



**CASTLEMAINE  
GOLDFIELDS**

ASX Release – 26 July 2011

## PROPOSED 1 FOR 10 SHARE CONSOLIDATION

Castlemaine Goldfields Limited (the “Company”) announces that the Company proposes to implement a 1 for 10 share consolidation subject to shareholder approval.

The company has approximately 1.5 billion shares on issue with a market capitalisation of approximately \$73 million as at close of business 22 July 2011. For a Company of this size, this is a large number of securities to have on issue, and it is considered appropriate to address this matter. Post consolidation, there will be approximately 152 million shares on issue which will be more consistent with the capital structures of the Company’s peer group.

In accordance with the Corporations Act, a resolution will be put to shareholders at a General Meeting of the Company to be held on 26 August 2011. The resolution will propose that every ten ordinary shares held by a shareholder be converted into one ordinary share.

If the resolution is passed, the number of ordinary shares and options on issue and the exercise price of the options will be adjusted in accordance with the ASX Listing Rules.

Further information is provided in the accompanying explanatory statement and notice of meeting for the General Meeting that will be dispatched to shareholders today.

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

**For further details contact:**  
**Sue-Ann Higgins**  
**Company Secretary**  
**Ph: 03 5327 2555**



**CASTLEMAINE  
GOLDFIELDS**

### COMPANY DETAILS

**Principal and Registered Office**  
Castlemaine Goldfields Ltd  
10 Woolshed Gully Drive  
Mount Clear, VIC, 3350

**Website**  
[www.cgt.net.au](http://www.cgt.net.au)

**Email**  
[info@cgt.net.au](mailto:info@cgt.net.au)

**Phone**  
(03) 5327 2555

**Facsimile**  
(03) 5327 2556

**ABN**  
45 073 531 325

**ASX CODE: CGT**

**Corporate Information**  
Shareholders ~1,900  
Shares on Issue 1,528 million  
Options (unlisted) 3.15 million

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

**Postal Address**  
PO Box 98  
Mount Clear, VIC, 3350

**CASTLEMAINE GOLDFIELDS LIMITED**  
**ABN 45 073 531 325**

**NOTICE OF GENERAL MEETING**

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**NOTICE IS GIVEN** that a General meeting of the members of Castlemaine Goldfields Limited (“the Company”) will be held at the offices of Baker & McKenzie, Level 19, 181 William Street Melbourne on Friday the 26<sup>th</sup> day of August 2011 commencing at 10 am.

**Business**

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The Meeting is being held so that shareholders can consider the resolution set out below. If the resolution is approved, the Company can proceed with the proposed share consolidation.

**RESOLUTION – CONSOLIDATION OF CAPITAL**

**To consider and, if thought fit pass the following ordinary resolution**

“That for the purposes of section 254H of the Corporations Act 2001, the Company's Constitution and for all other purposes, the Company approves the consolidation of every 10 shares into 1 ordinary share, with fractions of a share being rounded up to the nearest whole number, on the terms described in the Explanatory Memorandum.”

**By Order of the Board**



Sue-Ann Higgins  
Company Secretary  
26 July 2011

**Material Accompanying this Notice**

- (a) Explanatory memorandum setting out details relevant to the Item in this Notice.
- (b) Proxy Form

**Effective time**

Pursuant to regulation 7.11.37 of the Corporations Regulations, the directors have determined that the shareholding of each shareholder for the purposes of ascertaining voting entitlements for the Meeting will be as it appears on the Company's share register at 7.00 pm (Melbourne time) on 24 July 2011 (“Effective Time”).

## Information for Shareholders and on Proxies

1. All holders of Ordinary Shares in the Company as at the Effective Time are entitled to attend the Meeting and vote at the Meeting.
2. A shareholder who is entitled to attend and vote at the Meeting is entitled to appoint a proxy. A shareholder who is entitled to cast two or more votes at the Meeting may appoint two proxies.
3. A proxy need not be a shareholder. A proxy may be an individual or a body corporate.
4. Unless a shareholder specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit or abstain from voting.
5. Where more than 1 proxy is appointed, neither proxy may vote on a show of hands.
6. Where more than 1 proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If there is no such specification, each proxy may exercise half of the votes (fractions being disregarded).
7. Where more than 1 proxy is appointed, on a poll each proxy may only exercise the voting rights for the portion of the votes the person holds (fractions being disregarded).
8. The proxy form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be signed by an attorney or executed by the corporation in accordance with the Corporations Act.
9. To be valid, the proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be:
  - (a) mailed to the share registry of the Company (Computershare Investor Services Pty Limited) at Computershare Investor Services Pty Limited, GPO Box 242 Melbourne, Victoria 3001 Australia; or
  - (b) delivered to the share registry of the Company (Computershare Investor Services Pty Limited) at Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067 Australia; or
  - (c) successfully transmitted by facsimile to the share registry of the Company (Computershare Investor Services Pty Limited) on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
  - (d) for Intermediary Online subscribers only (custodians) submitted online at: [www.intermediaryonline.com](http://www.intermediaryonline.com) so that it is received no later than 48 hours before the commencement of the Meeting (or any adjournment of the Meeting).
10. A shareholder which is a body corporate and entitled to attend and vote at the Meeting, or a proxy which is a body corporate and is appointed by a shareholder entitled to attend and vote at the Meeting, may appoint an individual to act as its representative at the Meeting by providing that person with:
  - (a) a letter or certificate, executed in accordance with the body corporate's constitution, authorising the person as its representative; or
  - (b) a copy of the resolution, certified by a secretary or director of the body corporate, appointing the representative.

