

June 2012 Quarterly Report



Highlights

Wa Project

- Quarterly exploration activity included **32,011m** drilling:
 - » 103 RC holes for 3,676m
 - » 1,241 RAB holes for 21,378m
 - » 1,433 Auger holes for 6,957m
 - » 3,041 soil samples collected
- Castle's own RAB rig successfully drilled 21,378m at a total cost less than one third of contract rates.
- New **high-grade gold vein** intersected at Julie West (Danyawu) with RC drilling reporting:

12JWRC220	16m @ 14.7g/t	gold from 32m
12JWRC237	8m @ 13.48 g/t	gold from 17m
12JWRC242	9m @ 3.01 g/t	gold from 27m
12JWRC243	17m @ 7.34 g/t	gold from 21m
12JWRC244	15m @ 7.95 g/t	gold from 29m
12JWRC245	15m @ 5.44 g/t	gold from 34m

- RC drilling confirms a **high grade graphite deposit at Kambale** with graphitic carbon drill results reporting:

KBAC 09	30m @ 9.12% C	from 24m
KBAC 13	46m @ 8.09% C	from surface
KBAC 41	19m @ 10.74% C	from 21m
KBAC 44	24m @ 8.46% C	from 2m
KBAC 46	26m @ 10.85% C	from 30m
inc.	16m @ 12.25% C	from 40m
KBAC 84	19m @ 9.56% C	from 3m
KBRC 01	52m @ 7.60% C	from 40m
inc.	9m @ 10.46 %C	from 52m

Metallurgical test work and resource estimation are underway

- Auger drilling defines strong anomaly at the new **Pole prospect**. The largest anomaly extends for over 5km and includes a peak auger sample reporting **7,170ppb gold**
- RC drilling at **Baayiri** prospect reported best results of **10m @ 2.51g/t gold** from 44m and **11m @ 1.46g/t gold** from 79m

Corporate

- End of quarter cash position of \$3.4m
- Offers received for two non-core gold projects in Ghana

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Capital Structure
Quoted Shares: 113.7 million
Unlisted Options: 1.05m @ 40c

ASX Code: CDT

Board Members
Michael Ashforth
Non Executive Chairman

Michael Ivey
Managing Director & CEO

Campbell Ansell
Non Executive Director

Des Kelly
Company Secretary

Wa Project (Castle Minerals 100%)

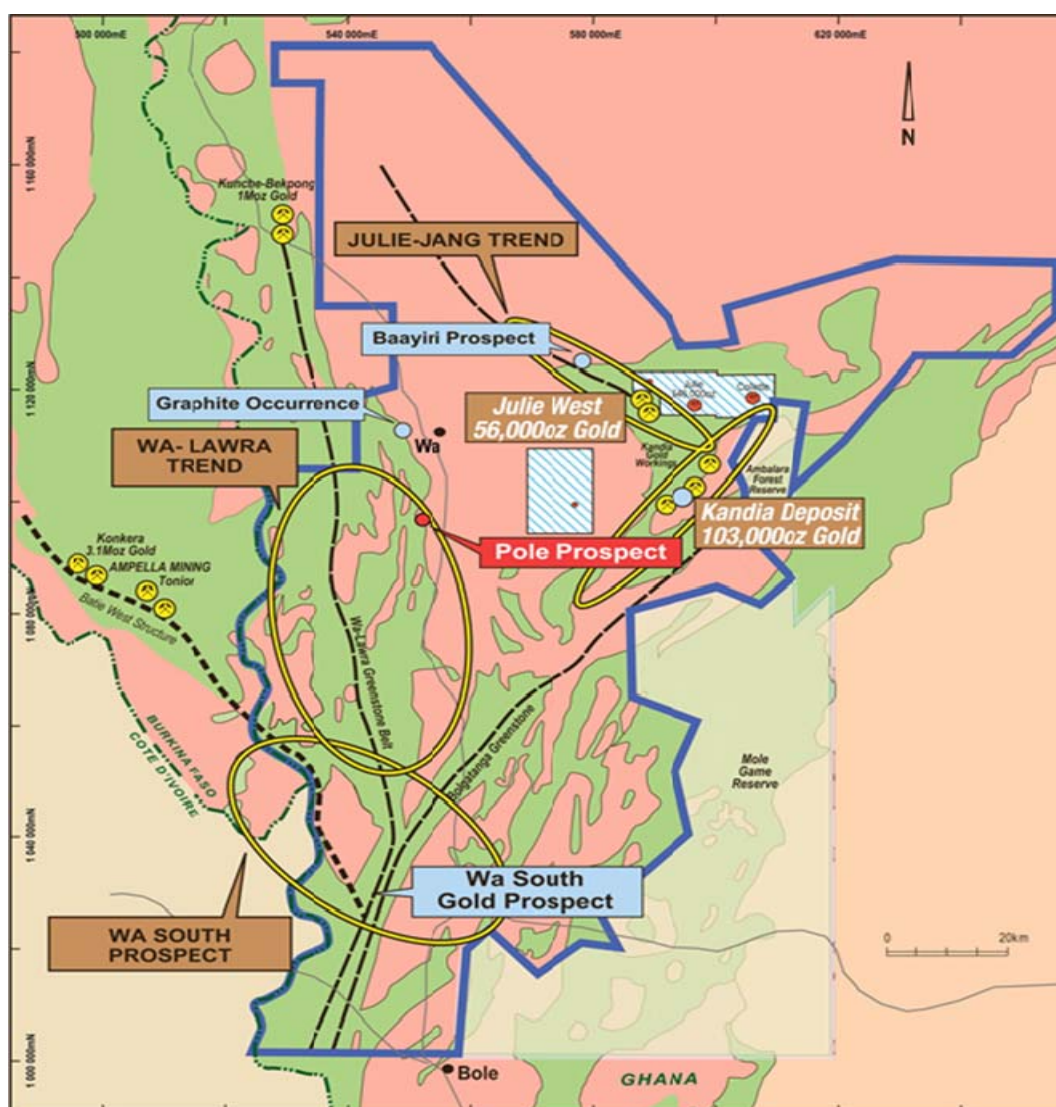
Quarterly exploration activities were focussed on the Company's extensive Wa Project (10,000km²) in north west Ghana concentrating on four regional scale highly prospective gold corridors known as;

- Julie-Jang Trend 50km long trend that includes the Baayiri discovery
- Kandia Trend 30km corridor of anomalous gold in soils
- Wa South (Batie West trend) 60km long corridor on intersection of two greenstone belts
- Wa-Lawra Greenstone Belt 80km of untested greenstone belt stratigraphy (includes Kambale graphite deposit)

The focus for 2012 is to achieve our ultimate goal of defining sufficient standalone gold resources capable of commercial development. Drilling dominated exploration activities with 32,011m completed during the quarter using four rigs including Castle's own RAB rig that was successfully commissioned in February. The RAB rig drilled 1241 holes during the quarter for 21,378m at a total cost of <\$8/m being less than one third of contract rates.

