

17th September 2012



ASX Announcement

Drilling Double's Strike Length of Kambale Graphite 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 confirmed continuous graphite mineralisation for over 2,000m of strike.

Castle's Managing Director, Mr Mike Ivey, said; "These results have doubled the known strike of the graphite horizon and the zone still remains open. It is now clear that the Kambale resource will be materially increased as exploration continues."

New drill intercepts since the announcement of the maiden resource in July 2012 include;

KBRB 76	23m @ 6.21% graphitic carbon from 5m*
KBRB 77	12m @ 5.39% graphitic carbon from 10m*
KBRB 80	13m @ 5.40% graphitic carbon from 10m*
KBRB 82	15m @ 6.15% graphitic carbon from surface*
KBRB 83	36m @ 10.68% graphitic carbon from 5m*
KBRB 183	10m @ 8.76% graphitic carbon from 10m
KBRB 185	8m @ 4.28% graphitic carbon from surface*
KBRB 206	19m @ 7.64% graphitic carbon from 5m
KBRB 207	10m @ 5.65% graphitic carbon from 10m
KBRB 208	8m @ 4.59% graphitic carbon from 10m

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.

Castle announced 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.

Flotation tests conducted on fresh and weathered graphitic schist from the Kambale deposit in north-west Ghana indicate that graphitic carbon can be easily recovered through simple flotation.

Flotation recovery results for +75 micron (flake graphite) were estimated at nearly **70% for fresh material and 34% recovery from weathered material**. Flake graphite has high value and is currently priced at \$1500-\$3000/tonne¹.

Flotation recoveries for -75 micron (amorphous graphite) were **93% for fresh and 62% for weathered material**.

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, sampling on our Akoko Project in southern Ghana is scheduled to commence this month."

For further information please contact:

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Kambale Project Background

Castles Wa Project in north-west Ghana covers over 10,000km² 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.

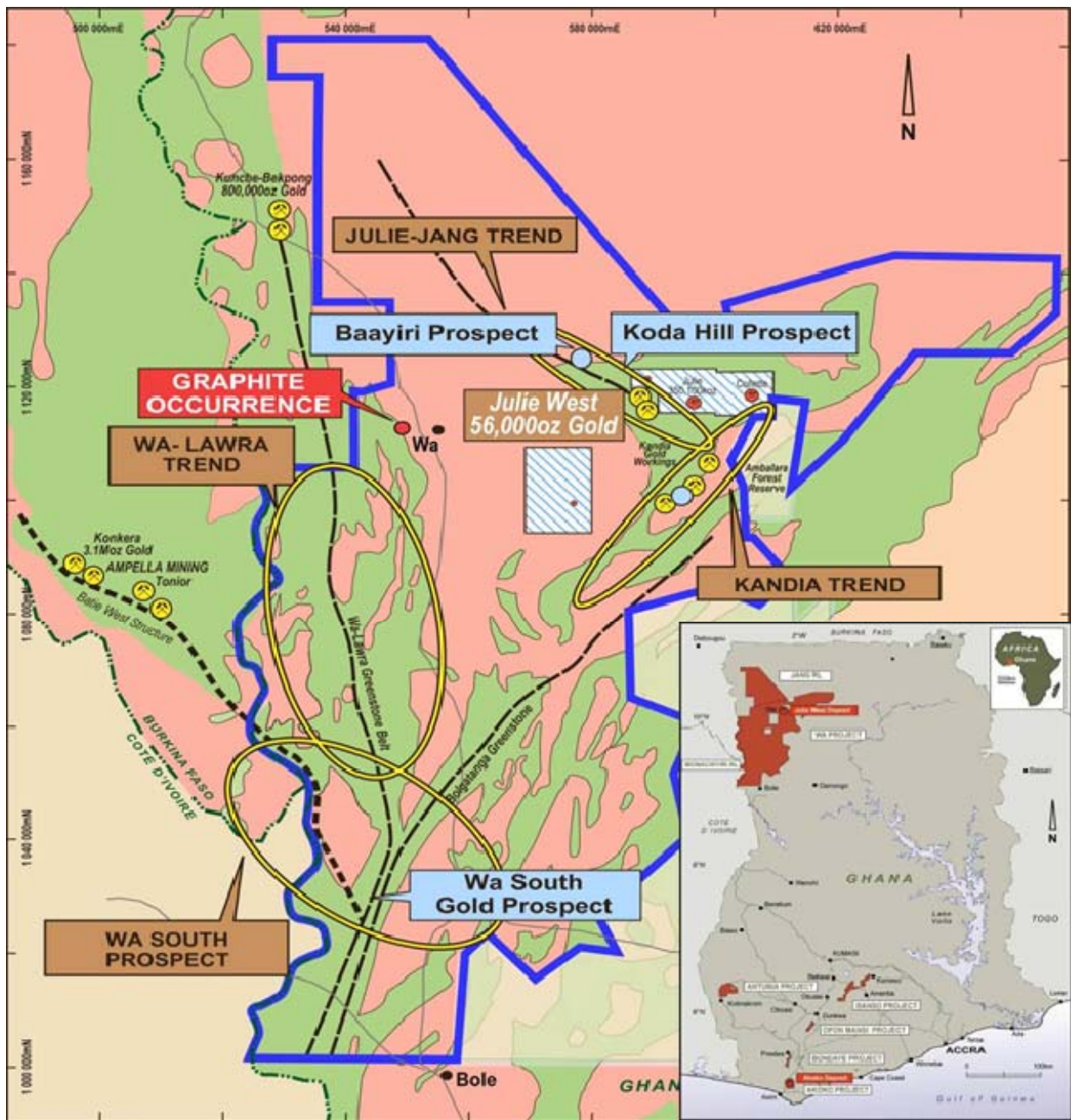
About Castle:

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 11,000km².

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.

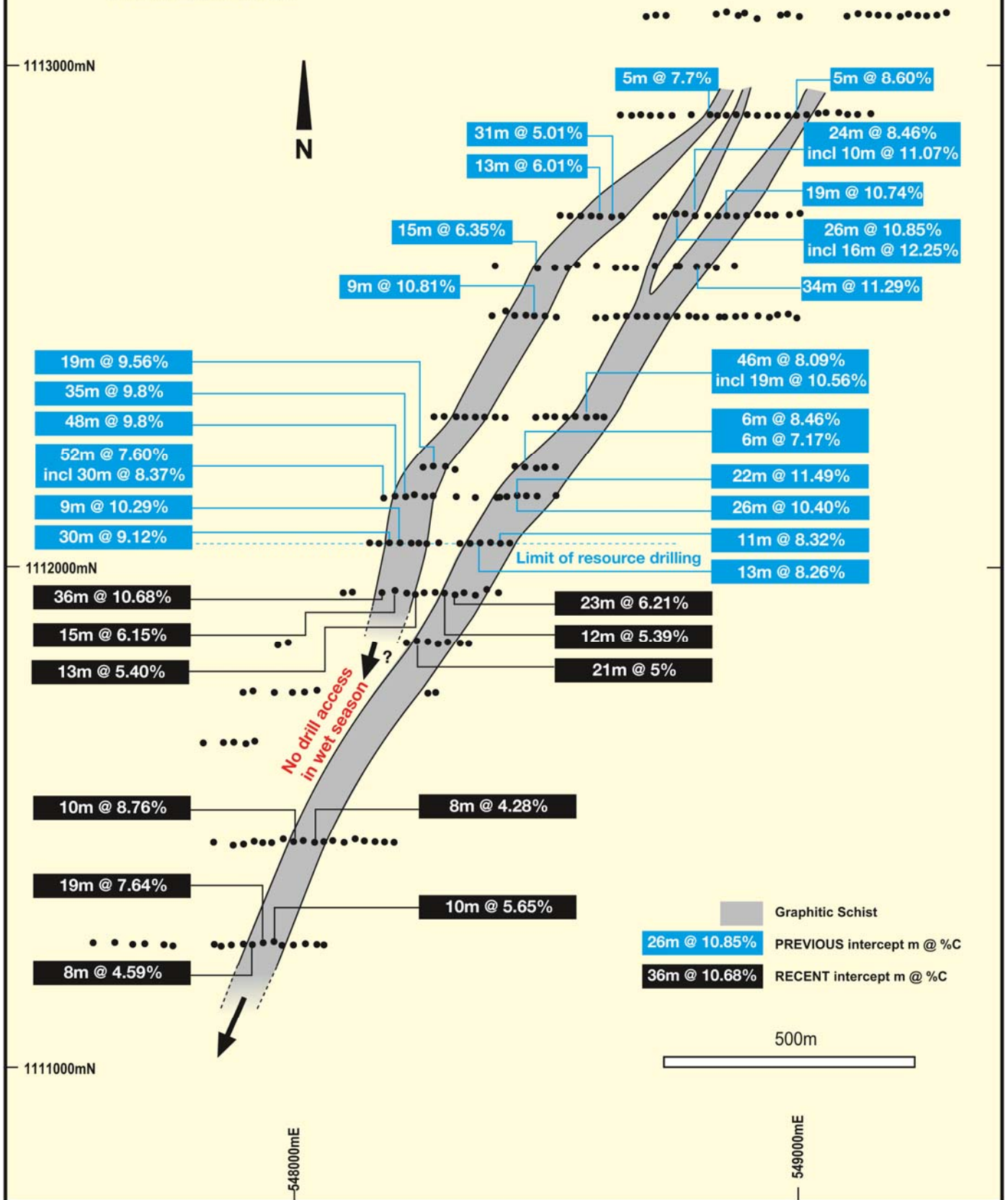
*results announced to ASX 24th August 2012

