



## **December 2011 Quarterly Activities Report**

Castlemaine Goldfields Limited (**ASX:CGT**) reports its activities for the quarter ended 31<sup>st</sup> December, highlighted by:-

- **Revised Ballarat mine plan and production ramp up underway:-**
  - 24,083 tonnes of commissioning ore at an average grade of 3.4 g/t gold was mined from satellite sources, producing 2,023 ounces of gold.
  - Development of the **Lower Llanberris decline is one month ahead of schedule**. First access to the Mako Lode due in February.
  - The transition from contractor mining to **owner-operator mining** occurred to plan.
  - Initial JORC Inferred Resource<sup>1</sup> estimate by CGT for the Mako Lode in the Llanberris compartment of 100,000 tonnes at an average gold grade of 10.5 g/t for 33,100 ounces of gold.
  - The **JORC Inferred Resource<sup>1</sup>** for the Mako Lode subsequently **increased by 15% to 121,000 tonnes at 10.0g/t Au** (ranging between 5-11 g/t Au) **for 38,300 ounces of gold**.
  - Since revising the mining schedule and refining the ore source estimation and dilution techniques being used, the **satellite ores have met expected grades**.
  - **A second underground diamond drill rig has commenced** drilling close-spaced infill holes into the **Britannia-Mako** exploration target. Visible gold is seen in the first holes.
- Ballarat mine exploration hits the first significant gold intersection of **6.5m @ 8.9 g/t** on the Sulieman Line **in the Victoria Compartment**.
- Raydarra and Sebastian project licences, north of Bendigo were subject to a farm-in Heads of Agreement with Navarre Minerals Ltd (ASX:NML).
- \$9.8M was raised via an institutional entitlement offer and a further \$1.3M via a retail entitlement offer, for a net \$10.3M raised after costs.
- Cash on hand as at 31 December was \$16.3M.



### **COMPANY DETAILS**

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**ASX CODE:** CGT

**Corporate Information**

Shareholders	~2,000
Shares on Issue	264.6 million
Options (unlisted)	290,000

**Directors:**  
**Non-Executive Chairman:**  
Gary Scanlan  
**Managing Director:**  
Matthew Gill  
**Non-Executive Directors:**  
Drew Henry  
Peter McCarthy  
Peter Lester

<sup>1</sup> 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 is 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 or to Ore Reserves.

## Health, Safety, Environment and Community

During the quarter there was one Lost Time Injury (bruised ribs) and five medically treated injuries. In addition there were three high potential incidents reported to the safety regulator. These high potential incidents did not result in injury and act to focus on hazard identification, risk reduction measures and job preparation. During the quarter there was one environmental non-compliance with a deposition dust analysis result exceeding the licence conditions. Follow up investigation of the once only occurrence has satisfied regulators that ongoing compliance will be met.

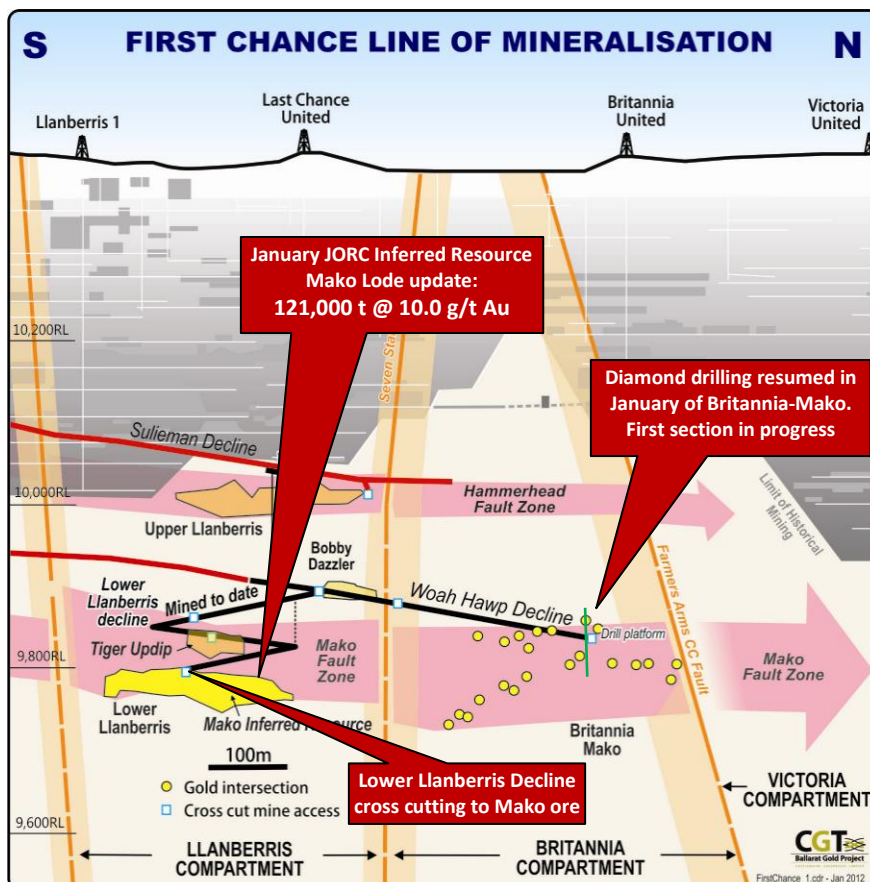
## Ballarat Mine Activities

Accessing the larger gold lodes in the Llanberris compartment was the primary focus in the December quarter. A revised mine plan was enacted in late November, supported by the first JORC resource estimate for the Mako Lode mineralisation in the Llanberris compartment (ASX Release 18 November 2011).

