Castle Minerals Limited
ABN 83 116 095 802

2009 Annual Report

Corporate Directory

DIRECTORS
Michael Ivey
Executive Chairman and Managing Director
Campbell Ansell
Non-Executive Director
Michael Ashforth
Non-Executive Director

SECRETARY
Dennis Wilkins

EXPLORATION MANAGER
Michael Fowler

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BANKERS
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WEST PERTH WA

AUSTRALIAN SOLICITORS
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WEST PERTH WA 6005

GHANAIAN SOLICITORS
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GHANA

CORPORATE ADVISOR
DWCorporate
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WEST PERTH WA 6005

STOCK EXCHANGE
Castle Minerals Limited is listed on the Australian Securities Exchange.

ASX Code: CDT

CONTENTS

Castle Minerals Limited

- Ghana focused gold explorer - ASX code: **CDT**
- Largest land holder in Ghana
- Listed on the ASX in May 2006
- 5 projects at IPO
- 12 projects explored since listing
- 2 greenfields gold discoveries made in 2008
- Resource definition in 2009
- Project development in 2010

Dear Fellow Shareholder,

On the Path ...

..to Production

The 2009 year has been an eventful one for Castle despite being largely overshadowed by global economic issues. Your board took timely and appropriate action during the year, reducing executive and corporate expenses and non core property holdings, ensuring that we preserved and continued to develop our key assets.

Despite the economic uncertainty we made excellent progress establishing our first JORC compliant gold resources at Akoko and Julie West whilst maintaining our dominant land position in Ghana.

At Julie West we completed the first ever drilling of this prospect and subsequently established a 56,000 ounce gold resource containing 415,000 tonnes @ 4.2g/t gold with 80% of the ounces within 50m of surface. This high-grade outcropping quartz vein has good development potential and metallurgical studies are underway towards establishing possible routes to production. Initial economic studies suggest that Julie West could be developed as a stand alone operation with cash costs below A$400 per ounce. The current strong gold price dictates that the possible development of Julie West is a key focus for 2010.

Julie West is contained within the much larger Wa Project (>8,000km^2) that hosts one of the largest untested Birimian aged greenstone belts in West Africa. Castle's land holding at Wa contains over 250 strike km of highly prospective untested greenstone belt and this will be one of our key exploration targets for the forthcoming year.

