



## Quarterly Activities Report For the quarter ending 30 June 2012

### **HIGHLIGHTS**

#### **Ballarat Mine Performance:-**

- Quarterly gold production was 9,336 ounces from the processing of 46,518 tonnes at a gold grade of 9.2 g/t Au.
- Underground mine development achieved 643 metres for the quarter, with 85% of this occurring in ore.
- The strong mine production ramp-up to its stated target rate of 220,000tpa was achieved from the establishment of eight working headings within the high-grade Mako and Tiger Lodes in the Llanberris compartment, complemented by the successful application of narrow vein up-hole mining techniques in two stopes.
- The Cash Operating Cost per Ounce<sup>1</sup> was \$569/oz and the Total Production Cost per Ounce<sup>2</sup> was \$1,002/oz for the quarter.
- \$12.2M was received from the sale of 7,752 ounces of gold bullion, at an average spot price of A\$1,575 per ounce. Cash on hand as at June 30 2012 was \$18.5M, inclusive of the \$3.9M capital raising in the quarter.
- The Llanberris Mako JORC Inferred Mineral Resource<sup>3</sup> has been updated to 163,000 tonnes at 9.0 g/t Au for 46,000 ounces.
- Exploration success continued within the Britannia compartment with resource estimation in progress.

#### **Corporate:-**

- A share placement of 33.9M shares was made to LionGold Corp of Singapore in April 2012, raising \$3.9M for Ballarat and regional exploration activities.
- An all scrip take-over offer by LionGold was announced in April 2012 and has been unanimously recommended by the Castlemaine directors in the absence of a superior proposal.
- LionGold's Bidder's Statement was lodged with ASIC on 13 June 2012. Castlemaine's response – its Target's Statement – was lodged on 28 June 2012. The takeover offer has been extended to 13 August 2012.
- As at 22 July 2012, LionGold had an interest in approximately 25% of CGT shares inclusive of the placement.
- As at 24 July 2012, the offer values CGT shares at 21.8 cents per share, at the top end of the share trading range since the takeover announcement, and is an 89% premium based on the last trading day's CGT share price prior to the offer announcement.

<sup>1</sup> The Cash Operating Cost includes costs associated with the mining and processing of material to produce gold bullion, including gold inventory adjustment and the site support functions associated with administration, safety, security and environment. The cost does not include corporate costs, royalties, depreciation, amortization, exploration, capitalised development or expenditure of a capital nature.

<sup>2</sup> The Total Production Cost includes the Cash Operating Costs, and royalties, production taxes, depreciation and amortization. The cost does not include corporate costs and exploration.

<sup>3</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.

### **COMPANY DETAILS**

#### **Principal and Registered Office**

Castlemaine Goldfields Ltd  
10 Woolshed Gully Drive  
Mount Clear, VIC, 3350

#### **Postal Address**

PO Box 98  
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	~1,400
Shares on Issue	298.5 million
Options (unlisted)	240,000

#### **Directors**

##### **Non-Executive Chairman:**

Gary Scanlan

##### **Managing Director:**

Matthew Gill

##### **Non-Executive Directors:**

Drew Henry  
Peter McCarthy  
Peter Lester

## Summary

Matthew Gill, Managing Director & CEO commented “Gold production of 9,336 ounces for the June quarter exceeds all previous quarterly production from the Ballarat Gold Project, and is a credit to our dedicated workforce. Our nine month ramp-up into production, which commenced following our first gold pour in September, is now essentially complete. We will now look to consolidate at these production levels over the next six months”.

“Focus to date has been on demonstrating that economic gold production is indeed possible from the highly prospective northern end of the Ballarat Goldfield. Successful mining of the high grade Mako Lode in Llanberris has been a priority for us in order to demonstrate its geology and grade performance. The June quarter results have given us confidence that this is possible. It is now time to focus on extending the mine’s life and this planning is currently underway”.

“In-reef development in the Mako Lode in Llanberris has successfully extended this mineralisation, and ongoing exploration in the Britannia compartment is likely to add further resources there. Currently the Britannia compartment is an Exploration Target<sup>4</sup>. Importantly, the Mako Fault Zone remains open to the north across the entire Victoria compartment and possibly beyond. Mine planning is underway prior to any decision to commence capital expenditure to extend the decline in the Britannia compartment to access any identified lodes there. Going forward, successful mine scheduling of the Britannia and Llanberris compartments will underpin our updated production target of 40 - 55,000 ounces pa.”

## Health, Safety, Environment and Community

Safety is a core value of the Company. During the quarter there were two Lost Time Injuries and three Medically Treated Injuries. Subsequent investigations have provided learnings from these and education, training, systems and procedures reviewed and improved as required. Implementing strategies to identify and manage risks in our workplaces remains a priority.

No environmental licence condition breaches occurred during the quarter.

