



ABN 83 116 095 802

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Date of Meeting
Tuesday 22nd November 2011

Time of Meeting
10.00 AM (WST)

Place of Meeting
BDO
38 Station Street
Subiaco WA 6008

The Castle Minerals Limited 2011 Annual Report may be viewed on the Company's website at

www.castleminerals.com

CASTLE MINERALS LIMITED

ABN 83 116 095 802

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2011 Annual General Meeting of shareholders of Castle Minerals Limited ("**Company**") will be held at BDO, 38 Station Street, Subiaco WA on Tuesday 22nd November 2011 at 10.00 am (WST) for the purpose of transacting the following Business.

ORDINARY BUSINESS

2011 Financial Statements

To receive the financial statements of the Company for the year ended 30 June 2011, consisting of the Annual Financial Report, the Directors' Report and Auditor's Report.

Resolution 1 – Re-election of Michael Ashforth as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Michael Ashforth having retired as a director of the Company in accordance with the Company's Constitution and, being eligible, having offered himself for re-election be re-elected a director of the Company."

Pursuant to the Company's Constitution, one-third of the directors of the Company (other than the managing director) must retire at each Annual General Meeting and being eligible may offer themselves for re-election.

Resolution 2 – Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That the Remuneration Report forming part of the Company's 2011 Annual Report be adopted."

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

The Company will disregard any votes cast on Resolution 2 by or on behalf of a Restricted Voter¹. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of a Restricted Voter.

Further, the Company will not disregard a vote cast by the Chair of the meeting as a proxy, if the appointment of the Chair expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 2. Shareholders may also choose to direct the Chair to vote against Resolution 2 or to abstain from voting.

¹ Restricted Voter means Key Management Personnel and the Closely Related Parties as defined in the glossary.

Resolution 3: Ratification of Prior Issue of Shares

To consider, and if thought fit, pass as an **ordinary resolution** the following:

“That in accordance with ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 13,875,714 Shares at an issue price of 35 cents per Share on 29 June 2011 to the persons and on the terms and conditions as set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 3 by a person who participated in the issue and any of their associates. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the direction on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 4 – Approval of Performance Rights Plan

To consider and, if thought fit, pass the following as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.2 Exception 9(b) of the Listing Rules and for all other purposes, the Company approves the grant of Performance Rights and the issue of Shares under the Performance Rights Plan to Eligible Persons, the rules of which are set out in Annexure A to the Explanatory Memorandum accompanying this Notice.”

The Company will disregard any votes cast on Resolution 4 by a Director of the Company and any associate of a Director. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person entitled to vote, in accordance with a direction on a proxy form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 4 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 4 or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 4. Shareholders may also choose to direct the Chair to vote against Resolution 4 or to abstain from voting.

Resolution 5: Grant of Performance Rights to Michael Ivey

To consider, and if thought fit, pass as an **ordinary resolution** the following:

“That, subject to the passing of Resolution 4, pursuant to and in accordance with section 208 of the Corporations Act and Listing Rule 10.14 and for all other purposes, the Directors be and are hereby authorised to grant 2,000,000 Performance Rights for no consideration to Michael Ivey or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum (including Annexure B to the Explanatory Memorandum).”

Voting Exclusion: The Company will disregard any votes cast on Resolution 5 by Michael Ivey and any associate of Michael Ivey. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of Michael Ivey or an associate of Michael Ivey.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 5 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 5; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 5, Shareholders may also choose to direct the Chair to vote against Resolution 5 or to abstain from voting.

A Proxy Form is attached and to be valid must be received by the Company no later than 10.00 am (WST) on 20th November 2011. Proxy forms received later than this time will be invalid.

- ▶ By Post at: PO Box 437 West Perth WA 6872
- ▶ By Facsimile: +61 8 9284 5413
- ▶ In Person Unit 6, 1 Clive Street, West Perth 6005

Capitalised terms used in the Notice and in the Explanatory Memorandum are defined in the glossary at the end of the Explanatory Memorandum.

By order of the Board

Desmond Kelly
Company Secretary
Date: 4 October 2011

How to vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 10 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolutions 2, 4 and 5, if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
- Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed resolutions. These rules are explained in this Notice.
- To be effective, proxies must be lodged by 10.00 am (WST) on 20th November 2011. Proxies lodged after this time will be invalid.
- Proxies may be lodged using any of the following methods:
 - by returning a completed proxy form in person or by post to:
Unit 6, 1 Clive St West Perth WA 6005;
 - by faxing a completed proxy form to 08 9284 5413;

The proxy form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 10.00 am (WST) on 20th November 2011. If facsimile transmission is used, the power of attorney must be certified.

Shareholders who are entitled to vote

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 5.00pm (WST) on 20th November 2011.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the shareholders of Castle Minerals Limited (**Company**) in connection with the business to be conducted at the Annual General Meeting of the Company to be held at BDO, 38 Station Street, Subiaco WA on 22nd November 2011 commencing at 10.00 am (WST).

The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum will, unless the context otherwise requires, have the same meaning given to them in the glossary as contained in this Explanatory Memorandum.

At the AGM, Shareholders will be asked to consider resolutions:

- Re-electing Michael Ashforth as a director who retires by rotation in accordance with the Company's constitution.
- Adopting the remuneration report, this resolution is advisory only.
- Ratification of prior issue of Shares.
- Approval of Performance Rights Plan.
- Issue of Performance Rights to Michael Ivey.

Each of the resolutions is an ordinary resolution requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

Financial and Other Reports

As required by section 317 of the Corporations Act, the financial statements for the year ended 30 June 2011 and the accompanying Directors' Report, Directors' Declaration and Auditor's Report will be laid before the meeting.

Neither the Corporations Act, nor the Company's Constitution requires a vote on the reports. However, the shareholders will have an opportunity to ask questions about the report and on the business, operations and management of the Company at the annual general meeting.

The Chairman will also provide shareholders a reasonable opportunity to ask the auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of the accounts; and
- the independence of the auditor in relation to the conduct of the audit.

Resolution 1 - Re-election of Michael Ashforth as a Director

Resolution 1 deals with the re-election of Michael Ashforth who was appointed a non-executive director on 5 September 2005 and re-elected on 13 November 2009. Mr Ashforth retires as required by the Company's Constitution and the Listing Rules and, being eligible, has offered himself for re-election.

Michael Ashforth is an Executive Director of Macquarie Capital. He was formerly a Managing Director of Gresham Advisory Partners. Mr Ashforth has advised on a wide range of mergers and acquisitions transactions for Australian and international clients across a wide range of industry sectors. He has extensive experience in transactions across the resources sector. He is non executive chairman of Cradle Resources Limited.

