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18th November 2011

Mr Matthew Gill
Managing Director and Chief Executive Officer
Castlemaine Goldfields Limited
10 Woolshed Gully Drive
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VIC 3550

Dear Mr Gill

BALLARAT GOLD PROJECT TECHNICAL REVIEW

EXECUTIVE SUMMARY

- Snowden has undertaken a review of procedures, and geological and assay data quality at the Ballarat Gold Project. It finds no fatal flaws. Snowden believes that the database is a major asset to the company that will continue to help them to drive exploration, resource definition and mining.

- An *Inferred Mineral Resource* totalling 100,000 t at 10.5 g/t Au for 33,100 oz Au is reported in accordance with the 2004 JORC Code for the Llanberris Mako Fault Zone. Resource grade is reported within a range of 5 g/t Au to 12 g/t Au to indicate likely variability. The resource estimate is global in nature and reported at a zero g/t Au cut-off. Based on a review of mining and cost parameters, Snowden considers that the resource has reasonable prospects for economic extraction.

- An *Exploration Target* in the range 400,000 t to 750,000 t at a grade of between 4 g/t Au and 8 g/t Au for 70,000 oz Au to 165,000 oz Au has been determined for the Llanberris (Tiger) and Britannia (Mako) Compartments of the First Chance Line, and the Llanberris and Britannia Compartments on the Sulieman Line. The Victoria Compartment on both the First Chance and Sulieman Lines carries additional potential.

- Technical challenges at Ballarat relate to geological and grade risk. Key risks are:

    - The assumption that mineralised fault zones may continue and/or repeat at depth and/or along strike based on limited drilling and historically-based geological models;

- the risk that each lode will not have the contained gold in the mineable bodies with the shapes, sizes, grades and distributions expected; and
- that the boundaries and internal grade distribution of the extracted bodies will not be correctly assigned ahead of mining, resulting in either or both excessive dilution or misclassification of ore as waste.

Ballarat in common with many gold vein systems is challenging to evaluate and is a "drill for structure and drive for grade" proposition. Snowden therefore endorses CGT's approach of drilling for preliminary evaluation and development to determine economic viability.

1 BACKGROUND AND SCOPE

Snowden Mining Industry Consultants Pty Limited ("Snowden") has been engaged by Castlemaine Goldfields Limited ("CGT") to undertake an Independent Technical Review of its Ballarat Gold Project.

In March 2010, CGT acquired the Ballarat Gold Project from Lihir Gold Limited. After a period of successful drilling, CGT committed to production via a ramping-up period to ultimately produce 50,000 oz Au per annum. After the first three months of this ramp-up period from known lower-grade sources – reconciled grades have been below expectation yielding around 2.5 g/t Au from an expected 4 g/t Au to 5 g/t Au.

Following these results, the CGT Board is undertaking a review of the project focussing on future potential and a revised mine plan. This review by Snowden supports the CGT Board activity and focuses on:

- Geological background;
- Reasonableness of processes;
- Mineral Resource estimate on the Mako Lode (Llanberris Compartment);
- Exploration Targets on the Mako Fault Zone including the Tiger Lodes (Llanberris Compartment), Britannia Compartment and Sulieman Line; and
- View of geological risk.

The Ballarat East Goldfield is located to the south of and partly under the City of Ballarat in the state of Victoria, Australia. The field (including the nearby Ballarat West and South Goldfields) lies within the Central Victorian gold province which produced over 25 Moz of gold from hard rock sources. Ballarat East extends over a strike length of 3 km and produced 1.5 Moz gold from underground sources during 1858-1918 at a mean head grade of approximately 10 g/t Au.

Ballarat has had a long recent history of exploration commencing in the 1970's. From 1984, Ballarat Goldfields NL incrementally gained various Exploration and Mining Licences until in 2004 they held title over the entire Ballarat East and West Goldfields. In early 2007, Lihir Gold Ltd took ownership of the project and instigated a resource development and mining programme. By mid-2009 Lihir ceased activity and put the property up for sale. CGT gained ownership in May 2010 and commenced a drilling programme soon thereafter.

2 GEOLOGY AND MINERALISATION

- Mineralisation at Ballarat East occurs within Lower Ordovician sandstones, siltstones and mudstones that have been weakly metamorphosed and tightly folded about north-trending axes. The western limbs of the anticlines dip approximately 70°W, eastern limbs 85°W to 85°E and fold axial planes dip approximately 80°W. The regional strike of the bedding is northerly.
- The quartz veins are located predominantly within the eastern limbs of folds in structurally controlled bodies known as lodes (historically called leatherjackets), verticals and flat makes. Lodes and flat makes are pertinent to the current discussions, though the potential importance of verticals is not discounted.
    - Lodes – quartz vein systems developed on 45°W dipping faults within the near vertical eastern limbs of anticlines. These lodes were the major gold producers within the goldfield and consist of envelopes or networks of irregular quartz veining developed close to the fault structures. Shallow east dipping faults which are associated with high-grade gold typically form stacked vein systems with the quartz lode. These envelopes attain widths over 20 m, dip dimensions up to 100 m and strike lengths of up to several hundred metres. Lode dimensions are variable with rapid pinches and swells in all directions. Individual veins within the envelopes range in thickness from a few cm up to several metres. Generally, the veins have a crosscutting relationship with both bedding and cleavage and combine to form a network or stockwork of quartz veining.
    - Flat Makes – a series of relatively straight, sharp edged, sub-horizontal (0°±20°) quartz veins. The veins crosscut both stratigraphy and cleavage, and range up to several metres in thickness. They have developed in response to dilatant tension gash-type features and commonly emanate from the leatherjacket and vertical structures.
- Gold distribution at Ballarat East is classic coarse-gold style with a high nugget effect, where grades over a few metres may reach 100 g/t Au or higher, but reduce to a few g/t Au out of the high grade. Ballarat East is reported to bear localised high grade pockets or jewellery shops.