Exploration Physicals:

- » 103 RC holes for 3,676m
- » 1,241 RAB holes for 21,378m
- » 1,433 Auger holes for 6,957m
- » 3,041 soil samples collected



Quarterly exploration activities focussed on the Wa Project in NW Ghana

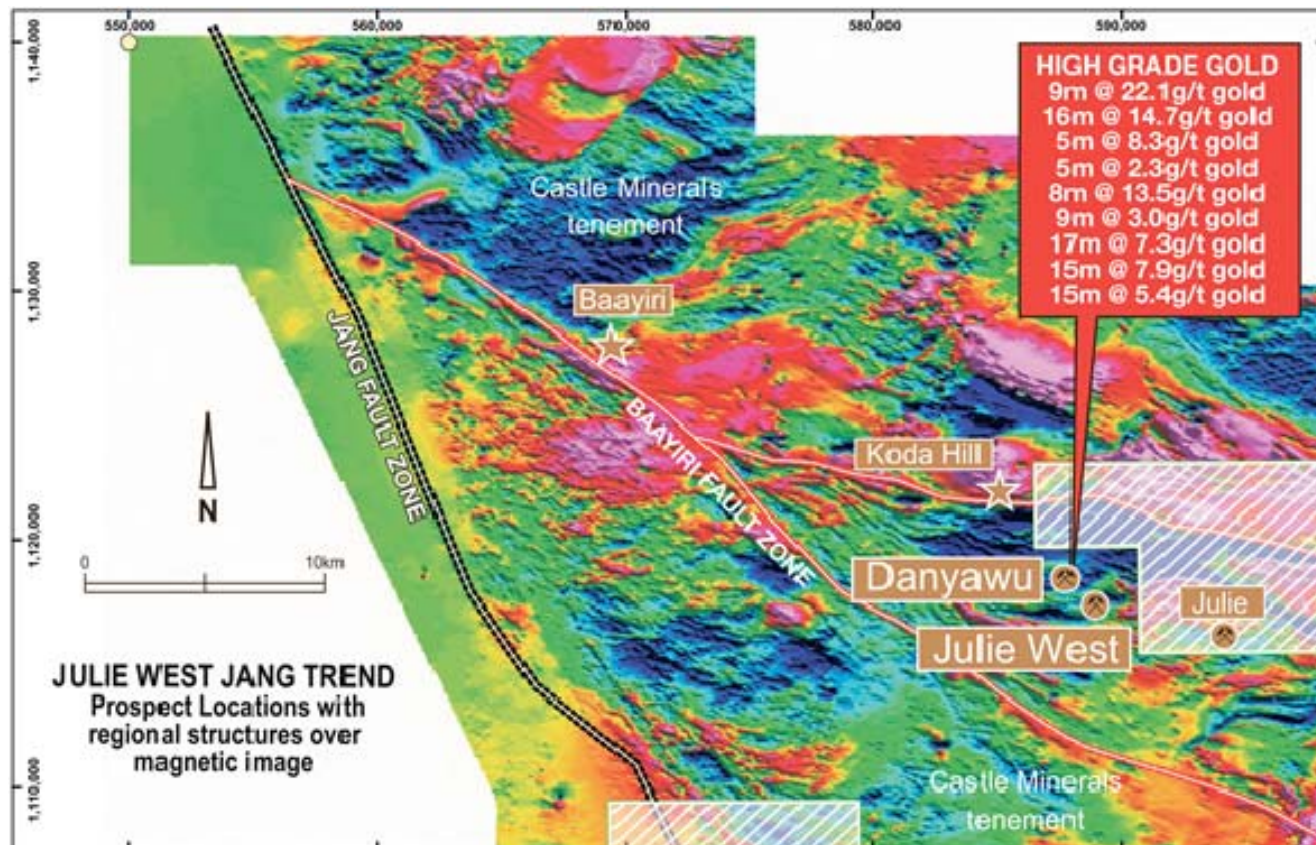
Julie West Prospect

A second RC program was completed during the quarter following the positive result of **16m @ 14.7g/t gold** reported in May 2012. This second program consisted of 10 vertical RC holes and intersected shallow, high grade gold mineralisation with significant results including:

