

BENDIGO MINING MARCH 2009 QTR: BACK TO BACK CASH FLOW POSITIVE QUARTERS

	Mar Qtr	Dec Qtr	Change
Production (oz)	9,884	9,180	8%
Head Grade (g/t)	8.20	9.80	-16%
Average Price (A\$/oz)	1,385	1,189	16%
Total Cash Cost (A\$/oz)	680	613	11%
Gross Margin (A\$/oz)	705	576	22%
Other Investment Activities			
Capital Expenditure (A\$/oz) ^	8	17	
Exploration/Evaluation (A\$/oz) ^	122	167	
Total Other Investment (A\$/oz)	130	184	
Corporate Expenditure			
Net Finance Cost (Revenue) (A\$/oz) ^	- 80	- 79	
General Administration (A\$/oz) ^	80	82	
Total Corporate Costs (A\$/oz)	1	3	83%
Cash Surplus (Deficit) (A\$/oz)	574	389	48%
Balance Sheet Performance			
Cash Balance (A\$m)	50.0	44.9	11%
Interest Bearing Loans (A\$m)	-	-	
Hedging Liability (A\$m)	-	-	
Share Capital			
Shares Outstanding (m)	495.5	495.4	
Director Holdings (%)	0.13%	0.13%	
Share Price (A\$) (End of Qtr)	0.245	0.145	69%

^ Capital expenditure, Exploration, Net Finance and General Administration were taken from the Appendix 5B. Please note these costs may not relate specifically to the quarter in question due to timing differences associated with payment.

Bendigo Mining (ASX:BDG) has backed up a strong December quarter with an equally impressive March quarter. 9,884 oz were produced at an average cash cost of A\$680/oz. A 30% increase in plant operating time contributed to a 27% increase in tonnage treatment and 8% higher production levels. The average head grade fell 16% to 8.2g/t which contributed to the marginally higher cash costs. Bendigo is presently utilizing a variety of mining methods including twin and single boom jumbo mechanized mining. Preparation is being made for hand-held mining of the narrower ore zones. The main ore source continues to be Gill reef with minor contributions from the Dale and Garrad reefs. The mix of ore mined for the quarter was 36% development ore and 64% stoping. This is in contrast to the December quarter mix of 74% development and 26% stoping. You would ordinarily associate higher grades and thereby higher production levels with the processing of increased stoping material. Due to the difficulty in assessing the nature and grade of gold

mineralization in the Bendigo goldfield, this is being largely determined via mining and production with visualization methods used to highlight the most prospective sections to mine.

The higher average gold price received for the quarter yielded a 22% increase in gross margin which more than offset the higher cash costs. Capital expenditure and exploration were both lower for the quarter. Net corporate expenditure continues to benefit from Bendigo's strong cash position. Interest received more or less offsets the cost of general administration.

Bendigo's cash balance rose 11% or A\$5m for the quarter and the company remains debt and hedge free. On the back of the strong December result, the share price rose 69% for the quarter. The June quarter will be very interesting as development activity is set to ramp up again. Development costs are forecast to rise to \$5m (Mar Qtr: \$1.3m). Assuming similar production levels, this will increase the total cash cost by \$375/oz. Bendigo's challenge will be to remain cash flow positive while undergoing the increased development activity. The recent sharp fall in the Australian dollar gold price will make this objective increasingly difficult. We very much look forward to seeing how the company performs.

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