Comment: Ballarat East reefs form more 'dispersed' quartz vein systems than the more continuous reefs seen at Maldon or Norseman for example. As a result, geological complexity complicates grade variability. Resource (stope) shapes are geometrically more complex. Gross fault zone continuity is more consistent along strike, but individual vein elements have a short continuity. Grades are nuggety within the short-scale veins. Veins may not correlate between levels. Resource (stope) shapes on average comprise around 40% quartz and 60% shale/sandstone. A proportion of the quartz will also be waste/low grade.

3 DATA VERIFICATION

- Snowden's Dr Simon Dominy visited CGT's Ballarat site during the period 10th to 14th November 2011 inclusive.
- Discussions where held with Matthew Gill (Chief Executive Officer), Drew Henry (Non-Executive Director), Wessley Edgar (Exploration Manager), Lance Faulkner (Mine Manager), Rob Stevenson (Chief Mine Geologist), Matthew Hernan (Senior Mine Geologist), Ken Donaldson (Services Manager, Gekko Laboratory), Craig Stevens (Project Geologist), Jacinta Holland (Project Mine Geologist) and Ben Sinclair (Field Technician).

- Visits were made to the underground workings, core shed and Gekko Laboratory.
- Snowden viewed paper plans and sections; Vulcan and Micromine computer models and tabulations; core photographs and logs; assay certificates; QAQC reports, tabulations and plots; and various historical and recent reports and paperwork relating to the project.
- Historical and recent drilling data is held in an acQuire database. Snowden has not audited the database, but has no reason to believe any material errors exist.
- Snowden undertook a random check of drill holes that intersect the resource wireframe, with drill logs and photographs observed. No issues were found.

Comment: Snowden confirms that CGT holds substantial modern and historical data pertaining to Ballarat East. The data supports the definition of a Mineral Resource and Exploration Targets.

4 SAMPLING AND ASSAY DATA

- Snowden has reviewed current and historical drilling, core logging, sample collection, sample preparation, assay and QAQC protocols and data.
- A number of issues contribute to sampling error (e.g. the Sampling Nugget Effect) and overall resource uncertainty, these include:
    - Different core sizes over time including LTK60, NQ, NQ2, and HQ
    - Half core versus whole core samples.
    - Different approaches to dealing with visible gold in core ranging from taking both sides of half core to screen fire assay as opposed to fire assay, and/or re-assaying by screen fire assay above a random grade threshold.
    - Different assay methods including gravity concentration (then assay), fire assay, screen fire assay, and LeachWELL 500, 1000 and 2000.
    - Gold “loss” due to LeachWELL not being a total assay method, though generally LeachWELL recovers some 98% of gold at Ballarat on a 24 hour leach.
    - Poor core quality relating to:
        - Poor core recovery and associated material loss
        - Challenges of taking a correct sample from poor quality core
    - Studies by Lihir in 2006/2007 noted that some 47% of core had losses of >10% and 15% above 25%. Traditional ‘total core recovery’ (TCR) estimates were understating the true recovery compared to the loss calculated by weighing.
    - Plucking (removal) of gold particles from core margins during drilling and core cutting leading to understatement of grade.
- Recent samples prepared and assayed at the Gekko Laboratory appear of good quality. The 2 kg LeachWELL charge size is appropriate to minimise sampling error.
- Post-2004 QAQC data sighted appears generally acceptable.

Comment: A number of issues contribute to sampling error.

Poor core recovery is the prevailing issue and leads to either (1) loss of low-grade material and upgrading of an intersection, or (2) loss of higher grade material, including liberated gold, and under-calling of grade. In addition, poor core quality leads to sub-optimal core cutting. Core loss is highest in faulted and fractured and/or altered rocks.

Snowden does not consider these issues to be fatal *per se*, but some improvements may be possible, including whole core interval sampling, optimised sample protocols and a quantitative assessment of core quality/recovery impact.

The data is of appropriate quality to support a Mineral Resource estimate.

5 MINERAL RESOURCE ESTIMATE – MAKO LODE

- As part of this review a revised block model was run for the Llanberris Mako Fault Zone, including footwall lode and flat make veins.
- A mineralised zone wireframe was constructed from drill sections.
- A Vulcan 3D block model was used to estimate grade based in the inverse distance ("ID") squared ("ID^2") interpolator with 0.75 m composites. The footwall lode and makes were estimated separately in order to honour vein geometry and drilling/sample data.
- Block models were undertaken using ID^0, ID^2 and ID^4 with no top-cut, and 25 g/t Au, 55 g/t Au and 100 g/t Au top-cuts. The ID^2 with 55 g/t Au top-cut was considered to be the most appropriate estimate, being more conservative through reduced grade smearing. The ID^0, ID^2 and ID^4 55 g/t Au top-cut global grades were not materially different (<2%). The 25 g/t Au top-cut was considered too harsh.
- A two pass ellipsoidal search was undertaken. In all domains, 85% of blocks were filled on Pass 1, with up to 98% using Pass 2. Pass 1 ellipse strike dimensions were set to twice the drill spacing (60 m), and Pass 2 three times (90 m). Orientation was based on elongation of the mineralisation. Variography was not undertaken.
- The resource is reported in accordance with the 2004 JORC Code (Table 1 and Figure 1).