Mr Ashforth has not held any former public company directorships in the last 3 years.

All the Directors except for Mr Ashforth recommend that shareholders vote in favour of Resolution 1.

Resolution 2 - Remuneration Report

As required by section 250R(2) of the Corporations Act, the Board is presenting the Remuneration Report to Shareholders for consideration and adoption by a non – binding vote. The Remuneration Report contains:

- information about Board policy for determining the nature and amount of remuneration of the Company's Directors and senior executives;
- a description of the relationship between remuneration policy and the Company's performance;
- a summary of performance conditions, including a summary of why they were chosen and how performance is measured against them; and
- remuneration details for each Director and for each of the Company's specified executives.

The Directors' Report (in the Company's Annual Report) contains a report of key management personnel's remuneration. The remuneration report is submitted to shareholders for consideration and adoption. For further information on the Company's remuneration policy, shareholders may refer the Company's Corporate Governance Policy. Copies of the Company's Annual Report and Corporate Governance Policy are all available on its website www.castleminerals.com

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at the 2011 AGM, and then again at the 2012 AGM, the Company will be required to put a resolution to the 2012 AGM, to approve calling a general meeting (**spill resolution**). If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene a general meeting (**spill meeting**) within 90 days of the 2012 AGM. All of the Directors who were in office when the 2012 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the spill meeting.

The Board unanimously recommends that the shareholders vote in favour of the resolution to adopt the current remuneration report.

Shareholders are advised that a voting exclusion applies to Resolution 2 in the terms set out in the Notice of Meeting. In particular, the directors and other Restricted Voters may not vote on this resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of this Resolution.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

Resolution 3: Ratification of Prior Issue of Shares

General

As announced on 24 June 2011 the Company received commitments to raise \$4.8 million through the issue of 13.88 million fully paid ordinary shares at \$0.35c per Share. Key participants included existing long term Shareholders and new shareholder, Resource Capital Funds, the highly credentialed mining-focused Denver based private equity firm, which has taken a 4.3% interest in Castle. The funds raised will be used to advance gold exploration on the Company's extensive 11,000km² land holding in Ghana and follow up the strong gold results reported from its new Baayiri and Kandia gold discoveries in north-west Ghana. The Shares were issued on 29 June 2011.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares referred to above.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than the amount which represents 15% of the number of fully paid ordinary securities on the issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Specific information required by Listing Rule 7.5

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) the 13,875,714 Shares were allotted and issued on 29 June 2011 to those persons listed below;

Name	Shares	Amount
Resource Capital Fund	4,285,714	1,500,000
Clients of Southern Cross Equities	9,590,000	3,356,500
Total	13,875,714	4,856,500

- (b) the Shares were issued at an issue price of 35 cents per Share;
- (c) the Shares rank equally with the existing Shares on issue;
- (d) a total of \$4.856 million was raised to advance gold exploration in Ghana and follow up strong gold results reported from Baayiri and Kandia gold discoveries; and
- (e) a voting exclusion statement is included in the Notice

Resolution 4 – Approval of Performance Rights Plan

The Directors considered that it was desirable to establish an option plan under which employees may be offered the opportunity to subscribe for Performance Rights in the Company in order to increase the range of potential incentives available to them and to strengthen links between the Company and its employees and accordingly adopted the Castle Minerals Limited Performance Rights Plan ("**Performance Rights Plan**") on 16 September 2011.

The Performance Rights Plan is designed to provide incentives to the employees of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances the Directors consider that the incentives to employees are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure employees and Directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Performance Rights Plan is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

Shareholder approval is required if any issue of Performance Rights pursuant to the Performance Rights Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without shareholder approval. Accordingly, shareholder approval is sought for the purposes of Listing Rule 7.2 Exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within three years of the date of issue.

Prior shareholder approval will be required before any Director or related party of the Company can participate in the Performance Rights Plan.

Under the Performance Rights Plan, the Board may offer to Eligible Persons the opportunity to subscribe for such number of Performance Rights in the Company as the Board may decide and on the terms set out in the rules of the Performance Rights Plan, a copy of which is contained in Annexure A of this Explanatory Memorandum. Performance Rights granted under the Performance Rights Plan will be offered to participants

in the Performance Rights Plan on the basis of the Board's view of the contribution of the Eligible Person to the Company.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- (a) a copy of the rules of the Performance Rights Plan is attached as Annexure A to this Explanatory Memorandum;
- (b) this is the first approval sought under Listing Rule 7.2 Exception 9 with respect to the Performance Rights Plan; and
- (c) a voting exclusion statement has been included for the purposes of Resolution 4.

Resolution 5: Grant of Performance Rights to Michael Ivey

The Company proposes to grant a total of 2,000,000 Performance Rights to Michael Ivey (**Participating Director**), or his nominee(s). The proposed grant of Performance Rights to the Participating Director will be subject to the terms of the Performance Rights Plan. If, however, there is any inconsistency between the terms of the Performance Rights as set out in Annexure B and the Performance Rights Plan, the terms as set out in Annexure B prevail to the extent of the inconsistency.

Performance Conditions

The Performance Rights will vest only if a total Gold Resource (Measured, Indicated or Inferred) equal to or exceeding 1,000,000oz of gold, or gold equivalent for other precious or base metals, in accordance with the JORC Code, provided that the total Resource must contain at least 80% of the ounces within the Measured and Indicated categories as defined by the JORC Code.

The grant of Performance Rights encourages the Participating Director to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. Under the Company's current circumstances the Directors consider (in the absence of the Participating Director) that the incentive intended for the Participating Director represented by the grant of these Performance Rights are a cost effective and efficient means for the Company to provide a reward and an incentive, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

The number of Performance Rights to be granted to the Participating Director has been determined based upon a consideration of:

- the remuneration of the Directors;
- the Directors' wish to ensure that the remuneration offered is competitive with market standards. The Directors have considered the proposed number of Performance Rights to be granted will ensure that the Participating Director's overall remuneration is in line with market standards; and
- incentives to attract and ensure continuity of service of directors who have appropriate knowledge and expertise.

Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

1. the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
2. shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, the Participating Director is considered to be a related party of the Company.

Resolution 5 provides for the grant of Performance Rights to the Participating Director which is a financial benefit which requires shareholder approval.

Current Holdings

The Participating Director's relevant interest in Shares of the Company as at the date of this Notice is

Number	Nature of Holding
4,400,000	Held by M Ivey Pty Ltd, a company associated with Mr Ivey.
783,000	Held by M Ivey Pty Ltd <Super Fund A/C>, a company associated with Mr Ivey
32,000	Held by Mr Ivey's spouse and dependent children

The Participating Director does not have a relevant interest in any Options as at the date of this Notice.