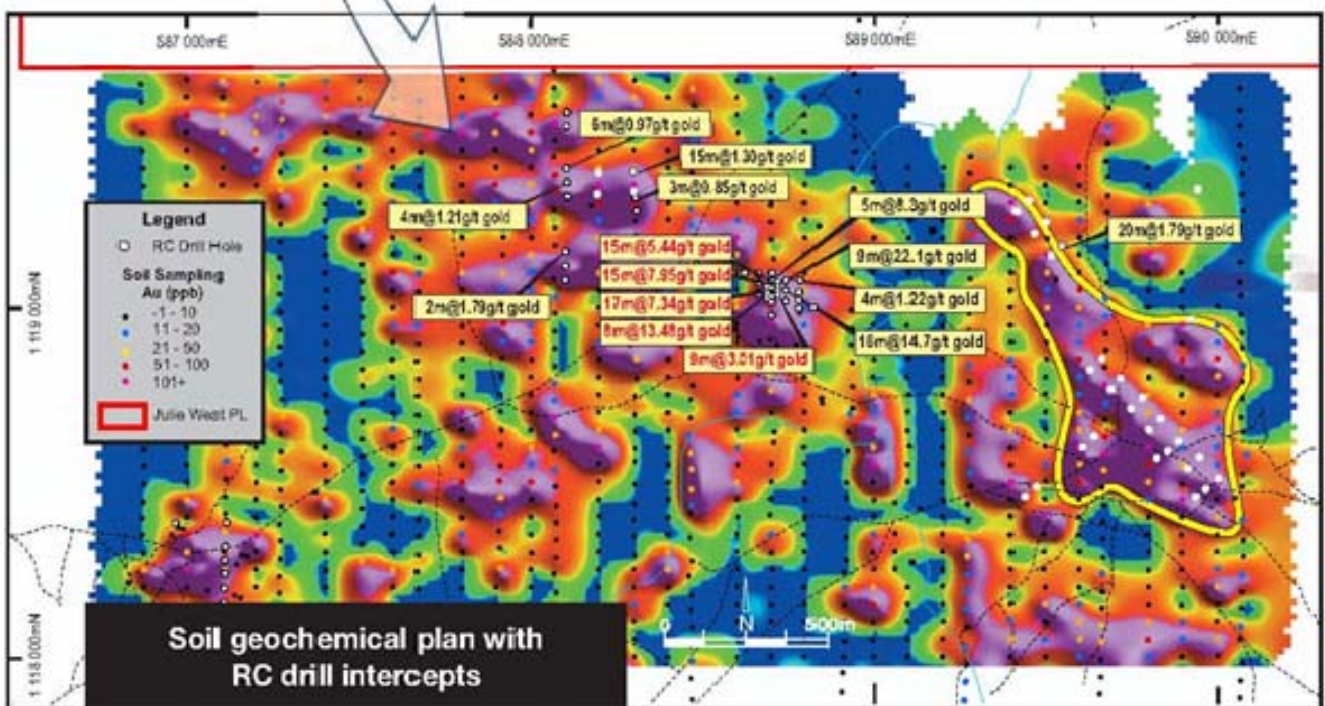
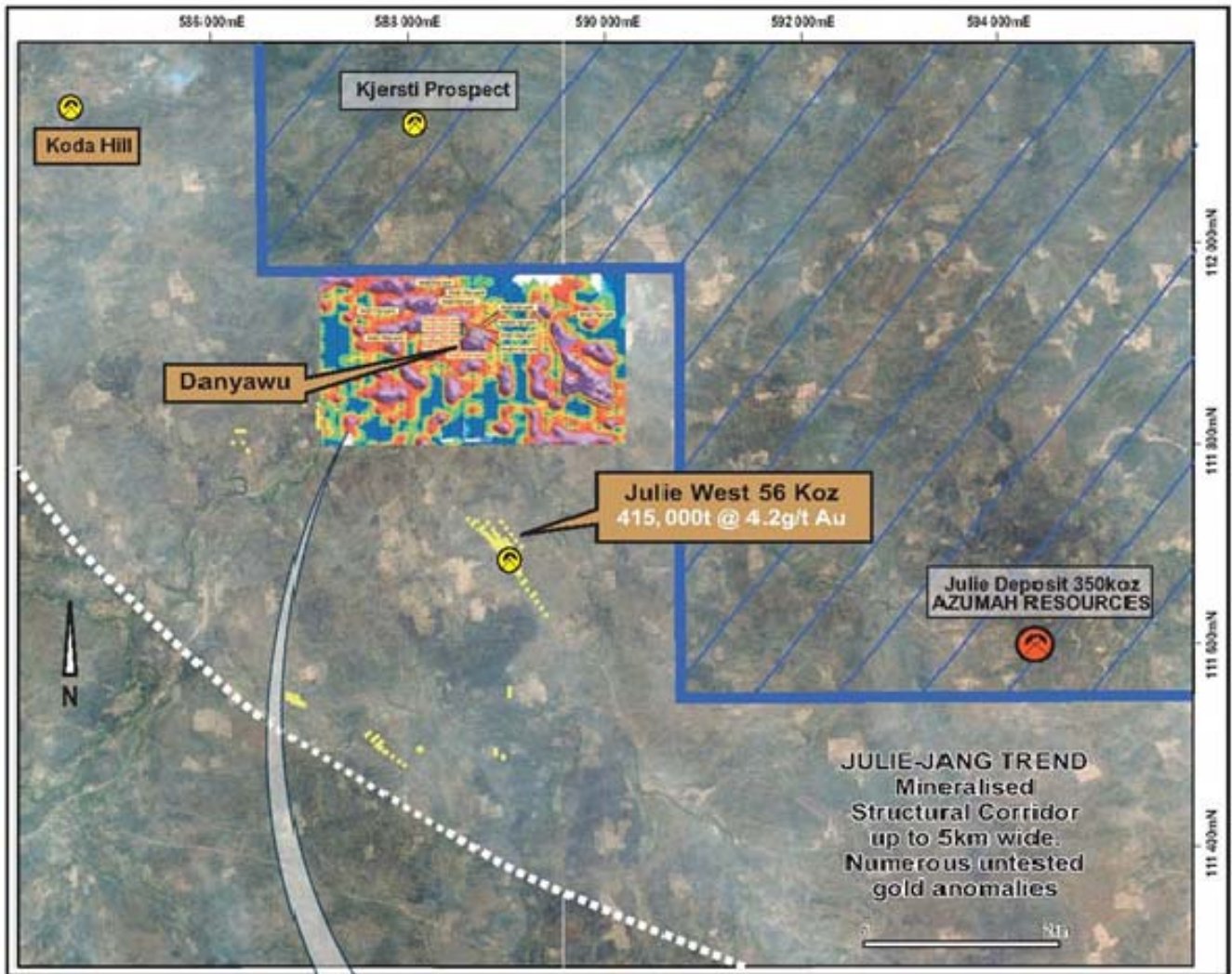
- **12JWRC237** **8m @ 13.48 g/t gold from 17m**
- **12JWRC242** **9m @ 3.01 g/t gold from 27m**
- **12JWRC243** **17m @ 7.34 g/t gold from 21m**
- **12JWRC244** **15m @ 7.95 g/t gold from 29m**
- **12JWRC245** **15m @ 5.44 g/t gold from 34m**

Field mapping in 2012 proposed that the original south oriented drilling was possibly not normal to local structures. The new vertical spaced holes successfully intersected high-grade mineralisation in a zone of quartz and pyrite mineralisation hosted within granodiorite. The geometry of the mineralisation is now interpreted as a NNW striking zone dipping ~40° east and plunging to the north east. This requires a reassessment of other Castle intercepts in the Julie West area that were previously explored looking for east-west oriented veins, and offers excellent potential for additional veins to be discovered. This gold occurrence has been named Danyawu (pronounced "Danyou") after the local village 2km to the south east.