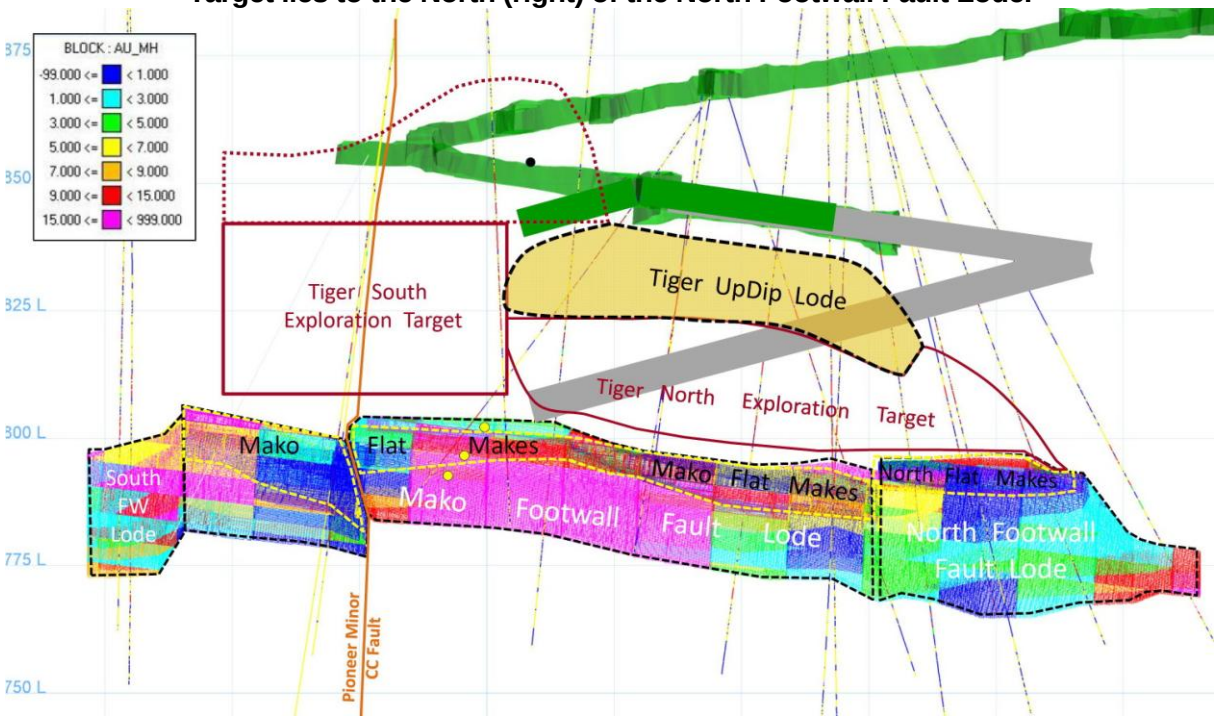
Table 1: Mineral Resources for the Llanberris Mako Fault Zone (November 2011)

Ore zone	Class[1]	Tonnes[2,6]	Grade[3,6]	Grade range[4,6]	Ounces[5,6]
Inferred Mineral Resource[7,8]					
Central Lode	1	37,000	12.5	6 – 14	14,900
Central Make Zone	1	33,000	9.0	4 – 10	9,500
North Lode	2	14,000	3.5	2 – 4	1,600
North Make Zone	2	8,000	15.5	8 – 18	4,000
South Lode	2	8,000	12.0	6 – 14	3,100
Total	-	100,000	10.5	5 – 12	33,100

[1] Class 1: Central Zone dominantly interpolation. Class 2: fringes of the wireframes and dominantly extrapolation, which can be based on a single section or single hole on section level of drill support.
[2] Tonnage figures rounded to nearest 1,000 t. Tonnage estimated from a bulk density of 2.65 t/m^3.
[3] Grades are rounded to the nearest 0.5 g/t Au. Current resources are effectively reported at a zero cut-off grade where it is assumed that most 'mineralised material' will be mined and processed. The estimate is global in nature.

[4] In an attempt to be more transparent about grade uncertainty a *grade range* can be used. CGT has defined a range for each ore zone based on an opinion of likely expectation. A range of -50% to +15% has been applied. The low case of -50% is based on experience and the general expectation for the Inferred category. The up-side of +15% is based on recognition that high grade pockets may locally increase grade at Ballarat. Range grades are rounded to the nearest whole grade.
[5] Total ounces are rounded to the nearest 100 oz Au.
[6] Figures may not compute exactly due to rounding.
[7] Mineral Resources which are not Ore Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, operational cost, metal price, mining control, dilution or other relevant issues. There has been insufficient exploration to define these Inferred Mineral Resources as an Indicated or Measured Mineral Resource, as there are insufficient close-spaced drill hole data to adequately define grade and geological continuity for this structurally complex deposit. It is uncertain if further exploration will result in upgrading the Inferred Mineral Resource to an Indicated or Measured Mineral Resource category.
[8] Note that global grades include internal low-grade diluting material (within resource wireframe), but do not include mining dilution. As a result, grades may be considerably lower due to mining dilution.

Figure 1: South-North longsection showing the Llanberris Mako Resource Blocks and Tiger Exploration Targets (including the Tiger Up-dip Lode). The Mako North Exploration Target lies to the North (right) of the North Footwall Fault Lode.