The Participating Director's has no relevant interest in Performance Rights of the Company as at the date of this Notice.

INFORMATION REQUIREMENTS

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

The related party to whom the proposed resolutions would permit the financial benefit to be given:

Subject to shareholder approval, the following maximum number of Performance Rights that will be granted to the Michael Ivey, or his respective nominee(s) is 2,000,000.

The nature of the financial benefit

The proposed financial benefit to be given is the grant of Performance Rights for no consideration to the Participating Director as noted above.

Mr Participating Director will not be required to make any payment for the grant of the Performance Rights or on the exercise of a vested Performance Right. The maximum number of Performance Rights that could vest, and hence be exercised under Resolution 5 is 2,000,000.

Directors' recommendation

With the exception of Michael Ivey, all of the Directors were available to make a recommendation. For the reasons noted above Messrs Ansell and Ashforth (who have no interest in the outcome of Resolution 5) recommend that shareholders vote in favour of Resolution 5.

Michael Ivey declines to make a recommendation about Resolution 5 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Performance Rights to him or his nominee(s).

Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors.

The proposed ordinary Resolution 5 would have the effect of giving power to the Directors to grant a total of 2,000,000 Performance Rights on the terms and conditions as set out in Annexure B to this Explanatory Memorandum and as otherwise mentioned above.

The Company currently has 113,502,677 listed Shares and the following unlisted Options on issue:

Number	Exercise Price	Expiry Date
3,500,000	\$0.35	21 December 2011
1,050,000	\$0.40	1 September 2016

If all Performance Rights granted as proposed above are exercised, and assuming all existing Options on issue have been exercised, the effect would be to dilute the share holding of existing shareholders by 1.7%.

The fees per annum (including superannuation) of Michael Ivey are \$300,000 and the value of the Performance Rights are \$680,000. The total financial benefit to be received by him in this current period as a result of the grant of the Performance Rights the subject of Resolutions 5 is \$980,000

The indicative valuation of a Performance Right of 34 cents is a theoretical valuation of each option using the Market Value Model.

Valuation of Performance Rights

The Company's advisers have valued the Performance Rights to be granted to the Participating Director using the Black & Scholes Model. The value of Performance Rights calculated by the Market Value Model is a function of the closing share price at the valuation date.

The valuation of the Performance Rights has been prepared using the following assumptions:

Variable	Input
Valuation Date	3 October 2011
Exercise price	Nil
Expiration Date	22 November 2016
Expected life of the instrument	5 years
Current price of the underlying Share	\$0.34
Expected dividends	Nil

Based on the assumptions, it is considered that the estimated average value of the Performance Rights to be granted to Michael Ivey is 34 cents per Performance Right.

The following table gives details of the highest, lowest and latest closing prices of the Company's Shares trading on ASX over the past 12 months ending on 3 October 2011:

Highest Price (cents) / Date	Lowest Price (cents) / Date	Latest Price / Date
64 cents / 9 November 2010	24 cents / 17 May 2011	34 cents / 3 October 2011

Other Information

Under the Australian Equivalent of IFRS, the Company is required to expense the value of the Performance Rights in its statement of financial performance for the current financial year. Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Performance Rights pursuant to Resolution 5.

Neither the Directors nor the Company are aware of other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by the proposed resolutions.

Listing Rule 10.14

Listing Rule 10.14 requires shareholder approval by ordinary resolution for any issue of securities by a listed company to a related party under an employee incentive scheme. Accordingly, Listing Rule 10.14 requires shareholders to approve the issue of Performance Rights under the Performance Rights Plan to the Participating Director.

For the purposes of Listing Rule 10.15, the following information is provided to shareholders with respect to Resolution 5:

- (a) the Performance Rights will be granted to the Participating Director, or his nominee(s), as noted above;
- (b) the maximum number of Performance Rights to be granted is 2,000,000;
- (c) the Performance Rights will be granted for no consideration;
- (d) no funds will be raised by the grant of the Performance Rights;
- (e) all Directors, or their permitted nominees, are entitled to participate in the Performance Rights Plan but for the purposes of Resolution 5 at this time the Company is only seeking to grant Performance Rights to Michael Ivey;

- (f) no Directors, or their permitted nominees, have received any Performance Rights under the Performance Rights Plan; and
- (g) the Performance Rights will be granted on a date, being no later than 12 months after the date shareholder approval is obtained for Resolution 5.

Voting

Note that a voting exclusion applies to Resolution 5 in the terms set out in the Notice of Meeting. In particular, the directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolutions.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on these Resolutions.

GLOSSARY

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

Accounting Standards	has the meaning given to that term in the Corporations Act.
ASX	means ASX Ltd ABN 98 008 624 691 and, where the context requires, the Australian Securities Exchange operated by ASX Ltd.
Board	means the board of Directors of the Company.
Closely Related Party	has the meaning given to that term in the Corporations Act.
Company	means Castle Minerals Limited ACN 116 095 802
Corporations Act	means Corporations Act 2001 (Cth).
Director	means a director of the Company.
Explanatory Memorandum	means this information attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice.
JORC / JORC Code	means the Australasian Code for Reporting of Exploration Results, 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
Key Management Personnel	has the meaning given to that term in the Accounting Standards.
Listing Rules	means the listing rules of ASX.
Notice or Notice of Meeting	means the Notice of Annual General Meeting accompanying this Explanatory Memorandum.
Option	means an option over a Share.
Performance Right	means a right granted under the Performance Rights Plan to acquire Shares on terms, and subject to conditions, set out in the Performance Rights Plan.
Performance Rights Plan	means the performance rights plan titled "Castle Minerals Limited Performance Rights Plan" the subject of Resolution 4, a copy of which is attached at Annexure A.
Resolution	means a resolution contained in the Notice.
Restricted Voter	means the Key Management Personnel and their Closely Related Parties.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of Shares.
WST	means Australian Western Standard Time.

ANNEXURE A

PERFORMANCE RIGHTS PLAN

PERFORMANCE RIGHTS PLAN

(Adopted by the Board on 16 September 2011)

CASTLE MINERALS LIMITED ABN 83 116 095 802

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Purpose

The Performance Rights Plan is a long term incentive aimed at creating a stronger link between employee performance and reward and increasing shareholder value by enabling Participants to have a greater involvement with, and share in the future growth and profitability of, the Company.

1 Defined terms and interpretation

1.1 Definitions in the Dictionary

A term or expression starting with a capital letter:

- (a) which is defined in the Dictionary in Schedule 1 (**Dictionary**), has the meaning given to it in the Dictionary; and
- (b) which is defined in the Corporations Act, but is not defined in the Dictionary, has the meaning given to it in the Corporations Act.

