

Castlemaine Goldfields Ltd

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**CASTLEMAINE
GOLDFIELDS**
L I M I T E D

30 July 2012

ASX Limited
Company Announcement Office
525 Collins Street
Melbourne VIC 3000

First Supplementary Target's Statement

Attached is the First Supplementary Target's Statement of Castlemaine Goldfields Limited in relation to the off-market takeover bid by LionGold Corp Ltd for all the ordinary shares in Castlemaine.

The First Supplementary Target's Statement incorporates various matters relating to Castlemaine including the market update announced on 27 July 2012, and confirms the continued unanimous recommendation of the Castlemaine Directors to accept the LionGold offer in the absence of a Superior Proposal.

Yours sincerely

Sue-Ann Higgins

Company Secretary
Castlemaine Goldfields Limited



ACN 073 531 325

First Supplementary Target's Statement

in relation to the Offer by LionGold Corp Limited to acquire all your Castlemaine Shares of 2 LionGold Shares for every 9 Castlemaine Shares you own in the absence of a Superior Offer

1. First Supplementary Target's Statement

This document is a supplementary target's statement under section 644 of the Corporations Act (**First Supplementary Target's Statement**). It is the first supplementary target's statement to the target's statement of Castlemaine Goldfields Limited (**Castlemaine**) dated 28 June 2012 (**Target's Statement**) in relation to the off-market takeover bid by LionGold Corp Limited (**LionGold**) for all of the ordinary shares in Castlemaine.

This document supplements, and should be read together with, the Target's Statement. Unless the context requires otherwise, terms defined in the Target's Statement have the same meaning where used in this document. You should read this document in its entirety.

This document is dated 30 July 2012 and a copy of this document was lodged with ASIC and given to ASX on that date. Neither ASIC, nor ASX, nor any of their respective officers take any responsibility for the contents of this document.

2. Castlemaine Market Update

Castlemaine advises Castlemaine Shareholders that on 27 July 2012 it announced to ASX its inaugural resource estimate from drilling results on the Mako Fault Zone in the Britannia compartment at the Ballarat Gold Project. A copy of this announcement is set out in the Annexure.

Castlemaine also advises Castlemaine Shareholders that on 25 July 2012 it announced its Quarterly Activities Report for the quarter ending 30 June 2012. A copy of the quarterly report is available for download from the Castlemaine website www.cgt.net.au and the ASX website www.asx.com.au (ASX Code: CGT).

3. Extension of Offer Period

LionGold has previously given notice that the Offer Period has been extended and is now scheduled to close at **7.00pm (Sydney time) on 13 August 2012**. The date for giving notice to Castlemaine Shareholders of the status of the Conditions is now 3 August 2012.

4. Castlemaine Performance Rights

As referred to in section 7.7 of the Target's Statement, Castlemaine has 8.25 million Performance Rights on issue. Those Performance Rights were issued pursuant to the Castlemaine Performance Rights Plan, which was approved by Castlemaine Shareholders on 30 April 2012. Under the terms of the Plan, the Board has discretion to waive any vesting conditions applicable to unvested Performance Rights, regardless of whether the relevant performance and vesting hurdles have been satisfied.

The Board has determined (with Mr Matthew Gill, Managing Director and CEO, abstaining from the vote) that any vesting conditions applicable to unvested Performance Rights will be waived in the event LionGold acquires a relevant interest in more than 50% of Castlemaine under the Offer including any shares accepted under the Institutional Acceptance Facility. The Offer extends to any Castlemaine Shares issued upon the conversion any Performance Rights during the Offer Period.

As at 27 July 2012, the last trading day before the date of this Supplementary Target's Statement, LionGold has advised that it has a 25.15% interest (including acceptances under the Institutional Acceptance Facility) in Castlemaine.

5. Directors' unchanged unanimous recommendation in relation to the Offer

Taking into account all the reasons outlined in the Target's Statement and this First Supplementary Target's Statement, your Directors continue to unanimously recommend that you accept the Offer from LionGold in the absence of a Superior Proposal.

For details about how to accept the Offer from LionGold, please refer to LionGold's Bidder's Statement and the Target's Statement.

6. Approval of this First Supplementary Target's Statement

This First Supplementary Target's Statement has been approved by a resolution passed by the Castlemaine Directors.

Signed for and on behalf of Castlemaine Goldfields Limited by:



Gary Scanlan
Chairman
Castlemaine Goldfields Limited

Dated: 30 July 2012

Annexure

Castlemaine ASX Announcement dated 27 July 2012

Refer attached.



Inaugural Britannia Mako Inferred Resource Ballarat Gold Project

Castlemaine Goldfields Ltd (**CGT**) announces its inaugural resource estimation from drilling results on the Mako Fault Zone in the Britannia compartment at the Ballarat Gold Project.

Summary:-

- Total Inferred Mineral Resource¹ for the Britannia compartment of:-
100,000 tonnes at 8.0 g/t Au for 25,700 ounces of gold
- Gold grade ranging from 4.0 to 9.0 g/t Au
- Exploration Target² of 60,000 to 120,000 tonnes at between 3 and 7 g/t Au identified in adjacent areas of the Britannia compartment
- Southern extensions within the Britannia compartment possible with assays awaited for a visible gold in quartz intersection 30m south of the Mako Deep lode
- Recent exploration result of 6.75m @ 10.3 g/t Au from infill drilling
- A revised total Exploration Target² for the Ballarat Gold Project of:-
390,000 to 770,000 tonnes at between 4 and 8 g/t Au for a potential 50,000 to 195,000 ounces of gold.

