

## September 2008 Quarterly Report



### Akoko North drilling intersects significant open ended shallow gold mineralisation over 1,000m of strike

Twenty four new drill holes were completed at the Akoko North prospect with **significant gold mineralisation intersected in most holes. The mineralised zone remains open along strike and at depth.**

Intercepts of note include:

1m @ 84.5 g/t gold from 40m	(ANRC 22)
18m @ 3.02 g/t gold from 7m	(ANRC 32)
19m @ 2.02 g/t gold from 32m	(ANRC 33)
19m @ 2.16 g/t gold from 6m	(ANRC 37)
14m @ 2.26 g/t gold from 41m	(ANRC 37)
13m @ 1.96 g/t gold from 22m	(ANRC 43)
7m @ 7.11 g/t gold from 43m	(ANRC 44)
11m @ 1.02 g/t gold from 3m	(ANRC 28)
10m @ 1.15 g/t gold from 21m	(ANRC 28)
13m @ 1.21 g/t gold from 36m	(ANRC 28)
6m @ 2.29 g/t gold from 28m	(ANRC 29)

### New Akoko licence acquired hosting +1,000ppb gold anomaly

A new prospecting licence was granted with sampling identifying a significant +1,000 ppb gold in soil anomaly. This anomaly is the highest tenor and most consistent soil anomaly defined at Akoko so far and it may represent the surface expression of further significant gold mineralisation.

### Permit granted to explore Opon Mansi iron deposit

Castle has been granted a permit from the Ghana Forestry Commission to carry out bulk sample collection from the Opon Mansi iron deposit in south west Ghana.

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Capital Structure  
Quoted: 48.73 million  
Unlisted Options: 6 million 35c  
1 million 25c

ASX Code: CDT

Board Members  
Michael Ivey  
Chairman, MD & CEO  
Campbell Ansell  
Non Executive Director  
Michael Ashforth  
Non Executive Director  
Dennis Wilkins  
Company Secretary

# AKOKO PROJECT

(100% Castle Minerals)

The Akoko Project consists of one granted Prospecting Licence located ~10 km east of Adamus Resources' Salman gold project and 40km south of the Prestea gold mine.

A second phase of drilling at the 100% owned Akoko North prospect has confirmed the presence of significant open ended shallow gold mineralisation.