1.2 Interpretation

The interpretation clause in Schedule 1 (**Dictionary**) sets out rules of interpretation for this Plan.

2 Offer to participate

2.1 Offers

- (a) The Board may from time to time in its absolute discretion issue or cause to be issued Offers on behalf of the Company to Eligible Persons. That Offer will be in such form as the Board determines from time to time and will include the following information:
 - (i) the date of the Offer;
 - (ii) the name of the Eligible Person to whom the Offer is made;
 - (iii) the number of Performance Rights which are capable of becoming exercisable if Performance Conditions are met;
 - (iv) the Performance Conditions and Performance Period;
 - (v) the approximate Measurement Date(s) in respect of the Performance Rights;
 - (vi) the Expiry Date; and
 - (vii) the time period in which to accept the Offer by returning a duly completed Application Form.
- (b) Offers may be made by the Board on a differential basis to Eligible Persons, different classes of Eligible Persons or to Eligible Persons within the same class, as the case may be.

2.2 Application form

- (a) An Eligible Person who receives an Offer can only participate in the Plan by returning a duly completed Application Form within the time period and as otherwise specified in the Offer.
- (b) An Eligible Person may nominate a person to whom the Eligible Person wishes to be granted all the Performance Rights as specified in the Offer by notice in writing to the Board. The Board may, in its absolute discretion, resolve not to allow the grant of the Performance Rights to the nominee without giving any reason for such decision.
- (c) If an Application Form is not returned within the time specified or otherwise in accordance with the requirements set out in the Offer, the Board may nevertheless in its sole discretion treat any Application Form received from an Eligible Person (or their nominee) as being returned in accordance with clause 2.2(a).
- (d) For the avoidance of doubt, the Board in its sole discretion can refuse to allow an Eligible Person (or their nominee) to participate in the Plan even though a duly completed Application Form is received from the Eligible Person (or their nominee) in accordance with clause 2.2(a).

2.3 Participants

Subject to clause 2.2(d), following:

- (a) receipt of a duly completed Application Form by an Eligible Person; or
- (b) the Board resolving to allow the grant of Performance Rights to an eligible person's nominee ("**Permitted Nominee**") and the Permitted Nominee giving the Company a duly completed Application Form,

then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by rules of this Plan and will be granted Performance Rights subject to these rules. On the grant of Performance Rights following receipt by the Company of an Application Form, an Eligible Person or the Permitted Nominee, as the case may be, becomes a Participant.

3 Grant of performance rights

3.1 Grant

- (a) As soon as practicable after the receipt of a duly completed Application Form, the Company will grant to each Participant the number of Performance Rights as set out in the Offer.
- (b) A Participant will not pay anything for the grant of Performance Rights.
- (c) An Eligible Person has no entitlement to be granted any Performance Rights unless and until such Performance Rights are granted.
- (d) None of the Performance Rights will be listed for quotation on any stock exchange.

3.2 Not transferable

Except on the death of a Participant, Performance Rights may not be transferred, assigned or novated except with the approval of the Board.

3.3 Security interest

Subject to clause 3.2, Participants will not grant any Security Interest in or over or otherwise dispose of or deal with any Performance Rights or any interest in them until the relevant Shares are either issued or transferred to that Participant, and any such Security Interest or disposal or dealing will not be recognised in any manner by the Company.

3.4 New issues

A Performance Right does not confer on a Participant the right to participate in new issues of Shares by the Company, including by way of bonus issue, rights issue or otherwise.

3.5 Dividend and Voting Rights

Performance Rights will not give any right to participate in dividends or any voting rights until Shares are issued or transferred to a Participant pursuant to the exercise of Vested Performance Rights.

4 Vesting and exercise of performance rights

4.1 Performance conditions

The Performance Conditions applicable to any Performance Period relating to Performance Rights shall be as set out in the Offer, including the Measurement Date, and shall be as determined by the Board in its absolute discretion from time to time.

4.2 Determination of number of Vested Performance Rights

As soon as reasonably practicable after each Measurement Date applicable to any Performance Period, the Board shall determine in respect of each Participant as at that Measurement Date:

- (a) whether, and to what extent, the Performance Conditions applicable up to the Measurement Date have been satisfied;
- (b) the number of Performance Rights (if any) that will become Vested Performance Rights as at the Measurement Date;
- (c) the number of Performance Rights (if any) that will lapse as a result of the non-satisfaction of Performance Conditions as at the Measurement Date; and
- (d) the number of Performance Rights (if any) in respect of the Performance Period that continue as Unvested Performance Rights,

and shall provide written notification to each Participant as to that determination.

4.3 Exercise of Performance Rights

- (a) Unless and until Performance Rights are exercised and the relevant Shares are either issued or transferred to that Participant as a result of that exercise, a Participant has no interest in those Shares.
- (b) A Performance Right can only be exercised before the Expiry Date and if, at the time of exercise, it is a Vested Performance Right that has not lapsed under clause 5.
- (c) Unless otherwise provided in the Offer, no amount shall be payable by a Participant on the exercise of Performance Rights.
- (d) The exercise of any Performance Right may only be effected on the first Business Day of a month (or such other date as determined by the Board) and in such form and manner as the Board may prescribe.
- (e) The exercise of some Performance Rights only does not affect the Participant's right to exercise other Performance Rights at a later time.
- (f) Following exercise of Performance Rights, the Company must issue or procure the transfer to the person exercising the Performance Right the number of Shares in respect of which the Performance Rights have been exercised (as adjusted under clause 10.2, if relevant), credited as fully paid.
- (g) All Shares issued or transferred to a Participant under this Plan, will, from the date of issue or transfer, rank equally with all other issued Shares. The Company will apply for official quotation of these Shares on each stock exchange on which Shares are quoted.

5 Time of lapse of performance rights

Unless otherwise determined by the Board, a Performance Right lapses, to the extent it has not been exercised, on the earlier to occur of:

- (a) where Performance Conditions have not been satisfied on the Measurement Date - the date the Board makes a determination under clause 4.2(c) that the Performance Right will lapse;
- (b) if an Eligible Person ceases to be an Eligible Person because of a Specified Reason – the date of lapse under clause 6.1(b);
- (c) if an Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason – the date of lapse either under clause 6.1(a) or clause 6.2(a);
- (d) the day the Board makes a determination that the Performance Rights lapses under clause 7;
- (e) the date of lapse under clause 8.2; and
- (f) the Expiry Date.