- Given the data quality, inherent geological and grade variability and data spacing, the entire resource is classified as an **Inferred Mineral Resource**.
- Any Mineral Resource is contingent on having "*reasonable prospects for economic extraction*". Given its high level of existing infrastructure and the current ramp-up nature of the project, Snowden was able to review internal economic and mining parameters. This included mining, milling and corporate costs, and mining parameters based on cut-and-fill stoping (e.g. methods, expected dilution and recovery).
- CGT report a marginal cut-off grade at 3 g/t Au based on a gold price of $1,400/oz, costs (incl. mining and processing) of $120/t and mill recovery of 90%. Snowden concurs with this figure and notes a cut-off of 2.8 g/t Au with a gold price of $1,500/oz. A breakeven cut-off grade of 3.5 g/t Au based on a gold price of $1,500/oz, costs (incl. mining, processing and admin) of $150/t and mill recovery of 90% is estimated.
- Critical economic sensitivity is based on (1) resource grade and (2) mineable tonnes. These relate to grade and geological uncertainty. In its original assessment of the

project, CGT and its advisors applied a “reserve” conversion (or payability) factor of 70%. Snowden believes that an empirically based factor closer to 60% is more likely. However at this stage, there is no practice base to set a realistic payability.

Comment: Snowden believes the Mako Mineral Resource to be reasonable within the context of an **Inferred Mineral Resource**. The estimate is global in nature and does not provide for local scale resolution.

Snowden notes that the model is very likely to possess a positive bias with respect to grade. This is due to long-strike estimation blocks (15 m), high-grades (but top-cut to 55 g/t Au), low sample density and long search directions (60 m and 90 m).

Snowden does not support any factoring for coarse gold as undertaken by Lihir Gold until such time that it can be proven to exist. CGT have not adopted this approach.

Based on review of CGT mining costs and methodologies, Snowden considers the resource to show “reasonable prospects for economic extraction”.

Snowden endorses the estimate as an independent Competent Person, noting the various shortcomings stated.

6 EXPLORATION TARGETS

- Beyond the Mako Fault Zone good potential for mineralised zones exists at Ballarat East. These target zones can be defined as an Exploration Target (Table 2).
- An Exploration Target is a hypothetical view of a mineralised zone which is not necessarily economic. It is not a Mineral Resource or Ore Reserve. There is no guarantee that tonnages will be either realised or economic. Further study, including underground development and diamond drilling is required.
- The Victoria Compartment on both the First Chance and Sulieman Lines carries additional potential, though it too early to formulate an Exploration Target.

Table 2: [*] Exploration Targets for the Llanberris (Mako and Tiger) and Britannia (Mako) Compartments on the First Chance Line and Llanberris and Britannia on the Sulieman Line

Target Zones	Tonnage range (t)	Grade range (g/t Au)	Contained gold range (oz Au)
Llanberris Tiger Fault Zone	60,000 - 100,000	4 - 8	10,000 - 20,000
Llanberris North Mako Fault Zone	25,000 - 50,000	4 - 9	5,000 - 10,000
Britannia Mako Fault Zone	150,000 - 300,000	4 - 9	30,000 - 75,000
Sulieman Line {Llanberris and Britannia Compartments}	150,000 - 300,000	4 - 7	25,000 - 60,000
Total	400,000 - 750,000 [**]	4 - 8	70,000 - 165,000[**]

[*] An Exploration Target is a hypothetical view of mineralised reef which is not necessarily economic. It is not a Mineral Resource or Ore Reserve. There is no guarantee that tonnages will be either realised or economic. Further study, including underground development and diamond drilling is required.

[**] Figures do not compute exactly due to rounding.

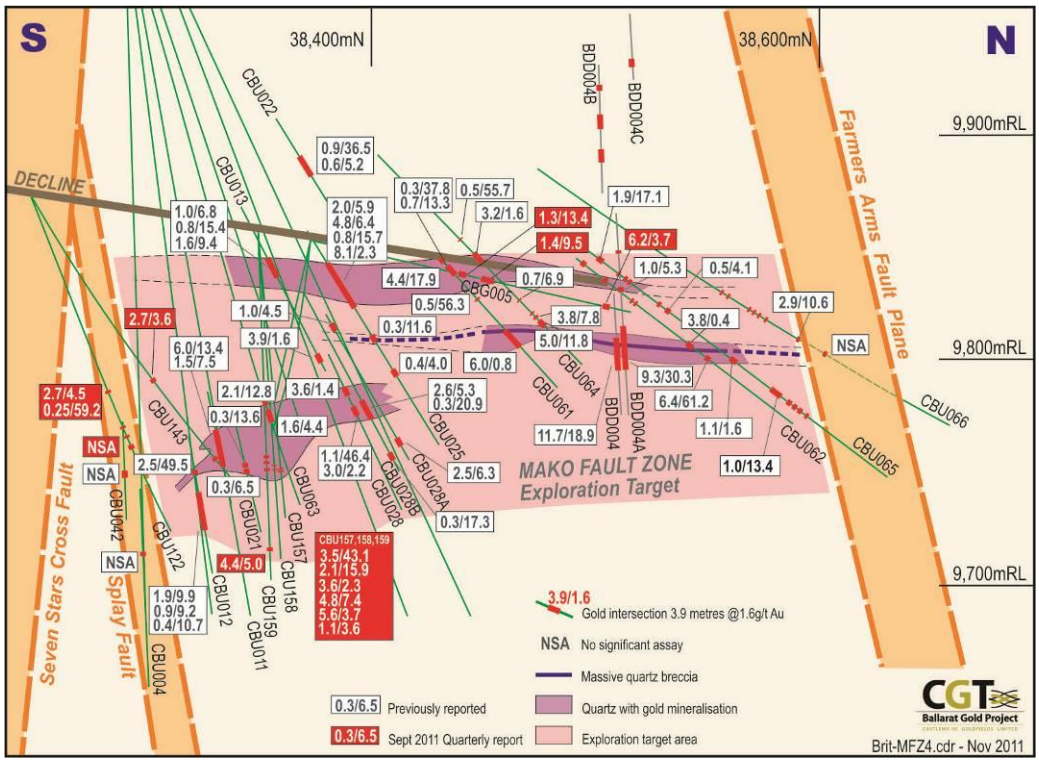
- To up-rate the Exploration Targets to Mineral Resources further diamond drilling is required. Based on experience in the Llanberris Compartment, drilling along strike on 25 m sections and 20 m down dip should allow for the definition of Inferred Mineral

