

CGA Mining Limited  
Level 5, BGC Centre  
28 The Esplanade  
Perth Western Australia 6000

Tel: +61 8 9263 4000  
Fax: +61 8 9263 4020  
Email: [info@cgamining.com](mailto:info@cgamining.com)  
[www.cgamining.com](http://www.cgamining.com)

ABN: 88 009 153 128



## **CGA ANNOUNCES SUCCESSFUL COMMISSIONING OF SUPPLEMENTARY CRUSHING CIRCUIT AND CONTINUED STRONG EXPLORATION RESULTS**

### **SEPTEMBER QUARTERLY REPORT**

### **ANNOUNCEMENT TO THE TORONTO STOCK EXCHANGE AND AUSTRALIAN SECURITIES EXCHANGE 28 OCTOBER 2011**

#### **HIGHLIGHTS**

- SAG mill repair progressing well with expected resumption of full production in the December Quarter.
- Successful commissioning of the new Supplementary Crushing Plant.
- Front End Engineering and Design for 10mtpa expansion awarded to Lycopodium.
- Quarterly gold production of 14,936oz (June Q 46,261oz) at cash operating costs of \$1,167/oz (June Q \$699/oz) – affected by the SAG mill.
- Cash and liquid assets as at 30 September 2011 were US \$174.5M
- Exploration program continues to produce strong results – 16,105m of drilling in the Quarter, including:
  - 36m at 7.74g/t
  - 49m at 4.06g/t
  - 52m at 3.04 g/t, and
  - 13m at 20.39g/t
- Summary of Significant Drilling Intersections for the Quarter

Hole-ID	Intercept width	Grade	Depth
AQ001	17m	8.76g/t	From 62m
BMVD005	19m	2.57g/t	From Surface
BMVD012	13m	20.39g/t	From 38m
BQRC017	36m	7.74g/t	From 126m
BQRC018	9m	3.40g/t	From 21m
BQRC020	15m	1.96g/t	From 37m
BQRC023	22m	2.40g/t	From 147m
COL008	10m	2.07g/t	From 41m
GVRC017	22m	2.14g/t	From 42m
HMB003	33m	3.13g/t	From Surface
HMB003	14m	3.04g/t	From 100m
HMB013	16m	2.20g/t	From 8m
HMBNW008	11m	2.95g/t	From 95m
HMBNW010	11m	3.25g/t	From Surface
HMBNW010	49m	4.06g/t	From 107m
HMBNW014	52m	3.04g/t	From 161m
HMBNW022	35m	2.23g/t	From 101m
LERC018	20m	2.09g/t	From 157m
MVRC073	10m	24.00g/t	From 29m
MVRC078	11m	2.24g/t	From 77m
PHRC001	14m	1.26g/t	From Surface
PHRC002	7m	1.64g/t	From 56m
PHRC004	23M	1.17g/t	From 46m
PHRC008	24m	1.03g/t	From Surface

## MASBATE PROJECT UPDATE

	Ore Mined (t)	Average Grade Mined (g/t Au)	Ore Milled (t)	Head Grade (g/t Au)	Recovery (%)	Plant Availability (%)	Total Production (oz Au)	Cash Operating Costs (US\$/oz)
<b>September Quarter</b>	495,127	0.91	566,938	0.92	89.2	77.7	14,936	1,167
<b>June Quarter</b>	1,759,228	1.06	1,601,739	1.04	86.3	87.2	46,261	699

## Processing

On 10 July the SAG mill suffered a sudden and unexpected failure of the weld connecting the shell to the discharge end. This necessitated the ceasing of all milling operations through the mill. A system to bypass the SAG mill was designed and installed by the site maintenance team with revised controls within 11 days. This allowed the plant to recommence processing of oxide, fine ore through the ball milling circuit at approximately 200tph. The supplementary crushing circuit was commissioned in September and at the end of the quarter the throughput rates were at approximately 500tph.

The process plant milled 566,938 tonnes of ore at 0.92g/t (1,602,739 tonnes at 1.04g/t for the June quarter) to produce 14,936 oz (46,262 oz in June quarter). Recovery was 89.2% (86.3% in June quarter) reflecting the high oxide component of the feed and longer residence time in the leach tanks due to the low throughput.

Availability of 77.7% was adversely affected by the downtime between the SAG failure and the bypass to the ball mills being commissioned as well as a ball mill reline being brought forward to September due to increased wear rates with coarser feed being presented to the mills.

