CASTLE MINERALS LIMITED

ABN 83 116 095 802

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED
31 DECEMBER 2015

These half-year financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the Annual Financial Statements for the year ended 30 June 2015 and any public announcements made by Castle Minerals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

CASTLE MINERALS LIMITED

31 DECEMBER 2015

Contents	Page

DIRECTORS' REPORT

Your directors submit their report on the consolidated entity consisting of Castle Minerals Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

DIRECTORS

The names of the directors who held office during or since the end of the half-year are:

Stephen Stone (appointed 18 January 2016)

Michael Atkins (appointed 18 January 2016)

Ian Hobson (appointed 18 January 2016)

Michael Ashforth (resigned 18 January 2016)

Michael Ivey (resigned 18 January 2016)

Campbell Ansell (resigned 18 January 2016)

REVIEW AND RESULTS OF OPERATIONS

A summary of consolidated revenues and results for the half-year is set out below:

	2015		2014	
	Revenues	**Results**	**Revenues**	**Results**
	$	**$**	**$**	**$**
Consolidated entity revenues and loss	**285,136**	**(39,583)**	46,502	(421,378)

Castle's corporate objectives are:

1. Exploration and development of its gold projects in Ghana; and
2. Acquisition and exploration of other mineral resource opportunities, particularly in West Africa.

Castle's activities during the half year were consistent with its defined objectives. Gold exploration focussed on Castle's Akoko and Wa projects where gold resources were identified on both these projects.

SUBSEQUENT EVENTS

On 18 January 2016, following agreement with its largest shareholder, Azumah Resources Limited, the Company announced a new Board of Directors comprising Mr Michael Atkins, Mr Stephen Stone and Mr Ian Hobson, with Mr Hobson also appointed Company Secretary. The previous directors Mr Michael Ashforth, Mr Michael Ivey and Mr Campbell Ansell all resigned on this date, as did previous Company Secretary Mr Des Kelly.

On 25 January 2016 the Company completed a placement of 8,329,212 ordinary shares to raise $74,963.

No other matter or circumstance has arisen since 31 December 2015, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of directors.

Stephen Stone

Director

Perth, 14 March 2016

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF CASTLE MINERALS LIMITED

As lead auditor for the review of Castle Minerals Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Castle Minerals Limited and the entities it controlled during the period.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 14 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Half-year	
	2015	**2014**
	$	**$**
REVENUE	**35,136**	46,502
Other income	**250,000**	-
EXPENDITURE		
Depreciation expense	**(64,242)**	(71,050)
Salaries and employee benefits expense	**(56,945)**	(73,638)
Exploration expenses	**(163,489)**	(160,229)
Corporate expenses	**(36,796)**	(38,815)
Administration expenses	**(77,150)**	(81,815)
Fair value loss on investments held for trading	**-**	(32,000)
Share based payment expense	**73,903**	(10,333)
LOSS BEFORE INCOME TAX	**(39,583)**	(421,378)
Income tax (expense)/benefit	**-**	-
LOSS AFTER TAX FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF CASTLE MINERALS LIMITED	**(39,583)**	(421,378)
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**7,458**	33,834
Other comprehensive income for the period, net of tax	**7,458**	33,834
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF CASTLE MINERALS LIMITED	**(32,125)**	(387,544)
Basic and diluted loss per share (cents)	**(0.0)**	(0.3)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	31 December 2015 $	30 June 2015 $
CURRENT ASSETS			
Cash and cash equivalents		**304,534**	182,518
Trade and other receivables		**21,168**	18,719
Financial assets at fair value through profit or loss		**14,806**	34,000
TOTAL CURRENT ASSETS		**340,508**	235,237
NON-CURRENT ASSETS			
Plant and equipment	3	**183,276**	237,929
TOTAL NON-CURRENT ASSSETS		**183,276**	237,929
TOTAL ASSETS		**523,784**	473,166
CURRENT LIABILITIES			
Trade and other payables		**586,196**	429,550
TOTAL CURRENT LIABILITIES		**586,196**	429,550
TOTAL LIABILITIES		**586,196**	429,550
NET (LIABILITIES)/ASSETS		**(62,412)**	43,616
EQUITY			
Contributed equity	4	**23,222,885**	23,222,885
Reserves		**884,270**	950,715
Accumulated losses		**(24,169,567)**	(24,129,984)
(DEFICIENCY IN EQUITY)/TOTAL EQUITY		**(62,412)**	43,616