Resources assuming geological interpretation and assays indicate appropriate mineralisation.

6.1 BRITANNIA COMPARTMENT

- Historical mining in the Britannia Compartment extracted 107,300 oz Au from approximately 393,000 t at a recovered grade of 8.5 g/t Au from dominantly lode style mineralisation.
- Limited diamond drilling into Britannia has identified the Mako Fault Zone and lode style mineralisation over 300 m along strike. Anomalous (>1 g/t Au) and economic (>3 g/t Au) grades are observed over potentially mineable widths (Figure 2).

Figure 2: First Chance Line Britannia Compartment Exploration Target zone on the Mako Fault Zone



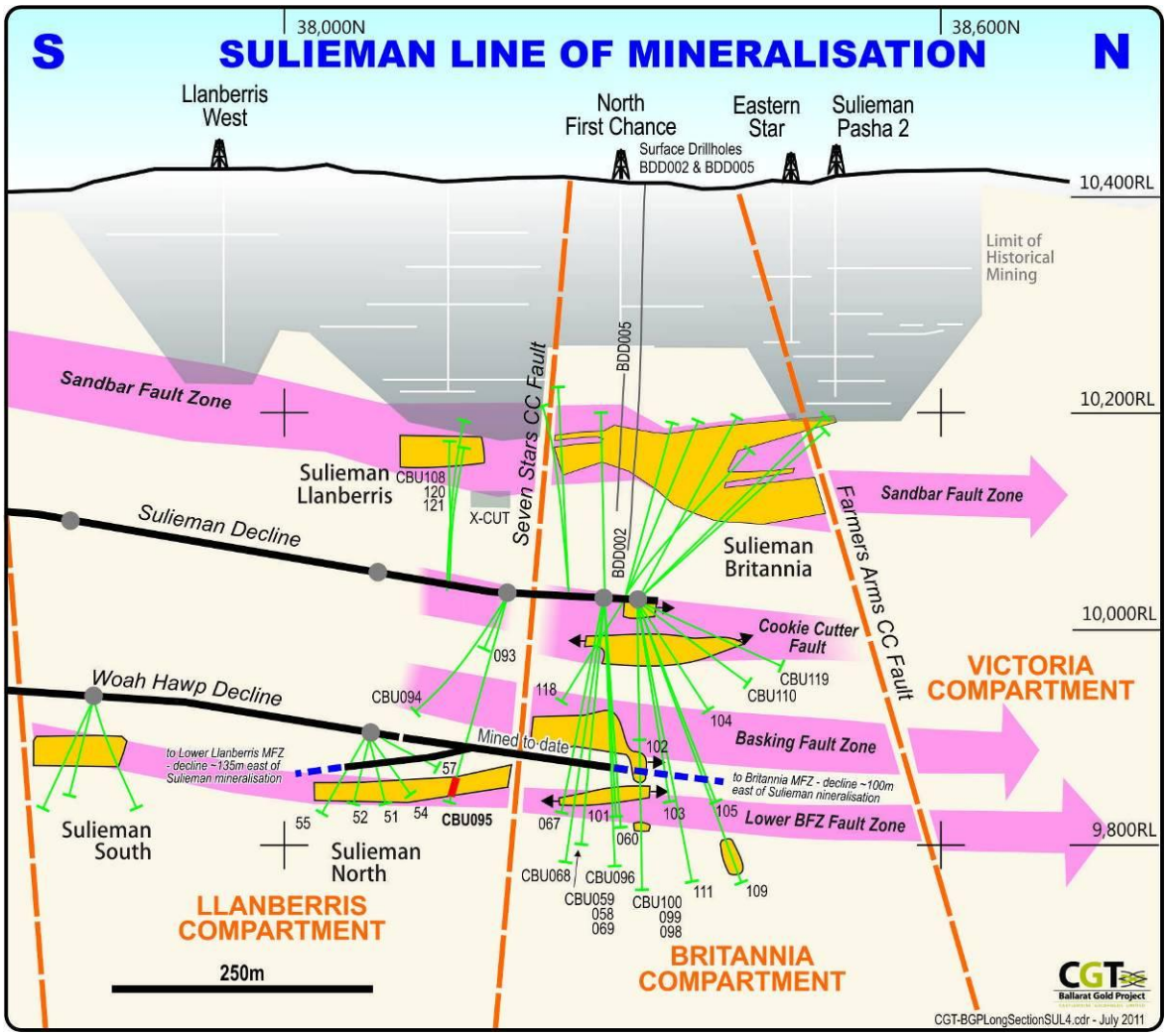
6.2 LLANBERRIS MAKO NORTH AND TIGER FAULT ZONE

- Drilling on the Mako Fault Zone has led to the definition of a Mineral Resource (Table 1 and Figure 1). North of the resource, drilling indicates continuation of Mako for 100 m before reaching the Seven Stars Cross-course fault. The current data spacing does not allow for the definition of a Mineral Resource, though there are indications of potentially economic mineralisation
- Drilling within the Tiger Fault Zone has previously indicated mineralised bodies over a 175 m strike length (Figure 1). The current data spacing does not allow for the definition of a Mineral Resource, though there are strong indications of potentially economic mineralisation.

