

24<sup>th</sup> August 2012



**ASX Announcement**

## **High Grade Graphite Intercepts Extend Kambale Deposit**

Castle Minerals Limited (ASX: CDT) is pleased to announce that drilling along strike of the Company's Kambale Graphite resource (**14.4Mt @ 7.2% graphitic carbon**) has intersected further high-grade graphite with new drill intercepts of;

KBRB 76	<b>23m @ 6.21% graphitic carbon from 5m</b>
KBRB 77	<b>12m @ 5.39% graphitic carbon from 10m</b>
KBRB 80	<b>13m @ 5.40% graphitic carbon from 10m</b>
KBRB 82	<b>15m @ 6.15% graphitic carbon from surface</b>
KBRB 83	<b>36m @ 10.68% graphitic carbon from 5m</b>

Castle's Managing Director, Mr Mike Ivey, said; "These are the first batch of results for drilling testing a 600m long zone south of the current resource and clearly extend the known graphite schist horizons. It is our expectation that the Kambale resource will be materially increased as exploration continues."

This phase of drilling is being completed using Castle's own drill rig with the rotary air blast (RAB) samples generated being composited over 5m intervals for graphitic carbon analysis. Upon definition of the graphite horizons RC drilling will be employed in preparation for an updated resource calculation.

Fresh and primary drill composite samples submitted to AMMTEC metallurgical laboratory in Perth reported 38% of the fresh material and 68.6% of the weathered material reporting as flake graphite. Flake graphite has high value (~\$2000-\$3000/tonne) and is that material reporting in the +75micron size fraction. Flotation test work and optical microscopy are underway to determine what percentage of graphite material can be liberated and recovered via flotation from the various size fractions.

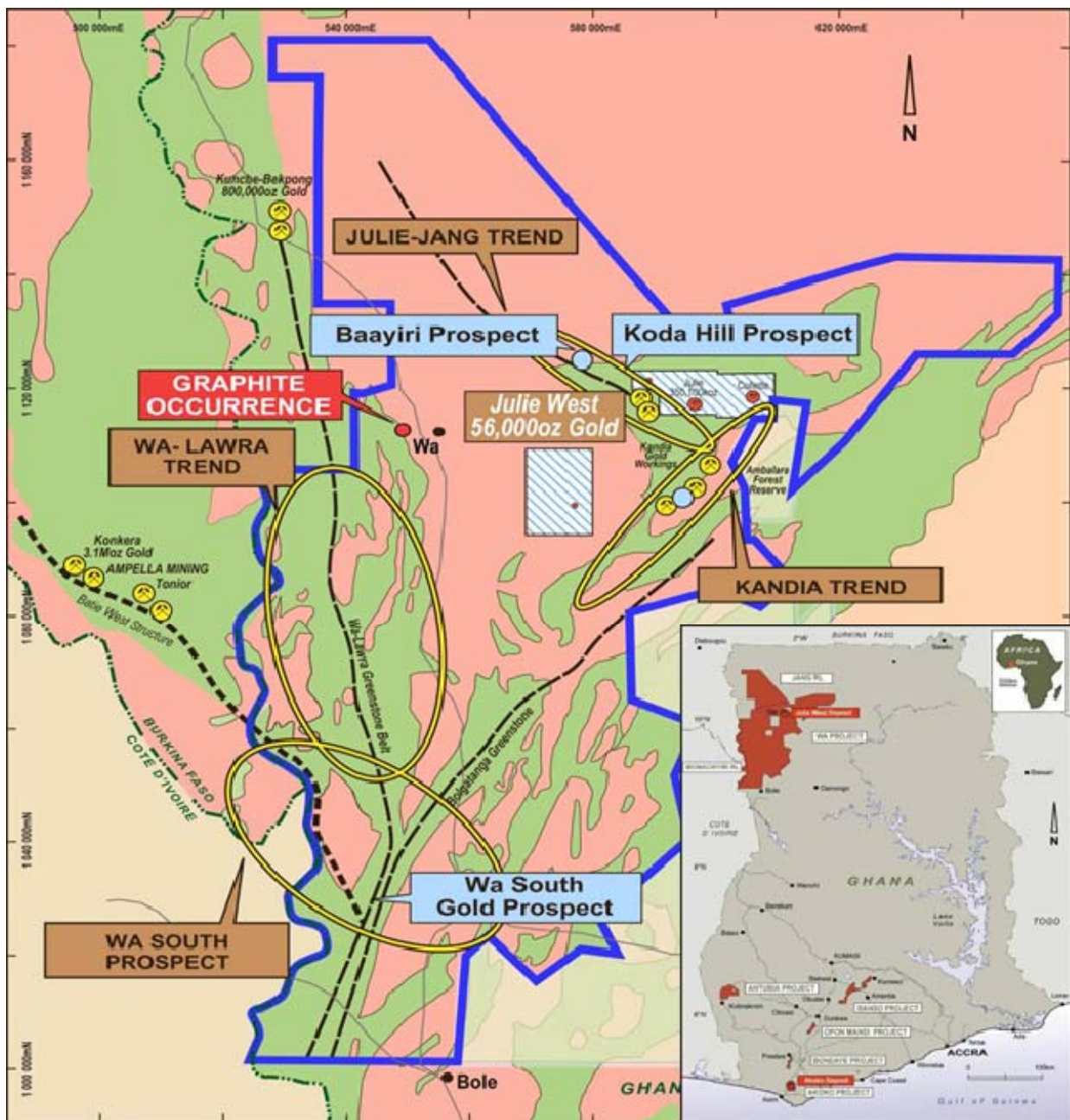
Castle announced in July 2012 a maiden Mineral Resource Estimate for Kambale of 14.4Mt @ 7.2% C (graphitic carbon) for 1.03Mt contained graphite, including 6.0Mt @ 8.6% C for 0.52Mt contained graphite. Kambale ranks as one of the world's larger global graphite deposits.

