

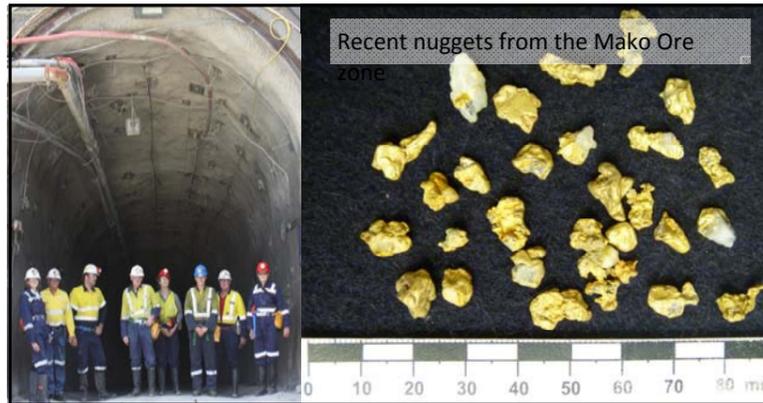
## Stoping and vibration activities

Over the past 12 months, CGT has been developing the underground mine network to provide access to ore bodies. One of next stages in mining the ore zones is to commence 'stope' mining: the technique of removing the targeted ore body ready for processing through the Mill.

In the near future CGT will begin stoping in the areas under Sovereign Hill and the Barkly & Dana St roundabout (see Stope Areas previous page).

The initial section of a stope, referred to as the 'rise', will generate slightly higher vibrations on the surface due to the nature of the blast design and the limited amount of free space the 'rise' has to fire into. Once the 'rise' has been fired successfully, the remaining sections of the stope can be fired in to the void that has been created, and typically there is a reduction in the vibrations felt on the surface.

Previous stope mining at Ballarat complied with strict Licence Conditions, CGT is reviewing previous firing designs and vibration data to ensure that any potential disruption to the community is minimised. CGT is committed to continual improvement, the design and blast patterns of stoping will be reviewed to improve each subsequent firing. CGT encourages all community members who 'feel' or 'hear' the effects of our blasting activities to make contact with the Environment & Community team 5327 2555: your feedback, will assist CGT with future blast design, with the view to reducing our impact on the community.



## ERC heads underground

Several members of the Environment Review Committee accepted an opportunity to tour areas of the underground operation, hosted by CGT's Kurtis Noyce, Ben Sinclair & Graeme Smith on 4 February.

## Environmental Compliance

The Environmental Management Plan under which CGT operates includes over 50 monitoring locations. The monitoring programme, which collects data from each of these locations, is designed to assist the day to day operation of the mine and to demonstrate regulatory compliance in areas such as water, dust, noise and vibration. The results are reported to the EPA, DPI and members of the ERC committee.

In 2011 the following incidents did not meet the sites licence:

**Water:** Sediment laden stormwater left site containing Total Suspended Solids (soil) and Iron above licence limits, during two summer storm events (both greater than 1:100 year events). Improved pumping ability within the mine water treatment system and Tailings Storage Facility wetlands will assist in managing future storm events.

**Dust:** Dust monitoring for September & November returned results above licence limits. In both instances only one of seven monitoring locations was above licence conditions. CGT uses treated mine water for the control of dust and is currently trialling a dust suppressant polymer to reduce the time and amount of water required to suppress dust on site. DPI recently completed an audit and site inspection, with no concerns with our dust suppression strategy.

**Heavy Vehicle Access:** The approved route, or curfew times, for vehicles over 10t, were breached six times. All incidents were identified by CGT staff and no neighbour complaints were received. Additional maps and information has been provided to suppliers, and signage has been installed at the corner of Tinworth Ave & Brittain Streets in an effort to prevent further heavy vehicle breaches.



### 24/7 — Contact

If you have any concerns or enquires relating to our mining operations we encourage you to contact us on **5327 2555**.

As this number is attended 24 hours per day, 7 days per week, you will always be able to talk to us.

## Message from the General Manager

It has been an eventful year since Castlemaine Goldfields Limited (CGT) recommenced underground development activities at the Ballarat Gold Project in March 2011.

At the end of December 2011 we had completed over 2500 metres of underground development, with the lowest working level more than 600 metres below the surface, as the mine progressed towards the targeted high grade Mako Fault Zone. During the 2011 year we also completed nearly 24,000 metres of diamond drilling as part of our exploration of underground targets; including into the northern most area called the Britannia compartment.



A total of 39,000 tonnes of ore was also mined from smaller satellite ore sources. The gold processing plant was successfully recommissioned with the first gold pour occurring on the 26 September, and a total of 2309 ounces of gold sold by the end of 2011. The initial mining of these satellite ore sources however did not perform to expectation, with the calculated head grade at around 2.2 g/t gold. In early November the mine plan and associated schedules were reviewed, prioritising activities to reach the higher grade Mako Fault Zone in the shortest time possible.

The Mako Lode was intersected ahead of schedule in February 2012 and the first parcel of processed ore, approximately 6640 tonnes, confirmed the expected increase in grade with a calculated head grade of 7.7 g/t gold producing 1441 ounces of gold.

While this initial production from the Mako Fault Zone in the Llanberris compartment has been in line with or better than predicted it is expected to take until the second half of 2012 to achieve forecast steady state production. Beyond this; successful exploration drilling in the Britannia compartment will be critical in providing continuity of gold production through 2013 and to demonstrate whether or not there does exist at the northern end of the prospective Ballarat goldfield sufficient mineralisation to sustain a profitable modern mining operation. Further information including drill hole results and diagrams of CGT operations are available at [www.cgt.net.au](http://www.cgt.net.au).