## Ballarat Mine Activities

### PRODUCTION SUMMARY

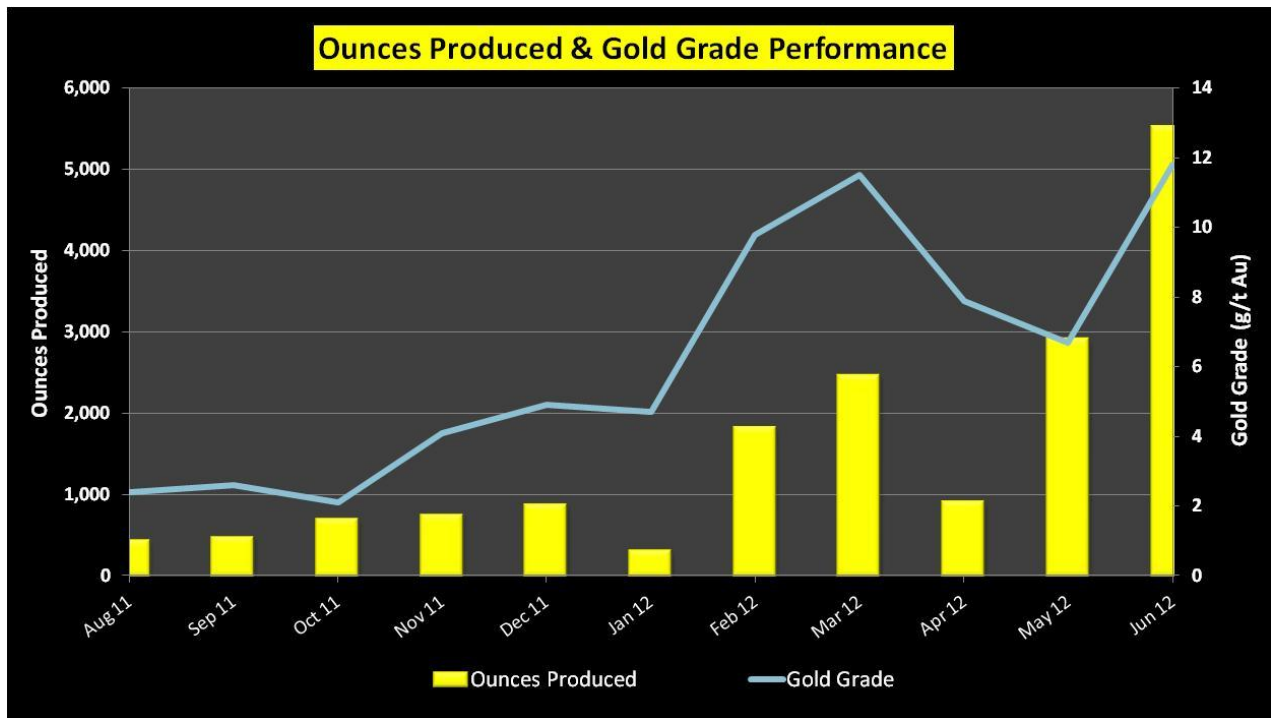
Ballarat Mine	June 2012 Quarter	March 2012 Quarter	Variance
<b>Ore Mined (t)</b>	52,453	18,347	+186%
<b>Ore Processed (t)</b>	46,518	18,279	+154%
<b>Grade Processed (g/t gold)</b>	9.2	9.0	+2%
<b>Gold Recovery (%)</b>	87	87	-
<b>Gold Produced (oz)</b>	9,336	4,602	+103%

Ballarat mined production for the June quarter totalled 52,453 tonnes at an average gold grade of 8.7 g/t. Of the ore mined, 10,981 tonnes (21%) came from the Tiger Up-Dip Lode, 30,958 tonnes (59%) from the Mako Lode and 10,514 (20%) tonnes from two up-hole stopes – the Sovereign 524 and the BFZ on the Sulieman Line (WHD567).

<sup>4</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 exploration, including underground development and diamond drilling is required and ongoing.

The significant quarter on quarter increase in ore tonnes mined and processed reflects the increase in the number of working areas resulting from the actions taken to concentrate on accessing and producing from the higher grade Mako and Tiger Lodes in the shortest time possible. The number of ore headings available increased from 3 to 8 over the quarter and allowed improved mining flexibility and productivity. The anticipated difficult ground conditions encountered in the mining of the Mako Fault mineralisation continued into the June quarter. Despite this, development advance increased, operating costs reduced and gold bullion production more than doubled from the previous quarter, reflecting the significantly increased tonnages generated and the high gold grades achieved from the Mako and Tiger Lodes.

The nature of the resources being mined to date are quite variable as evidenced by the wide range in gold grades achieved in May and June (Figure 1 below). Gold grades have increased progressively since production first commenced in September last year. The gold grades processed during the quarter are above the longer term average of between 7.5 and 8.5 g/t Au anticipated from a combination of Mako Lode and smaller satellite ore sources.



*Figure 1. Monthly Gold Grades achieved and Ounces Produced.*

A total of 9,336 ounces was produced in the June quarter, with 7,752 ounces sold. Gold production for the June quarter was a 103% increase on the previous quarter, which itself was a 127% increase on the December 2011 quarter, reflecting the mine plan ramp-up and the combination of higher head grade and increased tonnages through the processing plant.

