



Ballarat Gold Project Progress Update

Castlemaine Goldfields Limited (**ASX:CGT**) is currently re-developing the Ballarat Gold Mine, with activities focused on underground mine development and gold processing plant re-commissioning such that first gold bullion production can be delivered on schedule in September this year. Approximately 2,300 tonnes of low grade gold ore has already been mined and brought to surface to provide material for the processing plant re-start.

The company completed a 15,000 metre diamond drill program last year and those results allowed the company to quickly move through the planning and decision making process. A mining contractor – Pybar – mobilised to site mid March and to date has achieved approximately 590 metres of underground mine tunnel development (extending the existing Woah Hawp Decline, already some 500 metres vertically underground – refer Figure 1). This development is on schedule. The first of the identified quartz reefs for mining in the near-by Llanberris compartment is now only 115 metres from this existing development and will be accessed in August.

The company now has sufficient mobile fleet capability to commence ore mining, with the delivery of a new 3m³ loader and a second hand 6m³ loader occurring in July, complementing the existing loader, two 40 tonne capacity trucks, and 2 jumbo drills.

The company commenced an aggressive recruitment campaign during Q2 of this year, and has successfully established a mining and ore processing workforce of sufficient size and skill set to allow initial ore mining and processing to occur. Safety, environment and administrative support staff have also been recruited. Workforce numbers will continue to increase as production activities ramp-up during Q4 2011 and into Q1 2012, by which time it is anticipated that steady state operations will be achieved at an annualised production rate of approximately 50,000 ounces of gold.

Approximately 35 metres of in-reef development has been achieved by the company's mining crews to date, producing 2,300 tonnes of low grade ore, which will be used in August for pre-commissioning through the processing plant. This material was mined from a known zone in the Sovereign compartment developed by the mine's previous owner. Currently, the processing plant crews are undergoing operator training.

The processing plant refurbishment works, which commenced in July, are on schedule for completion in August, with plant re-commissioning to then follow.

Recent (and continuing) successful diamond drilling underground on the Sulieman Line of mineralisation offers the prospect of a third ore source, located within close proximity to current and planned future mine development, and mine planning is currently underway to assess this.

It is anticipated that first mill feed will be treated during August, and gold bullion production thereafter in September. This is great timing given the current high gold prices and sentiment for this precious metal.

Matthew Gill
Managing Director and Chief Executive Officer



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ASX CODE: CGT

Corporate Information:

Shareholders	~1,800
Shares on Issue	1,528 million
Options (unlisted)	3.15 million

Directors:

Non-Executive Chairman:

Gary Scanlan

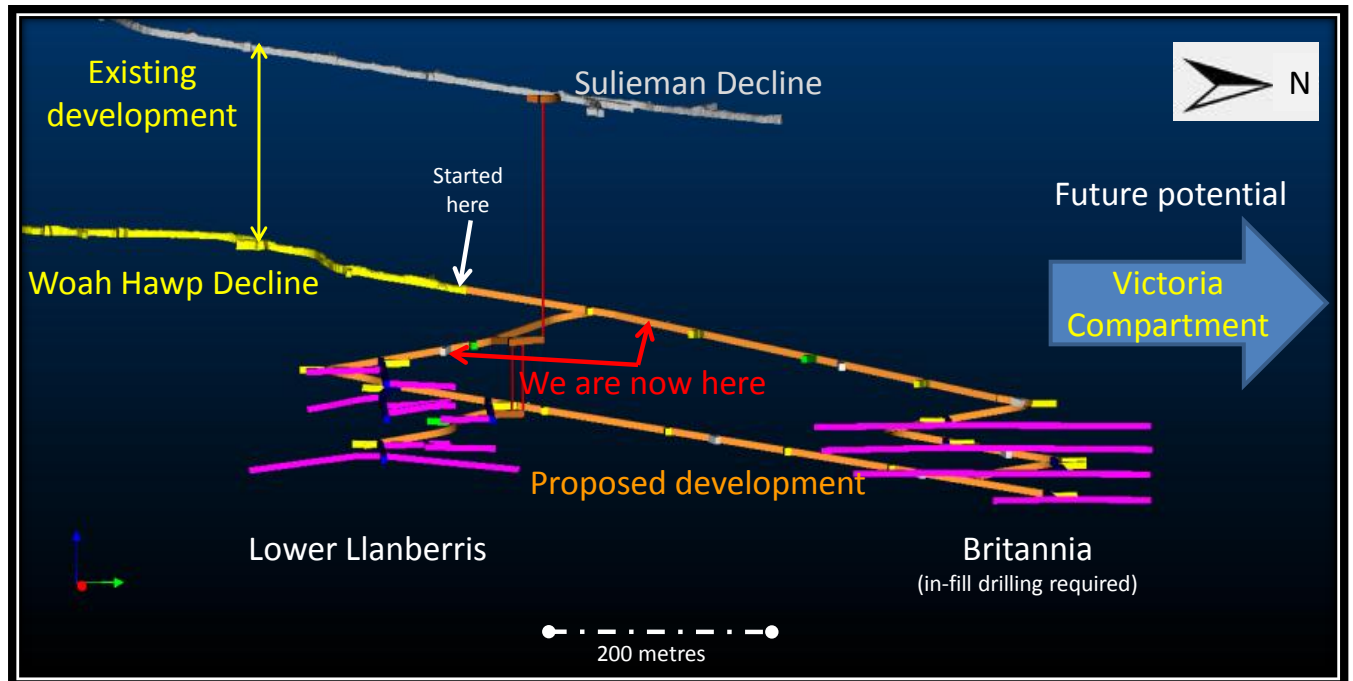
Managing Director:

Matthew Gill

Non-Executive Directors:

Drew Henry
Peter Lester
Peter McCarthy

Ballarat – Proposed Mine Development



- 2.5km of decline and 850 metres of access waste development in total
- Aiming to intersect first ore in Q3 2011
- Have advanced 590 metres since re-commencement in March

Figure 1. Long section looking west of the First Chance Line showing existing and planned development, and the first two identified gold lodes in Llanberris and Britannia.

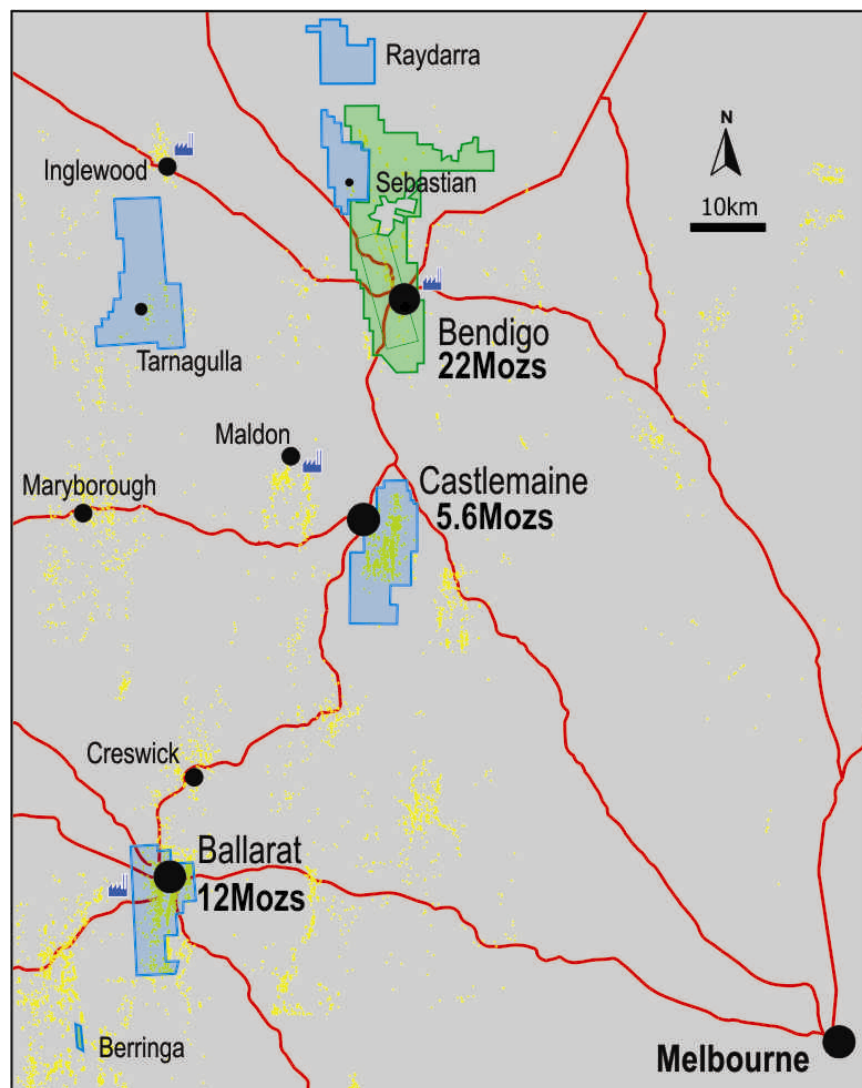
ABOUT CASTLEMAINE GOLDFIELDS LIMITED

Castlemaine Goldfields Limited (CGT) holds significant exploration titles encompassing five substantial goldfields in Central Victoria. This land holding gives CGT 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, with approved Mining and Exploration Licences over the key areas.

The primary focus is to return the Ballarat Gold project to production at a targeted annualised rate of approximately 50,000 ounces per year by the 1st Quarter 2012. Resumption of mine development commenced in March 2011 with first ore planned to be accessed mid-year followed by gold production in the 3rd Quarter 2011. Results of the successful mining study were announced on 14th February 2011.

It is anticipated that with further exploration 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 were announced in 2008 ([ASX:CGT release 2nd June 2008](#)).



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