6 Cessation of employment or office

6.1 Unvested performance rights

Unless otherwise determined by the Board:

- (a) if an Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, any Unvested Performance Rights held by such Eligible Person, or if appropriate, their Permitted Nominee, any Unvested Performance Rights will automatically lapse; and
- (b) if the Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, their Permitted Nominee, may exercise any Unvested Performance Rights held by them within:
 - (i) 6 months of the date of (as the case may be) Retirement, Redundancy, death or Total and Permanent Disablement; or
 - (ii) such longer period as the Board determines,

subject to the Board, in its absolute discretion, determining the extent to which Unvested Performance Rights that have not lapsed will become Vested Performance Rights. Performance Rights the subject of clause 6.1(b) not exercised within the 6 months or the longer period determined by the Board, will automatically lapse.

6.2 Vested performance rights

Unless otherwise determined by the Board:

- (a) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, such Eligible Person, or if appropriate, their Permitted Nominee, may exercise any Vested Performance Rights held by them within:
 - (i) 1 month of ceasing to be an Eligible Person; or
 - (ii) such longer period as the Board determines,

and any Vested Performance Rights the subject of this clause not exercised within the 1 month or the longer period determined by the Board, will automatically lapse; and

- (b) if an Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, their Permitted Nominee is entitled to exercise any Vested Performance Rights at any time prior to its Expiry Date.

6.3 Secretary's certificate

A certificate signed by the company secretary of the Company stating that a person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan, both as to such occurrence and the reason for such occurrence and the date of such occurrence.

6.4 Death of a Participant

Subject to clauses 6.1(b) and 6.2(b), if at any time prior to the Expiry Date of any Performance Rights a Participant dies, the deceased Participant's Legal Personal Representative may:

- (a) elect to be registered as the new holder of the deceased Participant's Performance Rights; and
- (b) whether or not the deceased Participant's Legal Personal Representative becomes so registered, exercise those Performance Rights in accordance with and subject to the rules of this Plan as if they were the holder of such Performance Rights.

7 Breach, fraud or dishonesty

If in the opinion of the Board a Participant acts fraudulently or dishonestly or is in material breach of his or her obligations to any Group Company then the Board may in its absolute discretion determine that all the Participant's Performance Rights will lapse and the Board's decision will be final and binding.

8 Change of control

8.1 Vesting upon change of control

All of a Participant's Unvested Performance Rights that have not lapsed will become Vested Performance Rights:

- (a) in the event a takeover bid (as defined in the Corporations Act) to acquire any Shares becomes or is declared to be unconditional, irrespective of whether the takeover bid extends to Shares issued and allotted after the date of the takeover bid or not;
- (b) at any time after a Change of Control Event has occurred; or
- (c) if a merger by way of scheme of arrangement under the Corporations Act has been approved by the Court under section 411(4)(b) of the Corporations Act,

(each a Notification Event).

8.2 Notification to Participants

Upon a Notification Event occurring, the Board may notify each Participant in writing that if the Participant wishes to exercise any of their Vested Performance Rights, the Participant must do so within the period specified in the notice (**Change of Control Notice Period**), and any Vested Performance Rights that are not exercised within the Change of Control Notice Period will lapse at the end of the Change of Control Notice Period.

8.3 Lapse of Performance Rights

Unless the Board determines otherwise Vested Performance Rights that are not exercised by the end of the Change of Control Notice Period shall lapse at the end of the Change of Control Notice Period.

9 Administration of the plan

- (a) The Plan will be administered by the Board. The Board will have power to delegate the exercise of its powers or discretions arising under the Plan to any one or more persons (including, but not restricted to, a committee or sub-committee of the Board) for such period and on such conditions as the Board may determine.
- (b) The Board may at any time appoint or engage specialist service providers for the operation and administration of the Plan.
- (c) The Board will ensure a complete register of Participants is maintained to facilitate efficient management and administration and to comply with regulatory reporting requirements.
- (d) Shares to be provided under the Plan may either be satisfied by the issue of new Shares or by the transfer of existing Shares.
- (e) Where the Board is required to make a determination or is entitled to exercise discretion in respect of the Plan, that determination or discretion shall be exercised reasonably and in good faith, unless provided otherwise.

10 Capital events

10.1 Variation of Capital

If there are certain variations of the share capital of the Company including a capitalisation or rights issue, sub-division, consolidation or reduction of share capital, a demerger (in whatever form) or other distribution in specie, the Board may make such adjustments as it considers appropriate under clause 10.2 in accordance with the provisions of the Listing Rules.

10.2 Adjustments

An adjustment made under this clause will be to one of the following:

- (a) the number of Shares which may be issued or transferred upon exercise of any Performance Rights; or
- (b) where Performance Rights have been exercised but no Shares have been issued or transferred following the exercise, the number of Shares which may be issued or transferred.

10.3 Notice of Variation

As soon as reasonably practicable after making any adjustment under clause 10.2, the Board will give notice in writing of the adjustment to any Participant affected by it.

11 Rights of participants

Nothing in this Plan or participation in the Plan:

- (a) confers on any Eligible Person or Participant the right to continue as an employee or officer of any Group Company;

- (b) confers on any Eligible Person the right to become or remain an Eligible Person or Participant or to participate under the Plan;
- (c) will be taken into account in determining an Eligible Person's salary or remuneration for the purposes of superannuation or other pension arrangements;
- (d) affects the rights and obligations of any Eligible Person or Participant under the terms of their office or employment with any Group Company;
- (e) affects any rights which a Group Company may have to terminate the employment or office of an Eligible Person or Participant or will be taken into account in determining an Eligible Person or Participant's termination or severance pay;
- (f) may be used to increase damages in any action brought against any Group Company in respect of any such termination; and
- (g) confers any responsibility or liability on any Group Company or its directors, officers, employees, representatives or agents in respect of any taxation liabilities of the Eligible Person or Participant.

12 Amendment, termination and suspension

- (a) Grants of Performance Rights under this Plan may only be made for a period of 3 years commencing on the date on which the Plan is approved by the Company's shareholders.
- (b) Subject to clause 12(c), the Board may at any time and from time to time by resolution alter the Plan.
- (c) Any amendment to the Plan is subject to any restrictions or procedural requirements relating to the amendment of the rules of an employee incentive scheme imposed by the Listing Rules.
- (d) The Board may at any time, and at its complete discretion, suspend or terminate the Plan without notice to Participants. The suspension or termination of the Plan will not affect any existing grants of Performance Rights already made under the Plan and the terms of the Plan will continue to apply to such grants.

13 General

13.1 Law, Listing Rules and the Constitution

The Plan and all offers and issues of Performance Rights under the Plan are subject to the Law, the Listing Rules and the Constitution, each as in force from time to time.