Cash costs per tonne milled increased to \$37.08 /t compared to \$21.65/t in the June quarter as a direct result of the fixed cost component over reduced tonnes processed.

Cash operating costs increased to \$1,167/oz from \$699/oz in the June quarter due to the reduction in throughput and grade as ore with high oxide and fines content was treated in preference to higher grade but harder, coarser ore. This is only a temporary situation while the SAG mill is brought back online.

By the end of the quarter repairs to the SAG mill were well advanced with METSO Australia providing technical guidance and site supervision. Specialist welding supervision was provided by Metalock from USA under METSO. All cracks had been identified through ultrasonic and magnetic particle testing, welding on the shell including the addition of strengthening gussets to the feed and discharge ends as recommended by METSO will be completed by the end of October. The alignment work on the trunnions, pinions and girth gear is required before restarting the mill and resuming full production in the December quarter.

## **Safety**

There were no Lost Time Injuries in the quarter with the site achieving 124 injury free days for a LTI frequency rate of 0.18.

## **Mining and Geology**

Mine production of 817,770 BCM (2,638,738 BCM in the June quarter) produced 495,127 tonnes (1,759,228 tonnes in the June quarter) from the HMB East, Colorado, Binstar and Main Vein pits.

On 15 July, following the SAG mill failure, Force Majeure was called on the mining contract and all production ceased whilst the impact of the failure on short term processing options was assessed. Since then the majority of ore has been mined from oxide stockpiles to provide the softest, finest feed available to the processing plant. At the end of the quarter mining had recommenced on an as needed basis to provide ore feed at the lowest strip ratio available.

During the period mining was under force majeure grade control drill rigs were moved to exploration to increase drilling capacity.

## **Plant Upgrade**

Completion of the supplementary crushing circuit was slightly delayed to September but is now successfully commissioned and operating to design throughputs. Since commissioning, processing rates have increased to 500tph through the bypass circuit.

## **Scoping Study – 10Mtpa Expansion**

Work on the comprehensive scoping study to lift production rates to 10mtpa is well advanced and continues to track well. Preliminary economic modelling has shown positive economics which has led to Lycopodium Minerals QLD Pty Ltd being awarded a front end engineering design (FEED) contract to confirm designs, prepare procurement packages for long lead time equipment and update the project schedule. The FEED Study is being run in parallel with the final report completion.

## Exploration and Near Mine Resource Drilling

### Drilling Highlights

11,578m of diamond and RC drilling was conducted during the quarter to test and infill on the Binstar/Main Vein Pit, Main Vein Deeps, Main Vein North Split, Libra East, HMB Pit, Aquarius Vein, Colorado/Syndicate area and Grand View North Extension. Exploration and resource upgrade holes are also on-going at Blue Quartz and Old Lady Prospects.

An IP orientation survey was completed during the quarter and was centred about 700m SE of the Binstar Pit. Resistivity response has been successful in mapping known mineralized structures and identified possible extensions which will be drill tested.

An access track is being constructed from the end of the existing track at Bunkhouse near Old Lady Prospect to Baleno Copper Prospect (4.6 km total). This road is half way to the target area and will open up access to the Baleno Copper-Gold anomaly area in our EP-010-2010-V.

### Drilling - Pajo

Twelve RC Drill holes were completed at Pajo Hill for 1,677 meters. Results were received for 9 holes. The first hole drilled at Pajo (PHRC001), returned 85m @ 0.85g/t Au, including 14m at 1.26g/t from surface. The entire hole was mineralised. The assays were conducted by SGS at their onsite laboratory using Fire Assay techniques with a 50g charge. Proposals for an additional twenty holes totalling 3,000m have been done for Pajo Hill Prospect and drilling will commence when drill pads are completed.

A drill hole proposal was also designed for Pajo South totalling 28 holes for 2,850m. This area is 300 - 400m due east of Colorado and Grand view Pits and is suspected to host a parallel structure to the Colorado deposit.