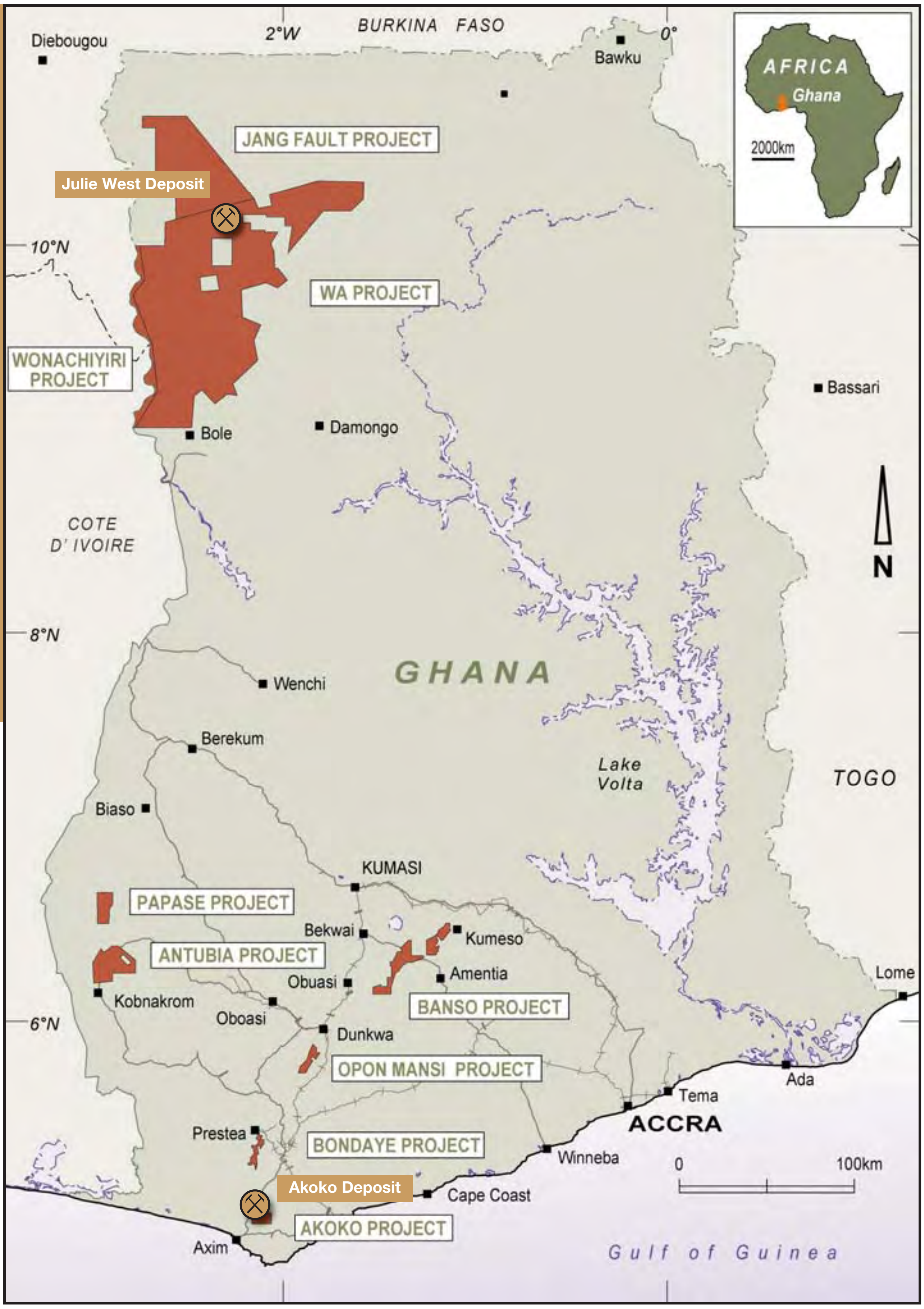
A JORC Code compliant Resource Estimate for the Akoko North and South prospects was also completed during the year totalling 2 million tonnes @ 1.6g/t gold for 102,000 ounces. Akoko is close to several operating gold mines and is characterised by near surface mineralisation that offers scope for simple and cost effective mining. Open pit optimisation on the Akoko North prospect was undertaken and captured an Indicated and Inferred Resource totalling 1.22 million tonnes @ 1.58g/t gold containing 58,000 ounces. Using a sales (revenue) price of US$950 per ounce and after allowing for an estimated toll milling fee, the optimisation generated a gross surplus of US$17 million. Discussions with neighbouring gold operations are ongoing. The Akoko gold resources have excellent potential to be substantially increased with potential for additional gold mineralisation existing along strike of each deposit and at depth. Drilling of these targets is scheduled for the latter end of 2009.

[1] *Newmont Mining Corporation website*

In the three years since listing, field work in Ghana has comprised sixteen drilling programs for 22,539m plus geochemical sampling involving the collection of over 20,000 soil samples. Over this time we have progressed from grass roots exploration through to discovery and subsequent resource definition with our ultimate goal of profitable production before us. In parallel with regional and extensional exploration at Wa and Akoko our goals for this year are to advance Julie West to commercial production with a trial heap leach development whilst maintaining our exploration efforts.

The year ahead heralds a new focus and direction for us and I look forward to keeping you informed of our progress and enjoying your ongoing support.

Michael Ivey
Executive Chairman



Ghana is situated in West Africa, and was formerly a British colony known as the Gold Coast. It was the first nation in sub-Saharan Africa to achieve independence from its colonial rulers in 1957.

Ghana has a total land area of 238,537km^2 (92,100 square miles). Its capital city is Accra, while other major cities include Kumasi, Tema, Tamale and Sekondi-Takoradi. Ghana has a tropical climate and a population of approximately 21 million (2005 estimate).