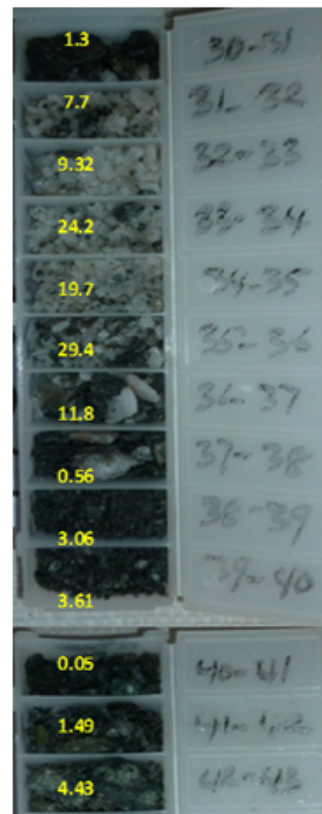
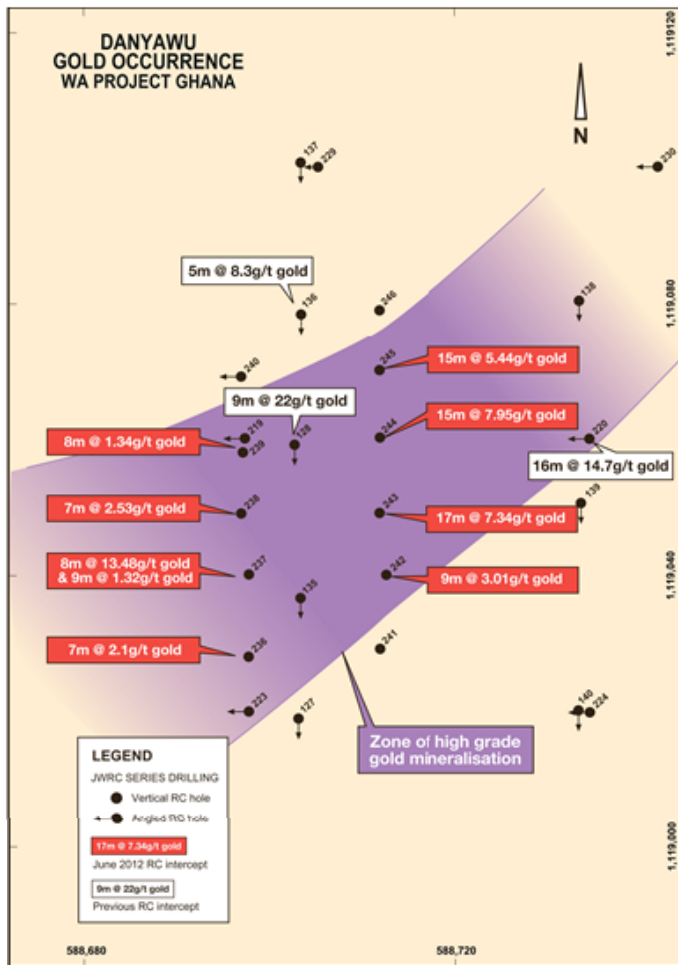
This is the second shallow high grade gold deposit discovered by Castle at the Julie West prospect. These deposits offer high value ounces and with the new vein geometry offers additional targets within the broader Julie West area. As well as continuing to drill out this new zone a number of previous drill intercepts in the area require re-assessment in light of this new information.



Julie West - Jang Trend showing significant Danyawu RC results over magnetic image.



RC drilling on imaged soil geochemistry showing significant gold intercepts at Danyawu



Danyawu drill hole plan (left) and chip tray photos (right) of JWRC244 (15m@7.95g/t gold) with individual gold results

Kambale Graphite Deposit

During the quarter 91 RC holes were completed at Kambale (5km west of Wa) confirming a large, near surface high-grade graphite occurrence.

Graphitic schist horizons remain open along strike and at depth. Less than 20% of the graphitic schist horizon has been tested and Kambale has the potential to be a substantial graphite deposit.

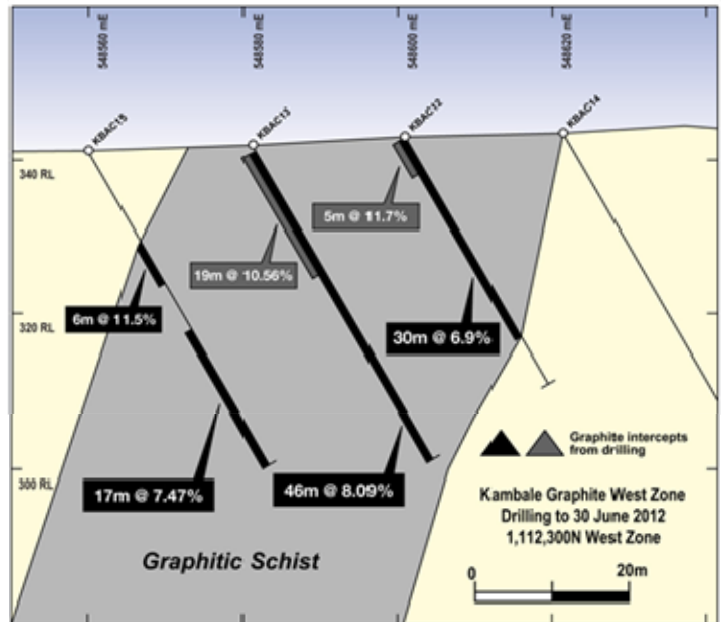
Samples from this drilling have been submitted to a Perth metallurgical laboratory and these results along with a maiden resource estimate are expected to be announced in the near future.



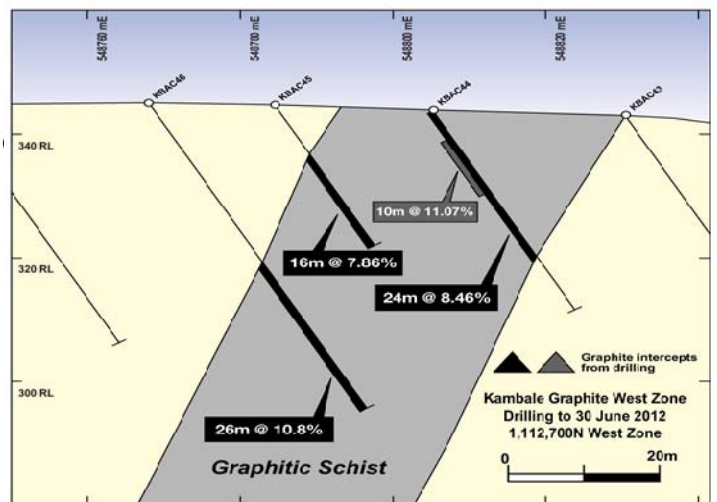
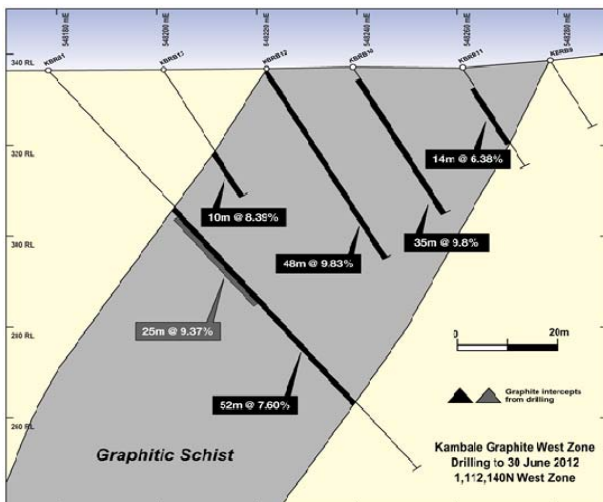
Significant results from 1m RC samples (analysed for graphitic carbon) include:

KBAC 09	30m @ 9.12%C	from 24m
KBAC 13	46m @ 8.09%C	from surface
inc.	19m @ 10.56%C	from surface
KBAC 35	9m @ 10.81%C	from surface
KBAC 41	19m @ 10.74%C	from 21m
KBAC 44	24m @ 8.46%C	from 2m
inc.	10m @ 11.07%C	from 5m
KBAC 46	26m @ 10.85%C	from 30m
inc.	16m @ 12.25%C	from 40m
KBAC 84	19m @ 9.56%C	from 3m
KBRC 01	52m @ 7.60%C	from 40m
inc.	9m @ 10.46%C	from 52m

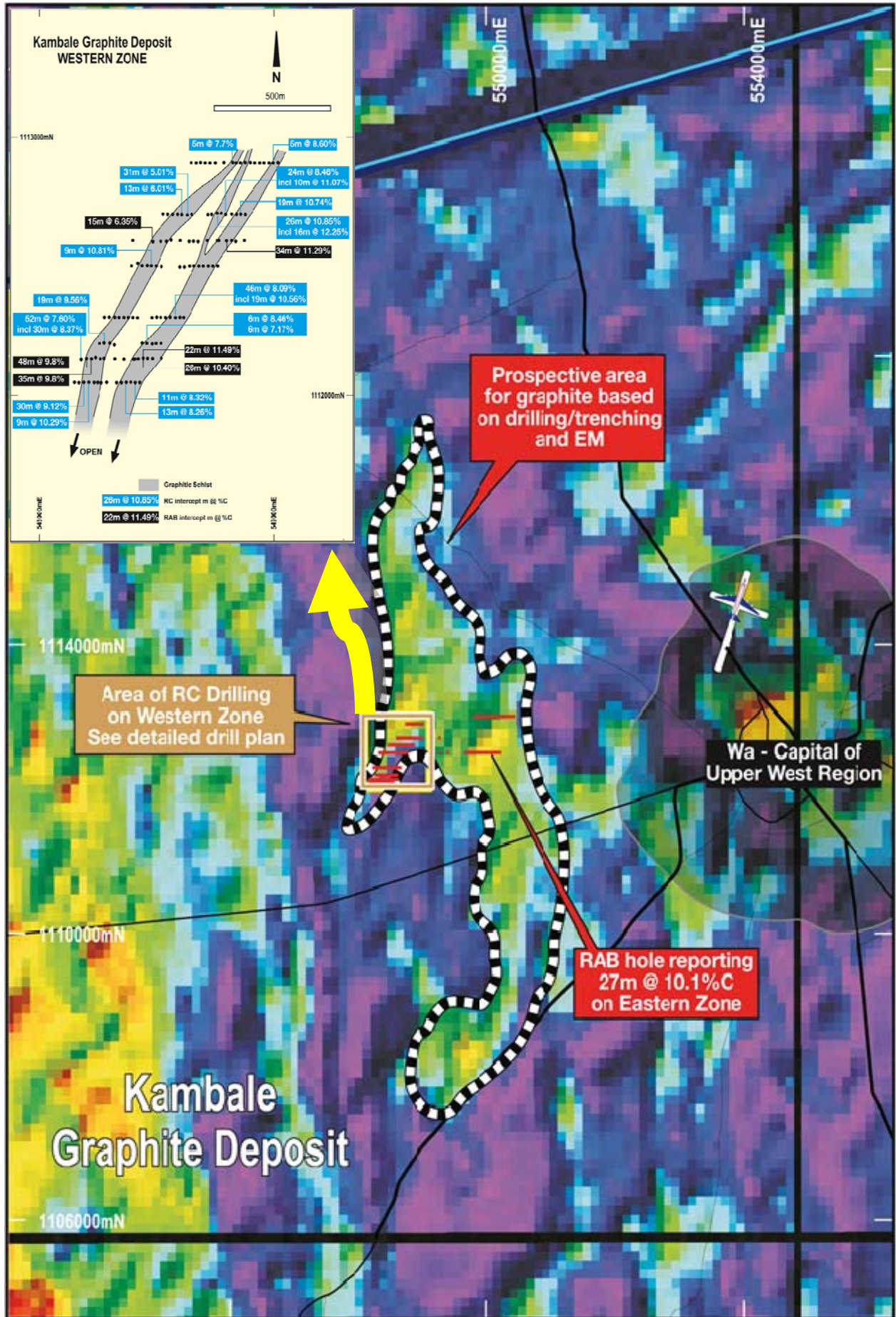
Drilling is planned to recommence testing strike extensions as well as drilling the **eastern graphitic schist zone** where a March 2012 RAB hole reported **27m @ 10.1% from 9m**.



RC drilling at Kambale and cross section 1,112,300mN showing high grade graphite from surface



Kambale cross sections showing wide zones of graphitic schist from surface



Location of drilling over regional electromagnetic image. Black and white border shows area considered prospective for graphite