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Contributed Equity	Share-Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	$	$	$	$	$
BALANCE AT 1 JULY 2014	23,192,885	668,141	216,583	(23,354,063)	723,546
Loss for the period	-	-	-	(421,378)	(421,378)
OTHER COMPREHENSIVE INCOME					
Exchange differences on translation of foreign operations	-	-	33,834	-	33,831
TOTAL COMPREHENSIVE INCOME/(LOSS)	-	-	33,834	(421,378)	(387,544)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the period	30,000	-	-	-	30,000
Share-based payments expense	-	10,333	-	-	10,333
BALANCE AT 31 DECEMBER 2014	23,222,885	678,474	250,417	(23,775,441)	376,335
BALANCE AT 1 JULY 2015	**23,222,885**	**688,639**	**262,076**	**(24,129,984)**	**43,616**
Loss for the period	**-**	**-**	**-**	**(39,583)**	**(39,583)**
OTHER COMPREHENSIVE INCOME					
Exchange differences on translation of foreign operations	**-**	**-**	**7,458**	**-**	**7,458**
TOTAL COMPREHENSIVE INCOME/(LOSS)	**-**	**-**	**7,458**	**(39,583)**	**(32,125)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Share-based payments expense	**-**	**(73,903)**	**-**	**-**	**(73,903)**
BALANCE AT 31 DECEMBER 2015	**23,222,885**	**614,736**	**269,534**	**(24,169,567)**	**(62,412)**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Half-year 2015 $	Half-year 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenditure on mining interests	**(49,803)**	(92,583)
Payments to suppliers and employees	**(134,124)**	(163,847)
Interest received	**1,801**	4,491
Other revenue	**23,135**	19,818
Proceeds on sale of mining interests	**250,000**	-
Research and devleopment incentive grant received	**-**	136,441
Net cash inflow/(outflow) from operating activities	**91,009**	(95,680)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of financial assets	**30,422**	-
Proceeds on disposal of plant and equipment	**-**	26,598
Payments for plant and equipment	**-**	(1,138)
Net cash inflow from investing activities	**30,422**	25,460
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**-**	30,000
Net cash inflow from financing activities	**-**	30,000
Net increase/(decrease) in cash and cash equivalents	**121,431**	(40,220)
Cash and cash equivalents at the beginning of the half-year	**182,518**	310,480
Effects of exchange rate changes on cash and cash equivalents	**585**	912
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	**304,534**	271,172

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This consolidated interim financial report for the half-year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Castle Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period unless otherwise stated.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There will be some changes to the disclosures in the 30 June 2015 annual report as a consequence of these amendments.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

During the half-year the Group recorded a net loss of $39,583 and incurred net cash inflows from operating activities of $91,009.

At the reporting date the Group had a net asset deficiency of $62,412. The Directors do not expect to be in this position for long following future cash inflows from the sale of the Julie West Project, as discussed in note 5, which is expected to be finalised in the near future, and the capital raising post year end as noted below.

Subsequent to the end of the reporting period, on 25 January 2016, the Company completed a placement of 8,329,212 ordinary shares to raise $74,963.

The ability of the Group to continue as a going concern is dependent on the Group being able to raise additional funds to meet ongoing exploration commitments and for working capital, successful exploration and subsequent exploitation of the Group's tenements, and/or sale of non-current assets. The Directors believe that they will be able to raise additional capital as required and are in the process of evaluating the Group's cash requirements. The Directors believe that the Group will continue as a going concern. As a result the financial report has been prepared on a going concern basis. However should the Group be unsuccessful in obtaining funds as discussed above, there is a material uncertainty which may cast significant doubt whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. No adjustments have been made relating to the recoverability and classification of assets and liabilities that might be necessary should the Group not continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2: SEGMENT INFORMATION

For management purposes, the Group has identified only one reportable segment as exploration activities undertaken in Ghana, West Africa. This segment includes activities associated with the determination and assessment of the existence of commercial economic reserves, from the Group's mineral assets in this geographic location.

Segment performance is evaluated based on the operating profit or loss and cash flows and is measured in accordance with the Group's accounting policies.