As part of this focus, Decline advance to the Mako Lode has kept to schedule through the transition from contract mining to owner-operator mining with company employees now performing all of the waste development and ore production activities.

Ballarat mine production in the quarter totalled 24,083 tonnes at an average gold grade of 3.4 g/t from two satellite sources – the Bobby Dazzler and Sovereign. A total of 23,857 tonnes were milled at a reconciled head grade of 3.4g/t. A total of 2,023 ounces were produced in the December quarter, with 2,309 ounces shipped and sold. Mining of the Sovereign low-grade material used for plant re-commissioning has now ceased. Mining of the Bobby Dazzler ore source was completed in January with reconciliation of gold grades to the plant yielding results very close to the expected block model grade of 4.3 g/t Au. This compares positively with the initial average gold grade estimate of 2.4 g/t during mining of the sill access drive in early November.

In the Britannia compartment to the north, mining on the Sulieman-Basking Fault Zone (BFZ) ceased after completion of the initial sill drive following re-interpretation of drill results and the application of a new constrained block model. This lode will now be mined using narrow vein mining methods in 2012 as an additional ore source to those in the Llanberris compartment.

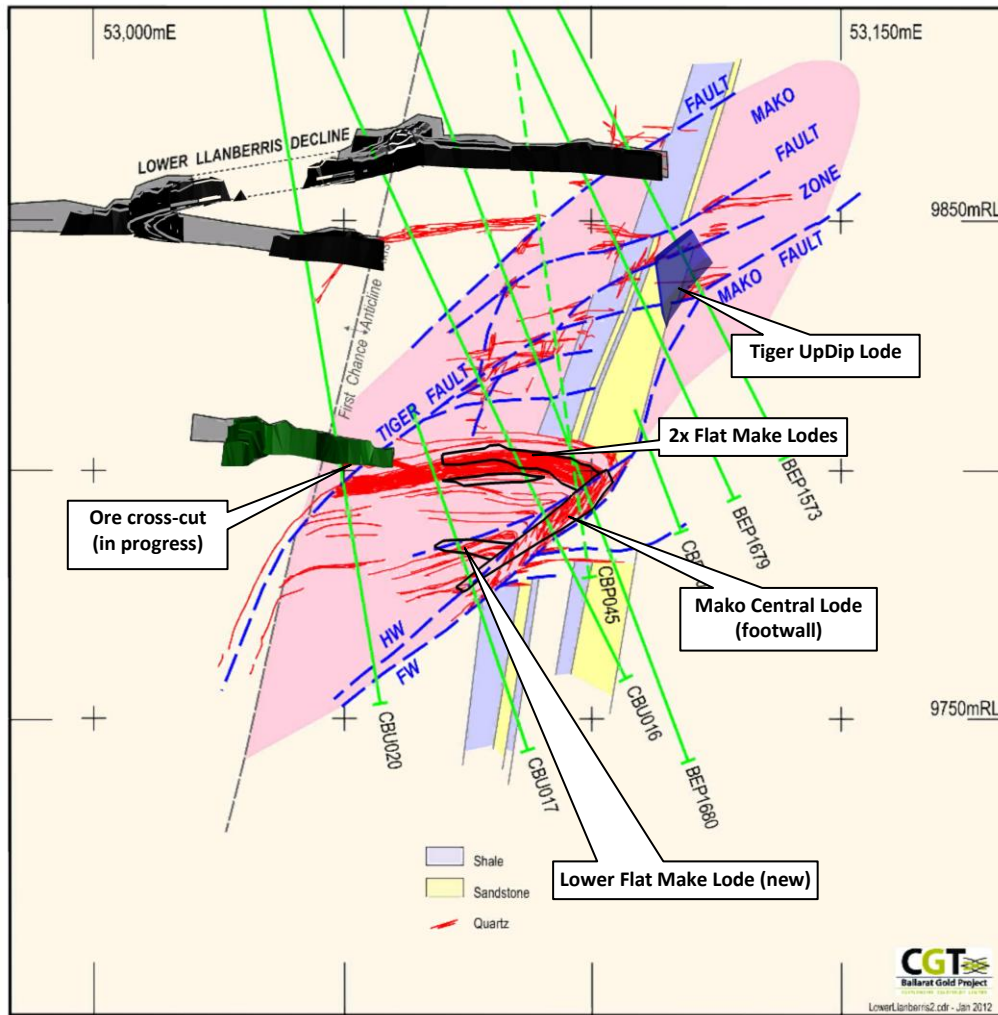


The first high-grade Mako Lode ore from the Lower Llanberris is now due in February, one month ahead of schedule, after faster than expected development of the Lower Llanberris decline.

The decline is now level with the top of the Mako Resource with the turn out eastwards established. Stockpile bays and the main cross cut are in progress with just a short distance to reach target after which sill driving north and south within ore will begin (see Figure 1).

