

“Building a profitable
mid-tier gold mining business”

NEWSLETTER

Chief Executive Officer's Report



As I reported to you in our last Newsletter in March, the major focus of activities at the Kangaroo Flat Mine revolves around trial mining of Gill reef at the south of the Garden Gully line, about 1000 metres below surface. This is a significant milestone for the Company, which will see us move to trial gold production early in the second half of the year.

Our plans have been progressing on schedule. The 400 metre long parallel strike drive (tunnel) which will be used to drill test the reef for grade estimation and mine planning purposes is well advanced. This drive will also provide access to facilitate extraction of the southern end of the reef. The process plant has restarted and commenced treating low grade stocks.

Why “trial mining”? The trial is all about quality rather than quantity. The purpose of the trial is to allow us to interpret in detail the reef shape and grade by careful mining, sampling, mapping and processing in order to ensure that we achieve the best possible result. In so doing we will build further confidence in our ability to define reef tonnages and grade through drilling.

We have employed 20 additional personnel for mining and processing operations or to replace those accepting internal transfers, as we gear up for this new phase of activities.

Rod Hanson
Managing Director
& CEO

Elsewhere on the exploration front we have been successfully enhancing Dale, Dean and Upper McDermott reefs, all of which are planned to be mined and processed over the next two years. In the last week, we have started exploration drilling from the surface, at New Moon just north of Eaglehawk, seeking extensions of the New Chum line mineralisation in areas never previously tested, but adjacent to very productive sections of the Garden Gully line.

I look forward to updating you on our trial mining progress in our next Newsletter.



Bendigo Mining geologists visiting Gill Reef. Image courtesy of The Age, Melbourne.

Salute to the Borough!

Bendigo Mining was delighted to be the major sponsor for the Eaglehawk Dahlia and Arts Festival in April. The parade and family day were a great success.



Bendigo Mining Environment Fund

Through its grant allocations each year, the Environment Fund assists organisations with environment projects that benefit the Bendigo community. Preference is given to projects which address the following themes:

- flora and fauna
- energy conservation
- land and water protection
- waste management
- environmental education

Applications were recently assessed for the May round of funding. The following worthy applicants received funding;

Kennington Pre-school is planning to revegetate a degraded area with native grasses. The area already has a number of large rocks and a tree stump as features. The new plants will blend in with the native grasses of the Kennington reservoir.

Eaglehawk Environment Group is holding its Annual Tree planting at Lake Tom Thumb. The Group is also planning to facilitate several other tree planting days for 2008, with a goal of planting 1500 trees in the area near Avery's road, on the North East side of the Lake Tom Thumb. These planting days will involve local primary schools, the Eaglehawk Scouts and members of the Eaglehawk community.

Camp Hill Primary School is creating an Indigenous & Bush Tucker Garden in the City. The inclusion of "bush tucker" plants will extend students' knowledge, cultural awareness and understanding of food in Australia. It will introduce the students to the different fruits, herbs and spices that have been part of the Australian Aboriginal diet for thousands of years. The garden beds will also have the added benefit of encouraging both bird and butterfly life to the school surroundings.

Catholic College Junortoun is planning the next stage of their revegetation. Degraded areas will be planted with indigenous plants to encourage bird and butterfly life and to manage dust.

Kangaroo Flat Primary School is establishing native grassland for butterfly and honeyeaters to compliment their carbon credit plantation.

The next round of funding will close 30 September 2008. Further information is available on the website or by calling Genevieve Bowyer on 5447 1834.



Prepare for Success

Marilyn Sprague, from Goldfields Revegetation, coordinates revegetation at all Bendigo mining sites and has great success. Here she offers some great advice for preparing your soil for a successful garden.



'Native plants like native soil'

Experience has shown that the most suitable soil for native plants is that in which they grow naturally. Unfortunately it tends to be compacted, either by heavy equipment in building construction, or by grazing animals.

The remedy is to rip on the contour 200-300 mm deep about 1m apart, in autumn, when the soil is dry. A bobcat or 'Dingo Digger' is ideal for this – even tricky small areas. The rip line catches run off and reduces erosion, retaining water on your property for your plants. The shattered ground also enables your plants to establish easily and root deeply. If you require additional soil for landscaping, either look out for excess soil from dam or house construction or contact a soil supplier, but insist on soil similar to your own.