Mako Fault Zone mineralisation in the Britannia compartment was first drilled by CGT during its 2010 drill program. The existing Woah Hawp decline was then extended into the northern Britannia compartment during 2011, follow-up drilling commenced and an Inferred Mineral Resource has now been estimated in accordance with the JORC³ Code based on the recent 6 month drill program.

The closest portion of this resource is just 20m from the existing Woah Hawp decline, and the deepest lodes are 80m below the decline.

The consolidated Inferred Mineral Resource (for the Llanberris and Britannia compartments) for the Ballarat Gold Project is:-

- **263,000 tonnes at 8.5 g/t Au for 71,700 ounces** (ranging 5.0 to 10.0 g/t Au)

Matthew Gill, Managing Director & CEO commented “Focus to date has been on demonstrating that economic gold production is indeed possible from the highly prospective northern end of the Ballarat Goldfield. The June quarter results have given us confidence that this is possible. Mine planning is now underway prior to any decision to commence capital expenditure to extend the decline in the Britannia compartment to access the identified lodes there. Successful mine scheduling of the Britannia Mineral Resource together with the Mako Lode in Llanberris should underpin our production target of delivering 40,000 - 55,000 ounces in FY13.”

¹ 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.

² 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.

COMPANY DETAILS

Principal and Registered Office

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

Postal Address

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Website

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Email

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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

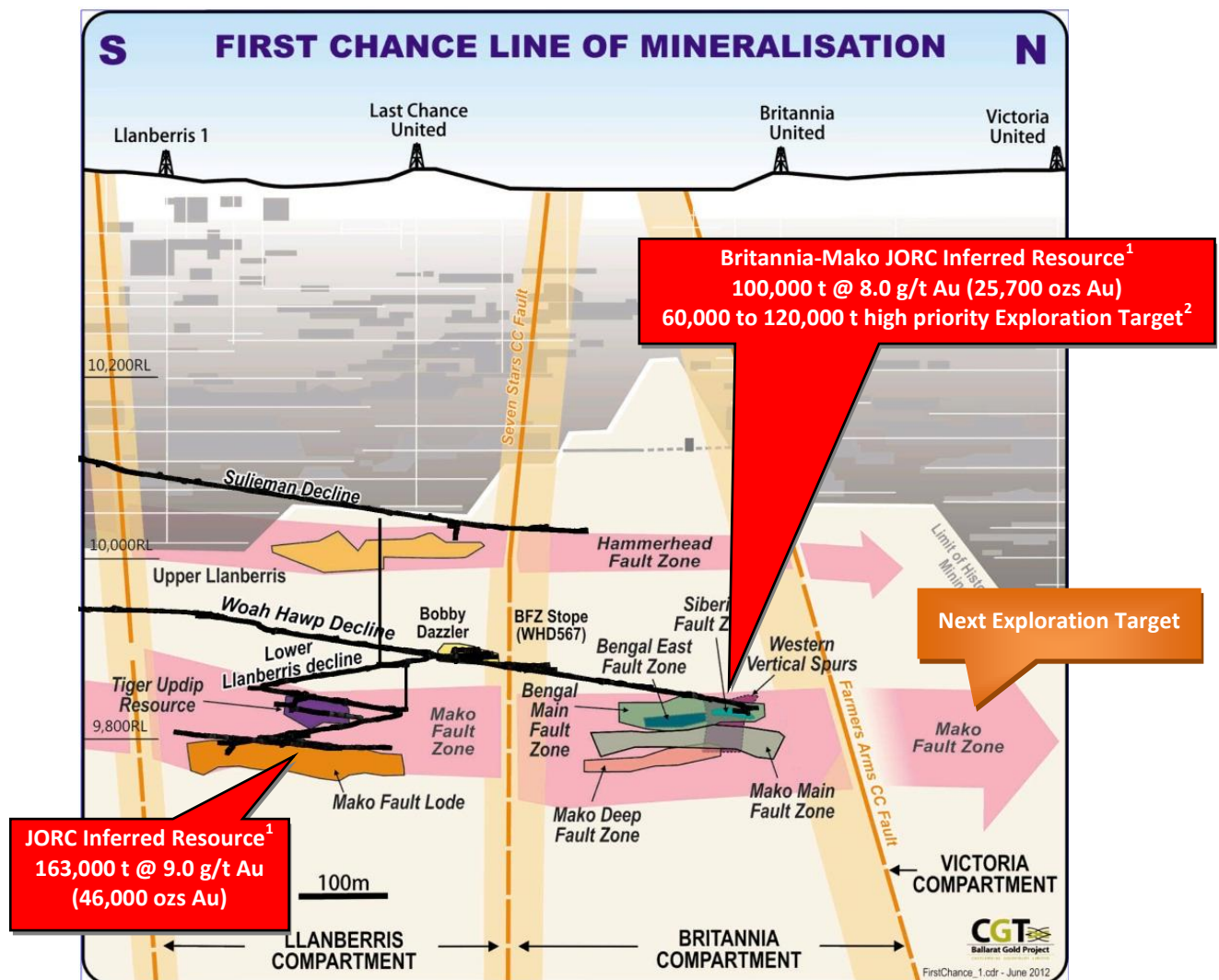


Figure 1. Location of the Mako Inferred Resource in Llanberris and active mining area in Llanberris relative to the Britannia compartment Inferred Resource

Britannia compartment Resource:-

An inaugural *Inferred Mineral Resource*¹ totalling 100,000 tonnes at 8.0 g/t Au for 25,700 ounces is reported in accordance with the 2004 JORC³ Code for the Britannia Mako Fault Zone Lodes (refer Appendix 1). This is the first resource estimate that CGT has conducted for the Britannia compartment. The Resource comprises 4 lodes lying 0-80m below, and 60m west to 40m east of the existing Woah Hawp decline (see Figures 3 and 4).