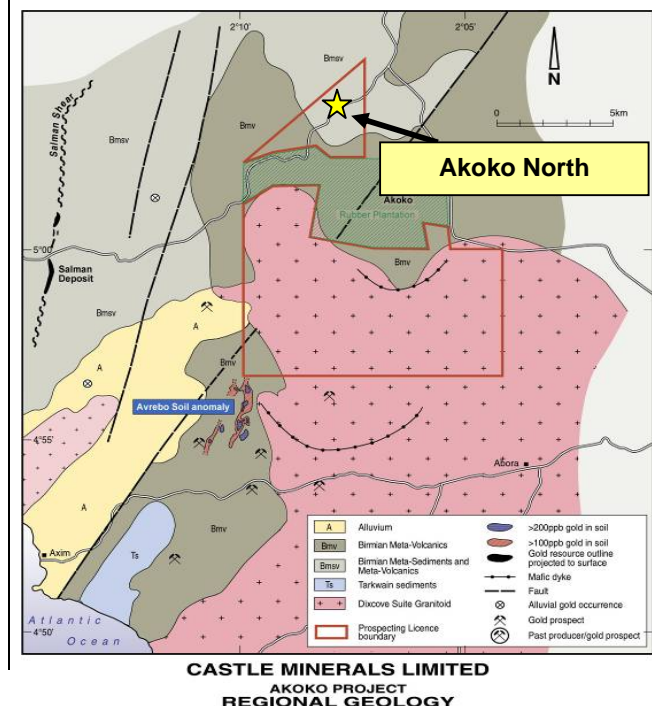
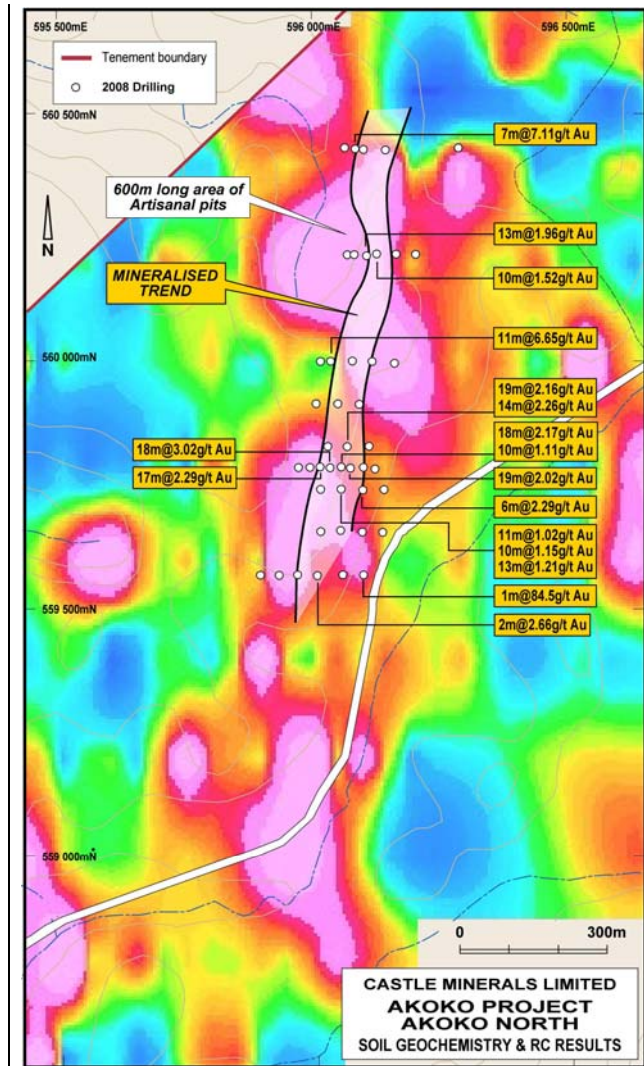
Twenty four new drill holes were completed with significant gold mineralisation intersected in most holes. The mineralised zone remains open along strike and at depth.

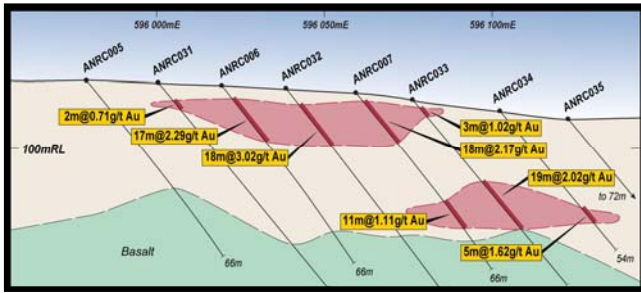
Intercepts of note include:

- 1m @ 84.5 g/t gold from 40m (ANRC 22)
- 18m @ 3.02g/t gold from 7m (ANRC 32)
- 19m @ 2.02g/t gold from 32m (ANRC 33)
- 19m @ 2.16g/t gold from 6m (ANRC 37)
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- 13m @ 1.96g/t gold from 22m (ANRC 43)
- 7m @ 7.11g/t gold from 43m (ANRC 44)
- 11m @ 1.02g/t gold from 3m (ANRC 28)
- 10m @ 1.15g/t gold from 21m (ANRC 28)
- 13m @ 1.21g/t gold from 36m (ANRC 28)
- 6m @ 2.29g/t gold from 28m (ANRC 29)

Gold mineralisation occurs within near surface horizontal zones up to 150m wide. These zones are laterally continuous and can be traced along strike for at least one kilometre. The mineralised zones are typically hosted within weathered basalt and quartz veining is common.