¹ Graphite Prices sourced from Industrial Minerals, www.indmin.com



Castle's Wa Project in north west Ghana

Kambale Graphite Deposit WESTERN ZONE



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 shallow drilling testing the southern strike extension. A majority of the new graphite intercepts bottomed in mineralisation

Kambale Graphite Prospect - RAB Drilling - Significant Graphitic Carbon Intercepts

Hole Number	Northing	Easting	mRL	Azimuth	Dip	Hole Depth	Organic Carbon (Graphite) Intercept
12KBRB133	1112700	548940	319	90	-60	27	5 m @ 2.08 % C from 20m
12KBRB140	1112903	549057	313	90	-60	33	5 m @ 3.49 % C from 20m
12KBRB141	1112902	549041	319	90	-60	23	18 m @ 3.21 % C from 5m
12KBRB153	1113097	549004	314	90	-60	28	20 m @ 2.10 % C from surface
12KBRB165	1112501	548961	312	90	-60	25	5 m @ 3.26 % C from 5m
12KBRB168	1112496	548845	322	90	-60	23	15 m @ 6.08 % C from surface
12KBRB169	1112497	548799	320	90	-60	30	15 m @ 3.52 % C from surface
12KBRB183	1111451	548060	313	90	-60	10	10 m @ 8.76 % C from surface
12KBRB185	1111454	548019	309	90	-60	13	8 m @ 4.28 % C from 5m
12KBRB198	1112496	548817	319	90	-60	29	24 m @ 3.81 % C from 5m
12KBRB199	1112499	548786	316	90	-60	30	10 m @ 3.69 % C from 20m
12KBRB204	1111247	548001	306	90	-60	23	13 m @ 2.52 % C from 10m
12KBRB206	1111254	547963	305	90	-60	20	10 m @ 5.65 % C from 10m
12KBRB207	1111252	547941	307	90	-60	24	19 m @ 7.64 % C from surface
12KBRB208	1111248	547920	305	90	-60	28	5 m @ 3.17 % C from 5m
							8 m @ 4.59 % C from 20m
12KBRB222	1113002	550548	296	90	-60	22	10 m @ 2.74 % C from 10m

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
Total	14.5	7.2	1,036,000

*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.