Opportunities exist to improve the gold recovery from the processing plant, and test work is currently underway.

No mine capital development occurred during the quarter while the focus was on mining of the Mako Lode. Mine planning is currently underway to define the capital and operating expenditure needed to extend the decline in the Britannia compartment and beyond.

**OPERATING COSTS**

Operating expenditure year to date has generally been on or under Budget, with the exception of the higher development costs incurred for increased ground support in the ore drives in the Mako Fault Zone in the Llanberris compartment.

**Table 1: Unit Costs comparison between the June and March 2012 Quarters**

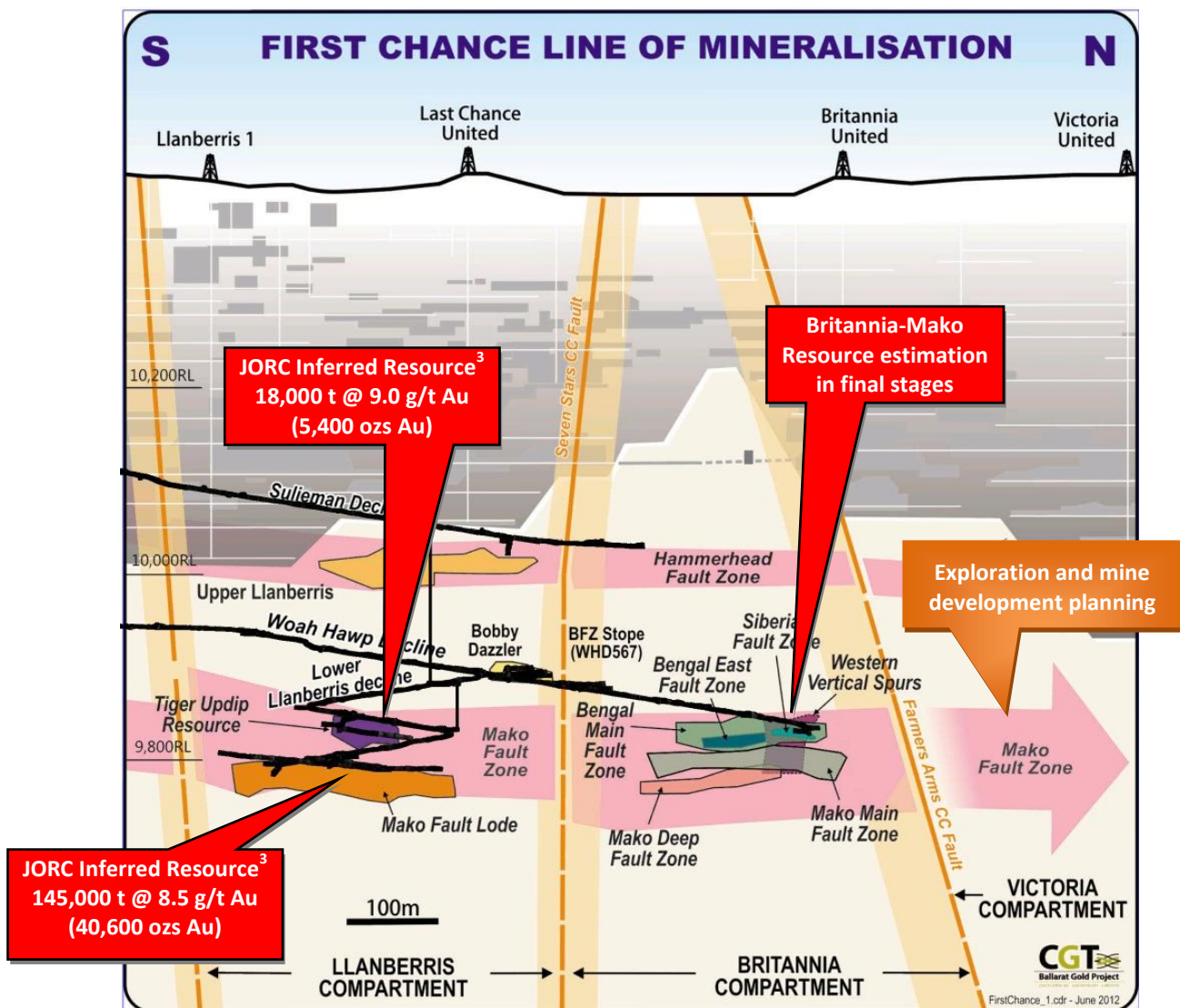
	June 2012 Quarter	March 2012 Quarter	Variance
<b>Cash Operating Cost per Ounce<sup>1</sup></b>	\$569	\$1,155	-50%
<b>Total Production Cost per Ounce<sup>2</sup></b>	\$1,002	\$1,561	-35%

*Note:- These unit costs are based upon unaudited financial information.*

The cash operating cost per ounce for the June Quarter shows a continuing improvement compared to the March Quarter as a result of the tight cost controls in place, the higher ore production rates being achieved and hence more ounces of gold produced. It is expected that unit costs will increase due to the need for increased underground mine waste development, with the targeted long term cash operating cost of less than \$800/oz being sustained when production at 50,000 ounces per annum is achieved.