Mike Ivey added: "As well as expanding the Kambale deposit, we also remain committed to the Company's core focus of building on the gold exploration successes achieved to date on our highly prospective and proven licences."

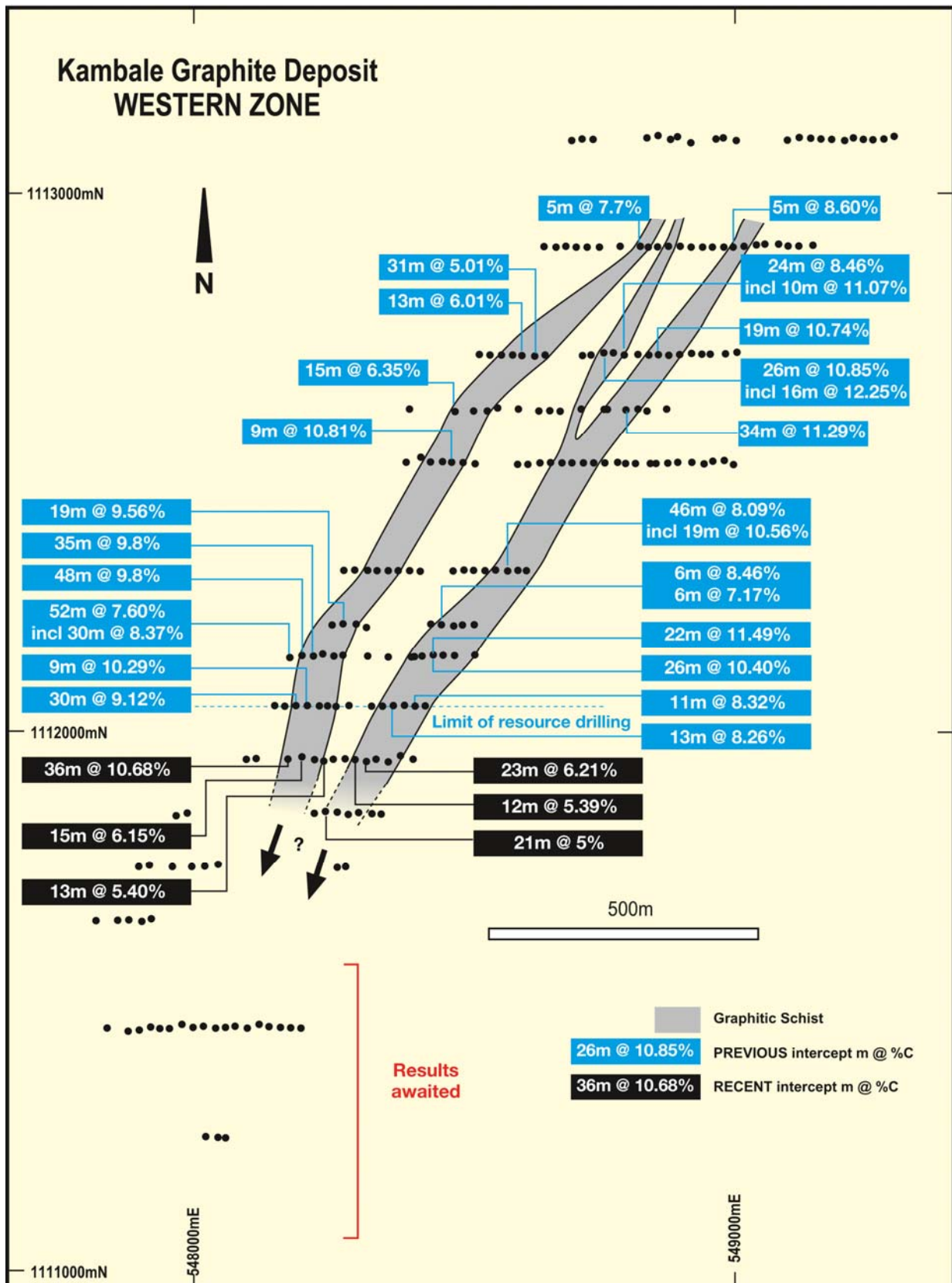
## Background

Castles Wa Project in north-west Ghana covers over 10,000km<sup>2</sup> where exploration is focussing on four regional scale prospect corridors. The Kambale graphite occurrence is located 5-8km west of Wa. Wa is the regional capital of the Upper West Region and has a population of ~50,000 and is fully serviced with grid power, sealed roads and good quality mobile communications. An all-weather bitumen airstrip is located at Wa.

