



Henty Gold Mine

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EL8/2009 Red Hills Annual Report for the period 16th November 2009 to 15th October 2010

Vol. 1 of 1

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MANAGER & OPERATOR:	BENDIGO MINING LTD
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DATE:	OCTOBER 2010
MAP SHEETS:	1:25k Tyndall (3835) Oceana (3635) 1:100k Sophia
GEOGRAPHIC COORDS (GDA94):	Min East: 381,000E Max East: 384,000mE Min North: 5,363,100mN Max North: 5,368,000mN
COMMODITY(s):	Au, Basemetals

ABSTRACT

EL 8/2009 was granted to Bendigo Mining Ltd. in October 2009, shortly after the purchase of the adjacent Henty Gold Mine. A review of past work on the tenement, with recommendations for drilling, was commissioned from J.G. Purvis and Associates (J.G.P.), the target for exploration being gold and base metals.

On receipt of the report from J.G.P., it was decided to follow the recommendations in the report. These comprised the drilling of between 3 and 5 holes in the immediate vicinity of an earlier base metal/precious metal intercept in RH 5. The rationale for this programme being to determine the plunge, strike and dip of this high grade intercept. Previous exploration in the area had concentrated on using wide-spaced drilling, searching for large targets. (greater than 20 million tonnes). The improvement in metal prices in recent years has indicated that a smaller target may now be profitable.

At the time of writing, permission to re-clear rehabilitated drill sites and to drill 3-5 holes as recommended, had been received from MRT and drill sites were about to be prepared.

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1. INTRODUCTION

This is the first Annual Report for EL 8/2009, granted to Bendigo Mining Ltd. on the 16th November 2009.

The tenement lies entirely within the Mount Read Volcanics, 2 km NE of the Henty Gold Mine, owned by Bendigo Mining Ltd.(BML). BML applied for the tenement whilst it was purchasing the Henty Mine. The area is believed to be prospective for base metals and for gold, in styles of mineralisation similar to Hercules or Henty. The area is easily accessible from Henty, even by decline, and the existing base/precious metal intersections make this an attractive exploration target.

The tenement is held entirely by BML and is all over unallocated Crown Land.

The location of the tenement, approximately 30kms north of Queenstown, and 2 kilometres west of the Murchison Highway (formerly the Anthony Road) is shown in figure 1. It's location with respect to the Henty Mine and surrounding leases is also shown.

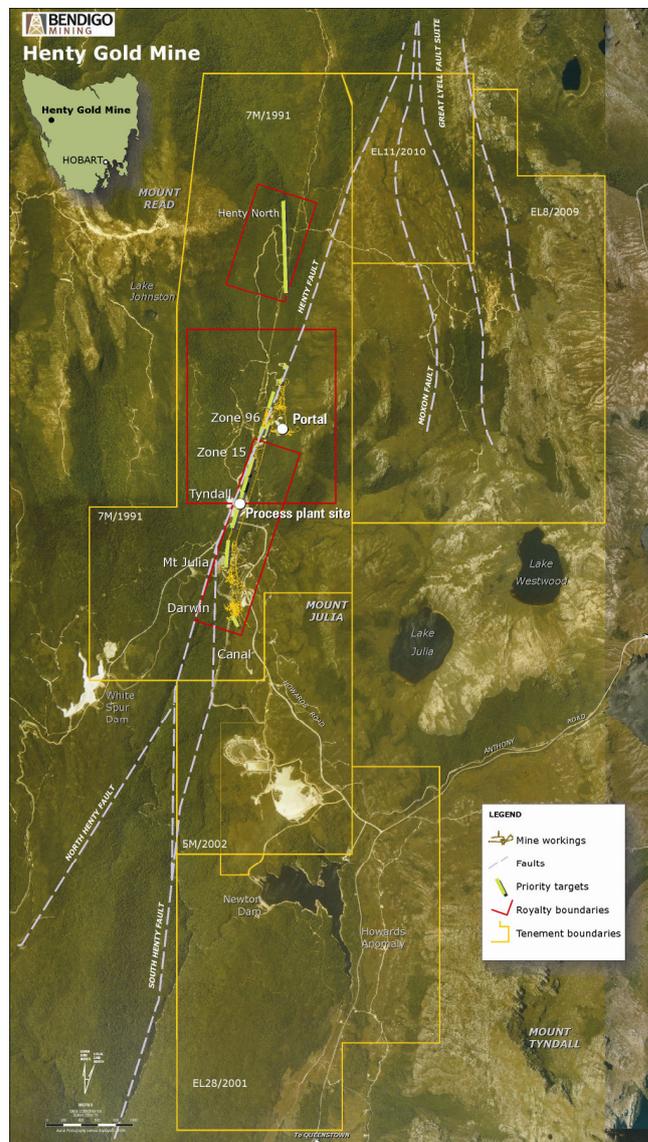


Figure 1 Tenement location

2. PREVIOUS WORK

An account of previous work on the area is given in “An appraisal of the Red Hills Prospect”, which forms Appendix 1 of this report.

3. WORK COMPLETED DURING THE REPORTING PERIOD NOVEMBER 2009 TO OCTOBER 2010

During the reporting period, a review of the Red Hills area was completed, and a recommendation for drilling was made (Appendix 1). This review contains all the technical work completed during the period..

Drill hole sites were identified in the field and permission was obtained from MRT to proceed with drill site preparation.

4. CONCLUSIONS

In his review of the tenement (Appendix 1) Purvis makes a good argument for placing close-spaced holes around the original best intersection in the area, RH 5. The increasing value of precious and base metal values in recent years, and the proximity to the Henty infrastructure, mean that a smaller target than that previously sought in the area is now economically viable.

This, and the complexity of these types of deposit (rapid changes over short distances) mean that close-spaced drilling is justified.

5. EXPENDITURE 09/10 REPORTING PERIOD

Total Expenditure for the 09/10 Reporting Period was \$.

Expenditure EL 28/2001 April 2009-April 2010	\$
Personnel	800
Consultants	20,000
Drill site preparation	400
Software	0
Tenement	2200
TOTAL	23,400

Table 1: EL 8/2009 'Red Hills' Exploration Expenditure 2009-2010

6. FORECAST EXPENDITURE 10/11 REPORTING PERIOD

Forecast expenditure is to drill approximately 1000m, prepare sites, rehabilitate sites, sample and assay core and supervise drilling.

Table 2: EL 8/2009 'Red Hills' Exploration Budget Forecast 2010/2011

Forecast Expenditure May 2010-April 2011	\$
Personnel	7,000
Consultants	16,000
Drilling, site prep and rehab.	160,000
Geochemistry	15,000
Software	1,000
Tenement	2,500
TOTAL	201,500

Appendix 1

An appraisal of the Red Hills Prospect, Tasmania.