Minimal capital development has occurred during 2012 whilst focus was maintained on developing the Mako Lode in Llanberris. The 2012 mine plan allowed for in-reef mining of this high grade Resource in order to demonstrate its geology and grade performance, prior to any decision to commence decline development in the Britannia compartment to access any identified lodes there. Exploration success in Britannia is necessary to underpin mine production assumptions in 2013.

Development could also be extended further north into the prospective but poorly drilled Victoria compartment (Figure 2). These decisions are expected to be made in the third quarter of 2012.



**Figure 2. Location of the Mako Inferred Resource in Llanberris and active mining areas in Llanberris relative to the Britannia compartment Exploration Target<sup>4</sup>**

## **Ballarat Gold Project Resources:-**

A mid-year review of resources at the Ballarat Gold Project was conducted at the end of June. Sufficient drill information now exists upon which to conduct the first resource estimation for the Britannia compartment Exploration Target<sup>4</sup> (ASX Releases of 5 April and 14 June 2012) following a 6 month program of diamond drilling targeting the Mako Fault Zone there. The final validation and classification of this estimate is nearing completion.

The mining information and mill reconciliations obtained for the Mako Lodes in the Llanberris compartment have increased the confidence in geological interpretation although accurate mill reconciliation remains challenging. All Lower Llanberris resources have been re-estimated allowing for depletion due to production as at 1 July 2012, and are presented in Table 2 below.

The Mako Lodes in Llanberris are reported as:-

### **Llanberris – Mako Lodes (including Tiger Up-Dip);**

- **Inferred Mineral Resource<sup>3</sup> of 163,000 tonnes at 9.0 g/t Au for 46,000 ounces** (ranging 6 to 11 g/t Au)

Four diamond drill holes were also drilled further to the north into the Victoria compartment to assist conceptual mine planning and resource potential. Results and interpretation are awaited.

**Table 2. The Ballarat mine JORC<sup>5</sup> Resource inventory as at 30 June 2012.**

Deposit / Gold Lode	Inferred Resource <sup>3</sup>		
	Tonnes	grade g/t Au	gold ounces
Mako Main Footwall Fault	51,000	10.0	16,100
Mako North Footwall Fault	9,000	9.0	2,700
Mako South Footwall Fault	9,000	6.5	1,700
Mako South Hangingwall to Fault	9,000	4.0	1,100
Main Flat Make Lode	54,000	8.0	14,300
Lower Flat Make Lode	3,000	13.0	1,200
North Flat Make Lode	10,000	10.5	3,500
<b>Lower Llanberris - Mako Lodes Total</b>	<b>145,000</b>	<b>8.5</b>	<b>40,600</b>
Lower Llanberris - Tiger Up-Dip Lode	18,000	9.0	5,400
<b>Lower Llanberris -Tiger Up-Dip Total</b>	<b>18,000</b>	<b>9.0</b>	<b>5,400</b>
<b>Lower Llanberris - Mako Fault Zone Total</b>	<b>163,000</b>	<b>9.0</b>	<b>46,000</b>

<sup>3</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

<sup>5</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.