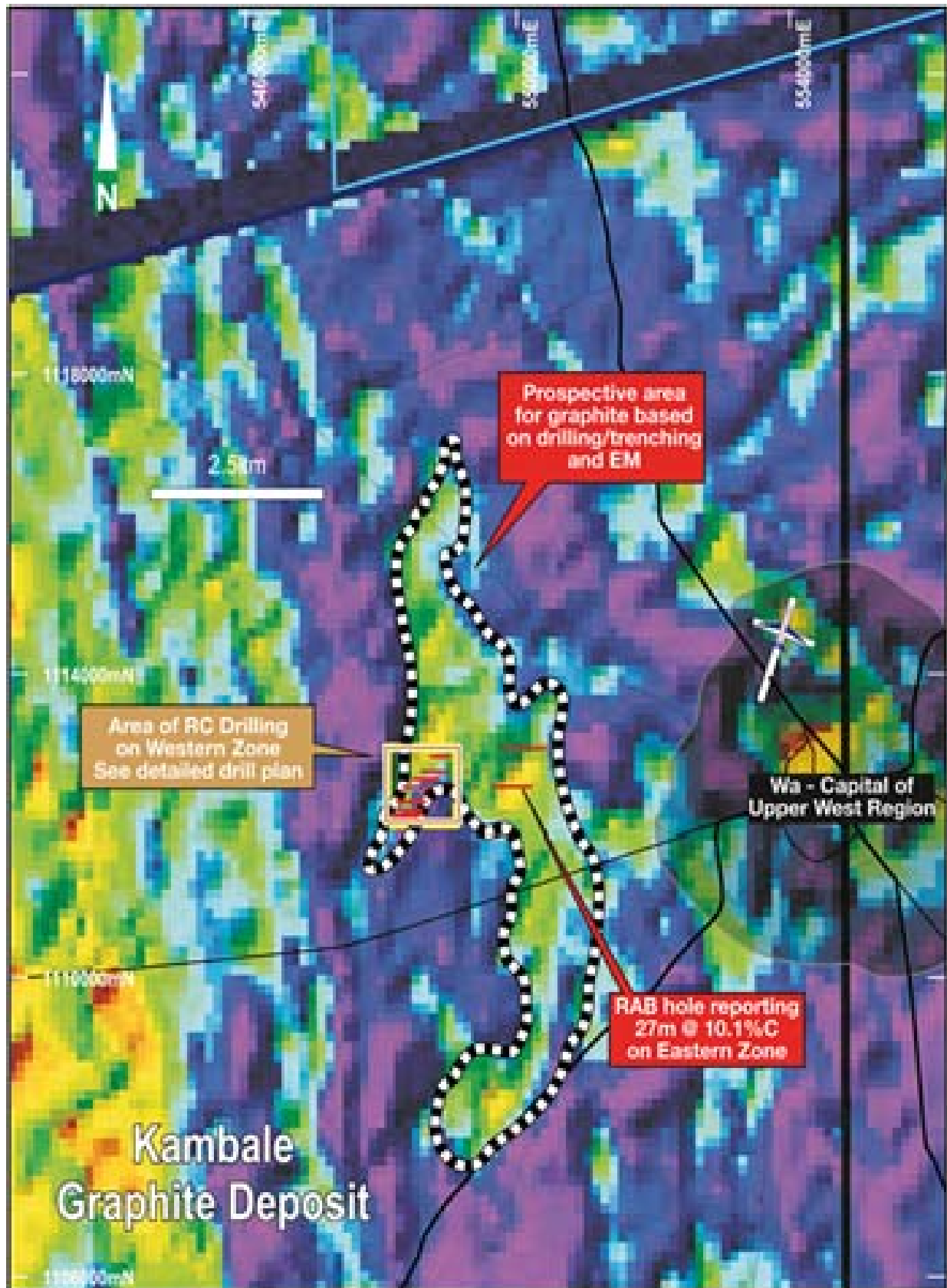
The Kambale graphite prospect is within the Wa-Lawra greenstone belt and is being explored for gold and base metals by Castle. Under the terms of Castle's Licence conditions the company has first option to explore for and work other minerals subject to satisfactory arrangements between the Government and Castle. In July 2012 The Ghana Minerals Commission provided written notice that it has recommended to the Minister of Lands and Natural Resources to grant Castle a new licence over and including the Kambale graphite deposit.



Castle's Wa Project in north west Ghana



Drill hole location plan of Kambale graphite deposit with significant graphite intercepts. Results in blue were used in the July 2012 resource estimate whilst those in black are from new drilling testing the southern strike extension



Location of RAB drill traverses and historic trench locations over regional electromagnetic image. Black and white border shows area considered prospective for graphite

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About Castle:

Castle Minerals listed on the Australian Stock Exchange in May 2006 (ASX code '**CDT**') and has since acquired the rights to six mineral projects in Ghana, West Africa including Akoko, Antubia, Bansa, Bondaye, Opon Mansi (application) and Wa covering more than 11,000km<sup>2</sup>.