A copy of the letter, certificate or resolution, or other evidence satisfactory to the Chairman of the Meeting, must be produced prior to admission to the Meeting.
11. For more details concerning the appointment of proxies, please refer to the reverse side of the Proxy Form.

## EXPLANATORY MEMORANDUM

### 1. Introduction

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- 1.1 This Explanatory Memorandum accompanying the Notice of Meeting is provided to Shareholders of **Castlemaine Goldfields Limited** ABN 45 073 531 325 (the **Company**) to explain the resolution to be put to Shareholders at a General Meeting to be held at the offices of Baker & McKenzie, Level 19, 181 William Street Melbourne on Friday 26 August 2011 at 10 am.
- 1.2 The Extraordinary General Meeting is being held so that Shareholders can consider the resolution set out in the Notice of Meeting.
- 1.3 The Directors recommend Shareholders read the Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the resolution.

### 2. Consolidation of Capital

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#### 2.1 Regulatory Requirements

Section 254H of the Corporations Act enables a company to convert all or any of its shares into a smaller number of shares by a resolution passed at a general meeting. The conversion proposed by the Resolution set out in the Notice of Meeting (**Resolution**) is permitted under section 254H of the Corporations Act and the Company's Constitution. Listing Rule 7.20 provides that if an entity proposes to reorganise its capital, it must advise shareholders of certain matters, which are set out below. No voting exclusions apply, and all shareholders can vote on the resolution.

#### 2.2 Background

The Company has over 1.5 billion Shares on issue as a result of the Company's recent growth through equity issuance and acquisitions. For a company of this size, this is a very large number of securities to have on issue and it subjects the Company to a number of disadvantages including:

- (a) additional share price volatility arising from the fact that the minimum permissible share price movement permitted by ASX (being 0.1 cent) represents a higher proportion of the Company's Share price than it would if the Company had a greater Share price (being 0.5 cents if the consolidation is approved);
- (b) that the Company has a far greater number of Shares on issue than comparable companies; and
- (c) negative perceptions associated with a low Share price.

The Directors believe that a consolidation of the Shares would assist in mitigating these disadvantages.

The consolidation will not result in any change to the substantive rights and obligations of Shareholders, and the proportional interest of each shareholder in the Company will not change as a result of the consolidation. The Company's balance sheet and tax position will also remain unaltered as a result of the Consolidation.

#### 2.3 Shares

The Resolution seeks Shareholders' approval for the issued capital of the Company to be altered by consolidating every 10 Shares into 1 Share (**Consolidation**). Any fractional entitlements as a result of holdings not being evenly divisible by 10 will be rounded up to the nearest whole number.

For example, if you currently hold 1,000 Shares, as a result of the Consolidation, you will hold 100 Shares.

At the date of this Explanatory Statement, the Company has 1,528,305,189 Shares on issue. The Consolidation will reduce the number of Shares on issue to approximately 152,830,519 Shares (subject to rounding).

## 2.4 Options

The Company has unlisted Options on issue. In accordance with the Option terms and Listing Rule 7.22, these Options will be consolidated on the same basis as the Shares, that is, every 10 Options will be consolidated into 1 Option, and their exercise price amended in inverse proportion to the consolidation ratio.

The effect of the Consolidation on the number and exercise price of Options is set out below:

Options Expiry	Pre-consolidation		Post-consolidation	
	Exercise Price	Number	Exercise Price	Number
21/12/2011	\$0.20	250,000	\$2.00	25,000
22/01/2012	\$0.40	500,000	\$4.00	50,000
31/12/2012	\$0.20	350,000	\$2.00	35,000
31/12/2012	\$0.23	350,000	\$2.30	35,000
31/12/2012	\$0.26	350,000	\$2.60	35,000
31/12/2012	\$0.30	350,000	\$3.00	35,000
22/04/2013	\$0.50	1,000,000	\$5.00	100,000

## 2.5 Holding Statements

From the date of Consolidation, all existing holding statements for Shares and Options will cease to have any effect, except as evidence of entitlement to a certain number of Shares and Options on a post-Consolidation basis. After the Consolidation becomes effective, the Company will arrange for new holding statements to be issued to Shareholders and Optionholders.

## 2.6 Taxation implications

The summary in this section is general in nature. In addition, particular taxation implications will depend upon the circumstances of each Shareholder. Accordingly, Shareholders are encouraged to seek and rely only on their own professional advice in relation to their tax position. Neither the Company nor any of its officers, employees or advisors assumes any liability or responsibility for advising Shareholders about the tax consequences for them from the proposed Consolidation.

The Consolidation will be undertaken in accordance with section 254H of the Corporations Act. Subject only to rounding, there will be no change to the proportionate interests held by each Shareholder in the Company as a result of the Consolidation. The share consolidation will occur through the conversion of every ten ordinary shares in the Company into one ordinary share in the Company. No capital gains tax (CGT) event will occur as a result of the Company Consolidation, and the total CGT cost base of each Shareholder will not change. Therefore, the Company does not believe there are any adverse tax implications arising for the Company's Shareholders.

## 2.7 Indicative Timetable for Consolidation

If the Resolution is passed, the Consolidation will take effect in accordance with the following timetable (as set out in the Listing Rules):

Event	Dates
- Shareholder meeting and advice to ASX that shareholders have approved consolidation	26 August 2011
- Last day for trading in pre-consolidated securities	29 August 2011
- Trading in the reorganised securities on a deferred settlement basis starts	30 August 2011
- Record Date and last day for the Company to register transfers on a pre-consolidation basis	5 September 2011
- Dispatch Date. Deferred settlement market ends. Commencement of registration of shares on a post consolidation basis	8 September 2011

The above dates are indicative only and are subject to change but the Company will announce any date changes to ASX.