Resource grade is reported within a range of 4 g/t Au to 9 g/t Au to indicate likely variability. The resource estimate is global in nature and reported at a 0 g/t Au cut-off. Based on experience from mining the Mako lodes in Llanberris and associated mining cost parameters, the Competent Person considers that the resource has reasonable prospects for economic extraction.

The Britannia resource model and estimate incorporates information from 37 diamond holes containing 353 sample assays used to estimate gold grades. This is within a total of 98 diamond holes for 18,000m which have been drilled into the Britannia compartment by the company since 2010 and one surface hole with 4 wedges drilled in the 1980's. All holes used to estimate gold grade were located underground and assayed using either 1000g screen fire or 24 hour LeachWELL 2000g cyanide leach assay techniques. Assay quality control (QC) is monitored by a series of external standards and blanks which along with the Gekko Assay Laboratory internal QC sample results was reviewed and found to be appropriate.

Geological data has been interpreted on section and wireframed, block modelled and with grade estimate made using the Inverse Distance technique. The resource block model grade was estimated using the inverse distance with power of 2 interpolator, on 0.40m assay composites and with a 55 g/t Au top cut. Hole locations, geological drill logs, downhole surveys and sampling techniques are to appropriate standards. Sampling is via half diamond saw cut core (7 holes in the estimate) and full core samples on a nominal 0.4m interval with approximately 2kg to 2.5kg of sample used for assaying with low sub-sampling on the remaining thirty holes.

Diamond core recovery can be poor in faulted zones associated with gold mineralisation at Ballarat East. Sample recovery is recorded and has been appropriately incorporated into this estimation. Core loss is ascribed a grade of zero and it is noted that the Britannia Mako Fault Zone resource contains substantially less core loss than the Llanberris – Mako Lode. The length weighted average core recovery for samples used in the Britannia Mako estimate is 97%.

The Britannia Mako Inferred Mineral Resource was reviewed by Dr Simon Dominy, FAusIMM (CP) of Snowden Group who provided assistance and advice to the Competent Person.