13.2 Issue limitations

- (a) The number of Shares to be received on exercise of the Performance Rights the subject of an Offer when aggregated with:
 - (i) the number of Shares which would be issued were each outstanding offer or Performance Right, being an offer made or Performance Rights granted pursuant to the Plan or any other employee incentive scheme extended only to employees or directors of the Company, exercised; and

- (ii) the number of Shares issued during the previous 5 years pursuant to the Plan or any other employee incentive scheme extended only to employees or directors of the Company;

but disregarding any offer made, or Performance Rights acquired or Share issued by way of or as a result of:

- (iii) an offer to a person situated at the time of receipt of the offer outside Australia; or
- (iv) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
- (v) an offer made under a disclosure document,

must not exceed 5% (or such other maximum permitted under any ASIC Class Order providing relief from the disclosure regime of the Corporations Act) of the total number of issued Shares as at the time of the Offer.

- (b) Where the Performance Right lapses without being exercised, the Shares concerned are ignored when calculating the limits in this clause.

13.3 Costs and Expenses

The Company will pay all expenses, costs and charges in relation to the establishment, implementation and administration of the Plan, including all costs incurred in or associated with the issue or purchase of Shares (except for taxes which are payable by Participants for the Performance Rights) for the purposes of the Plan. Each Group Company will, if required by the Board, reimburse the Company for any such costs and charges to the extent that they relate to its employees officers or former employees or officers.

13.4 Withholding

- (a) If any person (not being the Participant) is obliged as a result of or in connection with the grant, vesting, or exercise of any Performance Rights to account for income tax or employment taxes under any wage, withholding or other arrangements or for any other tax, social security contributions or levy or charge of a similar nature, then that person is entitled to be reimbursed by the Participant for the amounts so paid or payable.
- (b) Where clause 13.4(a) applies, the Company is not obliged to pay the relevant amount or issue or transfer the relevant Shares to the Participant, unless the relevant person is satisfied that arrangements have been made for reimbursement. Those arrangements may include, without limitation, the sale, on behalf of the Participant, of Shares issued or transferred or otherwise to be issued or transferred to the Participant and, where this happens, the Participant will also reimburse the costs of any such sale (e.g. stamp duty, brokerage, etc.)

13.5 Data protection

By returning an Application Form, each Participant consents to the holding and processing of personal data provided by the Participant to any Group Company for all purposes relating to the operation of the Plan. These include, but are not limited to:

- (a) administering and maintaining Participants' records;

- (b) providing information to trustees of any employee benefit trust, registrars, brokers or third party administrators of the Plan;
- (c) providing information to future purchasers of the Company or the business in which the Participant works;
- (d) transferring information about the Participant to a country or territory outside Australia.

13.6 Error in Allocation

If any Performance Right is provided under this Plan in error or by mistake to a person ("**Mistaken Recipient**") who is not the intended recipient, the Mistaken Recipient shall have no right or interest, and shall be taken never to have had any right or interest, in that Performance Right and those Performance Rights will immediately lapse.

13.7 Dispute

Any disputes or differences of any nature arising under the Plan will be referred to the Board and its decision will be final and binding in all respects.

13.8 Notices

Any notice or other communication under or in connection with the Plan may be given by personal delivery or by sending it by post or fax or email, in the case of a company to its registered office (or any other address notified by that company from time to time ("**Notified Address**")) or the fax number (if any) of that registered office (or Notified Address), and in the case of an individual to their last known address, fax number, email address or, if they are a director or employee of a Group Company, either to their last known address, fax number or to the address of the place of business at which they carry out all or most of their duties, or to the fax number or email address relating to that address.

13.9 Governing law

- (a) This Plan and the rights of Eligible Persons and Participants under the Plan are governed by the laws in force in the State of Western Australia, Australia.
- (b) Each Participant and the Company irrevocably and unconditionally submit to the non-exclusive jurisdiction of the Courts of Western Australia, the Commonwealth of Australia and Court entitled to hear appeals from those Courts.

Schedule 1 — Dictionary

1 Dictionary

1.1 Definitions

In this Plan the following terms have the following meanings:

Application Form means an application form by which an Eligible Person or a Permitted Nominee can accept an Offer in such form as the Board may approve from time to time;

Allocate means granting a right to acquire unissued Shares, or if there is no such grant, the issue and allotment of Shares;

ASIC means Australian Securities and Investments Commission;

ASX means ASX Limited ACN 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

Board means the board of directors of the Company from time to time;

Change of Control Event means a shareholder, or a group of associated shareholders:

- (a) becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Board; or
- (b) gaining the ability to control more than 50% of the voting power (as defined in the Corporations Act) in the Company;

Company means Castle Minerals Limited ABN 83 116 095 802;

Constitution means the constitution of the Company;

Corporations Act means the Corporations Act 2001 (Cth);

Eligible Person means a director or a full time or permanent part-time employee of a Group Company whom the Board determines in its absolute discretion is to participate in the Plan;

Expiry Date means the day ending at 5.00 pm Perth time on the date 5 years after the date of grant of the Performance Right, or such other date as determined by the Board in its absolute discretion and specified in the Offer;

Group means the Company and its Subsidiaries (if any) from time to time and a **Group Company** means any one of them;

Law means the laws of Australia;

Legal Personal Representative means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

Listing Rules means the listing rules of the ASX as amended from time to time;

Measurement Date in relation to a Performance Right means the date at which Performance Conditions are to be measured to determine whether that Performance Right becomes a Vested Performance Right;

Offer means an offer to participate in the Plan in respect of a Performance Period in accordance with clause 2.1;

Participant means an Eligible Person or their Permitted Nominee, as the case may be, who returns a duly completed Application Form and to whom Performance Rights are granted under the Plan;

Performance Conditions means the conditions relating to the performance of the Group (and the manner in which those conditions will be tested) for the purposes of determining the number of a Participant's Performance Rights which may be exercised, as set out in the Offer;

Performance Period means the period set out in the Offer for the purpose of determining the extent (if any) to which the Performance Conditions have been met;

Performance Right means a right granted under clause 3.1(a) to acquire a Share on the terms set out in the Plan for the relevant Performance Period, subject to the Performance Conditions;

Permitted Nominee has the meaning given to it under clause 2.3(b);

Plan means the Performance Rights Plan of the Company;

Redundancy means, in relation to an Eligible Person, a determination by the Board that the Company's need to employ a person for the particular kind of work carried out by that Eligible Person has ceased (but, for the avoidance of any doubt, does not include the dismissal of an Eligible Person for personal or disciplinary reasons or where the Eligible Person leaves the employ of the Company of his or her own accord);

Retirement means, in relation to an Eligible Person, retirement by that Eligible Person from the Company at age 60 or over or such earlier age as considered appropriate by the Board;

Security Interest means a mortgage, charge, pledge, lien or other encumbrance of any nature;

Share means a fully paid ordinary share in the capital of the Company;

Subsidiary means a body corporate which is a subsidiary of the Company within the meaning of section 9 of the Corporations Act;

Specified Reason means Retirement, Total and Permanent Disablement, Redundancy or death;

Total and Permanent Disablement means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience;

Unvested Performance Rights means Performance Rights which are not yet exercisable in accordance with the Plan; and

Vested Performance Rights means Performance Rights which are immediately exercisable in accordance with the Plan.