	Half-year	
	2015	**2014**
Ghana Exploration Segment	**$**	**$**
Ghana segment revenue	**252,164**	20,362
Reconciliation of Ghana segment revenue to total revenue before tax:		
Interest revenue	**1,801**	3,216
Other revenue	**31,171**	22,924
Total revenue	**285,136**	46,502
Ghana segment results	**191,770**	(72,925)
Reconciliation of Ghana segment result to loss before tax:		
Corporate depreciation	**(5,293)**	(6,141)
Other corporate and administration	**(226,060)**	(342,312)
Loss before tax	**(39,583)**	(421,378)

	31 December 2015	**30 June 2015**
	$	**$**
Ghana segment operating assets	**139,359**	196,207
Reconciliation of Ghana segment operating assets to total assets:		
Other corporate and administration assets	**384,425**	276,959
Total assets	**523,784**	473,166
Total assets includes additions to plant and equipment:		
Other corporate and administration	**-**	1,138
	-	1,138
Ghana segment operating liabilities	**383,894**	269,659
Reconciliation of Ghana segment operating liabilities to total liabilities:		
Other corporate and administration liabilities	**202,302**	159,891
Total liabilities	**586,196**	429,550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 3: PLANT AND EQUIPMENT

	Plant and Equipment	Motor Vehicles	Computer Equipment	Total
	$	$	$	$
At 30 June 2015				
Cost	640,947	126,304	57,457	824,708
Accumulated depreciation	(413,287)	(126,304)	(47,188)	(586,779)
Net book amount	227,660	-	10,269	237,929
Half-year ended 31 December 2015				
Opening net book amount	227,660	-	10,269	237,929
Exchange differences	9,589	-	-	9,589
Depreciation charge	(62,897)	-	(1,345)	(64,242)
Closing net book amount	174,352	-	8,924	183,276
At 31 December 2015				
Cost	668,101	132,494	57,982	858,577
Accumulated depreciation	(493,749)	(132,494)	(49,058)	(675,301)
Net book amount	174,352	-	8,924	183,276

NOTE 4: MOVEMENTS OF EQUITY SECURITIES

There were no movements in equity securities on issue during the current or prior interim periods.

NOTE 5: CONTINGENCIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

Following exercise of the put option announced on 12 October 2015, in accordance with the terms of the sale agreement between the Company and Bunda Resources Pty Ltd ("Bunda") over the Julie West Project, the second tranche cash payment of $250,000 is due to Castle upon Ministerial approval of the transfer of the Julie West Prospecting Licence to Bunda.

The Group holds exploration areas of interest in Ghana for which various prospecting license, administration fees, reconnaissance licences, annual mineral rights fees and other fees are periodically levied to the Group. At 31 December, all invoices received for the fees from the Ghanaian authorities have been paid or accrued as liabilities, however due to the timeframes in receiving some invoices from local authorities, there may be amounts which the Group may be required to settle in the future which have not been taken up as liabilities at 31 December 2015. The amounts and the timing of payment are not able to be determined at the period end and accordingly, no liability has been recognised for the contingent liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 6: DIVIDENDS

No dividends were paid during the half-year. No recommendation for payment of dividends has been made.

NOTE 7: FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The market value of all equity investments represent the fair value based on quoted prices on active markets (ASX) as at the reporting date without any deduction for transaction costs. These investments are classified as Level 1 financial instruments. There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of these financial instruments, or changes in its classification as a result of a change in the purpose or use of these assets.

Due to their short-term nature, the carrying amount of current receivables and current payables is assumed to approximate their fair value.

NOTE 8: SUBSEQUENT EVENTS

On 18 January 2016, following agreement with its largest shareholder, Azumah Resources Limited, the Company announced a new Board of Directors comprising Mr Michael Atkins, Mr Stephen Stone and Mr Ian Hobson, with Mr Hobson also appointed Company Secretary. The previous directors Mr Michael Ashforth, Mr Michael Ivey and Mr Campbell Ansell all resigned on this date, as did previous Company Secretary Mr Des Kelly.

On 25 January 2016 the Company completed a placement of 8,329,212 ordinary shares to raise $74,963.

No other matter or circumstance has arisen since 31 December 2015, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 5 to 12 are in accordance with the *Corporations Act 2001*, including:
   (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Castle Minerals Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Stephen Stone
Director

Perth, 14 March 2016

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Castle Minerals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Castle Minerals Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Castle Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Castle Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Castle Minerals Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity and the finalisation of the sale of the Julie West Project. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

BDO
Glyn O'Brien

Glyn O'Brien

Director

Perth, 14 March 2016