6.3 SULIEMAN LINE – LLANBERIS AND BRITANNIA COMPARTMENTS

- Historical mining on the Sulieman Line extracted 151,300 oz Au from approximately 669,000 t at a recovered grade of 6.9 g/t Au from dominantly lodes style mineralisation.
- CGT has drilled 48 holes into the Llanberris and Britannia Compartments. Development off the Woah Hawp Decline identifies mineralisation in the Basking Fault Zone of the Britannia Compartment. Anomalous (>1 g/t Au) and economic (>3 g/t Au) grades are observed over potentially mineable widths.
- Across the Llanberris and Britannia Compartment, Sulieman provides 850 m of prospective ground (Figure 3).

Figure 3: Fault zones and indentified mineralisation on the Llanberris and Britannia Compartments of the Sulieman Line. Exploration Target lies within these compartments



Comment: Snowden believes that it is a reasonable assumption that Exploration Targets exist within the Llanberris and Britannia Mako Fault Zones, and within the Sulieman Line. These targets warrant further drilling.

7 GEOLOGICAL AND GRADE (RESOURCE) RISK

- Resource risk comprises (1) grade, (2) geological and (3) estimation risk. A summary of Mako resource risk is given in Table 3.
- At Ballarat significant risk relates to tonnage ("geological risk") and grade ("grade risk"). Both geological and grade continuity (and variability) impact on both.
    - Grade risk is usually greater than geological risk, though the effect of the latter should not be understated. Grade risk is related to grade information that should be based on quality sampling and assaying of the reef from either drilling and/or underground development. Bulk sample parcels of mineralisation through the plant are needed to verify likely grades – this will required rigorous plant belt sampling protocols to yield a reliable head grade.
    - Geological risk is related to the identification of economic volumes from both geological and grade data (i.e. drilling and/or underground development), and must consider continuity of both geology and grade at various scales.
- Estimation risk includes additional factors such as database quality, survey data, data density, bulk density, estimation methods, etc.
- Key issues at Ballarat are:
    - drilling and sampling potentially unrepresentative of at least the higher-grade coarse gold component;
    - core recovery and sample loss issues;
    - high nugget effect;
    - need for drilling complimented by underground development to attain Indicated Mineral Resources/Probable Ore Reserves;
    - no Ore Reserves at production start-up; and
    - requirement for on-going drilling to define resources and time to process data.
- Overall geological-grade risks include:
    - the assumption that fault zones or lodes may continue and/or repeat at depth and/or along strike based on limited drilling and historically-based geological models;
    - the risk that each reef will not have the contained gold in the mineable bodies with the shapes, sizes, grades and distributions expected; and
    - that the boundaries and internal grade distribution of the extracted bodies will not be correctly assigned ahead of mining, resulting in either or both excessive dilution or misclassification of ore as waste.

Table 3: Ballarat East Resources Risk Profile

Factor	Risk	Comment
Bulk density	Low	The current value of 2.65 t/m^3 is reasonable and based on core measurements. Some local bias may exist where the proportions of host rock versus quartz change and minor effects of sulphides. Variability is unlikely to be greater than ±5%. Areas of vuggy quartz will cause a local drop in density, but are believed to be <5% of total quartz.
Sample representivity	High	In-situ sample representivity is likely to be low given the coarse-gold high-nugget nature of the mineralisation. Samples (e.g. drill holes and face samples) may represent a low-grade fine-gold population relatively well. Nugget gold may require field samples of up to 500 kg to be representative (90% ±15%) at 3 g/t Au with gold particles at 1 mm to successfully classify ore versus waste.
Sample collection, preparation and assaying	Moderate-High	Poor core recovery and quality is the notable issue at Ballarat, resulting in core loss and sub-sampling challenges (e.g. core splitting). Thus different sample support and assaying methods, together with the effects of core loss impart sampling error. The coarse-gold nature of the ore exacerbates potential sampling error, particularly through Preparation Error and Grouping and Segregation Error.
QAQC	Low	Historical and recent QAQC indicates reasonable assay quality, though this does not ameliorate representivity issues. Current practices and procedures in the Gekko Laboratory appear good.
Geological data and model	Moderate-High	General geological control is reasonable on 25-30 m drill sections. Knowledge of historical and recent development aids interpretation. There is lesser understanding of small-scale local continuity issues which control variability of tonnes and grade.
Grade estimate	High	The grade estimate bears a high uncertainty due to a high-nugget effect, sampling and data uncertainties. The current estimate relies on a global grade for each domain (lodes and flat makes) based on relatively wide-spaced data. No local estimate is possible. Estimation block size is small with respect of drill spacing so the application of cut-off grades is highly problematic. On a block by block basis estimation error will be high. Snowden notes that the model is very likely to possess a positive bias with respect to grade. This is due to long-strike estimation blocks (15 m), high-grades, low sample density and long search directions leading to conditional bias. Simply increasing drilling to reduce grade risk is likely to be cost prohibitive.
Tonnage estimate	High	The current global estimate is reasonable, given that volume is based on a Vulcan model constrained by drill data and geological interpretation. Actual tonnage will be locally variable based on bulk density value variation and payability. Payability values are yet to be established for any modern mining at Ballarat. Simply increasing drilling to reduce tonnage risk is likely to be cost prohibitive.
Resource up-rating and extension	Moderate-High	Resource up-rating will be based on further drilling and/or development. Snowden suggests that drilling on 10 m sections and 5 m down-dip would probably allow for Indicated Resource definition.
Economic factors/reasonable prospects for economic extraction	Moderate-high	Economic analysis based on Inferred Resources carry a high uncertainty. No Ore Reserves are defined. The project has appropriate infrastructure and plant in place. Mining costs, parameters and methods have previously been determined. The key issue is how much and where the payable material lies.
Metallurgy/mineral processing	Low	The plant is designed to cope with Ballarat coarse-gold ore. It can achieve recoveries of between 88% and 92% for head grades of 6 g/t Au to 9 g/t Au. Plant capacity is well within rates planned by CGT.
Accuracy of the resource estimate	High	On a global basis, Snowden believes the accuracy of tonnage estimate to be within -40% to +0%, and for grade within the -50% to +15% range based on general experience of this style of mineralisation. Head grade from Ballarat is expected to be highly variable (potentially up to ±100%) on a short-term (days) small-scale (few 100 t) basis, as is typical of a high-nugget effect systems.
Overall rating	**High**	**The current resource estimate carries high uncertainty and risk. This risk is principally related to geological and grade variability, and the information effect. This rating is reflected by the use of the "Inferred Mineral Resource" category.**