The 2012 mine plan allows for several months of in-reef mining in the higher grade Mako Lode to demonstrate its geology and grade performance, prior to the decision to ramp up mining rates towards the target of 50,000 ounces a year.

**Figure 1. First Chance Line of Mineralisation with mining and exploration areas discussed in text shown.**



*Figure 2. Cross section through the central Mako Resource showing the location of the decline and cross cut east into the high grade portions of the flat Make veins and underlying Mako footwall Fault gold mineralisation.*

### Mako JORC Inferred Resource Updated

An updated total *Inferred Mineral Resource* of 121,000 tonnes at 10.0 g/t gold for 38,300 ounces is estimated for the Mako Lode in the Llanberris compartment of the Ballarat Gold Project. Owing to the high nugget effect and uncertainty of geological continuity, a grade sensitivity range is estimated to be between 5 g/t Au and 11 g/t Au. Details of the resource classification are given in Table 1 with associated notes. 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 is 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 or to Ore Reserves.

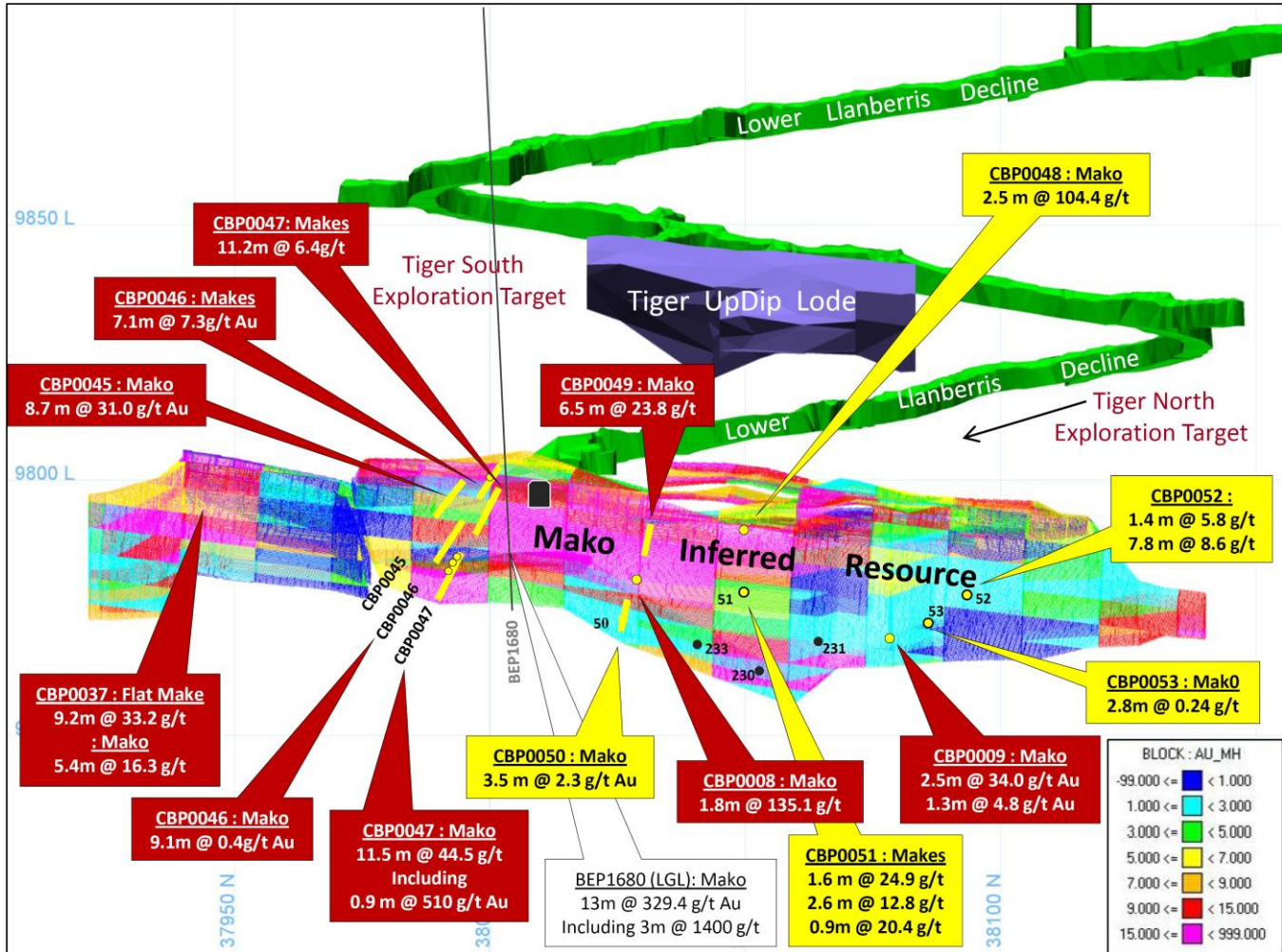
This is the second estimation by CGT of the Mako Resource and incorporates five additional diamond holes, and replaces the inaugural November estimate ([ASX Release 18 November 2011](#)). The method of estimation and parameters used are the same as in the previous resource estimation with an additional 53 sample assays being used to estimate gold grades.

Section interpretation is block modeled with grade estimate made using Inverse Distance techniques. The in situ Mineral Resource was estimated using an inverse distance power of 2 on 0.75m assay composites with a 55 g/t Au top cut.