### Table of Significant Drilling Intersections Received for the Quarter

Hole-ID	Easting	Northing	RL	Azm	Dip	Total Depth	From	To	Down Hole Width (m)	True Width (m)	Grade (g/t)	Comment
AQ001	25978	29723	63	40	-56	140.14	62	79	17	13.3	8.76	
AQ001							85	141	56	40.6	1.06	
BMVDH003	30782.82	24878.12	56.24	240	-43	537.9	188	213	25	16.7	1.00	
BMVDH005	30810.25	24850.63	59.14	240	-28	74.2	0.00	19	19	11.5	2.57	
BMVDH009	30682.78	24941.3	61.03	240	-36	317.2	122	135	15	9.7	1.00	
BMVDH012	30783.74	24878.62	56.23	240	-21	335.7	22	32	10	7	1.87	
BMVDH012							38	51	13	11.6	20.39	
BMVDH012							185	195	10	8.2	1.19	
BQRC013	30720.30	24907.21	60.53	240	-24	296.1	65	84	19	13.8	1.46	
BQRC017	30933.9	23990.05	93.66	196	-56	162	50	91	41	10.9	1.09	
BQRC017							126	162	36	6.20	7.74	Stopped in mineralization
BQRC018	30846.30	23965.31	84.42	13	-60	80	21	30	9	5.5	3.4	
BQRC020	30905.53	23936.53	75.47	13	-61	124	37	52	15	10.2	1.96	
BQRC021	31047.17	23875.31	65.64	16	-58	132	94	107	13	8.5	1.19	
BQRC023	31070.56	23811.78	54.4	16	-56	204	147	169	22	8.7	2.4	
BQRC027	30973.48	23909.77	63.117	16	-56	114	24	56	32	27.9	1.48	
BQRC027							62	75	13	8.8	1.35	
BQRC028	30909.85	23887.75	1061.9	15	-60	188	9	26	17	12.3	1.68	
BQRC035	30981.5	23965.8	1076.9	172	-55	111	6	100	94	27.9	1.23	