These results confirm a significant near surface gold discovery at Akoko North. Akoko North is a greenfield discovery resulting from Castle's commitment to grassroots exploration in Ghana over the previous two and a half years. Castle's aim is to proceed to resource definition drilling towards establishing a JORC code compliant resource as soon as possible.





Akoko North Cross Section - RC Drilling 559 800mN

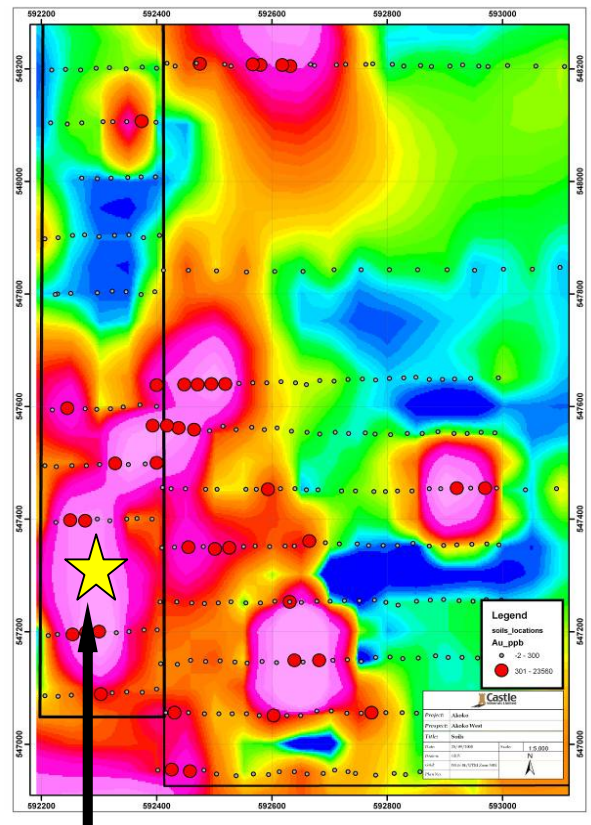
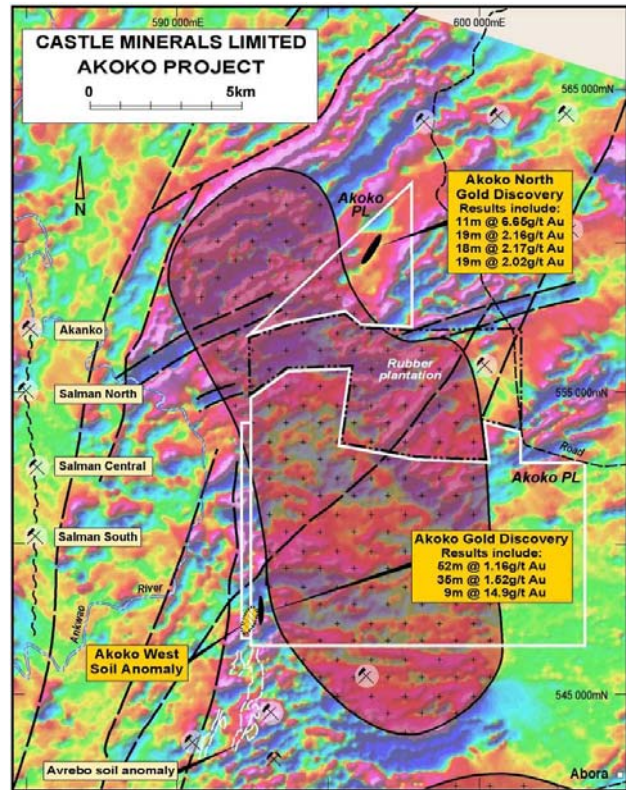
**Background**

The 24 hole reverse circulation drilling program was designed to follow up an earlier 20 hole program completed by Castle in March 2008 that tested a well defined 1.5km long (+250ppb gold) gold in soil anomaly. The northern half of this anomaly contains numerous historic prospecting pits and shafts over a +600m x 75m area. The area has excellent access being 600m west of an all weather gravel road and 25km south of the large mining town of Tarkwa.