Comment: Ballarat in common with many high-nugget systems is challenging to evaluate. It bears the double effect of geological (geometric) and grade complexity. The old adage of *"drill for structure and drive for grade"* is very pertinent.

On a global basis, Snowden considers the accuracy of the tonnage estimate to be within -40% to 0% and grade within -50% to +15%. Global tonnage has been constrained by wireframes constructed by rigorous geological interpretation. Snowden believes that there is minimal upside on tonnage, except where flat makes may continue beyond the current wireframe. Most sensitivity on tonnes is on the downside, where material may be below the 3 g/t Au mining cut-off. It has already been stated that the likely payability (conversion) will be in the range 60% to 70%.

Definition of Ore Reserves by drilling alone will require unrealistic spacing's of potentially <15 m by 10 m. Diamond drilling at a 25 m by 20 m spacing can be used to determine global geological continuity to support Inferred Resources.

8 GENERAL COMMENTS

- The most critical issue is the influence of the nugget effect on the definition of grades and ore boundaries. Close-spaced drilling, on-lode development and careful geological mapping and sampling are considered the best way to mitigate this risk at the early stages of production.
- In the high nugget environment, a major issue encountered is the application of selective versus bulk mining approaches. Even where grades are estimated using interpolators such as inverse distance weighting or ordinary kriging, block grades may tend toward the mean grade and have a high conditional bias. As a result, selective mining is difficult though in many underground situations is warranted to maintain head grade. In such a case, optimised sampling protocols are vital and should be supported by strong 24/7 geological grade control.
- Difficulties are encountered when a cut-off is applied since the local predictions are likely to be unreliable. This will lead to ore/waste misclassification. With increasing cut-off, a potential loss cycle ensues, where as head grades are not achieved the cut-off is raised, the reserve gets smaller and more waste is generated and a greater chance of further misclassification occurs.
- A low-grade stockpile is recommended to ensure that misclassified ore can be recovered, even if at the end of the mine life. There are examples of high-nugget mines that have processed low-grade stockpile(s) and found the mean grade to be higher than expected (potentially up to +25%).

9 AUTHOR QUALIFICATIONS

This report has been prepared by Dr Simon Dominy - Executive Consultant of Snowden Australia in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code").

Dr Dominy is a mining geologist-engineer with over 24 years experience based in underground mine operations (11 yrs), consulting (7 yrs) and academia/R&D (6 yrs). He holds degree qualifications in applied geology (BSc Hons) and mining engineering (MSc), and a PhD in resource evaluation. Simon's expertise covers economic geology, resource development, resource/reserve estimation, grade control and reconciliation, mine design and planning, and project management. Dr Dominy is an acknowledged expert in the evaluation and exploitation of high-nugget gold deposits, and has

consulted to globally-based companies ranging from majors such as AngloGold Ashanti, Goldcorp and Goldfields, to mid-tier companies such as Alacer Gold, Dundee Precious Metals and Yamana Gold, and to juniors including Citigold Corporation, Kingsgate Consolidated and Mandalay Resources to name a few.

Dr Dominy has experience in Central Victoria over 14 years, working with Ballarat Goldfields NL, Bendigo Mining NL/Unity Mining Ltd, Castlemaine Goldfields Ltd, GBM Gold Ltd, Octagonal Resources Ltd, Reef Gold Mines Ltd and Reef Mining NL. Goldfield experience includes: Bendigo, Ballarat, Castlemaine, Inglewood, Maldon, St Arnaud and Tarnagulla. He has experience of other gold deposits globally, including those in Central, South and West Africa, Australia, China, CIS/FSU, Eastern and Western Europe, and North and South America.

Dr Dominy is a "Competent Person" and "Qualified Person" for gold deposit evaluation as prescribed by the 2004 JORC Code and Canadian NI43-101 respectively.

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Neither Snowden nor those involved in the preparation of this report have any material interest in any of the companies or mineral properties considered in this report. Snowden is remunerated for this report by way of a professional fee determined in accordance to a standard schedule of rates which is not contingent on the outcome of this report.