All granted projects are 100% owned by Castle Minerals (subject to Ghanaian Government right to a free-carried 10% interest). Castle's corporate objectives are exploration and development of its six projects in Ghana and the acquisition and exploration of other mineral resource opportunities, particularly in West Africa. The country of Ghana has a long history of gold mining and exploration and is Africa's second largest gold producer behind South Africa.



## Kambale Graphite Prospect - RAB Drilling - Significant Graphitic Carbon Intercepts

Hole Number	Northing	Easting	mRL	Azimuth	Dip	ole Dept	Organic Carbon (Graphite) Intercept
12KBRB075	1111948	548337	322	90	-60	27	5 m @ 3.45 % C from 20m
12KBRB076	1111944	548320	322	90	-60	28	<b>23 m @ 6.21 % C from 5m</b>
12KBRB077	1111947	548299	321	90	-60	22	<b>12 m @ 5.39 % C from 10m</b>
12KBRB078	1111949	548280	314	90	-60	24	5 m @ 4.02 % C from 15m
12KBRB079	1111947	548259	314	90	-60	17	5 m @ 5.21 % C from surface
12KBRB080	1111945	548241	314	90	-60	23	<b>13 m @ 5.40 % C from 10m</b>
12KBRB082	1111952	548200	313	90	-60	18	<b>15 m @ 6.15 % C from surface</b>
12KBRB083	1111948	548174	312	90	-60	41	<b>36 m @ 10.68 % C from 5m</b>
						Includes	5 m @ 13.10 % C from 10m
						And	5 m @ 11.00 % C from 15m
						And	5 m @ 13.80 % C from 25m
						And	5 m @ 12.40 % C from 30m
12KBRB090	1111850	548267	316	90	-60	9	5 m @ 3.90 % C from surface
12KBRB091	1111852	548245	319	90	-60	26	<b>16 m @ 5.86 % C from 10m</b>
12KBRB092	1111848	548224	319	90	-60	19	<b>10 m @ 4.82 % C from surface</b>

**Notes:**

Assays reported from 5m composite samples from Rotary Airblast Drilling (RAB-open hole technique)

Samples were sent to SGS Laboratory in Tarkwa, Ghana for preparation, and then pulps were sent to SGS Laboratory in Johannesburg, South Africa for assay. Samples were prepared by drying, crushing to 75% passing <2mm and then pulverising to 85% passing <75 microns (-200 mesh). Analysis for total graphitic carbon was by SGS method CSA05V using a resistance/IR furnace to determine total carbon in the sample and speciates contained carbon into elemental, organic and carbonate forms.

QAQC completed using blanks and duplicates. Hole collars picked up by handheld GPS. No top cut applied.

## Kambale Deposit July 2012 Inferred Mineral Resource Estimate (5% C cut-off grade)

Type	Tonnes Mt	C %	Contained C t
Oxide	3.4	7.1	243,000
Fresh	11.0	7.2	793,000
<b>Total</b>	<b>14.5</b>	<b>7.2</b>	<b>1,036,000</b>

\*Errors may occur due to rounding

Mineral Resource Summary for the Kambale Graphite Deposit

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*Information in this announcement that relates to Exploration Results is based on information compiled by Haydn Hadlow, Castle Minerals Limited Exploration Manager, who is a Member of The Australasian Institute of Mining and Metallurgy. Haydn Hadlow is a permanent employee of Castle Minerals Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 JORC Code. Haydn Hadlow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*Information in this announcement that relates to the Kambale Mineral Resource Estimate is based on information compiled by Aaron Green, Operations Manager WA, Runge Limited. Aaron Green is a full time employee of Runge Limited, a Member of the Australian Institute of Geoscientists (AIG), and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for the Reporting of Mineral Resources and Ore Reserves. Aaron Green consents to the inclusion in the announcement of the matters based on the information in the form and context in which it appears.*