

*Major Shareholders:*  
APS Asset Management  
42.68m (16.9%)  
Harmony Gold  
29.43m (11.6%)  
Merrill Lynch Investment  
24.9m (9.8%)  
General Oriental Invest.  
20.7m (8.2%)

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Australia

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*Directors:*  
Mr Bryan Davis  
Non-Executive Chairman  
Mr Douglas Buerger  
Managing Director  
Non-Executive Directors:  
Mr Ronald Beevor  
Mr Peter McCarthy  
Mr Thaddeus Grobicki  
Mr Richard Guy OAM  
Mr Roy Woodall OAM

*For further details please  
contact:*

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## Summary

### Project Development

- Activity during the quarter remained focussed on preparing the site for Stage 1 plant construction and mine development. Construction of the plant is planned to commence by April.
- Ausenco has been appointed the EPCM contractor for the 300,000 tpa Stage 1 process plant. Plant capital cost is under review and due to industry-wide cost inflation is expected to increase.
- The process flowsheet has been optimised with the addition of High Pressure Grinding Rolls which will increase confidence in gold recovery.
- Macmahon has been appointed as the underground mining contractor and mobilised to site in December.

### Reserves/Resources

- An important milestone was achieved with the addition of 11 million ounces of gold into the Inferred Resource category. The central portion of the Goldfield contains potential for further growth.

### Exploration

- Drilling continues to provide incremental additions to known resources within the Stage 1 mine area.

### Corporate

- Federal and State Government approvals for the Bendigo mine development were received.
- Mr Richard Guy OAM accepted an invitation to join the Board on January 18, 2005. Mr Tobias Brown resigned from the Board on December 31, 2004.
- Rod Hanson (Chief Operating Officer) and Tim Churcher (Corporate Affairs Manager) were appointed to complete the Executive Management team.
- At December 31, 2004 the Company held cash and liquid assets of \$107m. The Company remains debt free, excluding trade creditors.

## Project Development

Progress towards implementing Stage 1 development of a 0.3 mtpa underground mine and process plant remains on target.

Construction of the processing plant is planned to commence by April with initial production forecast by December 2005 at an estimated rate of 80,000 oz pa. Production is planned to increase over the next 7 years to an estimated rate of 600,000 oz pa.

The Company is currently reviewing capital costs in the feasibility study and due to an industry-wide increase in material and labour costs, an upward revision of capital costs is expected.

### Engineering & Procurement

The Company appointed Ausenco Limited as the Engineering, Procurement and Construction Management contractor for the process plant.

Orders were placed for the 300,000 tpa ball mill with Outokumpu and for High Pressure Grinding Rolls with Koeppern (see below).

### Process Optimisation

The Company has decided to include High Pressure Grinding Rolls (HPGR) as a tertiary crushing stage. The additional capital cost, relative to the 2-stage crushing circuit contemplated in the feasibility study, is expected to be less than \$2m. This decision, although not included in the base case feasibility study, has been under evaluation for two years and has been validated during recent design and testwork.

The benefits of installing HPGR is important to the New Bendigo Gold Project because of its high coarse gold content. HPGR will reduce the risk of over-grinding or flattening of coarse gold that could negatively impact gravity gold recovery.

A reduction in risk attached to gold recovery, with the potential for improvements in recovery over design rates, is considered of greater importance than any increase in technical risk associated with adopting HPGR. The HPGR will also have considerable extra capacity which will reduce the cost of future plant upgrades.

### Mining

Macmahon Underground were appointed as Mining Contractor and mobilised to site in mid December.

## Reserves and Resources

An important milestone at the New Bendigo Gold Project was achieved with a substantial portion of the gold mineralisation, previously described informally as 'resource potential', being re-classified into an 11 million ounce Inferred Resource.

Category	Tonnes	Grade g/t Au	Contained Gold oz
Inferred Resource	23,500,000	14.5	11,000,000
Indicated Resource	720,000	10	236,000

Category	Tonnes	Grade g/t Au	Contained Gold oz
Probable Reserve	656,000	9	193,000

1. Grade reported in 0.5 g/t increments.
2. Resources are inclusive of Reserves

Potential for further growth in the resource inventory exists beneath the current resource and in adjacent lines of reef.

Further discussion of the inferred resource upgrade is the subject of a concurrent ASX release.

## Exploration

A total of 3,382 metres of underground diamond drilling was completed.

A new reef position has been outlined within the Stage 1 mining area on the Sheepshead line. The amount of visible gold in drill core indicates potential for economic grades, and further testing of this zone is planned as drill platforms become available.

Drilling around other mineralised zones continued to define incremental extensions within the Stage 1 mining area.

## Corporate

Federal Government (Dept. of Environment and Heritage) and State Government approvals for the Bendigo mine development were received.

Mr Richard Guy OAM was appointed as a Non-Executive Director on January 18, 2005. Mr Guy is Chairman of Bendigo Bank, Chairman of Bendigo-based Crystal Industries Group and a Director of Elders Rural Bank Limited.

Mr Tobias Brown resigned from the Board on December 31, 2004. He remains a keenly interested shareholder.

Rod Hanson (Chief Operating Officer) and Tim Churcher (Corporate Affairs Manager) were appointed to the Executive Management Team.

At December 31, 2004 the Company held cash and liquid assets of \$107m. The Company remains debt free, excluding trade creditors.

*The information in this Public Report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on, and accurately reflects, information compiled by G.F. Johansen who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Johansen is a full time employee of the Company and has sufficient experience that is relevant to 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 Johansen consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.*