



Ballarat Exploration Update Spectacular Gold Intersection

Castlemaine Goldfields Limited (ASX:CGT) announces results from exploration diamond drilling on the Sulieman Line of mineralisation at its Ballarat Gold Project. These results are from the Basking Fault Zone (BFZ) in the Llanberris Compartment and build on the knowledge gained from exploration success in the adjacent Britannia compartment.

Sulieman Line of Mineralisation Highlights:-

- **Spectacular gold intersection from CBU095 on the lower BFZ Fault (SUL2):**
 - **29.1 m @ 32.1 g/t Au** from 230.7m,
including **6.95m @ 6.3 g/t Au** from 241.05m – massive spur vein zone
and **9.3m @ 91.5 g/t Au** from 250.5m – fault related massive quartz

The CBU095 hole is located at the northern end of the Sulieman North target (see Figure 1) and lies approximately 135m west of the planned Lower Llanberris Decline. This decline is currently being mined to access ore from the First Chance Line of mineralisation, with first gold production planned to occur from this area in September this year.

The 29.1m interval comprises 70% quartz veining with the lower massive quartz section associated with a strong west dipping fault zone. This lower fault zone can be traced 140m along strike in existing drilling with the nearest hole, CBU054 45m to the south, containing 4.0m at 8.1 g/t Au including 1.4m at 20.2 g/t Au (ASX: Sept 2010 Quarterly Report).

The horizontal width for the CBU095 quartz intersection is estimated to be approximately 21m with height unknown. Follow up diamond drilling from the Lower Llanberris decline is now planned to test this new and exciting gold target across approximately 40m of strike.

CBU095 was part of a three hole program to test the BFZ within the Llanberris compartment. All holes were drilled from the Sulieman Decline. CBU093 intersected the Seven Stars Fault before the intended BFZ target with no result. CBU094 located the Basking Fault without significant quartz and although assay results are awaited, these are not expected to be highly gold bearing.

Managing Director Mr. Matthew Gill commented “This is one of the best underground gold intersections recorded to date in the Ballarat goldfield, and reinforces our conviction that the best area to explore and mine for gold at Ballarat is at the northern part of the goldfield.

As detailed in our ASX release on 26th May 2011, the Sulieman Line of mineralisation in Britannia holds potential for a 3rd ore source, and it was predicted that extensions to that gold mineralisation could be found in the adjacent Llanberris compartment. Now that we have returned to drill the Basking Fault in the Llanberris, it is very pleasing that the results are supporting our geological theories.

We are currently extending the existing underground decline and this will pass close by this intersection. We now plan to conduct in-fill drilling with the objective of being able to add this mineralisation into our near-term gold production plan. This represents a great upside for us, as we progress on schedule towards first gold production in September this year.”

Matthew Gill
Managing Director and Chief Executive Officer



**CASTLEMAINE
GOLDFIELDS**

COMPANY DETAILS

Principal and Registered Office:

Castlemaine Goldfields Ltd
10 Woolshed Gully Drive
Mount Clear, VICTORIA,
Australia 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	~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 McCarthy