Snowden has applied its best endeavours to ensure that the material presented in this report is based on fact, and that its conclusions and recommendations are reasonable. Snowden accepts no responsibility for the actions of Castlemaine Goldfields Limited or its associated companies or the implications thereof.

For and on behalf of,
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11 GLOSSARY OF TECHNICAL TERMS

Au	The chemical element gold.
Block model	A 2D or 3D computer based model that fits into an orebody shape and is used to estimate grade and tonnage. Individual blocks have grades estimated into them via different interpolation methods. Block size must be optimised to data spacing and orebody geometry.
Conditional bias	Conditional bias relates to estimation within block models and is the degree of over-smoothing of high and low grades.
Core recovery	Fully extracted drill core will yield 100% of its expected volume. Core recovery is a measure of the actual core yield. For a resource estimate, core recovery should be better than 90%. Core recovery reports core loss. Core loss relates to rock properties and drilling efficiency.
Development	Underground activity to access an orebody (vein) for evaluation and mining.
Diamond (core) drilling	Method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit. Potentially produces a high quality sample.
Dilution (mining)	Dilution is the amount of waste rock that has to be extracted during mining. It includes waste within the orebody – internal dilution, and waste on the margins generally defined as planned and unplanned dilution.
Dip/dipping	Angle and direction of steepest slope on a planar surface.
Exploration Target	An Exploration Target is a hypothetical view of mineralisation which is not necessarily economic. There is no guarantee that tonnages will be either realised or economic. Further study, including underground development and diamond drilling is required. Under the 2004 JORC Code any such information relating to Exploration Targets must be expressed so that it cannot be misrepresented or misconstrued as an estimate of Mineral Resources or Ore Reserves. Any statement referring to potential quantity and grade of the target must be expressed as ranges.
Fault	A fracture plane in rocks showing significant movement between the two sides.
Flat makes	Sub-horizontal to horizontal quartz veins or sets of quartz veins. A terminology used historically at Ballarat.
Grade	The relative quantity or percentage of mineral content. Gold grade is commonly expressed in the terms: g/t - grammes per tonne, ppb – parts per billion, ppm – parts per million.
Grouping and segregation error	In respect of exploration and mine sampling activity, it relates to the combination of grouping and segregation of rock fragments/particles in mass of broken rock. Once a rock volume is broken, there will be segregation of particles whether this be in a surface stockpile or laboratory pulp.
g/t	Grammes per tonne, used to express concentration of rare metals in rock. 1 g/t is equivalent to 1 ppm and 1,000 ppb.
Inferred Mineral Resource	An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can

	be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered though appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.
Inverse distance weighting	An interpolation method used to estimate grade into blocks in a block model.
JORC / the JORC Code	The Reporting Code of the Joint Ore Reserves Committee (of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia).
LeachWELL	A cyanide based method used to take gold into solution prior to analysis. Samples can vary from a few 100 g to 5 kg in size. The LeachWELL system includes a catalyst to speed up the dissolution process. Sample and solution are placed in plastic bottles and 'rolled'.
Lode	General term referring to a series of quartz veins or a single vein that is sub-vertical to vertical in attitude. The original Ballarat terminology used was Leatherjacket.
Mineral Resource	A technical term which is controlled in its use by the 2004 JORC Code. A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are subdivided, in order of increasing confidence, into Inferred, Indicated and Measured categories. The words 'ore' and 'reserves' must not be used in describing Mineral Resources as the terms imply technical feasibility and economic viability and are only appropriate when all relevant Modifying factors have been considered.
Mining recovery	The percent recovery of ore from a given stope based on the mining method applied. Unrecovered ore will relate to the method layout and in particular the need for support pillars.
Nugget effect	A term that describes grade variability for samples at small distances apart (less than a few cm). A low nugget effect (<20%) indicates minimal grade variation, whereas a high nugget effect (>70%) indicates that grade is highly variable and potentially relatively unpredictable. Pure nugget effect (100%) indicates an almost random grade distribution.
Ordovician	Period of geological time between 488 Ma and 443 Ma.
Ore Reserve	A technical term which is controlled in its use by the 2004 JORC Code. An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could be reasonably justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.
Ore shoot / shoot	A high grade zone within a mineral vein.

Payability	Payability or conversion is a factor applied to a tonnage of mineralisation to provide an indication of likely mineable quantity. It nominally will relate to a cut-off grade.
Preparation error	In respect of exploration and mine sampling, refers to issues during sample transport, preparation (contamination and losses), and unintentional and intentional human error.
QA/QC (for sampling and assaying)	There are two components to a QA/QC system – quality assurance and quality control. Quality assurance (QA) refers to the protocols and procedures, which ensure that sampling and assaying is completed to the required quality. Quality control (QC), however, is the use of control samples and statistical analysis to ensure that the assay results are reliable
Quartz	The mineral silicon dioxide.
Strike	Trend of a horizontal line on any geological plane.
Stope / stoping	An underground opening from which ore has been or is being extracted.
Sulphides	Minerals composed of metals combined with sulphur, for example sphalerite – zinc sulphide (ZnS).
Top-cut	The level at which sample grades are cut to, to avoid extreme grades in the population having too greater influence on a grade estimate. They should be defined by statistical analysis.
Vein	A relatively thin (millimetres to 10 m scale) sheet of quartz or other minerals cutting across pre-existing rocks
Wireframe	A bounding envelope that defines a mineralised volume prior to estimation. Is usually constructed via careful geological interpretation along a series of close spaced drill sections.