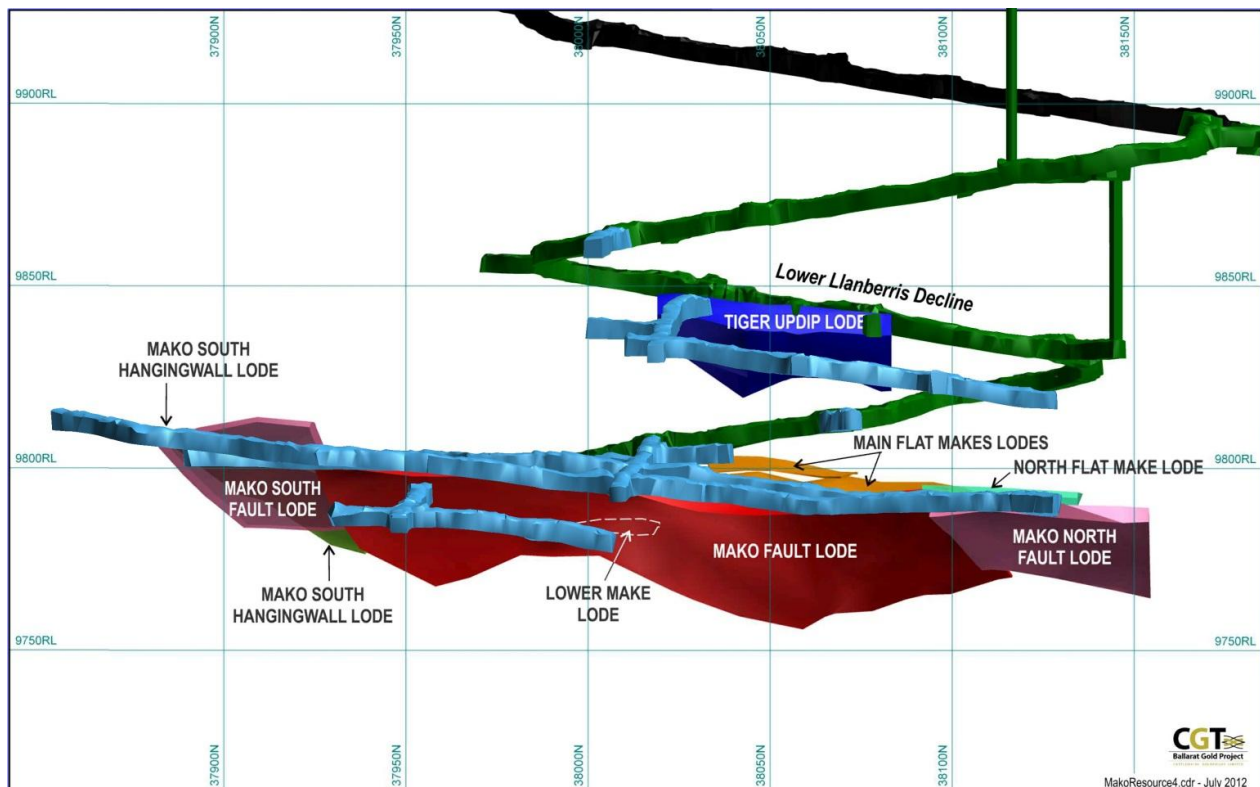
### Llanberris Compartment Resources

Ongoing mining and processing of gold sources from the Lower Llanberris Mako Lodes has provided additional information to increase the resource confidence and provide an updated estimate. Mining has reached the southern and northern limits of the Resource model with eight ore headings now open on three levels including the Tiger Up-Dip lode.

Approximately 40,000 tonnes of the Lower Llanberris Mako and Tiger Up-Dip Resources have been mined to date. Only part of this volume of rock was from within the Resource model as a significant volume of ore was successfully mined from outside the Resource model. To date both tonnage and gold grade processed from these sources have reconciled positively against their respective Resource models. The Resource models are periodically updated with new underground geological mapping and assay information.

Step-out drilling at both ends of the Resource has identified two new areas of lode – the Mako South Footwall Fault and the Mako North Footwall Fault – and these have been included in the updated Resource estimate (see Figure 3 and Table 2). A new northern extension to the Flat Make Lode and an area of veining and faulting between the Mako and Tiger faults at the southern end of the Resource (“Mako South Hangingwall to Fault Lode”) have also been included.

The updated geological model and estimate incorporates information from 10 additional diamond drill holes and all available underground mapping data. Mapping information has been spatially registered and used to interpolate quartz vein geometries between drillhole data. Resource estimation parameters and method have not changed from previous estimates for the Lower Llanberris Mako Lode. Hole locations, geological drill logs, surveys, sampling techniques and analytical performance are considered appropriate by the Competent Person.



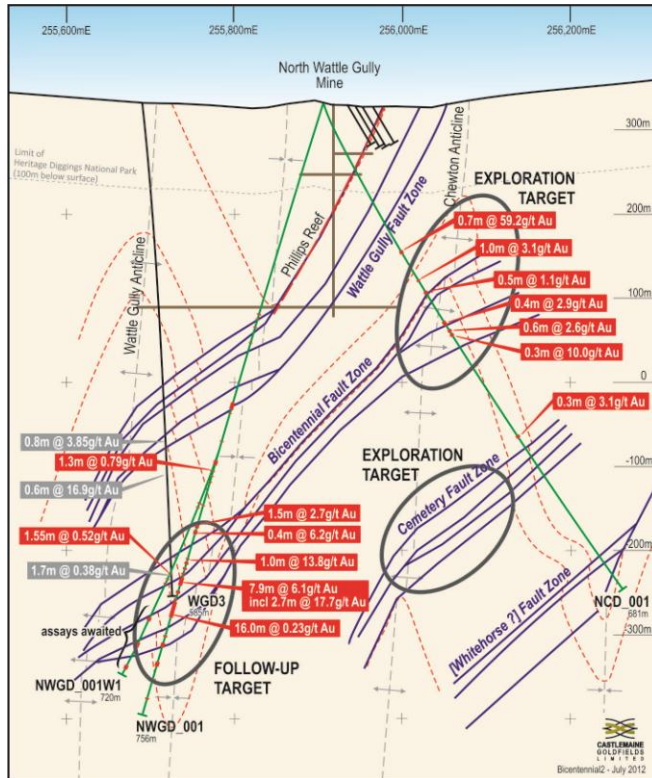
**Figure 3. Long section showing the Mako Lodes Inferred Resource and Tiger Up-Dip Inferred Resource models with mine development cross-cuts and ore sill drives (pale blue). Mining of the Mako Fault to the south has now passed the Resource boundary by about 35m and the initial ore drive along the Tiger Up-Dip Lode is 50m past the northern boundary of that Resource.**

### Britannia Compartment Resources

Final validation of the initial JORC<sup>5</sup> Mineral Resource for the Mako Fault Zone in Britannia is currently being undertaken. This additional inventory is required to meet 2013 mining schedules.

