



**CASTLEMAINE
GOLDFIELDS**

ASX Release – 17 April 2012

Letter to Shareholders

A letter being sent to shareholders of Castlemaine Goldfields today is attached to this Release for your information.

For further details contact Sue-Ann Higgins, Company Secretary on 03 5327 2555



**CASTLEMAINE
GOLDFIELDS**

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

Email
info@cgt.net.au

Phone
(03) 5327 2555

Facsimile
(03) 5327 2556

ABN
45 073 531 325

ASX CODE: CGT

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

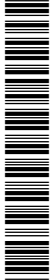
Directors
Non-Executive Chairman:
Gary Scanlan
Managing Director:
Matthew Gill
Non-Executive Directors:
Drew Henry
Peter McCarthy
Peter Lester



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SAMPLEVILLE VIC 3030

17th April 2012

Dear Shareholder,

LionGold Share Placement and Recommended Takeover Offer

On 16 April your Board announced its support for a proposed share placement (***Placement***) to and recommended takeover offer (***Offer***) from LionGold Corp Ltd (***LionGold***).

Highlights

- **Offer of 2 LionGold shares for every 9 Castlemaine Goldfields (CGT) shares.**
- **Offer values CGT shares at 18.4 cents - a 62% premium to the last trading day VWAP for CGT shares on 13 April 2012.**
- **Placement of 33,913,000 new CGT shares at 11.5 cents per share (being the last traded CGT share price on 13 April 2012) to LionGold, raising \$3,899,995 for Ballarat and regional exploration activities.**
- **The offer is unanimously recommended by the Castlemaine Board in the absence of a superior proposal.**
- **Positive for CGT shareholders to exchange shares into an emerging, diversified gold explorer and producer, with increased financial strength.**
- **Bid capitalises on Asian investment appetite for gold.**

LionGold is a Singapore Stock Exchange listed (SGX: Code: ST) gold mining and exploration company with a market capitalisation of approximately SG\$790 million (A\$600 million). LionGold holds a diverse portfolio of tenements ranging from producing gold mines to development and exploration in concessions. It currently has investments in projects in Ghana and Mali and owns 76.2% of ASX listed, Signature Metals Limited, which owns 70% of a producing mine in Ghana. LionGold has undertaken a change in strategy to target consolidation of precious metal assets through acquisition, having previously been engaged in investment in renewable energy businesses. LionGold's objective is to become the Singapore Stock Exchange's first mid-tier gold mining development and production company. Further information on LionGold can be found on their website at www.liongoldcorp.com

LionGold believes that Castlemaine has a strong operational team and that its management team are a very good fit with LionGold.



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Placement

Under the Placement, 33,913,000 new Castlemaine shares (**Placement Shares**) are to be issued to LionGold at a price of 11.5 cents per share, being the closing price of Castlemaine shares on 13 April 2012, the last trading day before signing a Subscription Agreement with LionGold. The Placement will raise \$3,899,995, which will be applied towards the implementation of the Ballarat Mine Plan and regional exploration activities, and effectively substitutes for the shortfall from the 1:1 rights issue which was completed at a price of 10 cents per share. The Placement Shares represent approximately 12.8% of Castlemaine's current issued share capital and will represent approximately 11.4% of the enlarged issued share capital of the company following the Placement. The Placement Shares are expected to be issued on or about 23 April 2012, and the Placement is not subject to any conditions precedent.

Offer

Castlemaine has entered into a Bid Implementation Deed with LionGold, which obliges LionGold to make an off-market takeover offer for all of the issued shares in Castlemaine other than the Placement shares.

Consideration for the Offer will be in LionGold shares, with Castlemaine shareholders offered 2 LionGold shares for every 9 Castlemaine shares. The transaction values Castlemaine at 18.4 cents per share, 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 LionGold VWAP for Castlemaine shares prior to this announcement.

Your Board unanimously recommends that you accept the Offer, in the absence of a superior proposal.

Your Board's support of the Offer follows careful consideration of the risks and benefits of the transaction and the alternatives available to Castlemaine, including proceeding with the Ballarat Project and the company's regional exploration projects on a stand alone basis.

Your Board concluded that the Offer, at a substantial premium, provides you with an attractive opportunity to immediately enhance the value of your investment. If you accept the Offer you will receive shares in a significantly more liquid stock in an emerging, diversified gold producer with a larger balance sheet facilitating the execution of the company's business plan to occur with a greater certainty. It is intended that Castlemaine shareholders will be offered a share sale facility in order to enable you, should you wish, to sell the Singapore Stock Exchange listed LionGold shares you receive in consideration for your Castlemaine shares, through a broker engaged by LionGold.

The Offer is subject to the receipt of acceptances under the Offer such that LionGold has a relevant interest in at least 50.1% of Castlemaine shares. The Offer is to remain open for a minimum of one month and may be extended, subject to normal takeover conditions.

For further details on the Placement and the Offer, please refer to Castlemaine's ASX Announcement of 16 April 2012, which is available on the Company's website: www.cgt.net.au.

Next Steps

Shareholders do not need to consider any action in the short term. It is intended that a Bidder's Statement (LionGold) and Target's Statement (CGT) will be sent to shareholders in May. Both Statements will provide, amongst other information, further information about LionGold Corp, and further details of the terms of the Offer and the means by which Castlemaine shareholders can accept or reject the Offer. The Board members intend to accept the Offer for all shares held by them in the absence of a superior proposal.

I would like to take this opportunity to thank you for your support of Castlemaine and commend the Offer to you.

Yours sincerely,

Gary Scanlan
Chairman