



## ASX ANNOUNCEMENT –13<sup>th</sup> February 2009

### Mining studies in sight at Cappers Project

Castlemaine Goldfields Ltd (ASX: CGT) announces an exploration update for ongoing activities at the Cappers Project at the northern end of the Castlemaine gold field.

Drill results which follow on from the December quarter continue to support the shallow resource potential at the Cappers Project. Diamond drilling adjacent to previously released RC results exhibit sufficient vein densities to justify additional exploration. This work will involve surface mapping and sampling programs aimed at gaining larger volumes of quartz vein sample. Larger samples are necessary to estimate local gold grades within a coarsely nuggetty style of mineralisation. Obtaining this data is a prelude to mine scoping studies.

These studies will incorporate consideration of joint venture opportunities over specific prospects in the Cappers region.

The Company remains firmly on track on it's pathway to production as detailed in the ASX Announcement of 23<sup>rd</sup> June 2008. These results are very encouraging in a market climate where gold is a standout investment opportunity.

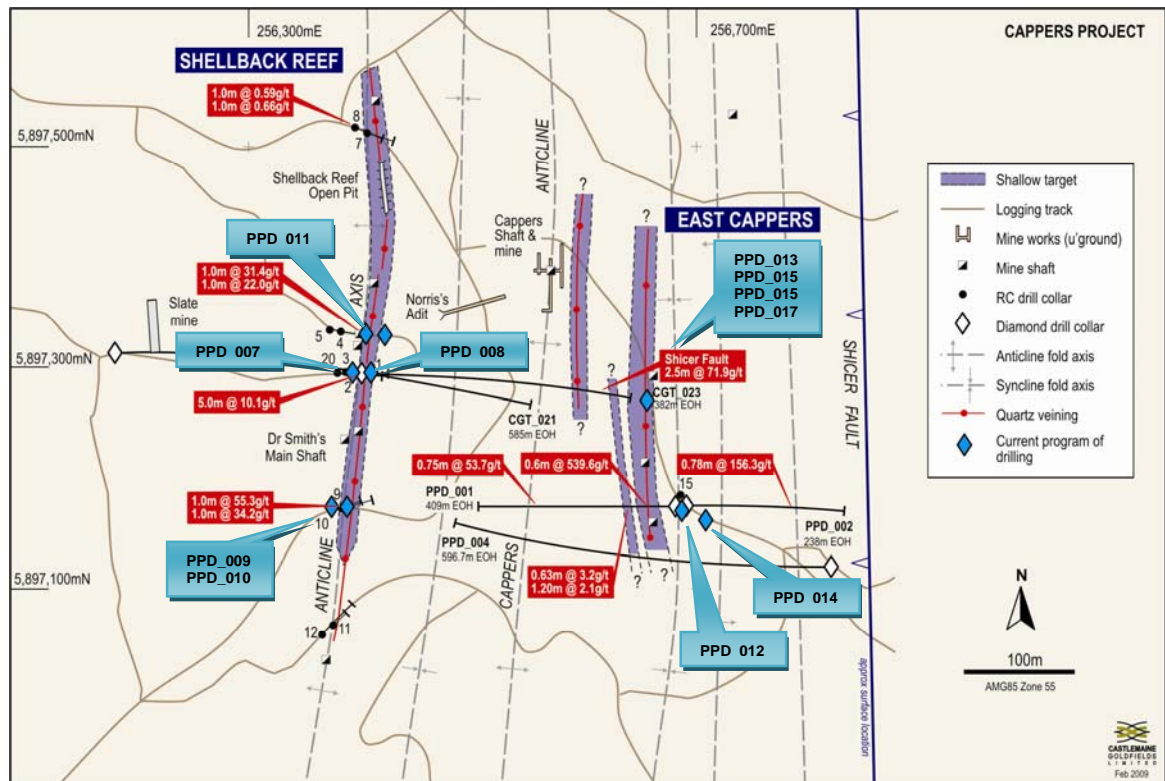


Figure 1. Location of recently drilled shallow diamond holes (generally <50m deep).