Hole location, geological drill logs, surveys, sampling techniques and analytical performance are to appropriate standards. Sampling, geological and estimation results have been validated by the Competent Person. Diamond core recovery can be poor in faulted zones associated with gold mineralisation. Sample recovery is recorded and has been appropriately incorporated into this estimation. Core loss is ascribed a grade of zero.

The additional assay information used to estimate the January 2012 gold grade (from holes CBP0048, 050-053) comprised two half cut diamond core samples of which both halves were analysed by 2000g accelerated cyanide leach (LeachWELL® 24 hour bottle roll) with AAS determination. Gold assay values for the sample intervals are the arithmetic average grade of both core half assay values.



**Figure 3 Long section showing the Mako Inferred Resource block model as updated with new drill information in January 2012 and reported in this quarterly report. Red callout intersections are those previously reported in the quarter and used as part of the November JORC resource estimation. Yellow callout intersections are those not previously reported and which are now included in the January JORC Inferred Resource estimation. Black circles are holes recently drilled without assay results but which are used to geologically model the down dip region of the Mako fault mineralisation. The target Mako fault mine development intersection point is shown as the black opening about section 38015N.**

Using the new drill information, the resource shapes were refined in the central and northern parts of the resource as follows:-

- The Mako Central (footwall) Lode was extended up to 20m further down dip than the November estimate proximal to hole CBP0050, with strong quartz and fault intersections in recently drilled holes CBP230, 231 and 233 and which include visible gold in CBP233 at 103m downhole (see Figure 3). Assay results for CBP230-233 are awaited and therefore do not inform the grade estimation in this location,
- The flat quartz veins known as Makes in the resource model are now resolved into 3 separate Makes across the central area of the resource with the top 2 Make models extended 17m north to replace the single North Make,



- Makes in the central region are extended west up to 20m (see Figure 2) based on strong results in CBP0051 and quartz found in holes CBP230, 231 and 233,
- A new “Lower Make” is modeled 20-30m below other flat Make quartz vein lodes between the Pioneer cross course fault and section 38020N.

**Table 1. JORC<sup>[A]</sup> Inferred Mineral Resource for the Llanberris Mako Fault Lodes - January 2011.**

Ore zone	Class <sup>[1]</sup>	Tonnes <sup>[2,6]</sup>	Grade <sup>[3,6]</sup>	Grade range <sup>[4,6]</sup>	Ounces <sup>[5,6]</sup>
<b>Inferred Mineral Resource<sup>[7,8]</sup></b>					
Central Lode	1	44,000	11.5	6 – 13	16,300
Central Make Zone	1	50,000	9.0	4 – 10	14,500
Lower Make Zone	1	3,000	11.0	6 – 13	1,100
North Lode	2	13,000	4.0	2 – 5	1,700
North Make Zone	2	4,000	17.0	8 – 20	2,200
South Lode	2	7,000	11.0	6 – 13	2,500
<b>Total</b>	<b>-</b>	<b>121,000</b>	<b>10.0</b>	<b>5 – 11</b>	<b>38,300</b>

<sup>[A]</sup> Australasian Code for Reporting of Mineral Resources and Ore Reserves, Prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC), 2004.

<sup>[1]</sup> Class 1: Central Zone dominantly interpolation. Class 2: Extremities of the mineralisation wireframes and dominantly extrapolation, which can be based on a single section or single hole on section level of drill support.

<sup>[2]</sup> Tonnage figures are rounded to the nearest 1000 t.

<sup>[3]</sup> 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.

<sup>[4]</sup> 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.

<sup>[5]</sup> Total ounces are rounded to the nearest 100 oz Au.

<sup>[6]</sup> Figures may not compute exactly due to rounding.

<sup>[7]</sup> 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.

<sup>[8]</sup> 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.

Bulk Density: 2.65 g/cm<sup>3</sup>

## Lower Llanberris – Mako Fault Zone Exploration Results

As drilling has progressed infilling the Mako Resource a number of positive gold in quartz intersections have been received from areas either immediately outside the resource limits or amongst the Tiger Exploration Target above the Mako Lode. These intersections and the geological information obtained are being used to better interpret the Mako Fault Zone structural controls on veining and high grade mineralisation. Assay intervals within and surrounding the Resource not previously reported are listed in Table 3 and significant intersections within the Tiger Exploration Target given in Table 4 (see appendix 1 below).