COL004	30057.78	26866.66	293.26	60	-82	171	13	47	34	5.7	1.07	
COL005	30248.01	26696.68	261.52	240	-75	243	111	130	19	4.8	1.31	
COL008	30338.08	26523.22	184.18	240	-65	204	41	51	10	4.05	2.07	
GVR017	29880.04	27583.51	174.46	99	-47	145	42	64	22	13.4	2.14	
HMB003	30348.75	25797.08	5.16	180	-54	160	0.00	33	33	22.3	3.13	
HMB003							100	114	14	11.4	3.04	
HMB005	30209.52	25874.88	5.28	210	-43	116	11	51	40	30.9	1.01	
HMB009	30176.9	25887.35	5.36	210	-82	163	12	40	28	7	1.28	
HMB013	30330.25	25808.12	5.34	185	-55	144	8	24	16	13.6	2.2	
HMB014	30241.83	25858.99	5.31	210	-48	146	7	65	58	41.8	1.32	
HMBNW007	25699.04	29952.9	144.07	29	-56	128	94	104	10	5.4	1.27	
HMBNW008	25723.97	29937.24	132.14	28	-58	115	95	106	11	6.6	2.95	
HMBNW010	25762.43	29891.54	121.31	30	-57	186	0.0	11	11	6.4	3.25	
HMBNW010							107	156	49	30	4.06	
HMBNW011	25676.38	30011.61	156.40	40	-65	92	59	78	19	8.2	1.75	
HMBNW012	25815.73	29859.42	98.00	42	-53	108	68	102	34	18.6	1.46	
HMBNW014	25753.8	29866.73	121.49	28	-55	229	161	215	52	24.1	3.04	
HMBNW022	25761.05	29890.76	121.47	30	-57	186.6	101	136	35	21.1	2.23	
LERC005	29749.77	25398.76	98.72	28	-54	160	122	160	38	30.4	1.28	
LERC007	29829.65	25451.79	114.43	34	-60	160	60	113	53	24	1.09	
							119	152	33	18	1.42	
LERC008	29811.56	25476.15	120.04	37	-75	183	53	104	51	23.8	1.19	
LERC009	29931.4	25419.40	124.74	28	-66	150	66	116	50	32.9	1.34	
LERC010	29985.80	25411.34	125.04	45	-77	174	70	138	68	27	1.17	
LERC011	29958.5	25399.71	125.05	29	-69	177	96	139	43	27	1.22	
LERC013	29957.88	25398.79	125.21	29	-80	220.4	134	220	86	16.45	1.14	
LERC014	29891.05	25455.98	124.98	28	-66	150	38	88	50	11.2	1.30	
LERC014							100	112	12	7.5	1.4	
LERC015	29985.65	25410.98	125.13	39	-64	114	17	73	56	12.45	1.74	
LERC016	29892.36	25381.83	122.04	29	-64	225	130	149	19	10.4	1.51	
LERC016							157	185	28	20.1	1.53	
LERC017	29883.98	25415.58	123.57	28	-60	174	75	132	57	39.7	1.50	
LERC017							157	169	12	4.5	1.07	
LERC018	29890.16	25383.15	122.09	28	-62	183	134	154	20	10.4	1.43	
LERC018							157	177	20	8.4	2.09	
LERC019	29839.90	25383.12	111.07	29	-51	210	126	163	37	10.9	1.49	
LERC019							184	210	26	14.8	1.26	
MV001	30283.70	25230.41	79.90	340	-60	311.2	198	222	24	15.9	2.52	
MV002	30327.30	25307.16	80.03	340	-60	155	61	73	12	6.8	1.11	
MVRC065	30336.04	25327.60	80.19	300	-45	138	73	103	30	15.7	1.41	
MVRC066	30292.49	25281.78	80.04	300	-57	207	141	168	27	15.7	2.70	
MVRC067	30637.89	24807.09	110.16	69	-80	136	48	61	13	10.3	2.55	
MVRC069	30628.42	24836.80	110.0	69	-52	160	17	30	13	10.6	1.04	
MVRC070	30316.87	25303.65	80.09	300	-52	169	99	141	42	19.4	1.59	
MVRC070							149	169	20	6.9	1.23	
MVRC071	30253.33	25237.90	82.84	300	-63	185	144	185	41	11.4	2.15	
MVRC073	30288.0	25208.88	80.10	208	-70	186	29	39	10	4.9	24.0	
MVRC073							173	186	13	2.5	1.2	Stopped in mineralization
MVRC074	30032.83	25110.75	102.50	27	-57	187	117	187	70	45.7	1.2	
MVRC077	30007.36	25129.62	102.06	27	-65	189	120	145	25	10.9	1.7	
MVRC077							152	189	37	19.8	1.18	
MVRC078	30007.36	25128.0	102.10	207	-70	142	77	88	11	5.5	2.24	
MVRC079	30544.70	24930.13	74.99	249	-51	138	0.0	43	43	25.6	1.64	
MVRC080	30394.44	25067.60	75.06	224	-48	164	40	54	14	9.5	1.63	
MVRC081	30330.53	25156.70	79.78	218	-55	219	88	99	11	6.40	1.58	
MVRC082	30281.62	25196.55	79.94	208	-52	103	41	87	46	23.5	1.23	
PHRC001	30132.5	28432.91	1215.95	186	-60	180	0.0	14	14	10	1.26	PAJO HILL
PHRC001							19	47	28	17	0.79	PAJO HILL
PHRC001							52	85	33	24	0.91	PAJO HILL
PHRC002	30054.47	28447.09	1232.04	188	-60	160	56	63	7	4	1.64	PAJO HILL

PHRC003	30008.31	28503.08	1231.70	223	-60	123.7	92	118	26	16	0.58	PAJO HILL
PHRC004	29986.41	28541.18	1226.45	240	-60	99	46	69	23	15	1.17	PAJO HILL
PHRC005	29964.61	28581.26	1221.45	241	-60	95	30	94	64	46	0.73	PAJO HILL
PHRC006	30088.29	28468.49	1210.78	185	-49	120	95	107	12	8	0.56	PAJO HILL
PHRC008	29940.73	28636.4	1213.86	240	-60	160	0.0	24	24	16	1.03	PAJO HILL
PHRC008							27	47	20	13	0.60	PAJO HILL
PHRC008							51	98	47	33	0.66	PAJO HILL
PHRC010	30132.5	28432.91	1215.95	186	-60	180	110	118	8	3	0.68	PAJO HILL

## **CORPORATE**

As at 30 September 2011 cash and liquid assets were US\$174.5M (June quarter: US\$204.6M). Cash and bullion on hand represented US\$102.9M of that balance - including the cash reserves of Filminera Resources Corporation. This was after having paid the interest and principal repayment on the BNP Paribas arranged project finance facility for the Masbate Gold Project of US\$4.3M. The outstanding project finance facility has now reduced to US\$39.5M at 30 September 2011 (June quarter: US\$43.5M).