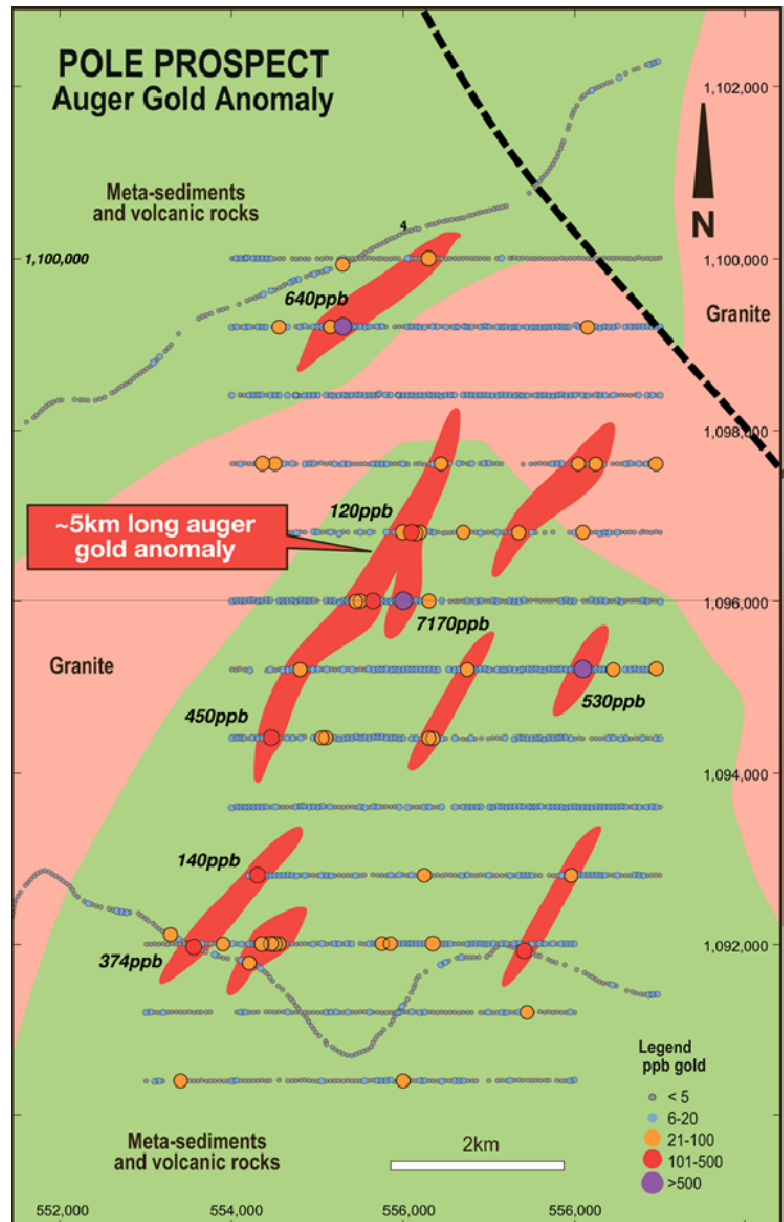
Pole Prospect

Pole is located 10km south of Kambale and is situated within the Wa-Lawra greenstone belt.

During the quarter auger drill results were received defining a number of substantial new gold anomalies in a previously unexplored area.

The **largest anomaly extends for over 5km and includes a peak auger sample reporting 7,170ppb gold**. The anomalies sit in an excellent structural position on the eastern margin of the Wa-Lawra greenstone belt that to the north hosts the +1Moz Kunche/Bepkong gold deposits.¹

The auger drilling followed regional soil sampling by Castle on 4km spaced lines that generated a 230ppb gold soil result on what now forms the southern part of the Pole prospect. Auger drilling on 800m x 50m centres was completed testing a 10km long area with substantial anomalies generated. Underlying geology is interpreted as Birimian sediments and volcanoclastic rocks with local granitic intrusives. Field mapping is underway in preparation for RAB drilling.



Wa South Prospect

Wa South is a grassroots prospect defined over the previous two field seasons following earlier Castle programs of soil sampling, auger and aircore drilling. Following the maiden RC drill testing at the Wa South prospect in Q1 2012 a second phase of RC drilling was completed during the quarter consisting of 11 holes for 940m.

These holes were designed to follow up the significant intersections from phase one of **10m @ 1.73g/t gold** from 40m (SWRC 01), inc. **5m @ 3.03g/t gold** from 40m and **15m @ 0.56g/t gold** from 65m (SWRC 04), inc. **5m @ 1.23 from 70m**.

Drilling successfully intersected steep east dipping Birimian meta-sediments with gold mineralisation hosted within sheared, weakly pyritic meta-sediments with variable silicification and quartz veining. Gold results were low tenor with a best result of 5m @ 0.49 g/t gold from 75m. Farming activity prevented some of the better intercepts being tested and this will be undertaken in the dry season.

RAB drilling was completed consisting of 194 holes for 4,845m testing regional strike extensions and auger anomalies. Results for this work are awaited.

Baayiri Prospect

RC, RAB and Auger drill programs were completed along with infill and extensional soil sampling over the large (12 x 8km) Baayiri prospect. Results were received for the auger and RC drilling and the first 556 of the 979 RAB holes completed to date at Baayiri.

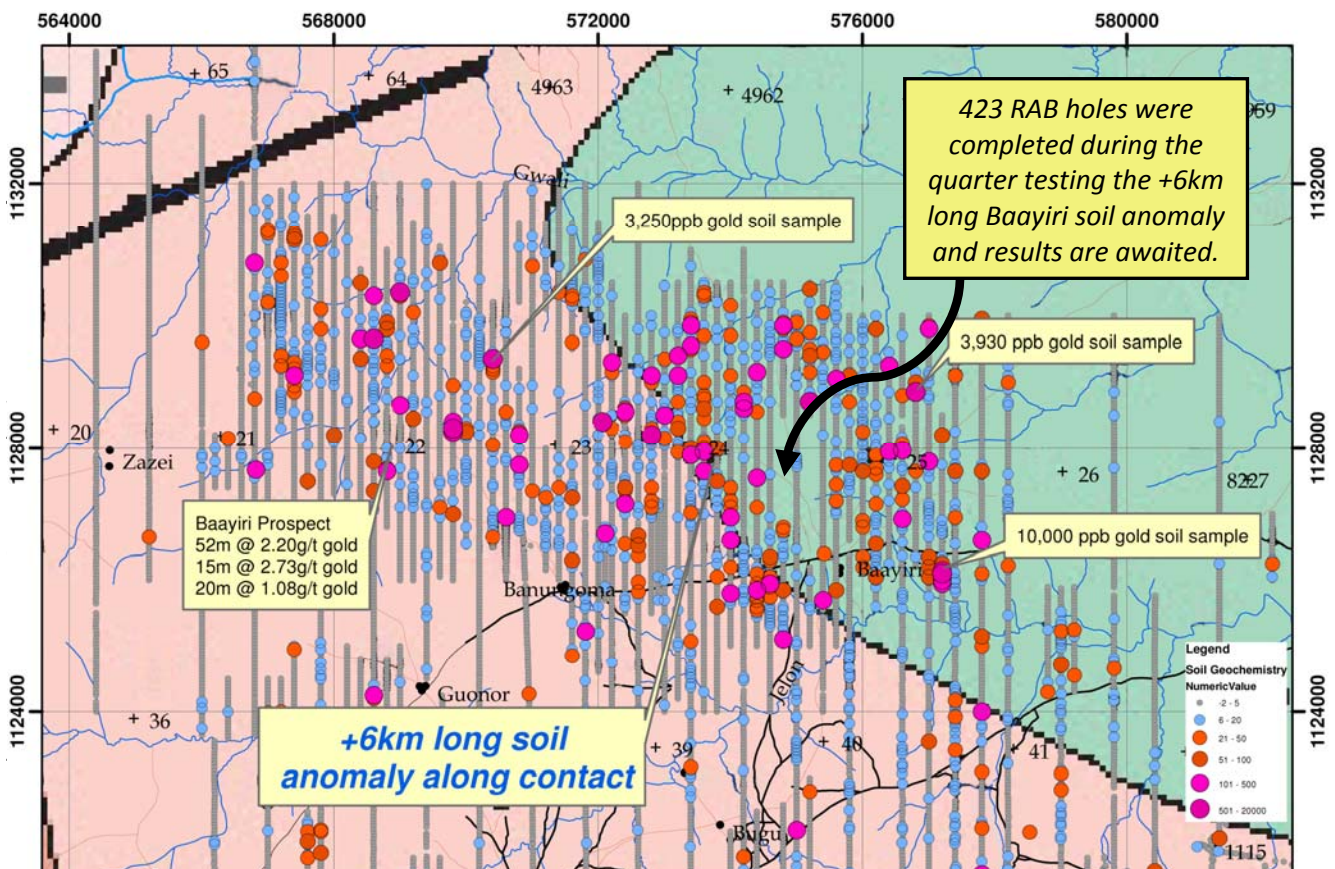
RC Drilling: 19 RC holes for 1,765m were drilled testing for extensions to the intercept of 52m @ 2.02g/t gold reported previously. Holes were oriented east-west testing an interpreted NNE trending steep dipping mineralised zone. Results suggests that the gold mineralisation at Baayiri is controlled by a 5-10m wide, steep dipping, NNE trending zone and that the earlier 52m down hole intercept was drilled largely down dip of the mineralisation. Best results from the drilling included **10m @ 2.51g/t gold from 44m** and **11m @ 1.46g/t gold from 79m**.