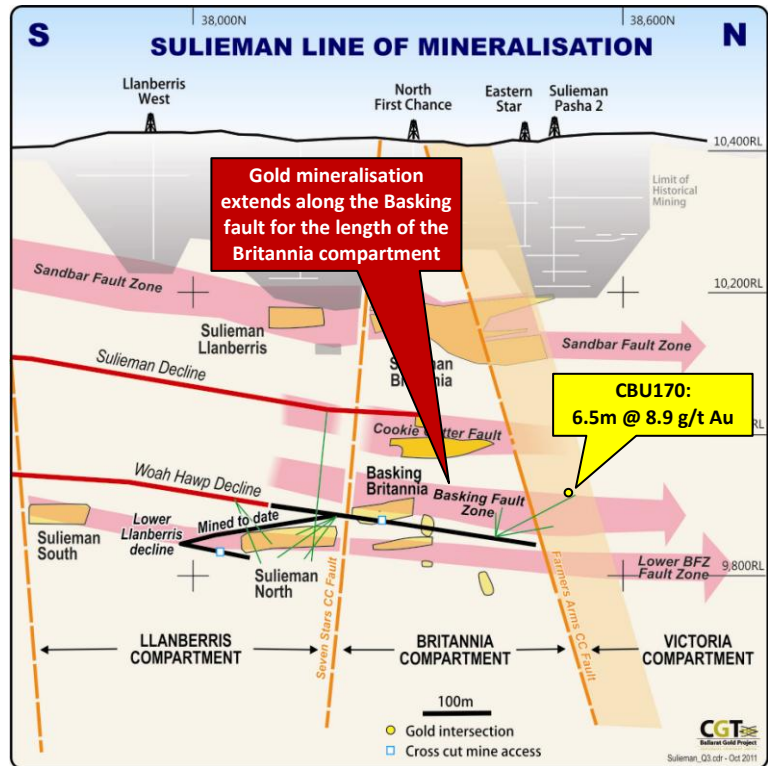
## Ballarat Mine Exploration Results

Exploration drilling in the mine during the quarter was almost exclusively within and around the Mako Resource in the Llanberis compartment. Assay results for other areas were received for drilling in the Britannia and Victoria compartments:-

1. **Britannia – Basking Fault Zone.** Step out and in-fill drilling, undertaken from the Woah Hawp decline, has extended the strike of mineralisation and quartz veining associated with the Basking Fault to over 100m and is apparently mineralised across the length of the Britannia compartment.

The results support the potential of the Sulieman line to host narrow, yet vertically extensive gold mineralisation which can be mined in future schedules. Diamond drilling of this and other Sulieman resource targets has temporarily ceased in line with priority needs to access the Mako Lode in Llanberis and define Mako resources in Britannia.

2. **Basking Fault Zone in Victoria Compartment** – as announced last quarter the first hole to test the Sulieman Line in the Victoria compartment intersected two occurrences of visible gold at faults equivalent to the Basking Fault. Hole CBU170 now reports an assay interval of **6.5m @ 8.9 g/t Au** from 90.2m downhole, including 0.6m @ 26.2 g/t from 90.2m and 0.3m @ 99.4 g/t Au from 96.0m. A further fault and veining zone of 2.1m @ 2.8 g/t Au from 125.9m downhole. These will become significant exploration targets in future years when resources in the Victoria compartment are sought.



3. **Britannia – Mako Fault Zone** – A second diamond drill rig was mobilised to site in early January to infill the northern area of the Britannia compartment. Exploration drilling by CGT to date had identified gold bearing quartz veining and faults at a single RL height to the northern end of the inferred Mako Fault Zone (MFZ) in this compartment. Mine development of the Woah Hawp decline to this northern end now affords accurate and cost effective drilling to define potential gold resources.

The 2012 drilling program will focus on establishing 30 x 30m drill spacing through the north and central portion of the Mako target zone in the Britannia compartment and will take up to 4 months to complete. Preliminary interpretation of the initial 6 holes drilled in the first section is revealing additional, steep, west dipping faults and associated quartz veining, with planned holes being extended deeper into the footwall to capture information on adjacent targets. Early evidence suggests that the MFZ in Britannia will contain both steep and shallow fault and vein structures with some element of lithological or cleavage parallel veining controls. If proven, this interpretation is very similar to the orientations known for the Mako mineralisation in the Llanberis compartment which will be mined in 2012.

The promising quartz vein and fault contents in the first drilling provides further encouragement with **visible gold** seen in massive stylonitic quartz in a number of places. No assay results for these holes have been received with priority given to Mako in Llanberis production and drilling samples through the on-site Gekko laboratory.

An Independent Technical Review in late 2011 by Snowden Mining Consultants has helped to quantify Exploration Targets at Ballarat (excluding the Mako Lode in Llanberis Resource) to be in the range of 400,000t to 750,000t at a grade of between 4 g/t and 8 g/t, for between 70,000 and 165,000 ounces of gold<sup>2</sup>. The drilling program begun in Britannia Mako forms the first stage of testing this resource potential on both lines of mineralisation in the northern compartments of the Ballarat mine.

<sup>2</sup> 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.



## **Castlemaine Project**

No drilling was undertaken on the Castlemaine project in the quarter.

## **Tarnagulla Project (100% owned)**

Assay results from part of the RC drilling, which concluded in October, contain a number of gold intersections greater than 1g/t Au, typically across 1-2 metres downhole, and at depths less than 50m from surface. The maximum gold grade so far is 29 g/t Au. A further 806 samples from the drilling are yet to be analysed, with full outcomes and geological context to the gold bearing intervals expected in the June quarter 2012. A second phase of RC drilling is planned for the last half of 2012.

A successful trial of soils geochemical sampling at North Poseidon located all known lines of buried mineralisation with the method determined as applicable to larger scale regional use.

## **Sebastian / Raydarra Projects (Navarre Minerals earning 51%)**

A farm-in heads of agreement with ASX listed Navarre Minerals Ltd was announced in the December quarter. The agreement, including subsequent joint venture terms is currently being finalized. Field exploration activities are being planned by Navarre to begin in the March quarter. Initial exploration is expected to comprise ground geophysical surveying and reconnaissance aircore drilling at Raydarra and RC / diamond drilling at Sebastian, with \$50,000 to be spent within the later project in the first 6 months. Farm-in terms are tabulated below.