Very free draining soil mix is not suitable for sustainable gardening as it requires very regular watering and tends to have excessive nutrients; over time, this soil may become water repellent.

The so-called "sedimentary" soils of Central Victoria consist of clay and weathered rock – retain the rocks as they hold moisture underneath them, rip on the contour and/or mound to improve drainage and enhance growth. Granite soils are sandy (including non-wetting soils) – to grow natives other than those indigenous, they can have clay added or a clay product called bentonite to help them retain moisture. Bentonite is added to the soil at the rate of 1kg per sq meter and worked in down to 100mm in depth. Basalt or volcanic soils are generally heavy clays. To grow plants other than those indigenous to the area, they can be mounded and/or gypsum added to improve drainage and texture. Alluvial soils generally have high clay content and are found along drainage lines or across the Northern Plains – contour-rip them and/or mound to enhance growth; gypsum will also help.

This is an excerpt from 'Prepare for Success - Your guide to a sustainable Australian garden' . www.goldfieldsrevegetation.com.au Goldfields Revegetation 230 Tannery Lane, Mandurang, Victoria 3551

Community Clipboard

ERC Representatives

The Environment Review Committee (ERC) meets quarterly to review current and proposed mining activities as well as all environmental monitoring results. Community representatives are Michael McKern (Eaglehawk), Mary Markey and Peter Foreman (Kangaroo Flat) and Rose Walsh (Woodvale). For contact numbers, please call 5447 1834.

The ERC is due to call for nominations for community representatives in the near future. The details will be publicly advertised.

Community Advisory Board

The Community Advisory Board is an important link between the community and the Company. Current members from the Bendigo community are Murray Oakes, Kangaroo Flat; David Richards, Eaglehawk; Dennis Demeo, Raywood; Cr. Rod Fyffe, City of Greater Bendigo; Anne Jones, Kangaroo Flat; Daryl McClure, Bendigo; Leighton Rawlings, Quarry Hill; Leon Scott, Eaglehawk, and Maurie Sharkey, Goornong.

Need to contact us?

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Who's Who at Bendigo Mining?

Mark Rovers has worked at Bendigo Mining for three and a half years. His role includes driving loaders, charge-up for blasting and jumbo drill operation. Mark grew up in Sunbury and attended Salesian College before undertaking an electrical apprenticeship.

First job? Helping out in a butchers shop.

What do you enjoy most about working at BML? Mateship with the boys in the underground crew.

Kids? Five great children! Demi 15, Jye 13, Zoe 10, Mitchell 7 and Zak 6.

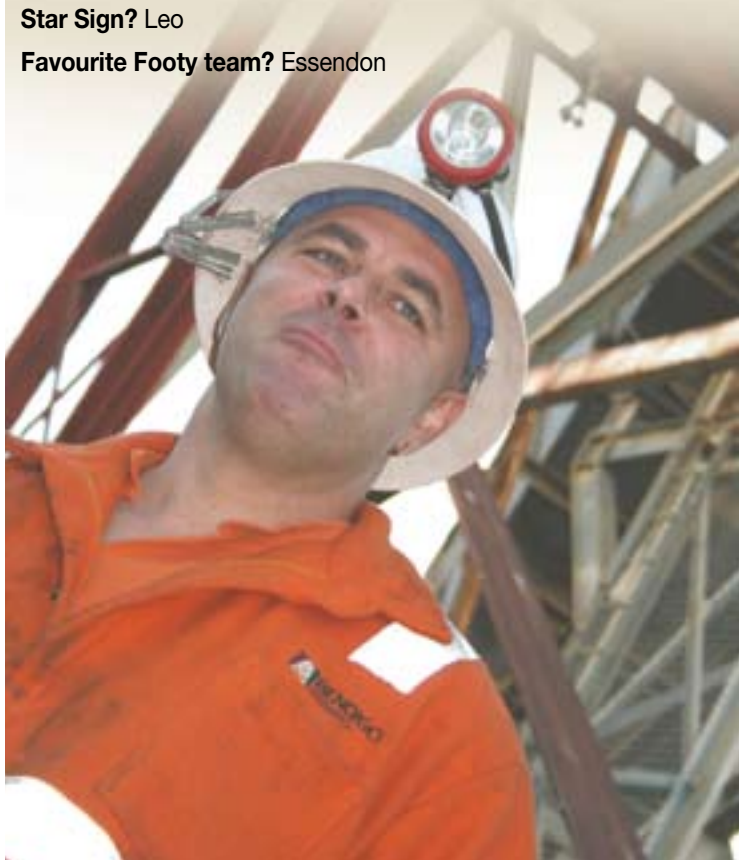
Favourite movie? All the Rocky movies except the last one; that was terrible.