**New Akoko Licence**

During the quarter the Akoko Project was extended through the grant of an additional prospecting licence. The new licence abuts the western boundary of the project area and forms an important addition to the Company's land holding. Soil sampling has been completed over the new licence and has identified a significant +1,000 ppb gold soil anomaly. This anomaly is parallel to a zone of shallow gold mineralisation discovered in 2007 and is considered very prospective. The anomaly has a core zone of +1,000ppb gold results over five consecutive sample lines that occurs within a much broader +100ppb gold outline. The peak result reported was 2,452ppb gold.

This is the highest tenor and most consistent soil anomaly defined at Akoko so far and may represent the surface expression of further significant gold mineralisation. Castle is proposing to conduct a trenching program to obtain structural and geological information prior to drill testing.



**+1,000ppb gold in soil anomaly defined within a larger +100ppb gold anomaly on the new Akoko West prospecting licence...**

**Highest tenor anomaly so far defined at the Akoko Project...**

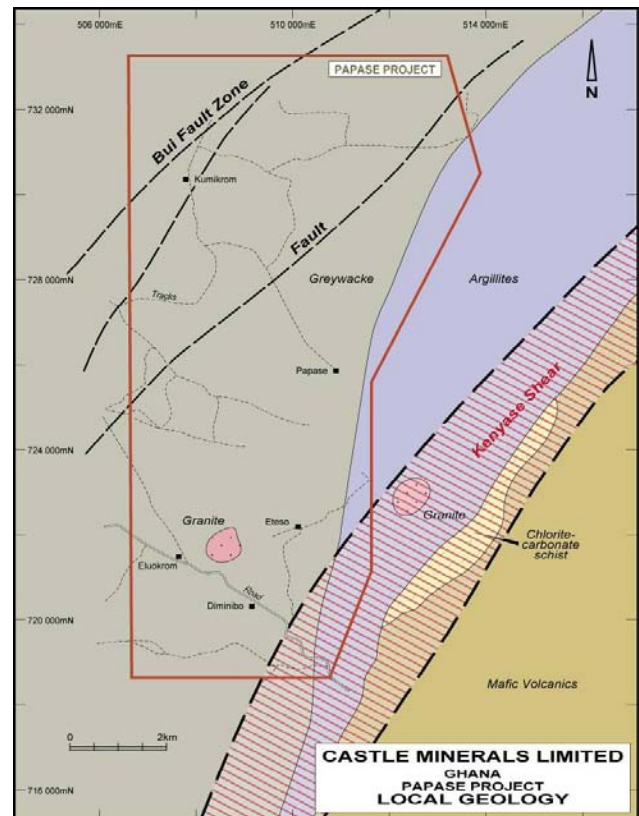
# PAPASE PROJECT

(Castle Minerals right to earn 100%)

The Papase Project consists of one granted Reconnaissance Licence located in south west Ghana. Castle has the right to earn a 100% interest in the project from a local Ghanaian company.

The Papase Project is located 65km south west of Newmont’s ‘world class’ Ahafo gold operation and is interpreted to contain the Kenyase shear zone and the Bui fault. A regional soil sampling program was completed during the quarter with 670 samples collected on a nominal 800m x 100m grid spacing with 73 line kilometers of gridlines cut. Some areas mainly around the Bia River were not sampled due to inaccessible swamp or wet terrain.