## Regional Exploration

No field activities occurred at Castlemaine Goldfields' regional exploration projects in the quarter while the focus was on demonstrating successful mining at Ballarat. Regional exploration work was restricted to assaying outstanding samples from the 2011 diamond drilling campaign at Chewton-Wattle Gully, Castlemaine and the RC drilling program at Tarnagulla.



**Figure 4. Assay results for North Chewton hole NCD\_001 (drilled 2011) received in the quarter (section 5891770mN GDA).**

### Castlemaine Gold Field Exploration Results

Samples taken from diamond drill hole NCD\_001, north of the Chewton Deposit, have reported gold in quartz veins associated with the Bicentennial Fault Zone on both the western and eastern limbs of the Chewton anticline. Significant results include:-

- 0.7m @ 59.2 g/t Au from 202.2m
- 1.0m @ 3.1 g/t Au from 242.45m
- 0.5m @ 1.1 g/t Au from 253.6m
- 0.4m @ 2.9 g/t Au from 302.9m
- 0.6m @ 2.6 g/t Au from 324.7m, and
- 0.3m @ 10.0 g/t Au from 329.35m.

A single anomalous gold result of 0.3m @ 3.1 g/t Au from 460.85m is reported from the lower Cemetery Fault Zone which was the primary target of NCD\_001 aimed to substantially extend the Chewton Deposit. Results suggest that the Bicentennial Fault Zone is a valid exploration target on the Chewton Anticline and that extensions to the Chewton Deposit remain untested on deeper parts of the Cemetery Fault Zone.

Follow up diamond drilling of this and other targets across the highly prospective Chewton-Wattle Gully project, including infill sections of the Chewton Deposit Inferred Resource are scheduled to re-commence in the last Quarter of 2012.

### Tarnagulla Exploration Results

Of the original outstanding 883 single metre rifle split samples to be assayed from the 2011 RC program, 245m have been assayed as 191 samples following necessary compositing of stored samples, and further samples remain to be assayed.

Results from the South Connector prospect (6 RC holes) adjacent to a mine working of unknown production which had some highly gold bearing surface rock chip samples were generally low with a maximum single metre gold grade of 0.26 ppm.

Assay results from Mother Chisholm's prospect had a maximum gold intersection of 1m @ 0.88ppm and 5 samples >0.3ppm Au. Two samples report >1ppm Ag and other intervals contain Cu and Zn anomalism suggestive of trace base metal sulphides/oxides. A further 130 single metre samples remain to be assayed from the Mother Chisholm's prospect before a full assessment can be made.

Low anomalous gold grades up to 0.69ppm Au are found across an 11m intersection of limonitic (oxidised) sediment and quartz from 44m depth in a single hole from Greeks Hill south of the Nick O' Time mine.

All assays have now been received from the second phase of RC holes drilled at the Poseidon prospect with assays received containing two single metre assays >1ppm Au at vertical depths between 20-30m from surface. Results from Poseidon are yet to be fully assessed.

### **Raydarra / Sebastian Exploration Results (Navarre Minerals Ltd earning 51%)**

At Raydarra, the four line CSAMT geophysical survey commenced by Navarre Minerals in the March Quarter was completed in April. Results have highlighted four potential shallow quartz reef targets. An initial program of eleven aircore drill holes has been completed. Encouragement was received from a 4-hole line on section 5961460mN (GDA94). Of significance, two drill holes separated by 20m were stopped at blade refusal at depths of 87m and 54m in significant quartz although no anomalous gold assays were returned. The remainder of the air-core holes did not record significant quartz or gold assays although further reconnaissance drilling is required to adequately test the geophysical targets. Navarre plans to test the additional targets during the September quarter.

At Sebastian, three CSAMT ground geophysical lines were conducted across the Frederick the Great line of mineralisation and 2km north at the Gunns Road target. The latter section has generated a target adjacent to an area drilled in 2006. Results from diamond hole FTG011 were released in October of that year and included 1.5m @ 1.65g/t Au (including 0.4m @ 5.12g/t Au) from 337.1m downhole. Further test drilling is warranted in this area.

### **All Scrip Take-Over Offer by LionGold Corp**

Castlemaine Goldfields announced a share placement to, and recommended takeover offer from, LionGold Corp Ltd (SGX: Code: ST) on 16 April 2012 as follows:

- a) a placement of 33,913,000 new Castlemaine shares at a price of 11.5 cents per share to LionGold raising \$3,899,995 of new equity ("Placement"); and
- b) the entry into a Bid Implementation Deed for an off-market takeover bid for all of the issued shares in Castlemaine other than the Placement shares ("Offer").