Music? Rock 'n roll!

Any pets? Two dogs Rocky (naturally) and Caspar

Star Sign? Leo

Favourite Footy team? Essendon



2008 Underground Mine Rescue Competition

The Victorian Underground Mine Rescue Competition is coming to Bendigo again this year.

The three day event will run from 1 August until 3 August at four venues including Bendigo Mining Kangaroo Flat, Fosterville Mine, Huntly Fire Training Ground and the Central Deborah Gold Mine. This will be the 16th year the competition has specialised in underground rescue. Teams from all over Australia will be attending, including six from Victoria. Team events include;

- First aid
- Fire fighting
- Search and rescue
- Rope rescue
- Team skills
- Breathing apparatus
- Theory

The Mine Rescue teams undergo exercises that represent possible underground, emergency scenarios. These scenarios have been prepared by highly experienced mining personal, many of whom have been members of emergency response teams themselves. Professional makeup artists have even been engaged to ensure the patients' injuries look real.

Bendigo Mining team member Danny Tracey said "Participating in this competition is an excellent forum for us to learn valuable new skills. It also provides a rare opportunity for some 'real world' practice. I'm really looking forward to it".

Trophies will be awarded to the to seven category winners plus and overall Competition Winner & Best Captain. Go Bendigo Mining!



Bioremediation Trial

An issue for all heavy industries is managing hydrocarbon waste. At Bendigo Mining we are trialing a new method of managing this waste called bioremediation. Industrial bioremediation applications are increasingly being used worldwide, particularly in the USA and Europe. It's clean, green and relatively cheap and the secret ingredient is - microscopic bugs.

Whenever contaminants are introduced into soils, some bugs in the soil will evolve an adaptive mechanism for dealing with the contaminants; usually by metabolising them as food. Bugs will generally eat anything, provided there is carbon content. This makes hydrocarbons a perfect bug meal. The pollutants can then be broken down by the metabolic pathways of the bugs or micro-organisms. It is this ability to break hydrocarbons down that is the foundation for bioremediation. The main challenge is getting the soil right so the bugs (bacteria and fungi) are able to develop to a stage where they can break down the hydrocarbons.

An important part of environmental management at Bendigo Mining is to wash down all vehicles from underground in a specifically



designed wash-down bay to ensure hydrocarbons are contained on the site. The material collected in the wash down bay is dirt or rock particles from underground mixed with grease and oil. This is the material which is being used in our first bioremediation trials.

The trials will run for three months.

Exploration drilling Eaglehawk North

Bendigo Mining has commenced drilling from the surface at Eaglehawk North in the Bendigo Regional Park, near the New Moon water treatment plant. The purpose of the drilling is to locate mineralisation at depths down to 500 metres at the northern end of the goldfield along the New Chum line; parallel to the highly productive, historic section of the Garden Gully line.

The historic mines on this part of the Garden Gully line (the New Moon and South New Moon) produced some 400,000 ounces of gold. The drill site is on the New Chum line of reef and has been identified through the Company's research. There has been no exploration at depth on the New Chum line of reef in this area.

Access to the drilling site is via existing tracks. No vegetation will be removed. Equipment transported to the site included a track mounted drilling rig on a low loader, a diesel powered generator, water tanks and an on-site toilet.

The drill rig has been noise tested to ensure it meets the levels set by the EPA. Monitoring will continue for the duration of the drilling. As an extra measure, the rig is operating inside a shed like structure.