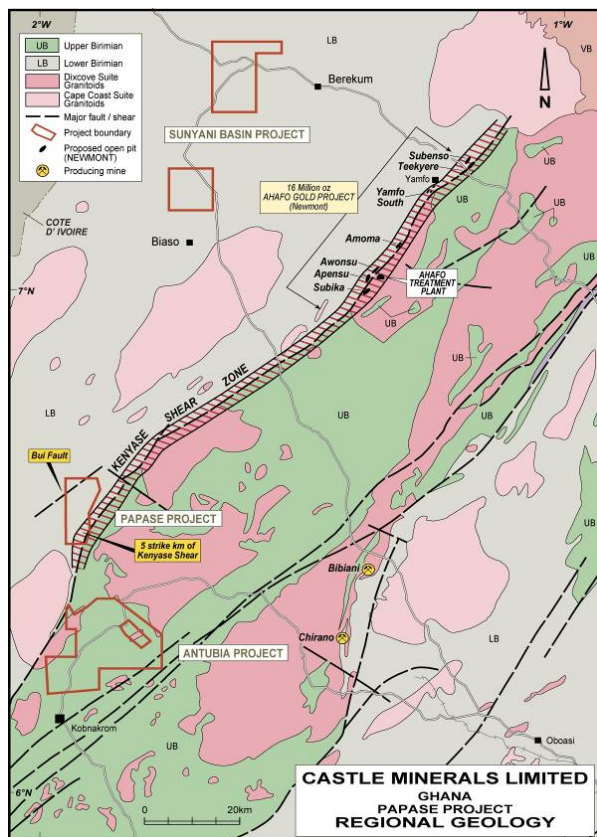
Results reported an area of anomalous geochemistry in the south east corner of the licence with a peak result of 55ppb gold. This anomaly overlies the interpreted Kenyase shear zone and follow up sampling and further field inspection will be completed.



The Papase Project is strategically located 65km south west of Newmont’s ‘world class’ Ahafo gold operation and is interpreted to contain the Kenyase shear zone and the Bui fault.

The Kenyase shear zone is a major structure that is associated with Newmont’s +16 million ounce\* Ahafo gold project that includes the proposed development of at least 15 open pit mines.

\*Newmont Corporation website



# OPON MANSI PROJECT

## (Application)

The Opon Mansi Project consists of one Prospecting Licence application located ~120 km north of the port city of Takoradi in south west Ghana.

Permitting to conduct exploration was received during the quarter from the Ghana Forestry Commission and will allow the collection of bulk samples towards determining the potential for high grading and/or beneficiation of the iron and ultimately its commercial value.

The Opon Mansi iron deposit was discovered by the Ghana Geological Survey in 1963 with iron ore located on 15 hills over a strike length of 24 kilometers. The deposit is largely within the Opon Mansi Forest Reserve that provides for managed timber production and timber preservation.