2 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules of interpretation apply unless the context requires otherwise.

- (a) The singular includes the plural and conversely.
- (b) A gender includes all genders.
- (c) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person includes a body corporate, an unincorporated body or other entity and conversely.
- (e) A reference to a clause is to a clause of the Plan.
- (f) A reference to any agreement or document is to that agreement or document as amended, novated, supplemented, varied or replaced from time to time, except to the extent prohibited by the Plan.
- (g) A reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- (h) A reference to conduct includes any omission and any statement or undertaking, whether or not in writing.
- (i) A reference to writing includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form.
- (j) Mentioning anything after include, includes or including does not limit what else might be included.

ANNEXURE B

TERMS AND CONDITIONS OF THE PERFORMANCE RIGHTS

- 1.1 Each Performance Right entitles the holder to subscribe for and be allotted, or to acquire one Share for no additional consideration.
- 1.2 The Performance Rights will expire on 22 November 2016
- 1.3 The Performance Condition is the Company achieving a total Gold Resource (Measured, Indicated or Inferred) equal to or exceeding 1,000,000oz of gold, or gold equivalent for other precious or base metals, in accordance with the JORC Code, provided that the total Resource must contain at least 80% of the ounces within the Measured and Indicated categories as defined by the JORC Code ("**Performance Condition**").
- 1.4 As soon as reasonably practicable after each Measurement Date applicable to any Performance Period, the Board shall determine in respect of each Participant as at that Measurement Date:
 - (a) whether, and to what extent, the Performance Conditions applicable up to the Measurement Date have been satisfied;
 - (b) the number of Performance Rights (if any) that will become Vested Performance Rights as at the Measurement Date;
 - (c) the number of Performance Rights (if any) that will lapse as a result of the non-satisfaction of Performance Conditions as at the Measurement Date; and
 - (d) the number of Performance Rights (if any) in respect of the Performance Period that continue as Unvested Performance Rights,and shall provide written notification to each Participant as to that determination (such Performance Right being a **Vested Performance Right**).
- 1.5 A Performance Right can only be exercised before the Expiry Date and if, at the time of exercise, it is a Vested Performance Right that has not lapsed under clause 1.11.
- 1.6 The exercise of any Performance Right may only be effected on the first Business Day of a month (or such other date as determined by the Board) and in such form and manner as the Board may prescribe.
- 1.7 The exercise of some Performance Rights only does not affect the Participant's right to exercise other Performance Rights at a later time.
- 1.8 Following exercise of Performance Rights, the Company must issue or procure the transfer to the person exercising the Performance Right the number of Shares in respect of which the Performance Rights have been exercised, credited as fully paid.
- 1.9 All Shares issued or transferred to a Participant under these terms and conditions, will, from the date of issue or transfer, rank equally with all other issued Shares.
- 1.10 Except on the death of a Participant, Performance Rights may not be transferred, assigned or novated except with the approval of the Board.
- 1.11 Unless otherwise determined by the Board, a Performance Right lapses, to the extent it has not been exercised, on the earlier to occur of:
 - (a) where Performance Conditions have not been satisfied on the Measurement Date - the date the Board makes a determination under clause 1.4(c) that the Performance Right will lapse;

- (b) if an Eligible Person ceases to be an Eligible Person because of a Specified Reason – the date of lapse under clause 1.12(b);
- (c) if an Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason – the date of lapse either under clause 1.12(a) or 1.13(a);
- (d) the day the Board makes a determination that the Performance Rights lapses under clause 1.15;
- (e) the date of lapse under clause 1.17; and

1.12 Unless otherwise determined by the Board:

- (a) if an Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, any Unvested Performance Rights held by such Eligible Person, or if appropriate, their Permitted Nominee, any Unvested Performance Rights will automatically lapse; and
- (b) if the Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, their Permitted Nominee, may exercise any Unvested Performance Rights held by them within:
 - (i) 6 months of the date of (as the case may be) Retirement, Redundancy, death or Total and Permanent Disablement; or
 - (ii) such longer period as the Board determines,

subject to the Board, in its absolute discretion, determining the extent to which Unvested Performance Rights that have not lapsed will become Vested Performance Rights. Performance Rights the subject of clause 1.12(b) not exercised within the 6 months or the longer period determined by the Board, will automatically lapse.

1.13 Unless otherwise determined by the Board:

- (a) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, such Eligible Person, or if appropriate, their Permitted Nominee, may exercise any Vested Performance Rights held by them within:
 - (i) 1 month of ceasing to be an Eligible Person; or
 - (ii) such longer period as the Board determines,

and any Vested Performance Rights the subject of this clause not exercised within the 1 month or the longer period determined by the Board, will automatically lapse; and
- (b) if an Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, their Permitted Nominee is entitled to exercise any Vested Performance Rights at any time prior to its Expiry Date.

1.14 Subject to clauses 1.12(b) and 1.13(b) if at any time prior to the Expiry Date of any Performance Rights a Participant dies, the deceased Participant's Legal Personal Representative may:

- (a) elect to be registered as the new holder of the deceased Participant's Performance Rights; and
- (b) whether or not the deceased Participant's Legal Personal Representative becomes so registered, exercise those Performance Rights in accordance with and subject to the rules of the Performance Rights Plan as if they were the holder of such Performance Rights.

1.15 If in the opinion of the Board a Participant acts fraudulently or dishonestly or is in material breach of his or her obligations to any Group Company then the Board may in its absolute discretion determine that all the Participant's Performance Rights will lapse and the Board's decision will be final and binding.

- 1.16 All of a Participant's Unvested Performance Rights that have not lapsed will become Vested Performance Rights:
- (a) in the event a takeover bid (as defined in the Corporations Act) to acquire any Shares becomes or is declared to be unconditional, irrespective of whether the takeover bid extends to Shares issued and allotted after the date of the takeover bid or not;
 - (b) at any time after a Change of Control Event has occurred; or
 - (c) if a merger by way of scheme of arrangement under the Corporations Act has been approved by the Court under section 411(4)(b) of the Corporations Act,

(each a **Notification Event**).