Erecting the shed for the drill rig at Eaglehawk North.

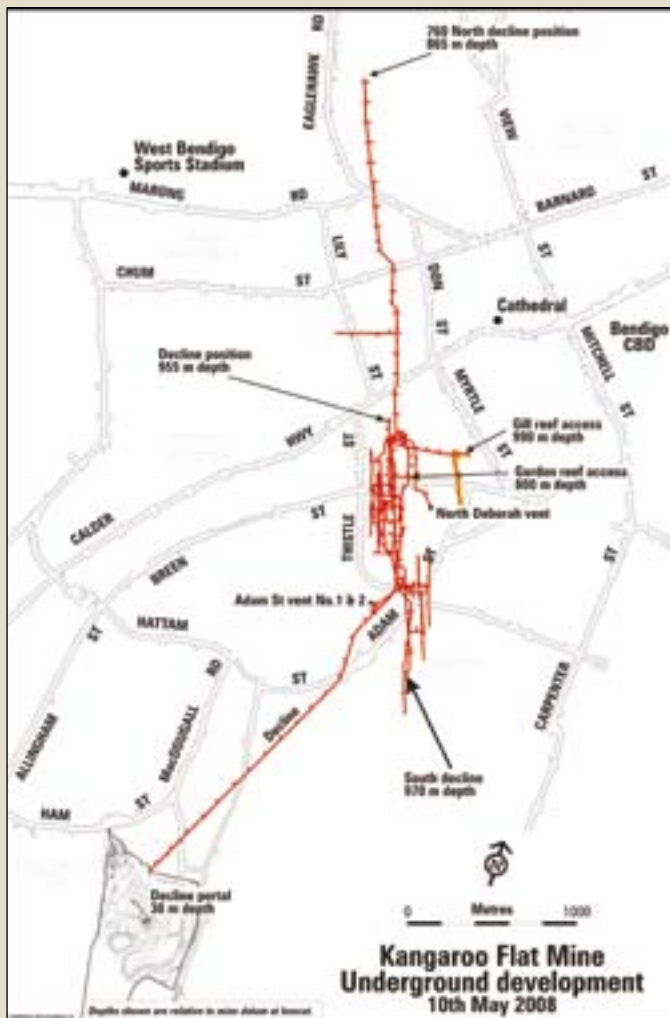
This shed has been successfully used at Stawell Gold Mine for noise attenuation and will minimise the noise generated for the activities.

Water is required for drilling and will be groundwater supplied directly from the New Moon Mine Shaft, which will be piped to the drill site via a temporary above ground pipeline. Water is stored in tanks and will be recycled for the duration of the drilling.

Drilling will typically be conducted 24 hours per day, seven days per week for a period up to 20 weeks. Additional drilling may be necessary depending on results from this initial drilling program. Drill core will be produced at a rate in the order of 50 metres per 24 hour day. Drill core produced will be taken from site in a light vehicle to the Kangaroo Flat mine site on a daily basis.

Bendigo Mining is very aware of minimising any impact on the community and the surrounding environment. If you require more information or would like discuss any matter please do not hesitate to call 5447 1834.

Underground development



Trucking to New Moon

The Market Place Shopping Centre will soon be undertaking the final stage of the development of their underground carpark. The Council and EPA have given permission for excess fill removed from the carpark to be stored at Bendigo Mining's New Moon site. Trucking of rock from the Bendigo Market Place will recommence in July.

The fill will be placed at the disused south west tailings dam at New Moon as part of the rehabilitation of the site prior to the planned winter revegetation work.

Bendigo Mining is not involved with the Market Place earthworks nor the cartage of the fill to New Moon. The Company does assume responsibility once the trucks reach the New Moon site. However, it is very important to us that the activity carried out in area is to the same high environmental standards that would be met if the project was undertaken entirely by Bendigo Mining. To this end we will be conducting regular dust and noise monitoring to ensure these standards are met.

Trucking activity will be limited to weekdays from 7am until 6pm and Saturdays from 8am until 6pm. There will be no trucking activity on Sunday or public holidays.