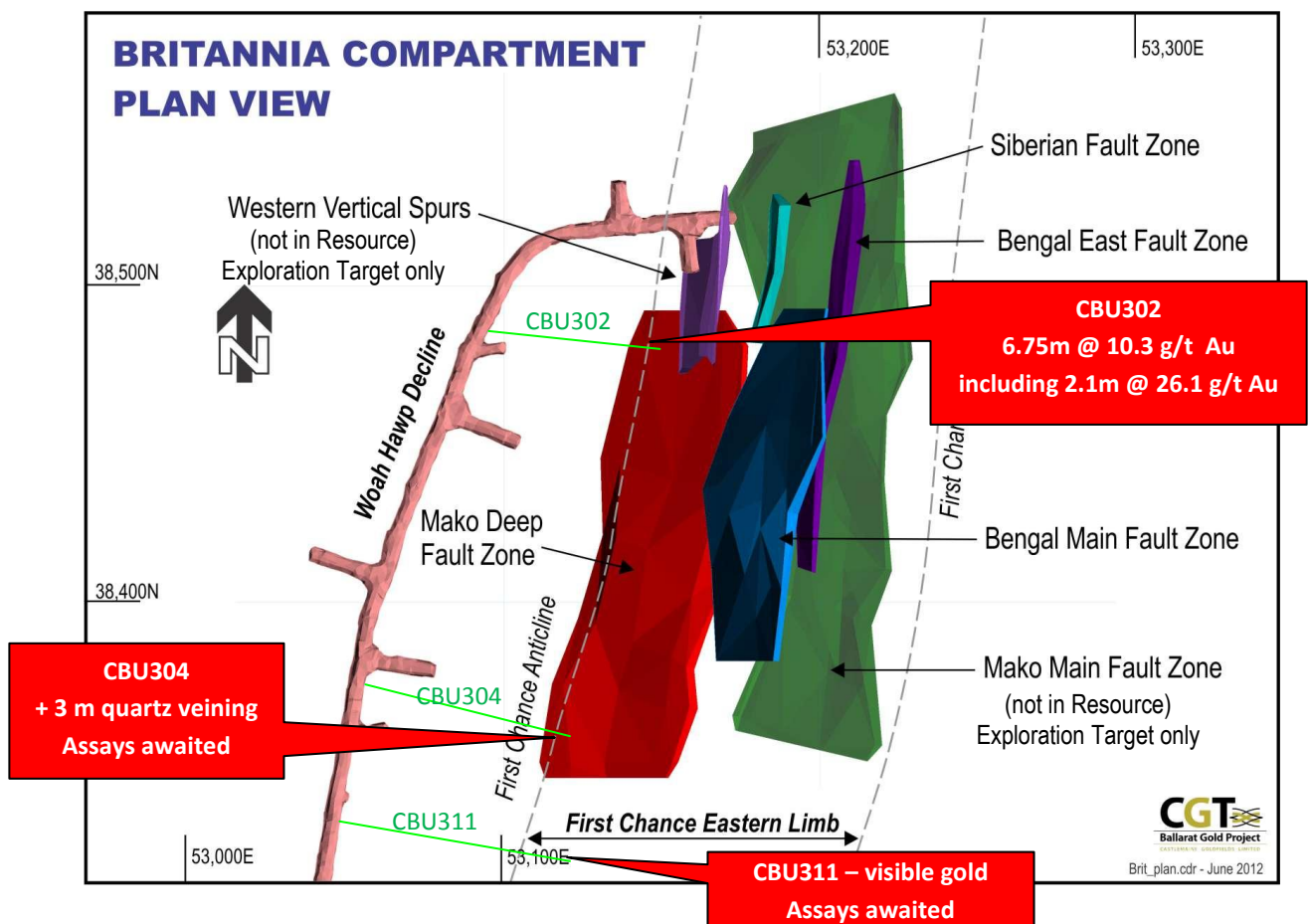


Figure 2. Plan view of the Britannia compartment showing the Mako Fault Zone lodes. Although modelled as continuous mineralisation, the Mako Main Fault and Western Vertical Spur Zones are not classified as JORC Inferred Mineral Resources owing to the estimated grades of approximately 3g/t Au. These two zones of mineralisation remain Exploration Targets which can be further explored as mining progresses. Exploration drill results obtained since the Britannia Mineral Resource estimate was completed and likely to influence the next update are shown as green traces and red callout boxes.

Two lodes, the Mako Main Fault and Western Vertical Spurs, were modeled as part of the estimation of the Britannia drill results. Together totaling approximately 92,000 tonnes, the estimated grades between 2.5 – 3.0 g/t Au could not be considered sufficient for inclusion into the Mineral Resource. These areas of mineralisation require additional exploration in the form of mine access mapping and sampling before their potential for economic extraction can be re-considered. Thus the Mako Main Fault and Western Vertical Spur mineralisation form an advanced Exploration Target² of between 50,000t and 100,000t at 3.0 – 5.0 g/t Au which is the majority of the

whole Britannia compartment Exploration Target (see Table 3 below where 10,000t to 20,000t of additional strike extension potential at higher grades is also included).

A total of 39 drill intercepts comprising a total 398 sample assays have been used to assess these two Exploration Targets.

Exploration results recently received and not included in the Mineral Resource estimate include an intersection of coarse **visible gold** in quartz at 114m in hole **CBU311** which suggest potential to extend the Mako Deep mineralisation 30m towards the south where previous drilling was of insufficient spacing to intersect the relatively flat fault target zone.

Infill hole **CBU302** (53090.1mE, 38,475.6mN, 9842.1mRL, Azimuth 101.5°, Dip -50.4°; see Figure 3) is reported as having **6.75m @ 10.3 g/t** from 78.1m, including 2.1m @ 26.1 g/t Au from 80.5m at the Mako Deep Fault Lode resource. Another hole being sampled for assay CBU304 (53055.6mE, 38,370mN, 9861mRL, Azimuth 103.4°, Dip -58.2°) is logged to contain approximately 90% quartz over a 3m interval with one occurrence of visible gold. These exploration results and others will be incorporated into an updated Britannia Mako Fault Resource in the coming weeks following a small drill program to extend the Mako Deep Fault Lode to the south.