The changed Mine Plan in November saw a transition from contractor to owner operator mining in December and resulted in a reduced total workforce. The Ballarat operation at the end of 2011 directly employed 101 people and over 70% of these people live in the Ballarat area. During 2011 a total of \$7.4 million was paid in salaries with much of this flowing directly into the local economy along with an additional \$8.6 million spent in Ballarat on goods and services and a further \$10.5 million within Victoria.

As a company we are committed to providing more than just an economic return to the community and the simple compliance with our regulatory requirements. While we take every opportunity to ensure that CGT staff are aware of the sensitive environment in which they work and the potential impact we may have on our neighbours; regrettably there have been some occurrences since recommencing operations where we have received complaints regarding our activities.

I would encourage anyone with a concern regarding the operation to contact the mine site on 5327 2555, this telephone number is manned 24 hours per day. The timely raising of an issue with CGT personnel is essential for a factual investigation into the potential source of any concern. Please be assured that any matter raised is taken very seriously and we will continue to actively work at improving our systems to reduce the impact to all our neighbours.

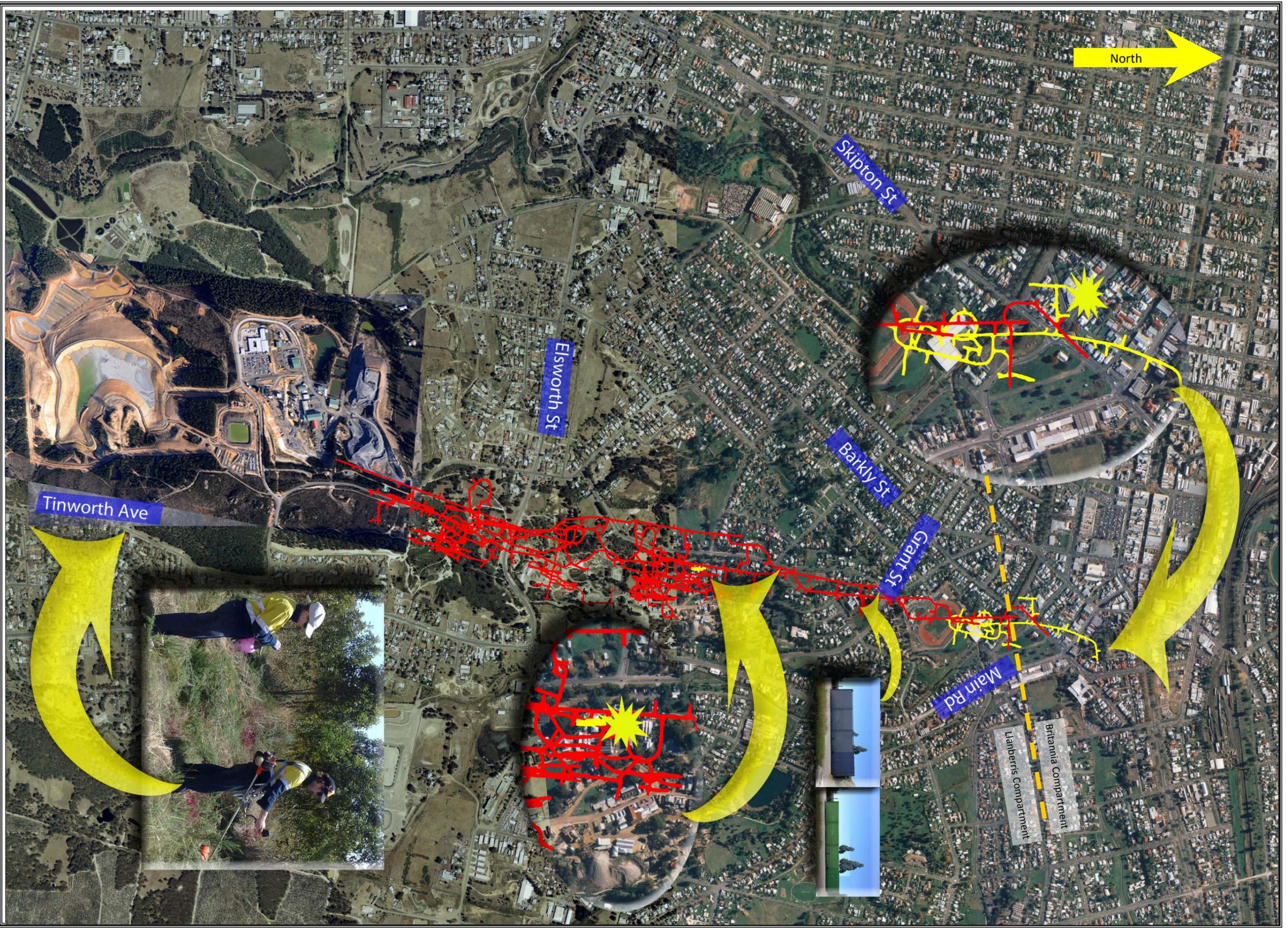
Lance Faulkner

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### Contact Us

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The most northern section of the current mine is known as the Britannia Compartment. The deepest point of the mine is over 640m below the surface and is used for exploration drilling further to the north. The orange line represent the Seven Stars cross course fault.

CGT's current working areas are highlighted in yellow, the red lines are the 20 km of decline developed over the past 18 years of recent mining. The stope mining (see pg.4) areas are represented in the cut-outs as yellow stars.

During the summer period CGT utilised members of the processing team to undertake weed control works. The team cleared over 3Hectares of noxious weeds.

CGT have been working with Council and DPI to gain approvals to reduce the size and change the colour of the grey box at the Golden Point ventilation shaft.