Consideration for the Offer will be in LionGold shares, with Castlemaine shareholders offered 2 LionGold shares for every 9 Castlemaine shares. The transaction valued Castlemaine at 18.4 cents per share at the time of the announcement, being a 62% premium based on the last trading day volume weighted average price ("VWAP") of LionGold shares on 13 April 2012, and a 51.7 % premium to the 30 day VWAP for Castlemaine shares prior to the announcement.

The Offer is **unanimously recommended** by the Castlemaine board in the absence of a superior proposal. The Castlemaine directors intend to accept the Offer for the shares held by them in Castlemaine in the absence of a superior proposal.

The Chairman of Castlemaine, Mr. Gary Scanlan, commented:

"The Offer, at a substantial premium, enables Castlemaine shareholders to exchange shares into a significantly more liquid stock in an emerging, diversified gold producer. LionGold is a financially stronger company, and is prepared to invest more capital into the company to enable an accelerated evaluation of the large portfolio of Central Victorian gold projects held by Castlemaine. LionGold has the same vision as Castlemaine regarding the scale of operation targeted when the Ballarat operation was acquired in 2010. We recognise that a larger balance sheet will allow the execution of the company's business plan to occur with greater certainty."

Commenting on the transaction, the Executive Chairman and Group CEO of LionGold Mr. Tan Sri Dato Nik Ibrahim Kamil said:

"LionGold is pleased to have identified a gold mining company where we can bring our strategic vision and financial capacity to bear. The Takeover Bid at an attractive premium enabling CGT's shareholders to exchange shares into a significantly more liquid stock of an emerging, diversified gold producer. We share the vision of CGT management regarding the scale of operations targeted at Ballarat Goldfields. This will then present the base and cornerstone for future growth. A stronger balance sheet will allow the execution of the company's business plan with greater certainty."



Further information can be found in LionGold Bidder's Statement lodged on 13 June 2012, and CGT's Target's Statement lodged on 28 June 2012. Both statements were mailed to shareholders and can be found on the Castlemaine web site.

Subsequent to the takeover offer, LionGold has announced substantial gold exploration and mining project investments in the Charters Towers goldfield, Queensland via an approximate 10% subscription of Citigold Ltd (ASX:CTO), the proposed purchase of 100% of the Hellyer Mill Operations, Tasmania from Bass Metals Ltd (ASX:BSM), and the proposed purchase of 100% of Brimstone Resources Ltd which has exploration projects in Victoria and Western Australia. LionGold also entered into the proposed purchase of 100% of the Amayapampa gold project in Bolivia from Republic Gold Ltd (ASX:RAU).

## **Finance**

Cash on hand at quarter end rose by \$5.7M inclusive of the net placement proceeds of \$3.7m.

Mining, processing and site costs for the quarter totalled \$8.4M. Royalty payments amounted to \$0.25M. Corporate costs totalled \$0.7M inclusive of expenditure relating to the LionGold takeover offer. Capital expenditure on mine development and fixed assets totalled \$0.7m for the quarter.

Cash expenditures in the second half of 2012 are planned to increase due to the resumption of regional exploration programs and capital and operating mine development associated with development in the Britannia compartment and into the Victoria compartment.

The company sold 7,752 ounces of gold in the quarter, at an average price of A\$1,575 per ounce, generating \$12.2M in revenue.

The company had cash on hand of \$18.5M at quarter end.