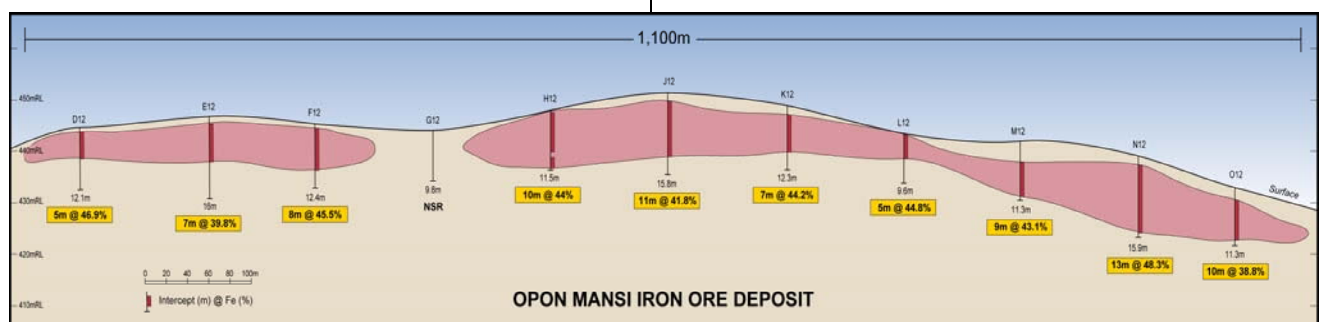
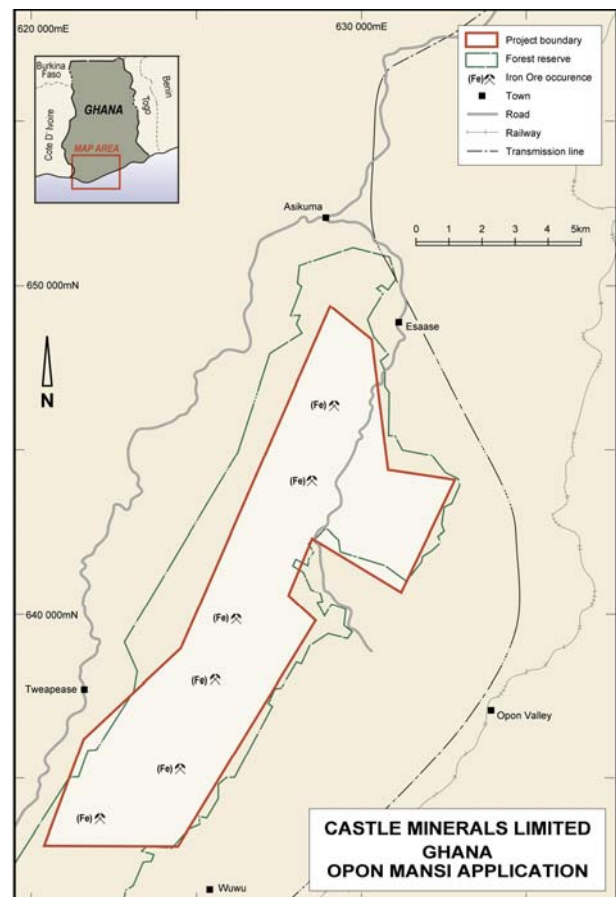
In March 2008 Castle lodged an application over the Opon Mansi lateritic iron ore deposit in south west Ghana. The Opon Mansi iron deposits are located on the top of a range of hills that extend from Opon Valley in the south towards Dunkwa in the north.

Subsequent to the application being lodged Castle applied for and received, a permit from the Ghana Minerals Commission to conduct due diligence, including validation of the historic drill data, over the Opon Mansi deposit.

The permit allows for pitting, trenching and drilling and other forms of exploration activity. The Permit does not confer ownership rights but provides an opportunity to complete exploration and due diligence whilst Castle's Prospecting Licence application is considered.

Historic drill data for the deposit has been located and entered into a database. Perth based metallurgical consultants METS were engaged by Castle and have proposed a sampling and testing program to determine if the historically identified mineralisation can be beneficiated to a commercial product.

Test pits are proposed to be dug during the December quarter to obtain bulk samples for shipment to Perth.



## WA PROJECT

(Castle Minerals right to earn 100%)