During the quarter 50,000 employee options were exercised for gross proceeds of A\$85,000. At 30 September 2011, the Company had 10,771,250 options on issue and the total issued capital was 333,475,726 fully paid ordinary shares.

## **ABOUT CGA MINING LIMITED**

CGA is listed on the main board of the Toronto Stock Exchange and ASX. The Masbate Gold Project in the Philippines was successfully constructed with first gold poured mid 2009. The project has a total indicated resource base of 4.55M ounces of gold, total inferred resource base of 3.22M ounces of gold and a probable reserve of 3.03M ounces of gold.

The 4Mtpa designed plant was constructed by Leighton Contractors Asia Limited ("Leighton") without one lost time injury. The mining contract for the Masbate Gold Project has been awarded to Leighton, the largest mining contractor in the world. CGA has completed a US\$15M investment program designed to upsize throughput to 6.5Mtpa at Masbate. Once the SAG mill is brought back on line the project is forecast to produce at a rate of over 200,000 ounces per annum (Year ended 30 June 2011: 190,033 ounces).

CGA has an aggressive exploration strategy. It is planned to undertake 172,000m of drilling at a cost of US\$20M over the next twelve months.

CGA has a disciplined acquisition program focused on acquiring new gold projects with a substantial initial resource with the capacity to grow materially and where the development and operational experience of CGA can be applied to enhance shareholder value.

## **ENQUIRIES**

### *Australian Contact*

President & CEO – Michael Carrick

### *US Contact*

Independent Chairman – Mark Savage

Tel: +61 8 9263 4000

Fax: +61 8 9263 4020

Email: [mcarrick@cgamining.com](mailto:mcarrick@cgamining.com)

Tel: +1 505 344 2822

Fax: +1 505 344 2922

Email: [marksavage@comcast.net](mailto:marksavage@comcast.net)

**NOT FOR DISSEMINATION IN THE UNITED STATES OR FOR RELEASE TO US NEWS WIRE SERVICES**

## **NATIONAL INSTRUMENT 43-101 AND JORC COMPLIANCE**

Mr Geoff.G.Jones, F.Aus.I.M.M.CP Mng, CGA's Consulting Engineer, is acting as the Qualified Person in compliance with NI 43-101 and JORC reporting requirements with respect to this announcement. He has prepared and or supervised the preparation of the scientific or technical information in this announcement and confirms compliance with NI43-101 and JORC requirements.

Further information relating to the Masbate Project is included in the technical report entitled Technical Report on the Mineral Resources of the Masbate Deposit, Masbate Province, Republic of the Philippines for CGA Mining Limited prepared by Mining Associates Pty Ltd and available on SEDAR at [sedar.com](http://sedar.com), lodged 8 July 2008.

Andrew James Vigar of Mining Associates Pty Ltd, a qualified person, has verified the resource statement for the Masbate Project as disclosed in this announcement, including sampling, analytical and test data underlying the estimate. Verification of the data included numerous site visits, database validation of historical drill results and review of sampling and assaying protocols. The qualified person was satisfied with the verification process.

A NI 43-101 compliant report has been lodged on [sedar.com](http://sedar.com) verifying and supporting the new reserve statement made for the Masbate Project. Mr Daniel Tuffin, previously of Lower Quartile Solution Pty Ltd, a qualified person, has verified the reserve statement for the Masbate Project as disclosed in this announcement, including sampling, analytical and test data underlying the estimate. Verification of the data included database validation of historical drill results and review of sampling and assaying protocols. The qualified person was satisfied with the verification process.

## **CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS**

This announcement includes certain "forward-looking statements" within the meaning of Canadian securities legislation. All statements, other than statements of historical fact, included herein including, without limitation, statements regarding milestones related to the Masbate Gold Project, production estimates and CGA's future operating or financial performance, are forward-looking statements.. Forward-looking statements involve various risks and uncertainties and are based on certain factors and assumptions. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from CGA's expectations include uncertainties related to fluctuations in gold and other commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and estimated economic return; the need for cooperation of government agencies in the development of CGA's mineral projects; the need to obtain additional financing to develop CGA's mineral projects.; the possibility of delay in development programs or in construction projects and uncertainty of meeting anticipated program milestones for CGA's mineral projects ; and other risks and uncertainties disclosed under the heading "Risk Factors" in CGA's Annual Information Form for the year ended 30 June 2011 filed with the Canadian securities regulatory authorities on the SEDAR website at [sedar.com](http://sedar.com).