- 1.17 Upon a Notification Event occurring, the Board may notify each Participant in writing that if the Participant wishes to exercise any of their Vested Performance Rights, the Participant must do so within the period specified in the notice (**Change of Control Notice Period**), and any Vested Performance Rights that are not exercised within the Change of Control Notice Period will lapse at the end of the Change of Control Notice Period.
- 1.18 Unless the Board determines otherwise Vested Performance Rights that are not exercised by the end of the Change of Control Notice Period shall lapse at the end of the Change of Control Notice Period.
- 1.19 A Performance Right does not confer on a Participant the right to participate in new issues of Shares by the Company, including by way of bonus issue, rights issue or otherwise.
- 1.20 If there are certain variations of the share capital of the Company including a capitalisation or rights issue, sub-division, consolidation or reduction of share capital, a demerger (in whatever form) or other distribution in specie, the Board may make such adjustments as it considers appropriate under clause 1.21 in accordance with the provisions of the Listing Rules.
- 1.21 An adjustment made under this clause will be to one of the following:
- (d) the number of Shares which may be issued or transferred upon exercise of any Performance Rights; or
 - (e) where Performance Rights have been exercised but no Shares have been issued or transferred following the exercise, the number of Shares which may be issued or transferred.
- 1.22 Performance Rights will not be quoted on ASX or any other securities exchange.

Definitions:

In these Terms, the following words which are not already defined have the meaning set out below:

ASX means ASX Limited ACN 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

Board means the board of directors of the Company from time to time;

Change of Control Event means a shareholder, or a group of associated shareholders:

- (a) becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Board; or
- (b) gaining the ability to control more than 50% of the voting power (as defined in the Corporations Act) in the Company;

Company means Castle Minerals Limited ABN 83 116 095 802;

Corporations Act means the Corporations Act 2001 (Cth);

Eligible Person means a director or a full time or permanent part-time employee of a Group Company whom the Board determines in its absolute discretion is to participate in the Performance Rights Plan;

Expiry Date means the day ending at 5.00 pm Perth time on the date 3 years after the date of grant of the Performance Right, or such other date as determined by the Board in its absolute discretion and specified in the Offer;

Group means the Company and its Subsidiaries (if any) from time to time and a **Group Company** means any one of them;

Legal Personal Representative means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

Listing Rules means the listing rules of the ASX as amended from time to time;

Measurement Date in relation to a Performance Right means the date at which Performance Conditions are to be measured to determine whether that Performance Right becomes a Vested Performance Right;

Offer means an offer to participate in the Performance Rights Plan;

Participant means an Eligible Person or their Permitted Nominee, as the case may be.

Performance Period means the period set out in an Offer for the purpose of determining the extent (if any) to which the Performance Conditions have been met;

Performance Right means a right to acquire a Share on the terms set out in these terms and conditions for the relevant Performance Period, subject to the Performance Conditions;

Permitted Nominee means the person the Board has resolved to allow the grant of Performance Rights in accordance with the Performance Rights Plan;

Performance Rights Plan means the Performance Rights Plan of the Company;

Redundancy means, in relation to an Eligible Person, a determination by the Board that the Company's need to employ a person for the particular kind of work carried out by that Eligible Person has ceased (but, for the avoidance of any doubt, does not include the dismissal of an Eligible Person for personal or disciplinary reasons or where the Eligible Person leaves the employ of the Company of his or her own accord);

Retirement means, in relation to an Eligible Person, retirement by that Eligible Person from the Company at age 60 or over or such earlier age as considered appropriate by the Board;

Share means a fully paid ordinary share in the capital of the Company;

Specified Reason means Retirement, Total and Permanent Disablement, Redundancy or death;

Total and Permanent Disablement means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience;

Unvested Performance Rights means Performance Rights which are not yet exercisable in accordance with these terms and conditions; and

Vested Performance Rights means Performance Rights which are immediately exercisable in accordance with these terms and conditions.

CASTLE MINERALS LIMITED

ABN 83 116 095 802

PROXY FORM

The Company Secretary
Castle Minerals Limited
Unit 6, 1 Clive Street
WEST PERTH WA 6005

Facsimile: +61 8 9284 5413

I/We (name of shareholder)

of (address)

being a member/members of Castle Minerals Limited HEREBY APPOINT

(name)

of (address)

and/or failing them (name)

of (address)

or failing that person then the Chair of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on xx November 2011 and at any adjournment of the meeting.

PROXY INSTRUCTIONS

Important for Resolutions 2, 4 and 5- If the Chair of the Meeting is your proxy or is appointed as your proxy by default

By marking this box, you are directing the Chair of the Meeting to vote in accordance with the Chair's voting intentions on Resolutions 2, 4 and 5 as set out in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Resolutions 2, 4 and 5, the Chair of the Meeting will not cast your votes on Resolutions 2, 4 and 5 and your votes will not be counted in computing the required majority if a poll is called on these items. If you appoint the Chair of the Meeting as your proxy you can direct the Chair how to vote by either marking the boxes below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chair of the Meeting will vote in favour of Resolutions 2, 4 and 5).

The Chair of the Meeting intends to vote all available proxies in favour of Resolutions 2, 4 and 5.

I/We direct the Chair of the Meeting to vote in accordance with the Chair's voting intentions on Resolutions 2, 4 and 5 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Resolutions 2, 4 and 5 are connected directly or indirectly with the remuneration of a member of Key Management Personnel and /or even if the Chair has an interest in the outcome of these items and any votes cast by the Chair, other than as proxy holder, would be disregarded because of that interest.

Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:

I/We direct my/our Proxy to vote in the following manner:

	FOR	AGAINST	ABSTAIN
Resolution 1 – Re-Election of Michael Ashforth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Ratification of Prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Grant of Performance Rights to Michael Ivey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

This Proxy is appointed to represent % of my voting right, or if 2 proxies are appointed Proxy 1 represents _____% and Proxy 2 represents _____% of my total votes
My total voting right is _____ shares

SIGNATURE OF SECURITY HOLDERS – PLEASE SIGN HERE

Individual or Shareholder 1

Sole Director & Sole Company Secretary

Joint Shareholder 2

Director / Company Secretary

Joint Shareholder 3

Director

Date: _____ / _____ / 2011

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this Annual General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed in accordance with its constitution or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by each of the joint shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this Annual General Meeting **that is by 10.00 am (WST) on 20th November 2011** by post or facsimile to the respective addresses stipulated in this proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
 - a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
 - b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
 - c) if the proxy is the Chair, the proxy must vote on a poll and must vote that way; and
 - d) if the proxy is not the Chair, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in any way that the proxy sees fit.