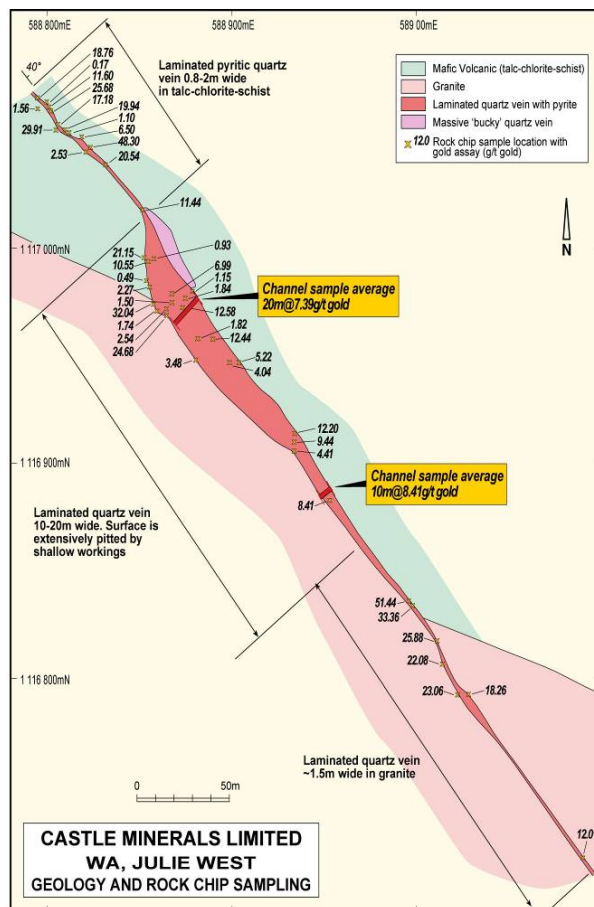
### Julie West Prospect

The drilling contractor has confirmed a start date of early November (following rain delays) to undertake the first ever drill testing of the Julie West 500m long laminated pyritic quartz vein discovered by Castle in June 2008.

Forty four rock chip samples of the laminated quartz vein have been collected reporting an average grade of 13.2g/t gold, with sampling including two channel samples across the interpreted true width of the vein that averaged

**20m @ 7.39 g/t gold and  
10m @ 8.41 g/t gold.**

The vein outcrops (or is exposed in shallow workings) for over 500m.



## CORPORATE

Castle Minerals Limited is a gold exploration Company with ten projects in Ghana covering more than 10,000km<sup>2</sup>. Castle maintains a very active in-country exploration program, aggressively exploring its gold properties with the aim of discovering and developing a world class gold deposit.

Exploration activities for the December quarter will focus on;

- Drilling of the high grade Julie West prospect
- metallurgical test pitting at Opon Mansi
- new project generation

Castle Minerals Limited has 48.7 million fully paid shares, 6 million 35c options and 1 million 25c options on issue as at the date of lodgement of this report.

Cash reserves at 30 September 2008 were \$1.0 million.

For further information please contact:

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Managing Director & CEO  
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Information in this announcement pertaining to exploration results was compiled by Michael Fowler, Castle Minerals Limited Exploration Manager, who is a Member of The Australasian Institute of Mining and Metallurgy. Michael Fowler 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. Michael Fowler consents to the inclusion in the announcement of the matters based on their information in the form and context in which it appears. Statements regarding Castle Minerals' plans with respect to its mineral properties are forward-looking statements. There can be no assurance that Castle Minerals' plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Castle Minerals will be able to confirm the presence of additional mineral deposits, that any mineralization will prove to be economic or that a mine will successfully be developed on any of Castle Minerals' mineral properties.

Akoko North RC Drill Results

Hole Number	Northing	Easting	mRL	Grid Az.	Dip	Hole Depth	Intercept
ANRC022	559601	596101	97.79	90	-50	84	<b>1m @ 84.5g/t gold Au from 40m</b>
ANRC023	559682	596022	118.6	90	-50	72	7m @ 1.85 g/t gold Au from 8m
ANRC027	559760	596021	119.1	89	-51	72	7m @ 1.11g/t gold Au from 5m 3m @ 1.17 g/t gold Au from 17m
ANRC028	559761	596059	115.9	89	-50	66	<b>11m @ 1.02 g/t gold Au from 3m</b> 2m @ 0.74 g/t gold Au from 17m <b>10m @ 1.15 g/t gold Au from 21m</b> <b>13m @ 1.21 g/t gold Au from 36m</b>
ANRC029	559760	596100	107.5	91	-50	72	3m @ 0.55 g/t gold Au from 24m <b>6m @ 2.29 g/t gold Au from 28m</b>
ANRC031	559801	596038	118.4	91	-52	80	2m @ 0.71 g/t gold Au from 9m
ANRC032	559801	596038	118.4	91	-52	100	<b>18m @ 3.02 g/t gold Au from 7m</b>
						<i>Includes</i>	<i>1m @ 23.91 g/t gold Au from 8m</i>
ANRC033	559801	596076	114.8	90	-50	72	3m @ 1.02 g/t gold Au from 3m <b>19m @ 2.02 g/t gold Au from 32m</b>
ANRC034	559801	596102	111.3	90	-50	54	5m @ 1.62 g/t gold Au from 38m
ANRC036	559840	596033	118.6	90	-51	108	8m @ 1.47 g/t gold Au from 6m
ANRC037	559841	596070	116.2	90	-51	84	<b>19m @ 2.16 g/t gold Au from 6m</b> <b>14m @ 2.26 g/t gold Au from 41m</b>
ANRC038	559842	596112	112.9	90	-51	66	9m @ 1.37 g/t gold Au from 36m
ANRC040	559921	596053	118.4	91	-52	90	10m @ 0.91 g/t gold Au from 30m
ANRC041	559921	596094	115.6	91	-51	88	3m @ 1.64 g/t gold Au from 53m
ANRC043	560199	596108	115	88	-53	132	<b>13m @ 1.96 g/t gold Au from 22m</b> 3m @ 1.38 g/t gold Au from 43m 2m @ 1.05 g/t gold Au from 83m
ANRC044	560399	596086	87.83	90	-50	84	7m @ 1.39 g/t gold Au from 29m <b>7m @ 7.11 g/t gold Au from 43m</b>
						<i>Includes</i>	<i>1m @ 40.39 g/t gold Au from 43m</i>