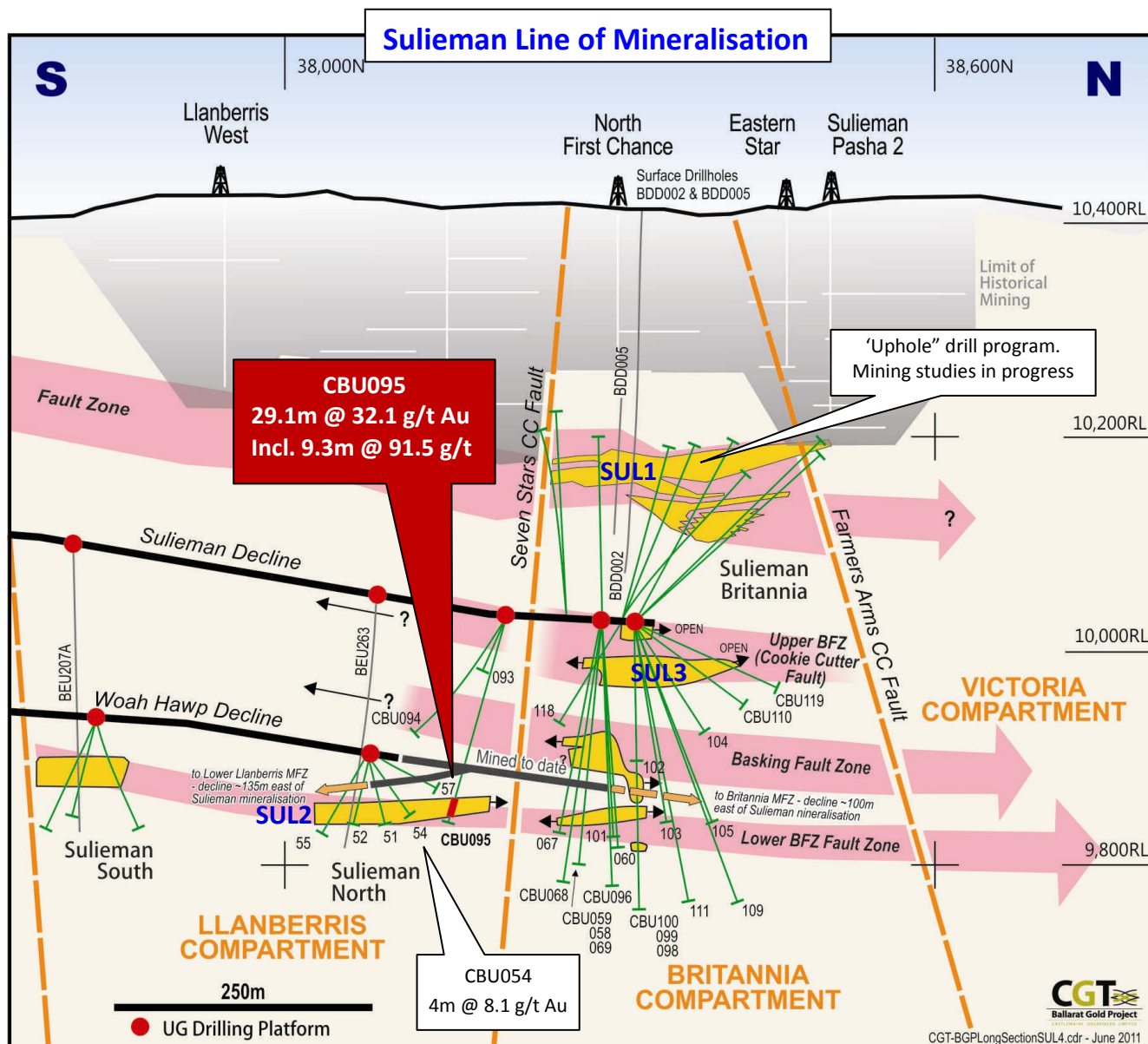


Figure 1. Long section looking west of the Sulieman Line showing holes drilled by CGT (green traces) and location of the high grade intersection in CBU095.

Information in this document which relates to Exploration Results, 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 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.

Samples are from NQ2 sized diamond core which were cut using geological boundaries. Given the high visible gold content in CBU095, quartz intervals between 230.7m and 261.8m were whole core sampled, split post crushing, and assay grades composited to a weighted average grade for all split samples. Thus all sample supplied to the assay laboratory was analysed.

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.

All results are Leachwell[®] cyanide leach (24 hour) 2000g analysis. A series of external standards and blanks are used to assess laboratory assay quality control.

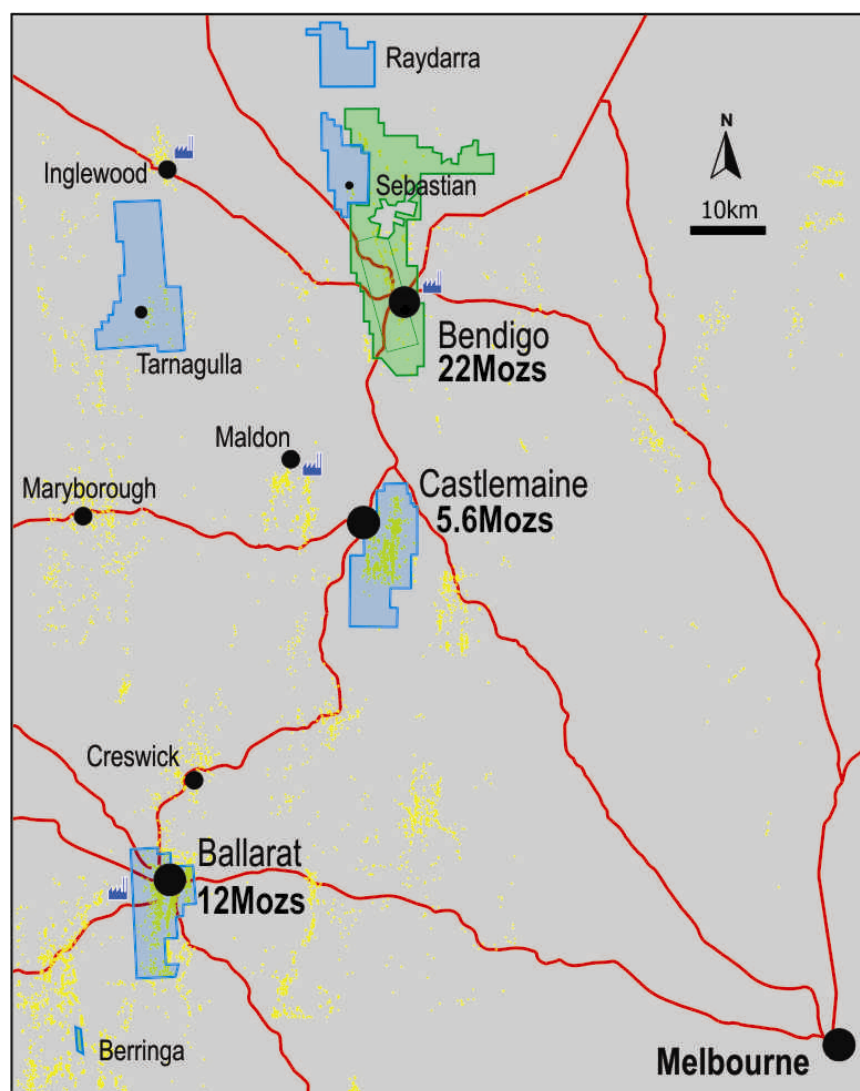
ABOUT CASTLEMAINE GOLDFIELDS LIMITED

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.