

**G B G M**GREATER BENDIGO  
GOLD MINES LTD

# A facsimile from

## Greater Bendigo Gold Mines Limited

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| <b>To:</b>    | ASX Announcements              |
| <b>Fax:</b>   | 1300 135 638                   |
| <b>From:</b>  | John Cahill                    |
| <b>Date:</b>  | 15 July 2009                   |
| <b>Pages:</b> | 3 (Including this cover sheet) |

Dear Sir,

Can you please lodge this attached announcement for Greater Bendigo Gold Mines Limited

John Cahill  
Managing Director

## GREATER BENDIGO GOLD MINES LIMITED (GBM)

### GBM ANNOUNCES RECAPITALIZATION AND REFINANCING

Greater Bendigo Gold Mines (GBM) is pleased to announce progress on the recapitalization and refinancing of the company.

GBM has:

1. placed 13.5 million GBM shares at 3c to a Chasen Holdings Ltd, a Singaporean listed investment company, raising A\$405,000
2. secured an extension to repayment of its ANZ Bank debt facilities totalling approximately \$1,000,000 for a further 12 months. The facility is on an interest only basis, although should any capital assets be sold it would be expected that proceeds would be applied to further reduction of the facility.
3. reached agreement with the creditors of subsidiary GBGM Operations Pty Ltd (in Administration), via an amended Deed of Company Arrangement agreed to by the creditors, whereby the creditors of that company are to receive repayment in 2 instalments - with \$500,000 to be paid by 20 August 2009 and the balance (of not more than a further \$500,000) due by 31 March 2010.

Additionally GBM will shortly be calling a shareholder meeting to seek approval of the following:

4. placement of up to 150 million further shares to sophisticated, professional or institutional investors identified by the Board of Directors at a price to be determined by the board but at not less than the price of current placements (\$.03). The objective is to raise \$3-5 million.
5. placement to Chasen Holdings Ltd of 20,000,000 Options exercisable on or before 31 December 2009 to acquire shares at 3 cents each and the issue and allotment of up to 20,000,000 shares to Chasen Holdings Ltd pursuant to the exercise of the Options. If all Options are exercised this would raise up to a further \$600,000.

The board of GBM has determined to proceed with a 1 for 1 rights issue to all eligible shareholders at 3 cents per share. With approximately 97.35 million shares on issue at present and assuming all rights are subscribed, this will raise a further \$2,920,000. This is intended to be completed quickly without the need for a prospectus which current legal advice suggests will be possible despite the time the company has been in voluntary suspension given the continuous disclosure the company has practised along with its compliance. It is thought that this is likely to be sufficient to allow the company to secure a waiver of the need for a prospectus for the rights issue.

The immediate focus of funds invested is to take GBM's Inglewood operation in to gold production, in order to try to take advantage of the current favourable price of the commodity. This will be accomplished by a planned increase in activity at the Maxwells Mine.

An initial "working up" phase will involve bringing the mine out of care and maintenance and completing a testing and inspection phase for all mine systems, including electrical, ventilation water management and haulage.

Ground conditions will be also be inspected on all working levels and remediated where necessary.

The Mill will also be subjected to a testing and inspection process while a contractor is currently preparing plans and a schedule for the addition of the CIP module.

This work will allow continuation of the development program that will see stoping commence from the Max shoot on completion of the above works.

This working up phase is expected to take between 3 and 6 weeks depending on underground conditions and results of checks and tests.

Recent inspections during care and maintenance suggest that conditions are still good underground and full operational activity should be accomplished relatively quickly.

GBM Managing Director John Cahill said "The funds we have secured under the placement, along with further extended terms we have secured on existing debt, will assist GBM to commence moving forward once more. The focus is to take Inglewood into gold production, aiming to generate a profitable cash flow".

"Funds expected to arise from our further placements and rights issue will assist GBM to attend to corporate financial needs and ongoing development of its other tenements and joint ventures.

GBM seeks to achieve a breakeven or better result for the year to 30 June 2010" Mr Cahill added "Whilst the first 6 months of calendar 2009 have been a trying time I am delighted to announce GBM is now progressing forward".

The Notice of Meeting and Explanatory Memorandum for the meeting and matters requiring shareholder approval are being dispatched to shareholders currently.

GBM has complied with the ASX Listing Rules during the period of its voluntary suspension from quotation on the ASX and in particular has continued to meet the disclosure obligations of ASX Listing Rule 3.1. In light of the above announcement, GBM considers that it complies with ASX Listing Rule 12.2

Further details will be advised to the ASX and supplied to shareholders in due course.

ENDS

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