Eleven diamond holes have been drilled into shallow quartz vein targets at the Shellback and East Cappers prospects since the start of January (Figure 1). Of these holes assay results for hole PPD\_007 and PPD\_008 have been received with all others outstanding. Best results are;

- **0.6m at 10.35 g/t Au from 4.7m in PPD\_007**
- **0.3m at 0.34 g/t Au from 16.0m in PPD\_007**
- **0.65m at 12.76 g/t Au from 20.8m in PPD\_007**
- **0.4m at 8.72 g/t Au from 20.4m in PPD\_008**
- **0.6m at 0.43 g/t Au from 20.8m in PPD\_008**

Hole PPD\_007 was drilled as a twin to RC percussion hole PPR\_002 (5m @ 10.1g/t from 14m) and reported comparable quartz vein contents. There were highly variable gold grades in adjacent quartz veins. This grade variability is expected in such a high nugget style of mineralisation and is also found in repeat and duplicate assaying studies performed upon anomalous RC samples using either Fire Assay or 1000 gram Screen Fire Assay methods.

Of significance is the high volume of quartz veining logged in holes PPD\_009, PPD\_010 and PPD\_011 and the location of these veins within specific lithological rock units. Drilling and surface mapping has defined a series of three east dipping laminated quartz vein units which are hosted in narrow shale beds. Sandwiched amongst these bedded structures are distinct sandstone units which contain a higher abundance of quartz veining than adjacent shale dominated sediments. The entire package of prospective sandstones and associated structures is approximately 10m in true width (see Figure 2).

Gold is seen within a vertical stack of shallow W to WSW dipping spur veins which range in thickness between a few millimetres to a few metres. This steeply east dipping package of sub-horizontal veins lies immediately above a major west dipping fault which can offset the laminated quartz vein and shale beds by up to 10-12m. PPD\_011 was drilled within a single sandstone unit (see Figure 2) and provides information about the frequency of quartz veining above the fault. Vein density is thought to be between 7% and 13% in this location. Two occurrences of visible gold were logged in PPD\_011 at about 15-17m depth with results not expected for a number of weeks.

1870's mining records report gold grades at Shellback from highly selective mining of veins of about 55g/t (*55.5 ounces of gold taken from 31 tons; W. M. Baragwanath, Geological Surveyor 1903; Memoirs #2 The Castlemaine Goldfield*). The distribution of very high gold grades received in drilling at Cappers to date suggests that such concentrations remain possible. High grade veins at vein densities indicated to date if consistent across the length of either the Shellback or East Cappers prospects would warrant further bulk sampling and exploration to define the economics of mining.

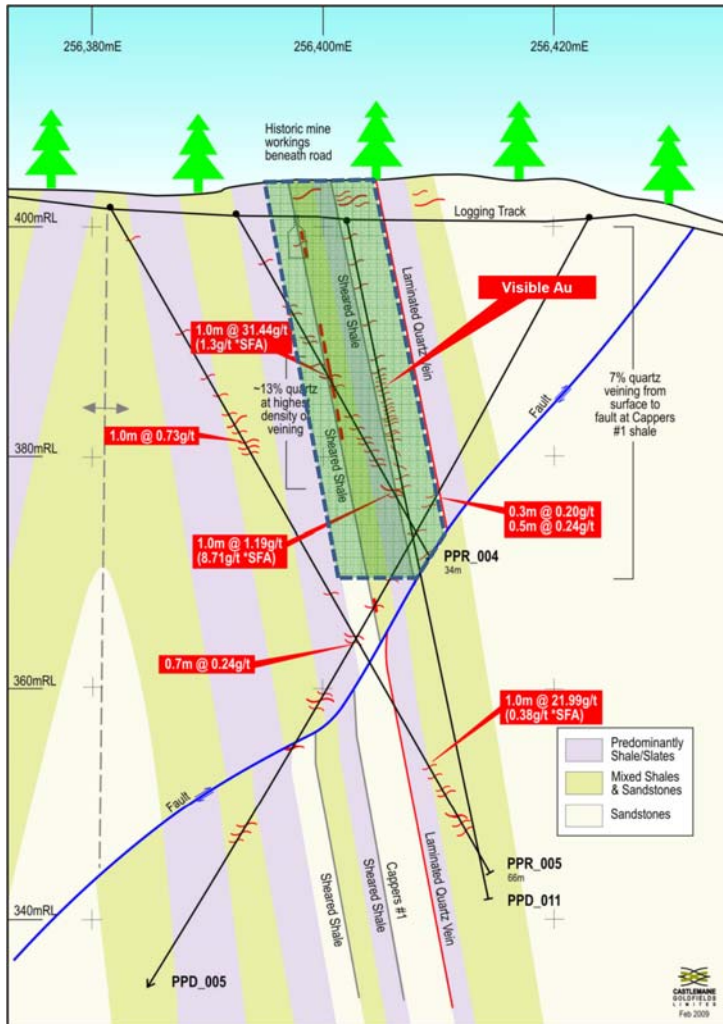
Drilling is continuing at East Cappers where the targeted quartz veining has been intersected at depths of less than 5m from surface. Review and assessment of this prospect will be performed once the initial drilling is completed and all assays are returned.