Navarre JV farm-in terms	Equity earned by NML	Sebastian Project	Raydarra Project
<b>Minimum Expenditure / Period</b>	0%	\$50,000 / 6 months	\$100,000 / 12 months
<b>Initial Expenditure Requirement</b>	51%	\$100,000	\$300,000
<b>Additional Expenditure Requirement</b>	75%	\$300,000	\$600,000

Navarre is required to keep the project licences in good standing whilst managing exploration. If Navarre elects not to undertake additional farm-in expenditure after earning 51% then a joint venture will be established with pro-rata expenditure by the two companies. If Navarre achieves 75% equity in either project then a joint venture will be established whereby should CGT elect to not contribute, it will be further diluted in ownership on a proportional basis. Should across the course of each joint venture either party be diluted to less than 10% project equity their interests will be converted to a 1% net smelter royalty.

## **Berringa Exploration Project (100% owned)**

No drilling activities were undertaken on the Berringa project in the quarter. Historical mine data is being added to information being used to plan exploration on the licence in 2012.

## **Finance**

A capital raising of up to \$15.3M comprising a 1 for 1 accelerated non-renounceable pro-rata entitlement offer was successfully conducted during the quarter. This entitlement offer was offered to both institutional and retail shareholders. A total of \$11.1M was raised, with the shortfall able to be placed by the company at its discretion during the next three months.

Cash expended on both regional and underground exploration totalled \$1.0M for the quarter. Ballarat mine development, associated fixed assets and general mine site costs relating to the resumption of mining at Ballarat totalled \$13.1M.

The company sold 2,309 ounces of gold in the quarter, at an average price of A\$1,673 per ounce, generating \$3.8M in revenue.

The company had cash on hand of \$16.3M at quarter end.

**Matthew Gill**  
**Managing Director and Chief Executive Officer**



**Competent Person's Statement**

Information in this document which relates to Exploration Results, and Mineral Resources in this announcement is based on information compiled by Mr Wesley Edgar, a full time employee and Exploration Manager for Castlemaine Goldfields Limited, who is a member of the Australasian Institute of Mining & Metallurgy, and who has the relevant experience as a Competent Person, as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)'. Mr Edgar, has given and has not withdrawn prior to lodgment, his written consent to be named in this Announcement as the person responsible for the Exploration Results statements and to the inclusion of these statements in the form and context in which they appear.

Notes; All gold assays reported here are Leachwell© 2000g analysis with intersection lengths being downhole. A series of external standards and blanks are used to assess laboratory assay quality control.

Note for Tables of Assays below; Some gold bearing assay intersections which relate to individual spur veins which are unlikely to be mined as individual veins have been omitted from the list of assay results. Such results are not considered material to a future mining project.

Intervals are length weighted grade averages with <2m internal dilution although lower grades and greater internal dilution may be included only where the dilution is predominantly quartz veining (80-100% quartz). No top cut off grade is used. Minimum sample interval is 0.3m. Core loss or unsampled intervals are ascribed a gold grade of zero.

**Appendix 1**

**Tables of Assay Results**

**Table 2. Drill hole intersections used within the Mako Inferred Resource not previously reported**  
(used for January Resource update)

Drillhole	Collar				Depth From (m)	Interval (m)	Au (g/t)	Description	
	North	East	RL	Azimuth					Dip
CBP0048	53086.98	38046.01	9867.306	053.7	-79.0	72.2	5.3	1.3	Make
						80.8	2.5	104.4	MAKO FW Fault
CBP0050	53084.84	38043.47	9867.451	213.1	-79.4	66.0	1.0	2.1	Make #1
						70.9	1.4	0.22	Make #2
						74.1	1.3	8.1	Make #3
						95.0	3.5	2.3	MAKO FW Fault
CBP0051	53084.04	38045.33	9867.252	278.0	-81.5	65.0	1.6	24.9	Make #1
						68.9	2.6	12.8	Make #2
						75.4	0.9	20.4	Make #3
									Mako Target not drilled
CBP0052	53086.35	38046.88	9867.349	017.7	-62.0 including - and-	80.9	1.4	5.8	Make #1
						85.7	7.8	8.6	combined Make+MAKO
						85.7	4.3	3.9	Make #2
						90.0	3.5	14.5	MAKO FW Fault
CBP0053	53085.65	38046.86	9867.347	355.5	-66.0	78.7	2.4	1.9	Make #1
						82.9	1.6	1.7	Make #2
						106.0	2.8	0.24	MAKO FW Fault

\* Drillhole terminated by geologist before Mako target was intersected (re-drilled as CBP233 of which assays are awaited, but logged to contain visible gold at the Mako target depth)

**Table 3. Significant assay results for Mako – Lower Llanberris not previously reported (not included in the Mako Inferred Resource estimation)**

