

*Win a trip underground for you and two friends.*

Are you new to the area? Yes <input type="checkbox"/> No <input type="checkbox"/>	How often would you like to receive the newsletter?	Would you pay more if you could go underground? Yes <input type="checkbox"/> No <input type="checkbox"/>
Which area do you live?	Quarterly <input type="checkbox"/>	
Mt Clear <input type="checkbox"/>	Twice a year <input type="checkbox"/>	If so how much more:
Mt Pleasant <input type="checkbox"/>	Once a year <input type="checkbox"/>	\$10 <input type="checkbox"/>
Sebastopol <input type="checkbox"/>	If there is a new project or change that may impact residents <input type="checkbox"/>	\$25 <input type="checkbox"/>
Golden point <input type="checkbox"/>		\$50 <input type="checkbox"/>
Mt Clear <input type="checkbox"/>		Are you likely to join the Investor Alert email on page 4? Yes <input type="checkbox"/> No <input type="checkbox"/>
Have you received the Goldfields Community Newsletter before? Yes <input type="checkbox"/> No <input type="checkbox"/>	Would you prefer to receive an email rather than a hard copy in your letter box? Yes <input type="checkbox"/> No <input type="checkbox"/>	Your details will only be used for the purpose of contacting you with regard to the tour.
Do you believe the Newsletter is worthwhile? Yes <input type="checkbox"/> No <input type="checkbox"/>	Have you attended the open days run by Ballarat Goldfields? Yes <input type="checkbox"/> No <input type="checkbox"/>	Name: _____
Is there enough technical information in the newsletter? Yes <input type="checkbox"/> No <input type="checkbox"/>	Would you attend an open day run by CGT? Yes <input type="checkbox"/> No <input type="checkbox"/>	Address: _____
Would you like a regular article about ;	How often should open days be run;	Phone: _____
How we mine Yes <input type="checkbox"/> No <input type="checkbox"/>	Once a year <input type="checkbox"/>	Mobile: _____
Water articles Yes <input type="checkbox"/> No <input type="checkbox"/>	Every two years <input type="checkbox"/>	Preferred time to undertake a tour
Dust Yes <input type="checkbox"/> No <input type="checkbox"/>	When a major project or milestone is reached <input type="checkbox"/>	Day <input type="checkbox"/> _____
Investor Information Yes <input type="checkbox"/> No <input type="checkbox"/>	Would you be prepared to pay a donation to a charity to attend? Yes <input type="checkbox"/> No <input type="checkbox"/>	Evening <input type="checkbox"/> _____
Community Yes <input type="checkbox"/> No <input type="checkbox"/>		Weekend <input type="checkbox"/> _____
Other: _____		
Do you believe you are impacted by our operations? Yes <input type="checkbox"/> No <input type="checkbox"/>		
If so which ones:		
Noise <input type="checkbox"/>	Gold Coin <input type="checkbox"/>	
Dust <input type="checkbox"/>	\$5 <input type="checkbox"/>	
Blast vibration <input type="checkbox"/>	More <input type="checkbox"/>	
Traffic <input type="checkbox"/>		
Other: _____		

To be eligible for the underground tour you must be over 18, children between 16-18 must be accompanied by a parent or guardian. You must be prepared for a claustrophobic, dark, wet environment. The tour will take approx 2-3Hrs including a short safety induction. CGT reserve the right to vary or cancel the tour at any time.

*Message from the Managing Director*



Matthew Gill

Let me start by introducing myself. I joined Castlemaine Goldfields (CGT) as the Managing Director and CEO in September. I have a wife and children that will be settling into the lovely city of Ballarat in the new year. We have previously lived in Tasmania, Queensland and Western Australia and are keen to make this our last move.

My appointment as Managing Director of CGT comes at a very exciting time as the team moves forward from an exploration company to a gold producing company. I am a mining engineer with experience in the environmental and social aspects of operating an underground mine within an existing township, and have successfully developed and commissioned two underground gold mines previously at Porgera and Beaconsfield.

During November the CGT Board met and approved to take the Ballarat gold project forward, based on the positive drill program and recently completed Feasibility Study. The project economics are robust, based on the assumptions used in the study, and we will now commence the next phase which is to tender for development mining works to be performed. This will assist to refine a number of the study assumptions used.

What is also significant is that this study indicates a possible start to mine development in the first Quarter of next year, which if so could see gold production able to be brought forward to as early as Quarter 3, 2011. It is CGT's intention to achieve gold production, and more so positive cash flow as soon as practical without compromising the longer term sustainability of the Ballarat operation. As with all things we do, care for the safety of our people and the environment within which we work is paramount.

While new to Ballarat my experiences at other operations have taught me that engagement with all the stakeholders is a very important aspect of modern day mining. This Newsletter is one aspect of community engagement. We hope you take the time to read this issue and complete the feedback form on page 4 to assist us improve the communications between our business and the community.

For four lucky groups of three we will be offering an underground tour of our operation.