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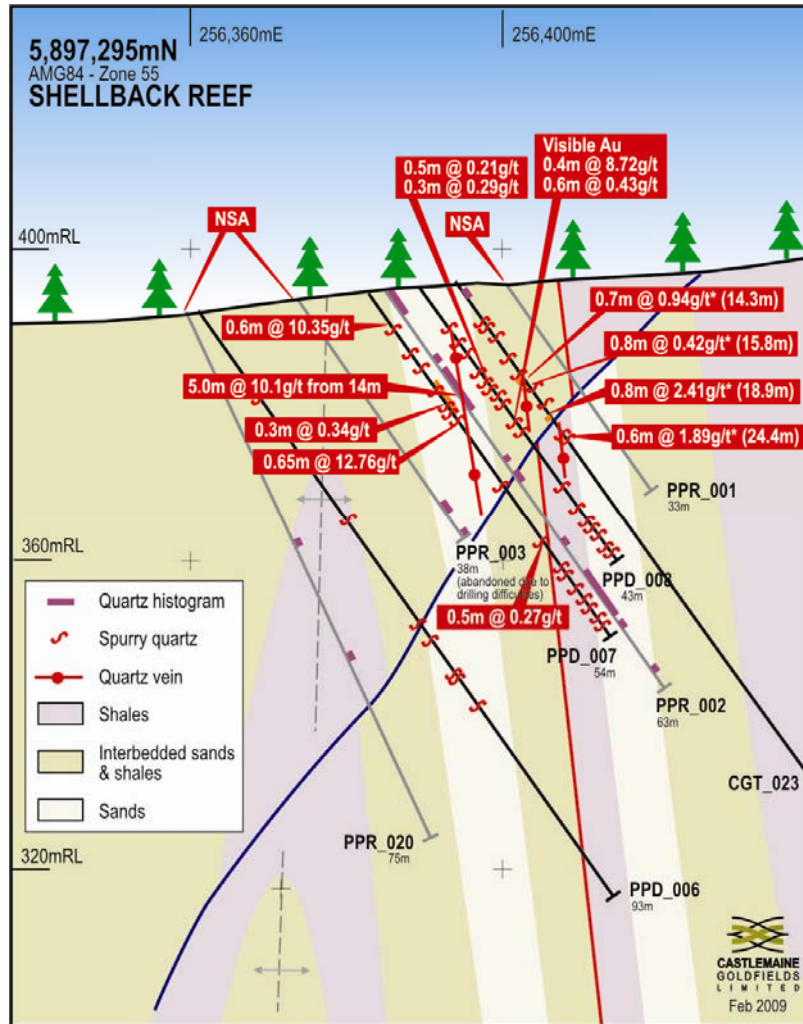
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**Figure 2. Shellback x-section 5897330N looking north (assay results from PPD\_011 are awaited)**



**Figure 3. Section 5897295N showing results from PPD\_007 & PPD\_008**

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As previously stated, development within the pine plantation is likely to be the quickest means of establishing a cash flow. It is also considered most likely that, following successful exploration and mine development, ore from the early stages of production could be toll treated within the district. Any discovery of economic gold resources in the northern part of the Castlemaine field at shallow depths would readily facilitate the development of underground access via a decline from within the pine plantation that would drive south to exploit the northern deposits en route to Chewton/Wattle Gully where we announced the inaugural Inferred Resource estimate on 2<sup>nd</sup> June 2008.

A handwritten signature in blue ink, appearing to read 'G. Scanlan', with a long horizontal flourish extending to the right.

**Gary Scanlan**  
**Managing Director and Chief Executive Officer**

For further details contact Gary Scanlan  
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*Information in this Announcement which relates to exploration results, is based on information compiled by Mr Wesley Edgar, Exploration Manager for Castlemaine Goldfields Limited, who is a member of the Australasian Institute of Mining and Metallurgy who has the relevant experience as a competent person, as defined in the Australasian Code for Reporting of exploration results and identified mineral resources in relation to the mineralisation being reported. 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 statement and to the inclusion of this statement in the Announcement, in the form and context in which it appears.*