Drillhole	Collar				Depth From (m)	Interval (m)	Au (g/t)	Description	
	North	East	RL	Azimuth					Dip
CBP0015	53072.25	38123.83	9878.191	058.0	-74.7	100.9	4.1	2.7	Mako position <sup>1</sup>
CBP0013	53072.11	38123.72	9878.196	057.5	-67.6	97.8	0.7	4.5	Mako position <sup>1</sup>
CBP0019	53072.57	38122.04	9878.166	109.2	-70.0	78.6	4.8	10.1	Above Mako
						85.9	2.0	15.3	Spurs & bedded veins
						92.0	3.1	19.7	Mako position <sup>1</sup>
CBP0024	53072.05	38121.28	9878.216	132.8	-72.5	91.7	7.3	10.4	North FW Mako <sup>2</sup>
CBP0025	53071.49	38121.07	9878.183	150.2	-79.1	91.6	4.3	1.7	Make <sup>1</sup>
						103.4	4.9	16	Mako FW Fault <sup>2</sup>

FW = footwall, Expln = Exploration

<sup>1</sup> Mako or flat Make position but outside Inferred Resource Model

<sup>2</sup> Within Inferred Resource but not incorporated into the January Resource estimation

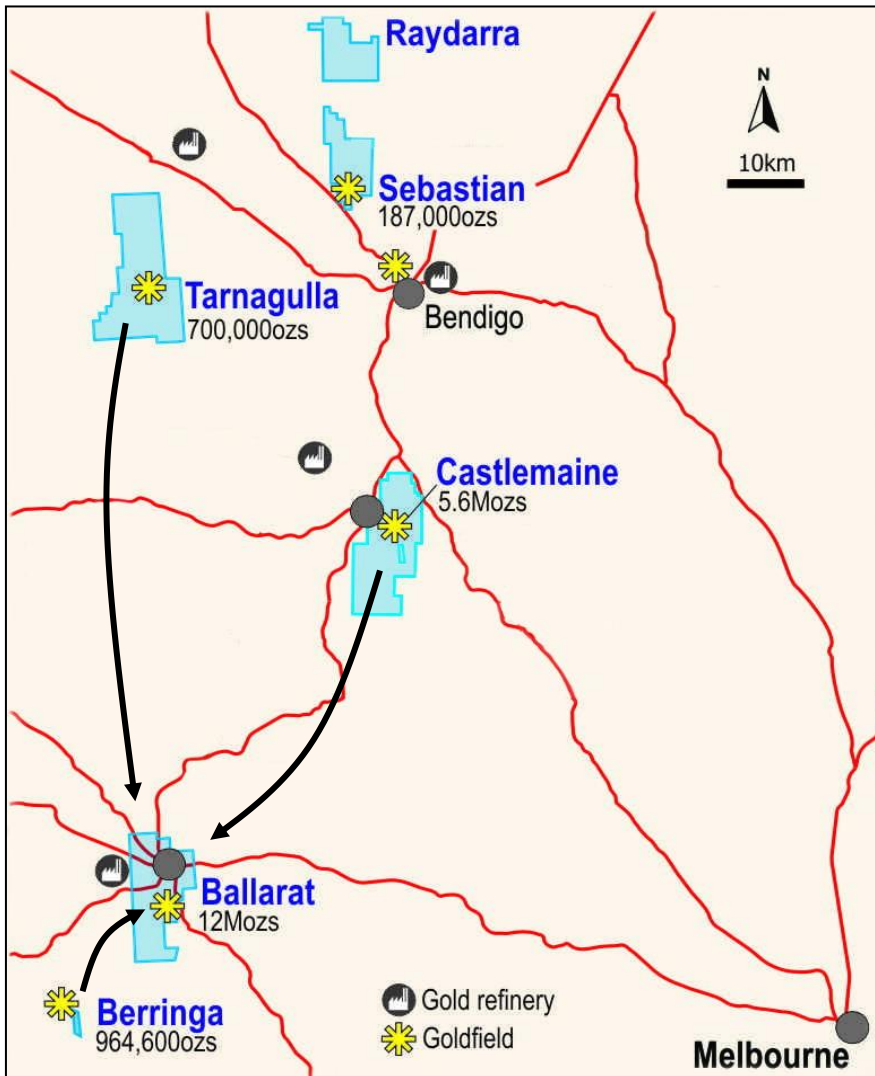
**Table 4. Significant results for Tiger Exploration Targets in the December quarter**

Drillhole	Collar				Depth From (m)	Interval (m)	Au (g/t)	Description	
	North	East	RL	Azimuth					Dip
CBP0024	53072.05	38121.28	9878.216	132.8	-72.5	75.6	8.4	6.6	Tiger North Expln Target
CBP0025	53071.49	38121.07	9878.183	150.2	-79.1	75.0	5	13.7	Tiger North Expln Target
						82.4	4.6	4.8	Tiger North Expln Target
CBP0048	53086.98	38046.01	9867.306	053.7	-79.0	40.5	3.2	1.5	Tiger
CBP0050	53084.84	38043.47	9867.451	213.1	-79.4 including -	43.6	2.4	8.3	Tiger
						50.3	3.2	11.2	
CBP0051	53084.04	38045.33	9867.252	278.0	-81.5	48.0	0.9	7.8	Tiger
CBP0052	53086.35	38046.88	9867.349	017.7	-62.0 including -	47.0	6.5	15.4	Tiger
						47.0	2.0	45.4	
CBP0053	53085.65	38046.86	9867.347	355.5	-66.0 including - and -	50.5	8.0	4.9	Tiger
						50.5	2.7	7.1	
						55.0	3.5	5.6	
						71.9	1.9	5.4	below Tiger



## ABOUT CASTLEMAINE GOLDFIELDS LIMITED

Castlemaine Goldfields Limited (CGT) holds significant exploration titles encompassing five substantial goldfields in Central Victoria. This land holding gives the Company access to two of the three largest historical gold producing areas in Victoria (totaling some 17 million ounces of gold). CGT has 100% of the Ballarat, Castlemaine, Tarnagulla, Berringa and Sebastian Goldfields (the later subject to a JV), with approved Mining and Exploration Licences over the key areas.