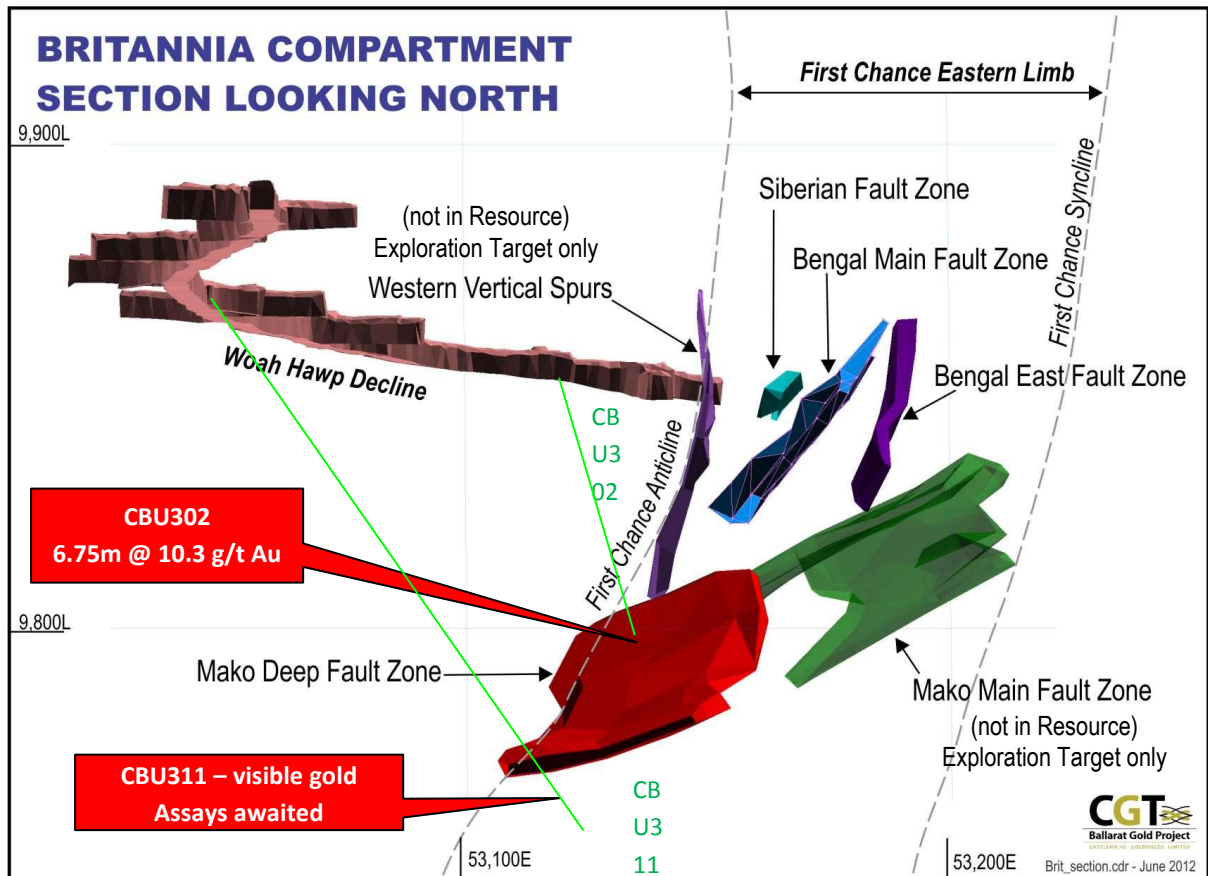


Figure 3. Britannia compartment section illustrating the relatively shallow dips (10-30°) of the Mako Fault targets compared to areas being mined in Llanberris where the Mako Fault dips approximately 40-55°. The shallow southern plunge to the Mako Lodes in Britannia is also noted. Portions of the Siberian and Bengal target lodes are at times sub vertical, as is the narrow Western Vertical target and which closely tracks the First Chance anticline axis.

Total Ballarat Gold Project Resources:-

A review of resources at Ballarat was conducted at the end of June. Additional mining 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. As more ore headings and lodes come into production, the multiple sources become harder to separate into distinct ore parcels for reconciliation. All

Lower Llanberris resources have been re-estimated allowing for production depletion as at 1 July 2012 (as announced in the ASX June Quarterly Activities Report). These are presented in detail along with the new Britannia – Mako Fault Zone estimate in Table 2 below.

Table 2. The Ballarat mine JORC³ Resource inventory as at 30th June.

Deposit / Gold Lode	Inferred Resource ¹		
	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
Lower Llanberris - Mako Lodes Total	145,000	8.5	40,600
Lower Llanberris - Tiger Up-Dip Total	18,000	9.0	5,400
Lower Llanberris - Mako Fault Zone Total	163,000	9.0	46,000
Mako Deep Lode	53,000	7.0	12,000
Bengal East Lode	13,000	12.0	5,000
Bengal Main Lode	32,000	7.5	7,700
Siberian Fault Lode	2,000	15.5	1,000
Britannia - Mako Fault Zone Total	100,000	8.0	25,700
CGT Total Ballarat Mine Resources	263,000	8.5	71,700

¹ 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

³ 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.

[**] Figures may not compute exactly due to rounding.

Mine Planning and Exploration Potential:-

The Britannia Mako Fault Zone Resource is currently the subject of mine planning and scheduling, to determine the capital expenditure requirements and associated economics of mining. Development could start in Q3 2012 and provide addition ore sources in 2013. The two modelled Exploration Targets² identified adjacent to the Britannia lodes will be subject to additional exploration as mining progresses as will the strike extensions to those lodes.

Ballarat Mine Exploration Targets

Following the conversion of exploration results into the Britannia Mako Fault Zone Inferred Mineral Resource category, the exploration potential of the northern compartments was reviewed and an updated Exploration Target² provided. The initial mining of the Tiger Up-Dip lode in Llanberris and its extension by nearly 50m north of its original block model boundary allows continued expectation that hangingwall areas above the main Mako lodes which lie adjacent to the Tiger Fault will also develop future resources.

The updated targets include that part of the Britannia Mako Resource which was 2.5 – 3.0 g/t Au and was not included in the Mineral Resource, but which with mine development and sampling could be re-classified if higher grade portions are identified.

With knowledge gained mining the Llanberris Mako and results from the Britannia Mako Resource estimation, the Competent Person considers there to be potential for similar sized and gold endowed resources to exist on the Mako Fault zone in the Victoria compartment. This Exploration Target is added to those to be explored in the near future. The continuity of mining on the First Chance line of mineralisation through mines such as the Llanberris-Last Chance, Britannia United and Victoria United help to form the view of potential in Victoria beyond the existing Woah Hawp decline. A substantial drilling program will be designed for Victoria with conceptual planning to extend mine development into the Victoria compartment as an exploration drill drive.

Table 3. The updated Ballarat mine Exploration Target² inventory.

