

Message from the Managing Director



Gary Scanlan

Let me start by introducing myself and the Castlemaine Goldfields (CGT) group. I am the CEO and Managing Director of CGT, I'm married with three sons. I have a financial background in mining with over twenty five years direct experience in the evaluation, development and financing of mining projects. I am a Fellow of AusIMM and a Chartered Accountant. CGT's other directors are the Chairman John (Ian) Goudie an exploration geologist with over 35 years mining experience including past chair of the Minerals Council of Australia (MCA)-Victorian Division and Peter Mc Carthy a mining engineer with forty years experience with close connections to Ballarat mining, including lecturing at the University of Ballarat and life member of Sovereign Hill.

Our small team has operated out of the historic mine managers building at Chewton since incorporation of the company in 2005. Wessley Edgar (Exploration Manager) and I have moved to the office at Ballarat, which has now become our corporate office for CGT. The chance to acquire the Ballarat project presented CGT with an opportunity to create significant value for shareholders through the consolidation of operations at two historically prolific Victorian gold fields. CGT's main aim in the next year is to prove up sufficient gold ore to resume gold production at Ballarat targeting 50,000 ounces per annum. We now have the facilities and the opportunity to become a substantial Victorian gold producer.

CGT understands the regulatory requirements in this state, particularly where activities are in close proximity to residential areas. At our projects around Castlemaine (and Tarnagulla and Sebastian) we have successfully operated in the Box Ironbark State Park and the Castlemaine Diggings National Heritage Park without incident. We are signatories to the MCA's-Enduring Value program and have a strong commitment to developing a sustainable and environmentally responsible business.

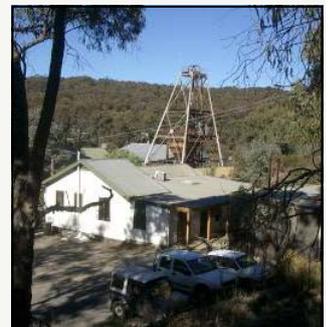
The Ballarat project over the last 20 years has built up a reputation of high standards around safety and environmental and community relationships. CGT intend to uphold these standards and improving them where possible. As part of the sale we have transitioned six key LGL staff who will assist us to manage the project.

This first introductory newsletter outlines a few of the key projects ahead of us over the next 12 months. Our intention is to keep you informed of our operations as they change. We encourage you to also visit our website and join our email news alerts for up to date information.

Thank you for your time, and we look forward to establishing a positive working relationship with you into the future.



Gary Scanlan



Above: Mine Managers building at Wattle Gully, Chewton.

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Care and Maintenance

The Ballarat Gold Project has been placed on care and maintenance by LGL and CGT will continue the operation in this mode while it conducts an exploration program. During this exploration period of approximately nine months there will be substantially less surface activity with all mill and trucking activities suspended. Equipment will be run periodically as part of a preventive maintenance program.

Over the past few months the care and maintenance team has removed the majority of chemicals and explosives from site and has secured surplus equipment used during the mining phase of the operation. This included pouring and shipping the last of the gold on site.

All regulatory and licence conditions for the Ballarat Project held by LGL are being transferred to CGT.



Above: Last pour for LGL. Over 26,000 oz have been poured since mining recommenced at Ballarat.

Drilling



Exploration drilling started from the Northern most part of the Woah Hawp decline (~500m below surface), on the second day of CGT's ownership. A second rig, arrives this week and will start drilling from the higher Sulieman decline (~400m deep). The first drilling campaign (14,000 metres), is planned to be completed within approximately nine months. CGT's strategy is to target the northern compartments of the field which have historically been the best endowed for large, geologically continuous gold bearing zones, less geotechnical risk due to lower density cross faults and have had recent high grade drill intercepts.

Left: Underground drilling 534m below the Netball Courts in Eureka St.

Underground - Dewatering and Ventilation

For the last 20 years the dewatering program of the old historic mine voids has kept the Ballarat project from flooding. This will continue with the water being treated to strict EPA guidelines prior to release to the Yarrowee River. Ventilation supplying the mine is also essential to provide a safe work environment and keep the equipment safe from high humidity. The primary ventilation fans are located in the Sulieman and Woah Hawp declines and at Golden Point.

Rehabilitation

CGT is currently assessing opportunities to reduce the footprint of the site. This will include continued rehabilitation at Golden Point, Tailings Storage Facility, Waste Rock Bund, Ballarat South and the forested areas North of Whitehorse Road. Plantings and fire control activities will continue during the spring period.



Further Information and Contact details

Further information about the Ballarat project can be found at www.cgt.net.au. You can also join our Email Alerts at this website. If you wish to speak to our Environment and Community officer or have a complaint about our operations you can call 5327 2555, this is available 24 hours a day.



Inside Story Headline

Inside Story Headline

Primary Business Address
Your Address Line 2
Your Address Line 3
Your Address Line 4
Phone: 555-555-5555
Fax: 555-555-5555
E-mail: someone@example.com

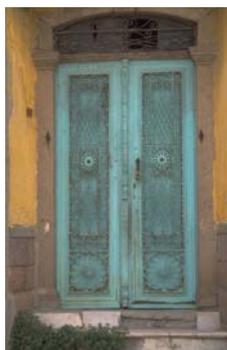
**WE'RE ON THE
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YOUR BUSINESS TAG
LINE HERE.

This would be a good place to insert a short paragraph about your organization. It might include the purpose of the organization, its mission, founding date, and a brief history. You could also include a brief list of the types of products, services, or programs your organization offers, the geographic area covered (for example, western U.S. or European markets), and a profile of the types of customers or members served.

It would also be useful to include a contact name for readers who want more information about the organization.

Back Page Story Headline



**CAPTION DESCRIBING
PICTURE OR GRAPHIC.**

This story can fit 175-225 words.

If your newsletter is folded and mailed, this story will appear on the back.

So, it's a good idea to make it easy to read at a glance.

A question and answer session is a good way to quickly capture the attention of readers. You can either compile questions that you've received since the last edition or you can summarize some generic questions that are frequently asked about your organization.

A listing of names and titles of managers in your organization is a good way to give your newsletter a personal touch. If your organization is small, you may want to list the names of all employees.

If you have any prices of standard products or services, you can include a listing of those here. You may want to refer your readers to any other forms of communication that you've created for your organization.

You can also use this space to remind readers to mark their calendars for a regular event, such as a breakfast meeting for vendors every third Tuesday of the month, or a biannual charity auction.

If space is available, this is a good place to insert a clip art image or some other graphic.


Organization