Notes :

- o Final assay results from reverse circulation drilling 1m riffle splits.
- o 3m maximum internal dilution, 1.0 g/t Au lower cut, no upper cut.
- o All drill holes picked up by DGPS with accuracy of +/-10mm. UTM30N WGS84
- o All drill holes were down hole surveyed for dip and azimuth at approximately 40m intervals down hole.
- o Gold analyses performed using 50gm Fire Assay by Transworld Laboratories, Tarkwa, Ghana.
- o Reference standards, duplicate and blank samples were routinely submitted and were within acceptable limits.

# APPENDIX 5B

## 1.1 MINING EXPLORATION ENTITY QUARTERLY REPORT

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**Castle Minerals Limited**

ACN

116 095 802

Quarter ended ("current quarter")

30 September 2008

### CONSOLIDATED STATEMENT OF CASH FLOWS

<b>Cash flows related to operating activities</b>		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(271)	(2,71)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(138)	(138)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	22	22
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	<b>Net Operating Cash Flows</b>	<b>(387)</b>	<b>(387)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(387)</b>	<b>(387)</b>



1.13	Total operating and investing cash flows (brought forward)	(387)	(387)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds/(over subscription) from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) Share issue transaction costs	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(387)	(387)
1.20	Cash at beginning of quarter/year to date	1,405	1,405
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	1,018	1,018

*PAYMENTS TO DIRECTORS OF THE ENTITY AND ASSOCIATES OF THE DIRECTORS*

*PAYMENTS TO RELATED ENTITIES OF THE ENTITY AND ASSOCIATES OF THE RELATED ENTITIES*

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	61
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.	

*NON-CASH FINANCING AND INVESTING ACTIVITIES*

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows.
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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest.
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**FINANCING FACILITIES AVAILABLE**

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

**ESTIMATED CASH OUTFLOWS FOR NEXT QUARTER**

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	-
<b>Total</b>	<b>300</b>

**RECONCILIATION OF CASH**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	218	305
5.2 Deposits at call	800	1,100
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,018</b>	<b>1,405</b>

**CHANGES IN INTERESTS IN MINING TENEMENTS**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

**ISSUED AND QUOTED SECURITIES AT END OF CURRENT QUARTER**

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

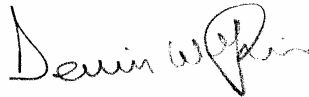
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	48,735,005	48,735,005		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>*Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	1,000,000 75,000 6,050,000	- - -	Exercise price 25 cents 30 cents 35 cents	Expiry date 31 March 2011 20 August 2012 31 March 2011
7.8 Issued during quarter	500,000 75,000		25 cents 30 cents	31 March 2011 20 August 2012
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

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*COMPLIANCE STATEMENT*

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:

(Company secretary)

. Date: **28 October 2008**

Print name: **Dennis Wilkins**

**NOTES**

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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