Target Zones	Tonnage range (t)	Grade range (g/t Au)	Contained gold range (oz Au) ^[**]
Llanberris Tiger Fault Zone	30,000 - 50,000	4 - 10	5,000 - 15,000
Britannia Mako Fault Zone	60,000 - 120,000	3 - 7	5,000 – 25,000
Victoria Mako Fault Zone	150,000 - 300,000	4 - 9	20,000 – 85,000
Suliman Line {Llanberris & Britannia Compartments}	150,000 - 300,000	4 - 7	20,000 - 70,000
Total	390,000 - 770,000 ^[**]	4 - 8	50,000 – 195,000^[**]

[2] 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 study, including underground development and diamond drilling is required.

[**] Figures do not compute exactly due to rounding.



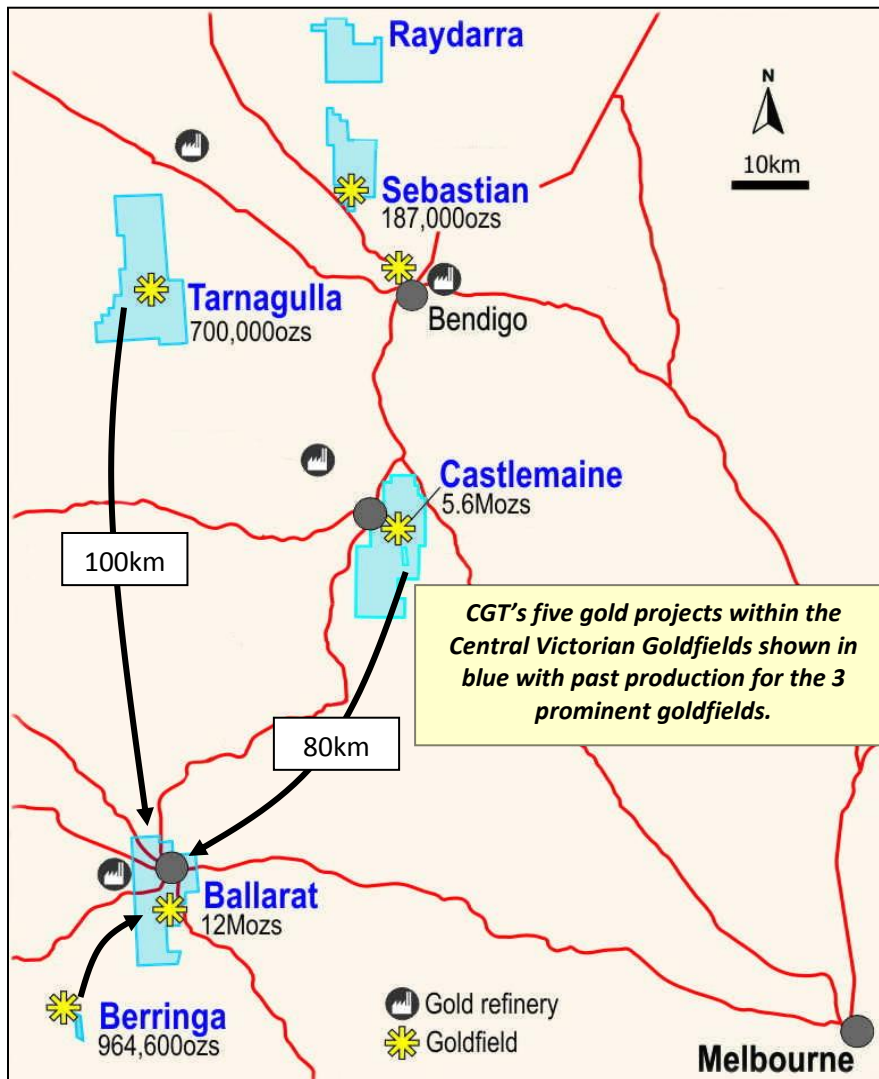
Matthew Gill
Managing Director and Chief Executive Officer

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 total JORC Inferred Resource estimate for the Mako Lodes in the Llanberris and Britannia compartments of the Ballarat mine was last updated in July 2012 to 263,000 tonnes at 8.5 g/t Au for 71,700 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

Resources 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. Following the conversion of exploration results into the Britannia Mako Fault Zone Inferred Mineral Resource category, these Exploration Targets were updated by the Competent Person in July 2012 to be in the range of 390,000t to 770,000t at a grade of between 4 g/t and 8 g/t, for between 50,000 and 195,000 ounces of gold. This includes for the first time the exploration potential of the Victoria compartment to the north of the current Resources. 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 2nd June 2008).

Appendix 1

Resource Statement

Britannia Mako Fault Lodes

Ballarat Gold Project, Victoria

Castlemaine Goldfields Limited ABN 63 106 760 025

27/07/2012

A total *Inferred Mineral Resource* of 100,000 tonnes at 8.0 g/t gold for 25,700 ounces is estimated for the Mako Fault Zone in the Britannia compartment of the Ballarat East gold field. Owing to the high nugget effect and uncertainty of geological continuity, a grade sensitivity range is estimated to be between 4 g/t Au and 9 g/t Au. Details of the resource estimate are given in JORC Code "Table 1" below with associated notes.

The Britannia Mako Fault Zone is located 1.5 km south of the Ballarat central business district, Victoria, Australia. The mineralisation estimated is part of a +3 km long north-south corridor of high gold endowment known as the Ballarat East goldfield from which mining between 1856 and 1918 yielded some 1.5 million ounces of gold. The resource is within active Mining Licence MIN5396 which is fully permitted to conduct commercial mining operations until year 2023. The licence is held by Balmaine Gold Pty Ltd which is a wholly owned subsidiary of Castlemaine Goldfields Limited who bought the project in May 2010. A 600,000 tonne per year gravity and cyanide leach gold processing plant is also fully operational and generating gold from the Lower Llanberris part of the mine with approximate throughput of 180-220,000 tpa.