*Footnote: I grew up in Melbourne and of course I follow the greatest team on earth- Carlton.*

*Matthew Gill*  
Matthew Gill

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*Win a trip underground*

Contact Us:  
CGT-Ballarat Project  
P.O. Box 98  
Mt Clear, Vic., 3350  
24hr Ph. 5327 2555  
Web: [www.cgt.net.au](http://www.cgt.net.au)  
Email: [info@cgt.net.au](mailto:info@cgt.net.au)



## Care and Maintenance and Drilling

The Ballarat Gold Project has been on care and maintenance since CGT purchased the project in May 2010. The care and maintenance team ensure the mine dewatering pumps, ventilation, ground support, processing plant and other equipment is properly maintained to enable a smooth transition back into production.

All regulatory and licence conditions for the Ballarat Project held by previous owners have been transferred to CGT. An example of this is the environmental monitoring and reporting program to the EPA for discharging treated mine water to the Yarrowee River.

The underground drilling program that commenced in May was designed to test five specific resource targets identified by CGT at the northern end of the Ballarat East goldfield. To date, 13,700m of the anticipated 14,000m program has been drilled, ahead of schedule and under budget. CGT are positive about the early success and are planning further exploration drilling to secure long term production targets. At this stage the drilling will continue to be from underground. Further detail of the drilling program and results can be found at CGT's website under ASX announcements.



Above: Drill core showing Gold surrounded by Sphalerite a Zinc mineral which is often associated with nuggety gold.

## Mining to recommence in 2011

Following a successful 8 month drilling program and recently completed feasibility study, CGT is currently in the process of preparing tender documents for the recommencement of mining in early 2011. CGT will be developing the northern area of the mine approximately 500m below Main Rd and Barkly St. This will give the company access to the gold bearing ore zones identified in the drilling program as well as access for further exploration drilling. Ore processing and gold production will then follow later in the year.

This means underground operations will again be running on a 24 hr/7 day basis. Initially neighbours may notice an increase in traffic as materials and machinery are mobilised to site. CGT will ensure through the contract selection process that the successful tenderer appreciates the challenges of working in close proximity to our neighbours. There will be strict conditions in the contract to ensure compliance and to minimise impacts to nearby residents.

The process plant will continue to be run occasionally as part of the care and maintenance program. Processing of the ore is not expected to start until later in the year.

Further details on the recommencement of mining will be outlined in future additions of the Community Newsletters and letter drops to key stakeholders.

## Golden Point

CGT has undertaken noise assessments to identify if it is possible to remove or reduce the size of the 'grey box' at Golden Point while the Emergency Egress head frame is being designed and constructed. The noise assessment identified the 'grey box' reduces the noise level considerably and should stay until such time that the ventilation fan noise underground can be reduced. Work has commenced on this front.

CGT is working on the Emergency Egress head frame design and once this is finished and the fan noise addressed, the final rehabilitation of the Golden Point site will commence.



## Wildfire Management Overlay

With the introduction of a Wildfire Management Overlay by the City of Ballarat in 2009 some of our neighbours were unable to obtain Planning Permits to build. CFA as a referral agency to the council were unable to approve the developments, due to the proximity of vegetation that could grow to a high fire risk within 100m of the properties.

Although LGL removed the vegetation in question in November 2009, CFA could not change their position until there was a long term binding agreement in place regarding the management of the land.

After many challenging meetings all parties finally agreed to a position in early November, which has allowed the Planning Permit applications to proceed. The changes required certainly came at a considerable cost to CGT, but the company has always been committed to do its bit to help resolve the issue on behalf of the neighbours.

CGT will continue to maintain a 10m mowed area between the pines and residential area, and gradually remove pines to create a 30m native woodland buffer behind the mowed area. CFA are satisfied this will reduce the flame zone to protect residents while maintaining the aesthetics, noise and dust buffer required by CGT.

## 2010/11 Fire Season

Each year Castlemaine Goldfields undertakes around 30 hectares of fuel reduction slashing. This occurs at sites around Tinworth Ave, Brittain St, Otway St, Llanberris and Whitehorse Rd.

The slashing is undertaken once the green grass has started to dry. This technique allows a one cut pass and ensures minimal re-growth. Slashing any earlier leads to another cut being required at a time when contractors are often busy.

However this year with the extra long grass due to continued rains, CGT may undertake a double cut in some heavy growth areas. This will be assessed on a case by case basis. Please call if you are concerned about the length of grass adjoining your property.

CGT has renewed the agreement with CFA to utilize water from the site for fire fighting. The Helitank located at the top of Brittain St can be used by the small and medium size helicopters. This year with the Ericson Skycrane "Elsie" located at Ballarat, CGT has added the storm-water wetlands for use with the larger Skycrane.

Using the water from our site reduces the need for CFA to use drinking water or farm dams. The supply is also very central to a number of potential fire areas close to the city.

## Win a Trip Underground for you and two friends



Many of our community groups, shareholders and neighbours are keen to see the underground operation but the logistics and safety requirements to organise such tours are quite involved and hence opportunities are very limited.

With the mine in Care and Maintenance CGT has a narrow window of opportunity available to undertake underground tours for a small number of our closest neighbours.

To be in the running though you need to help us out by completing a feedback survey.

CGT will then draw a lucky winner from each of the Mt Clear, Sebastopol, Mt Pleasant and Golden Point areas.

By filling out the questionnaire on the back of this newsletter and posting it back to us by the 31st of January you will go into the draw to win a tour underground with two friends.



Above: Clearing of shrubs and weeds under the Pines in Brittain St.