The gold mineralisation at Baayiri is hosted by pyrite/potassic altered granodiorite with variable quartz veining. The mineralised zone appears to have limited strike and the exploration focus will now be directed to the 6km long soil anomaly 4km to the east. This soil anomaly straddles a granite/mafic contact and includes soil values up to 10,000ppb gold. 423 RAB holes were drilled testing this target during the quarter and results are awaited.

RAB Drilling: to date 979 holes have been drilled at Baayiri with results for 556 received. Significant intercepts reported to date include:

BARB 14	5m @ 0.35g/t	gold from 20m
BARB 51	6m @ 0.43g/t	gold from 15m
BARB 264	5m @ 0.33g/t	gold from surface

This drilling is testing the widespread gold anomalism reported at surface at Baayiri and these RAB intercepts require follow up work to determine their significance.



Baayiri prospect showing surface geochemical results – note plan covers 18km in east-west direction

Auger Drilling: two regional auger lines spaced 4km apart were completed north of Baayiri along the Julie-Jang trend testing for strike extents to Baayiri and associated geophysical targets. Results from this work have defined a number of low level auger anomalies that are interpreted as extensions to the surface gold anomalism seen at Baayiri to the south. Best auger results reported include:

BAAU 304	29 ppb gold	BAAU 376	46 ppb gold
BAAU 379	40 ppb gold	BAAU 609	31 ppb gold
BAAU 651	78 ppb gold	BAAU 795	26 ppb gold
BAAU 741	45 ppb gold	BAAU 725	24 ppb gold
BAAU 726	29 ppb gold	BAAU 908	21 ppb gold

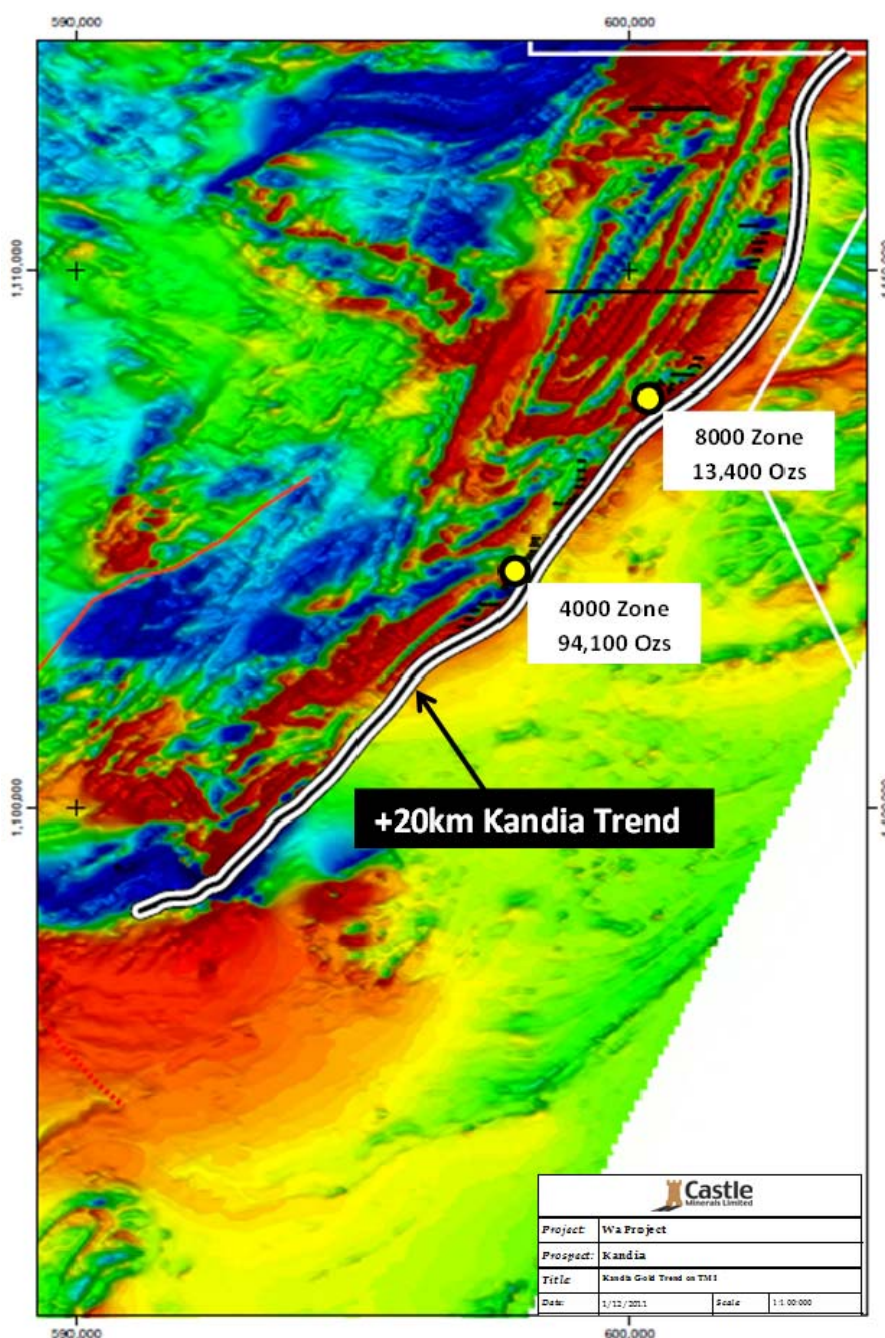
Kandia Prospect

The Kandia prospect is located in north-west Ghana and forms part of Castle's large Wa Project.