There has been no updated Mineral Resource reported in accordance with the JORC Code for the Britannia compartment since the release by Lihir Gold Limited (LGL) in December 2007. This is the first resource estimate that Castlemaine Goldfields Ltd has conducted at the Ballarat Gold Project on the Britannia compartment and follows on from the recent resource estimates for the Mako Lodes in the Llanberris compartment (see ASX releases of 18th November, 5th April and recent update in the June 2012 Quarterly Activities Report). The estimates take a conservative approach to the resource potential of the greater goldfield based on current geological knowledge and economic factors.

A total of 98 holes for total of 18,370 metres of diamond drilling were completed into the First Chance line of mineralisation in the Britannia compartment since May 2010. Prior to this a single section was drilled in the 1980's from surface existed comprising a 712m parent hole and 4 wedge holes.

Mineralisation in the resource is characterised by nuggetty gold hosted in mesothermal quartz vein type common to Central Victoria. The host rocks are Ordovician turbidite sediments. Mineralisation is hosted by sets of closely spaced, quartz veins associated with west-dipping faults (These have been historically referred as 'Fault Reefs', 'Fissure Lodes', 'Leatherjackets' or 'Reef Lodes') in the east limb of the First Chance anticline. The mineralisation is along strike from the Mako Lodes being mined in the Llanberris compartment with the Mako Fault (footwall structure to the Fault Zone) being noticeably flatter (20-35°) in the Britannia than Llanberris (35-55° at mineralised areas). Other differences are the lower clay content within fault zones and resultant higher core recoveries (length weighted average 97% recovery) in the more competent Britannia diamond core than for Mako or Tiger faults in Llanberris (average 83% recovery). The veining style in Britannia is also more brecciated and annealed with quartz than Llanberris, especially across the central limb portion of the Mako fault where lower gold grades are general found.

Gold is found as free grains with low silver contents within quartz and quartz-carbonate veins which may also contain rare coarse sphalerite or galena. Sandstones and slates are of lower greenschist metamorphic grade with

common chlorite alteration observed in the Britannia diamond drill core. Lesser sericite alteration of sediments and narrow halos to veins occur as does rare kaolinitic clays within fault structures.

Table 1. JORC^[A] Inferred Mineral Resource for the Britannia Mako Fault Lodes – July 2012.

Ore zone	Tonnes ^[1,5]	Grade ^[2,5]	Grade range ^[3,5]	Ounces ^[4,5]
Mako Deep Lode	53,000	7.0	3 – 8	12,000
Bengal East Fault	13,000	12.0	6 – 14	5,000
Bengal Main Fault	32,000	7.5	4 – 9	7,700
Siberian Fault Lode	2,000	15.5	8 – 18	1,000
Total	100,000	8.0	4 – 9	25,700

^[A] 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.

^[1] Tonnage figures are rounded to the nearest 1000 t.

^[2] Grades are rounded to the nearest 0.5 g/t Au. Current resources are effectively reported at a zero cut-off grade where it is assumed that most 'mineralised material' will be mined and processed. The estimate is global in nature.

^[3] In an attempt to be more transparent about grade uncertainty a *grade range* can be used. CGT has defined a range for each ore zone based on an opinion of likely expectation. A range of -50% to +15% has been applied. The low case of -50% is based on experience and the general expectation for the Inferred category. The up-side of +15% is based on recognition that high grade pockets may locally increase grade at Ballarat. Range grades are rounded to the nearest whole grade.

^[4] Total ounces are rounded to the nearest 100 oz Au.

^[5] Figures may not compute exactly due to rounding.

^[6] 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 are 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.

^[8] Note that global grades include internal low-grade diluting material (within resource wireframe), but do not include mining dilution. As a result, grades may be considerably lower due to mining dilution.

Bulk Density: 2.65 g/cm³

Geological Modelling

Six separate mineralisation zones were modelled as shown in Figures 2 and 3 of the ASX announcement, and described below. Two of these, Western Vertical Spurs and Mako Main Fault zone are not classified under the JORC Code as resources owing to the low estimated gold grades between 2.5 and 3.0g/t Au reducing confidence regards their eventual economic value if mined. These two zones of mineralisation total approximately 90,000 tonnes and comprise the majority of the Exploration Target in the Britannia Compartment to be further explored.

Mako Main Fault zone

The Mako Fault is the main structure found across the Britannia compartment. It has a gross dip of 30° and very gentle southerly plunge, except at the north where it is interpreted to reverse to shallow north plunging. Highest volumes of quartz veining occur at the most eastern and western portions of the fault where it intersects the First Chance syncline and anticline axes respectively. These areas are also suggested to contain the most consistent high gold grades on the Mako Fault.

With recognition that the quartz vein volumes and mineralisation strength can be relatively reduced in the central part of the Mako Fault the mineralisation was split into two resource volumes for estimation purposes; Mako Main Fault zone to the east near the syncline, and the Mako Deep Fault zone associated with the anticline.

The structural continuity of the Mako Main Fault zone is moderately robust. The northern end of the model may be extended once additional information is gained from mining or drilling. Drill holes immediately north of the Mako Main Fault zone intersected mineralisation which may be the Mako fault zone however is not in the same trend as the rest of the domain indicating that cross-course faulting affects the structure and mineralisation styles at the north end of the Britannia compartment.