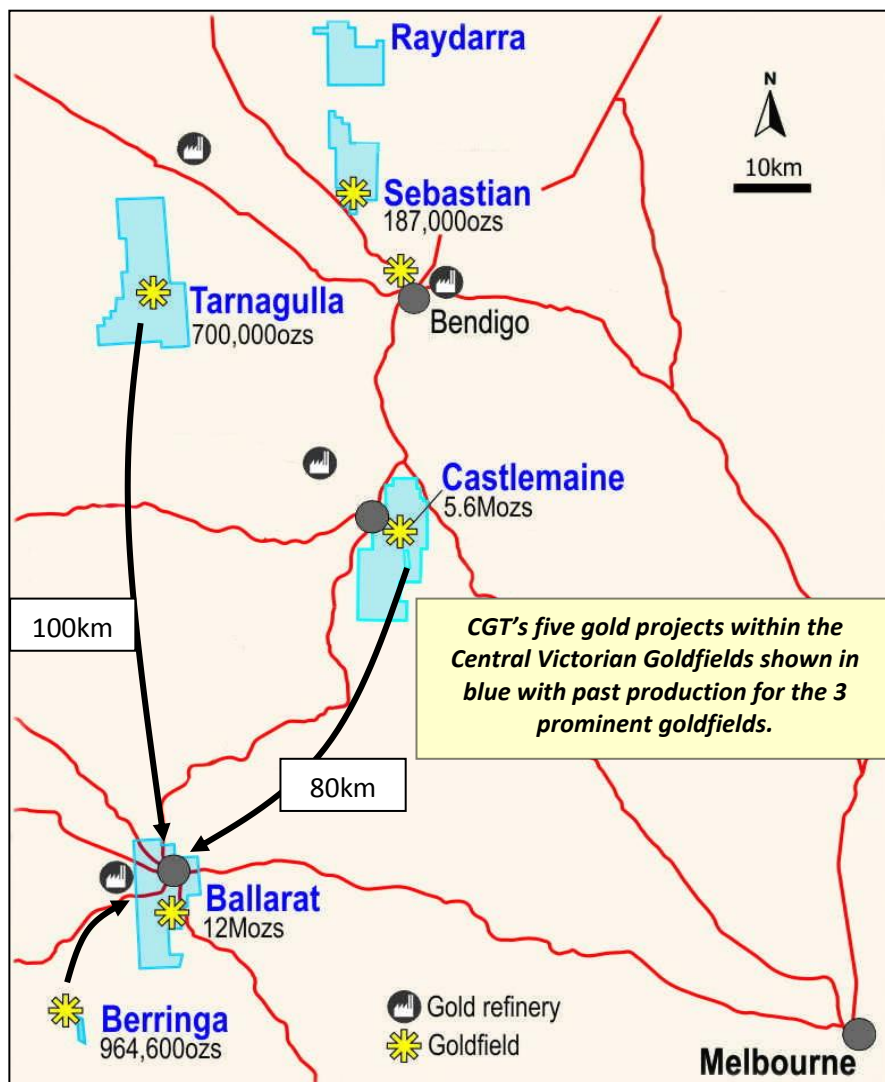
**Matthew Gill**  
**Managing Director and Chief Executive Officer**

## ***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 Wessley 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 lodgement, 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.*

## 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 (totalling 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.



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 end 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 Inferred Resource estimate for the Mako Lode in the Ballarat mine was announced in November 2011 and last updated in July 2012 to 163,000 tonnes at 9.0 g/t Au for 46,000 ounces of gold, after production to date is accounted for.

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.

This was updated by the Competent Person to be in the range of 350,000t to 700,000t at a grade of between 4 g/t and 8 g/t, for between 45,000 and 145,000 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 success a similar rate of gold production could also be sourced from the Castlemaine goldfield. Substantial value would be added to the Ballarat project from resource discoveries and development of CGT's other existing Central Victorian projects.

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

# 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>30 June 2012</b>
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### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	12,202	18,186
1.2 Payments for (a) exploration & evaluation	(106)	(354)
(b) mining & mine site costs	(8,436)	(14,524)
(c) corporate administration	(695)	(1,202)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	145	452
1.5 Interest and other costs of finance paid	(22)	(46)
1.6 Income taxes paid		
1.7 Other - Royalty	(245)	(245)
<b>Net Operating Cash Flows</b>	<b>2,843</b>	<b>2,267</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	(569)	(858)
(c) mine development	(182)	(2,734)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	2	7
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other – Security Deposits		
<b>Net investing cash flows</b>	<b>(749)</b>	<b>(3,585)</b>
1.13 Total operating and investing cash flows (carried forward)	2,094	(1,318)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	2,094	(1,318)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	3,900	3,900
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(92)	(181)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Capital raising costs	(237)	(238)
	<b>Net financing cash flows</b>	<b>3,571</b>	<b>3,481</b>
	<b>Net increase (decrease) in cash held</b>	<b>5,665</b>	<b>2,163</b>
1.20	Cash at beginning of quarter/year to date	12,869	16,371
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>18,534</b>	<b>18,534</b>

**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	109
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

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

**Financing facilities available**

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

+ See chapter 19 for defined terms.



	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	650
4.2 Mining and mine costs	9,800
4.3 Mine development	850
4.4 Corporate administration	600
Capital expenditure	2,100
<b>Total</b>	<b>14,000</b>

*Note: Gold Sales and interest income is anticipated to be in the range of \$11M to \$13M in the September 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	5,134	2,869
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Bank term deposits & cash management	13,400	10,000
<b>Total: cash at end of quarter</b> (item 1.22)	<b>18,534</b>	<b>12,869</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	Nil	Nil

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

6.2 Interests in mining tenements acquired or increased	Nil	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>	298,516,503	298,516,503	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	33,913,000	33,913,000	11.5 cents	11.5 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				

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.7	<b>Options</b> (Unlisted) <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	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
		240,000			
	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	50,000	Nil	<i>Exercise price</i> \$3.993	Nil
7.11	<b>Performance Rights</b> – Issued during quarter			<i>Exercise price</i>	<i>Expiry date</i>
	Performance Rights issued pursuant to the terms of the Performance Rights plan and approved at the AGM on 30 April 2012.	8,250,000	Unquoted	Nil – Vest in accordance with the Performance Rights Plan	30 April 2014
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 ~~does not~~\* *(delete one)* give a true and fair view of the matters disclosed.

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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Sign here: \_\_\_\_\_ Date: 25 July 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.
- 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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