*CGT's five gold projects within the Central Victorian Goldfields shown in blue with past production for the 3 prominent goldfields.*

success a similar rate of gold production could also be sourced from the Castlemaine goldfield. Substantial value will be added to the Ballarat project from resource discoveries and development of CGT's other existing Central Victorian projects.

The inaugural JORC Code Inferred Resource estimate for the Chewton Deposit, and remnants at the Wattle Gully Mine at Castlemaine, totaling 686,000 ounces of gold was announced in 2008 ([ASX:CGT release 2<sup>nd</sup> June 2008](#)).

The primary focus is to return the Ballarat Gold project to production at a targeted annualised rate of approximately 50,000 ounces per year during the second half of 2012. Resumption of mine development commenced in March 2011 with first ore accessed mid-year and initial gold production occurring in September 2011.

The first JORC Code Inferred Resource estimate for the Mako Lode in the Ballarat mine was announced in November 2011 and was updated in January 2012 to 121,000 tonnes at 10.0g/t Au for 33,100 ounces of gold, and will underpin production for the mine in 2012.

An Independent Technical Review in late 2011 by Snowden Mining Consultants quantified Exploration Targets beyond the Mako Lode Resource at Ballarat in the range of 400,000t to 750,000t at a grade of between 4 g/t and 8 g/t, for between 70,000 and 165,000 ounces of gold. Note that Exploration Targets are conceptual in nature and there is insufficient information to establish whether further exploration, either by drilling or mine access into the mineralisation will result in the determination of a Mineral Resource or Ore Reserve.

It is anticipated that with further exploration

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

<b>CASTLEMAINE GOLDFIELDS LIMITED</b>
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ABN

<b>45 073 531 325</b>
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Quarter ended ("current quarter")

<b>31 December 2011</b>
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### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	3,866	3,866
1.2 Payments for (a) exploration & evaluation	(986)	(5,811)
(b) mining & mine site costs	(11,648)	(16,267)
(c) corporate administration	(394)	(1,621)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	222	1,516
1.5 Interest and other costs of finance paid	(22)	(53)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	(8,962)	(18,370)
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	(433)	(1,836)
(c) mine development	(656)	(15,616)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	(82)	400
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other – Security Deposits	70	(115)
	(1,101)	(17,167)
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(10,063)	(35,537)

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1.13	Total operating and investing cash flows (brought forward)	(10,063)	(35,537)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	11,177	36,576
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		1,155
1.17	Repayment of borrowings	(67)	(201)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Capital raising costs	(845)	(2,256)
	<b>Net financing cash flows</b>	10,265	35,274
	<b>Net increase (decrease) in cash held</b>	202	(263)
1.20	Cash at beginning of quarter/year to date	16,169	16,634
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	16,371	16,371

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	74
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

1.23 excludes remuneration and other benefits expenses paid to the managing director which are included in administration.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

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	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	180
4.2 Mining and mine costs	7,700
4.3 Mine development	420
4.4 Corporate administration	610
Capital expenditure	1,450
<b>Total</b>	<b>10,360</b>

*Note: Gold Sales and interest income is anticipated to be in the range of \$3M to \$4.5M in the March quarter.*

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,371	3,169
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Bank term deposits & cash management	13,000	13,000
<b>Total: cash at end of quarter</b> (item 1.22)	<b>16,371</b>	<b>16,169</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil	100%	Nil
6.2	Interests in mining tenements acquired or increased	Nil	Nil	Nil

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**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>	N/A	N/A	N/A	N/A
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	264,603,503	264,603,503	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	111,772,833	111,772,833	10 cents	10 cents
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	N/A	N/A	N/A	N/A
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> (Unlisted) <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
C2 Options	50,000	Nil	\$3.993	April 22, 2012
C2 Options	100,000	Nil	\$4.993	April 22, 2013
F Options	35,000	Nil	\$1.993	December 31, 2012
F Options	35,000	Nil	\$2.293	December 31, 2012
F Options	35,000	Nil	\$2.593	December 31, 2012
F Options	35,000	Nil	\$2.993	December 31, 2012
	<u>290,000</u>			

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Options (Continued)	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.8 Issued during quarter	Nil	Nil	Nil	Nil
7.9 Exercised during quarter	Nil	Nil	Nil	Nil
7.10 Expired during quarter	25,000	Nil	<i>Exercise Price</i> \$2.00	Nil
7.11 <b>Debentures</b> <i>(totals only)</i>	N/A	N/A	N/A	N/A
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	N/A	N/A		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~not~~\* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:

Date: 30 January 2012

(Managing Director & Chief Executive Officer)

Print name:

Matthew D. Gill

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

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+ See chapter 19 for defined terms.

- 5      **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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