Mako Deep Fault zone

Gold grades estimated for this zone at the current level of drill data support are much higher (7g/t) than for the Mako Main Fault zone. Interpretation is that the highest gold endowed veining occurs close to the anticline axis or where sub-vertical to steeply west dipping faults and lithological beds intersect the more major Mako fault. Further exploration will most likely see the eastern up-dip boundary to the resource redefined.

Some drill intercepts containing significant gold grades occur along strike to the north but given their form cannot be modelled as continuous and may be included into the Western Vertical Spurs zone under alternative interpretations or additional exploration data. Diamond drilling to the south of the Mako Deep Fault zone is in progress with encouraging intersections of quartz and visible gold at expected depths which are likely to see a re-estimation of any extended resource shape.

Bengal Main Fault Zone

This zone has the highest confidence of the continuity of faulting and high gold grades in the Britannia Mako Fault Zone Mineral Resource. It is a 50° west dipping fault with surrounding strong stockwork of quartz spur veins. Horizontal widths modelled are between 3.5m and 6m in central portions and 2m to 3m at the north and south extremities.

Bengal East Fault zone

Lying between the Bengal Main Fault and Mako Main Fault zone mineralisation this zone is limited in its height and is more vertical than the Bengal Main Fault (75° – 90°). It is separated from Bengal East by approximately 6m at its top and 12m at the base of the resource shape. The continuity of mineralisation style is lower than for the nearby Bengal Main Fault veining.

Siberian Fault zone

The Siberia mineralisation is the smallest of the zones estimated and relies on 4 drill intersections, two of which contain very high gold grades; 1.95m @ 372.6 g/t Au, 2.6m @ 32.2 g/t Au. The mineralisation is steeply west dipping (80°) and associated with very strong faulting which includes clay alteration and some moderate core loss in two holes. Gold bearing drill intersections surrounding the Siberian lode are also highly faulted and with some having low to moderate core loss. This mineralisation is modelled at average true widths less than 2m which is reflected by the small tonnage estimated.

The style of the Siberian mineralisation appears different to the typical west dipping fault associated quartz veining and lies at the junction of two faults. Some potential exists to extend Siberian with a number of adjacent holes outside the resource shape containing fault intersections with gold bearing quartz veining.

Western Vertical Spur zone

Interpreted as a stockwork of thinner quartz veins with a strong vertical (cleavage or bedding) control the Western Vertical Spur zone also contains a small amount of western-limb, bedded laminated quartz veins and sub-horizontal flat make quartz veins. The mineralisation lies broadly about the First Chance anticline axis which is well defined due to the density of drill information. Drill intersections commonly bulk to lower gold grades with the occasional intercept containing a very high grade over short intervals. It is postulated that the fold axis intersection with discrete west dipping faults and associated higher quartz veining is responsible for the patchy distribution of higher grades.

Similar to the Llanberris compartment sub-horizontal Flat Make quartz veins are interpreted to emanate away from the Bengal and Mako main controlling faults but possibly in somewhat lower vein densities.

Resource Estimation Method

The geological interpretation of structure, veining and gold mineralisation has been completed on 25-30m spaced sections between 38,345mN to 38,560mN in the local mine grid coordinate system. The information on the sections was solid modelled, loaded into a block model and grade estimates were made using an inverse distance technique. The Mineral Resource was estimated using an inverse distance power of 2 on 0.40m assay composites with a 55 g/t Au top cut. From a range of inverse distance powers and different top cut off grades this was selected as the most appropriate gold grade estimator with results for each lode obtained to gauge the degree of sensitivity to method variables.

Hole location, geological drill logs, surveys, sampling techniques and analytical performance are to appropriate standards. Sampling, geological and estimation results have been validated by the Competent Person. Core loss is ascribed a grade of zero.

Assay information used for estimation is either screen fire assay (-180um and later-150um screens using 50g charges) or 2000g accelerated cyanide leach (LeachWELL© 24 hour bottle roll) with AAS determination. Some intervals not containing high quartz veining or visible gold have been assayed using 50g fire assay, with any result over 0.5 g/t Au being re-assayed using 1000g screen fire assay method. Samples used for the Screen Fire Assay were ½ diamond-saw cut on nominal 0.8m geological intervals (maximum 1.1m) as were samples from holes numbered between CBU067 and CBU175 which were analysed at the Gekko Ballarat Assay Laboratory via LeachWELL© bottle roll.

Information in this Resource Statement which relates to Exploration Results and Mineral Resources in the Llanberris and Britannia compartments of the Ballarat East Goldfield, Central Victoria, is based on information compiled by W. B. Edgar. Mr W. B. Edgar, with 21 years industry experience, is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of Castlemaine Goldfields Limited as Exploration Manager.

Mr Edgar has given, and has not withdrawn prior to lodgment, his written consent to be named in this Resource Statement and to the inclusion of this statement in the Resource Statement, in the form and context in which it appears. He has more than 5 years relevant experience as a competent person, as defined in the Australasian Code for reporting of Exploration Results, identified Mineral Resources and Ore Reserves in relation to the mineralisation being reported on.

Mr Edgar has read and understood the requirements of the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("2004 JORC Code"), plus relevant Australian Stock Exchange (ASX) Companies Updates.

Competent Person



Wesley B. Edgar