In 2011 a Mineral Resource Estimate for the Kandia gold prospect was completed totalling 3.3Mt @ 1.0g/t gold (107,500oz).

Gold mineralisation was first discovered on this greenfields prospect by Castle in 2010 with the first resource drilling being undertaken in 2011. Since that time Castle has completed extensive soil sampling, airborne geophysical surveys and completed 264 RC drill holes for 19,541m.

During the quarter results were received for 9 RC holes that were completed in the March Quarter. The holes were designed to test for extensions to the known mineralisation as well as several parallel structures that were considered favourable for Kandia style repeats. The holes intersected only low grade gold mineralisation with a best result 19m @ 0.63g/t gold from 57m in hole KARC 270. Exploration will now focus on the regional Kandia trend utilising systematic RAB drilling commencing at the end of the wet season.



Corporate

Cash Position

At Quarter end Castle had total issued capital of 113.7M shares and 1.05 million options on issue. Cash reserves were \$3.4 million.

Project Divestment

Castle has received a share and cash offer for two of its gold exploration projects in Ghana from a private exploration company. The offers are being considered.



The wet season has arrived in Northern Ghana. The photos above were taken on June 30 and July 2 and show the rapid change in creek levels as the rains increase. Peak rainfall occurs in September at ~ 250mm. Exploration is possible in areas that have good road and bridge infrastructure.

For further information please contact:

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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 11,000km².

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.

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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 the information in the form and context in which it appears.

Information in this announcement that relates to the Mineral Resources is based on information compiled by Michael Ivey, Castle Minerals Limited Managing Director, who is a Member of The Australasian Institute of Mining and Metallurgy. Michael Ivey 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. Michael Ivey consents to the inclusion in the announcement of the matters based on the information in the form and context in which it appears.

References/Footnotes

¹www.Azumahresources.com

Significant Drilling Intercepts - Baayiri RC

Grid: UTM							
Project: Wa							
Hole Number	Northing	Easting	mRL	Grid Az.	Dip	Hole Depth	Intercept
12BARC059	1128678	569030	275	272	-50	80	2m @ 0.55 ppm Au from 29m 3m @ 2.26 ppm Au from 35m 3m @ 0.31 ppm Au from 43m
12BARC060	1128680	569050	275	270	-50	120	8m @ 0.36 ppm Au from 65m
12BARC061	1128639	569030	275	268	-51	80	4m @ 0.30 ppm Au from 8m 10m @ 2.51 ppm Au from 44m 1m @ 16.20 ppm Au from 49m
12BARC062	1128637	569050	275	267	-51	120	<i>Includes</i> 11m @ 1.46 ppm Au from 79m
12BARC063	1128598	569009	275	271	-52	70	5m @ 0.15 ppm Au from 30m
12BARC064	1128600	569030	275	273	-51	110	2m @ 0.20 ppm Au from 61m
12BARC068	1128718	569058	275	272	-49	93	3m @ 0.15 ppm Au from 61m
12BARC072	1128760	569030	275	272	-50	65	15m @ 0.49 ppm Au from 26m 5m @ 0.21 ppm Au from 45m
12BARC073	1128759	569051	275	272	-51	109	10m @ 0.33 ppm Au from 52m 5m @ 0.45 ppm Au from 72m
12BARC074	1128760	569069	275	274	-51	126	7m @ 0.19 ppm Au from 83m 6m @ 0.28 ppm Au from 96m
12BARC075	1128800	569020	275	266	-51	73	4m @ 0.21 ppm Au from 14m
12BARC076	1128800	569039	275	276	-50	85	4m @ 0.22 ppm Au from 38m 3m @ 0.17 ppm Au from 48m
12BARC077	1128799	569059	275	274	-50	103	6m @ 0.36 ppm Au from 64m

Significant Drilling Intercepts - Wa South RC

Grid: UTM							
Project: Wa							
Hole Number	Northing	Easting	mRL	Grid Az.	Dip	Hole Depth	Intercept
12SWRC016	1028800	537021	240	274	-52	108	5m @ 0.32 ppm Au from 39m 5m @ 0.49 ppm Au from 75m 3m @ 0.90 ppm Au from 101m
12SWRC020	1028800	538129	250	274	-50	99	9m @ 0.33 ppm Au from 78m

Significant Drilling Intercepts - Kandia RC

Grid: UTM							
Project: Wa							
Hole Number	Northing	Easting	mRL	Grid Az.	Dip	Hole Depth	Intercept
12KARC147	1104240	597880	315.5	90	-50	140	3m @ 0.34 ppm Au from 87m 16m @ 0.61 ppm Au from 100m 3m @ 0.12 ppm Au from 121m
12KARC212	1104322	597956	313.6	90	-50	115	3m @ 0.41 ppm Au from 12m 8m @ 0.17 ppm Au from 57m 9m @ 0.16 ppm Au from 90m
12KARC264	1103999	597826	322.2	90	-48.6	110	2m @ 0.27 ppm Au from 50m
12KARC266	1104401	598010	312.6	90	-89.8	140	4m @ 0.26 ppm Au from 55m 2m @ 0.23 ppm Au from 113m 15m @ 0.18 ppm Au from 125m
12KARC267	1104441	598010	311.9	90	-89.2	145	3m @ 0.25 ppm Au from 15m 2m @ 0.28 ppm Au from 26m
12KARC268	1104481	597987	311.1	90	-50	145	3m @ 0.42 ppm Au from 6m 4m @ 0.25 ppm Au from 40m 2m @ 0.17 ppm Au from 99m
12KARC269	1104561	598019	311	90	-50	85	35m @ 0.52 ppm Au from 107m 2m @ 0.59 ppm Au from 37m 19m @ 0.63 ppm Au from 57m
12KARC270	1104561	597975	312.2	90	-50	135	5m @ 0.15 ppm Au from 5m 5m @ 0.36 ppm Au from 110m 2m @ 0.36 ppm Au from 123m

Notes: Minimum Intersection Length = 2m, Interval Top Cut = 9,999.00 ppm Au, Interval Bottom Cut = 0.10 ppm Au, Maximum Internal Dilution = 3m, Reporting Assays Greater than 10.00 ppm Au Gold analysis by SGS Laboratories Tarkwa Ghana by FA50 Fire Assay with AAS finish.