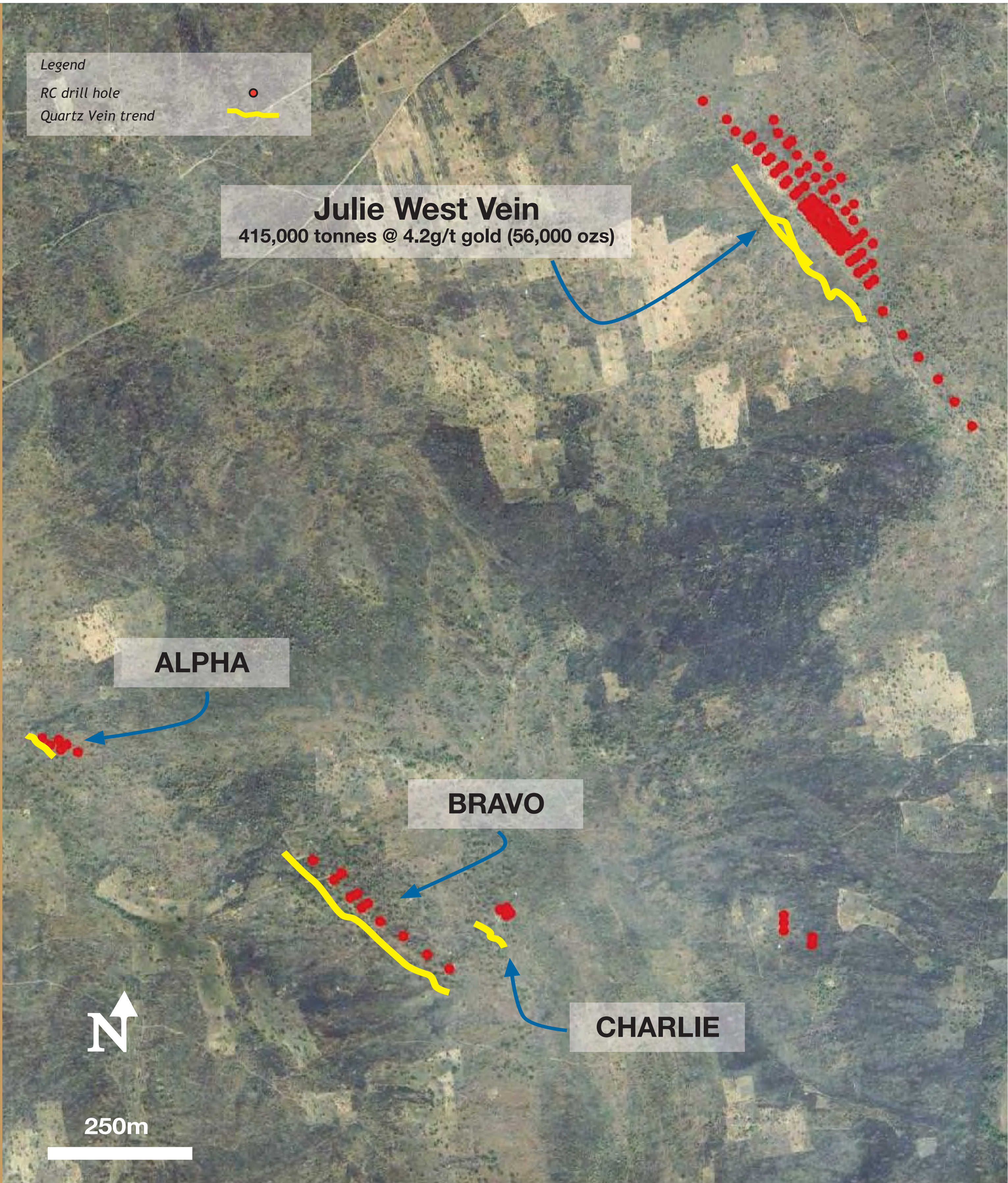
English is the official language of Ghana and is universally used in schools. Traditional religions are adhered to by more than one-fifth of the population while Christianity has been adopted by approximately three-fifths, and Muslim beliefs by about 16% of the population.

Natural resources include gold, timber, diamonds, bauxite and manganese, while agricultural products include cocoa, rubber, coconuts, coffee, pineapples, cashews, pepper and other food crops. Ghana's industries are dominated by mining, timber processing, light manufacturing, fishing, aluminium production and tourism. Recent offshore oil discoveries could see Ghana becoming an oil producer by 2011.

The country has a long history of gold mining and exploration. Gold represents Ghana's major export commodity, providing approximately 50% of GDP. Ghana is the world's 10th and Africa's 2nd largest producer of gold, with current production estimated at in excess of 2.4Moz per annum.

Ghana has been a producer of gold since the 16th century and today boasts one of the largest and richest reserves of gold in the world. A number of the world's largest gold companies are producing and/or exploring within the country and several new multi million ounce goldmines are currently planned for development ensuring Ghana's ongoing role as one of Africa's leading gold producers.

GHANA IS AFRICA'S 2ND LARGEST PRODUCER OF GOLD AND THE 9TH LARGEST GLOBALLY



Castle Minerals Limited WA PROJECT

2009 Operations Summary

Castle's tenements are located within the historic Ashanti and Sefwi gold belts of South West Ghana and in the Wa–Lawra greenstone belt in the north. Castle has seven distinct projects known as, Banso, Antubia, Bondaye, Akoko, Wa, Papase and Opon Mansi. Each of these projects is considered prospective for gold mineralisation except for Opon Mansi which hosts an iron ore deposit. During the year the decision was made to relinquish the Ducie, Sapelliga and Sunyani Basin Projects as further exploration was not considered justified.

Key Achievements

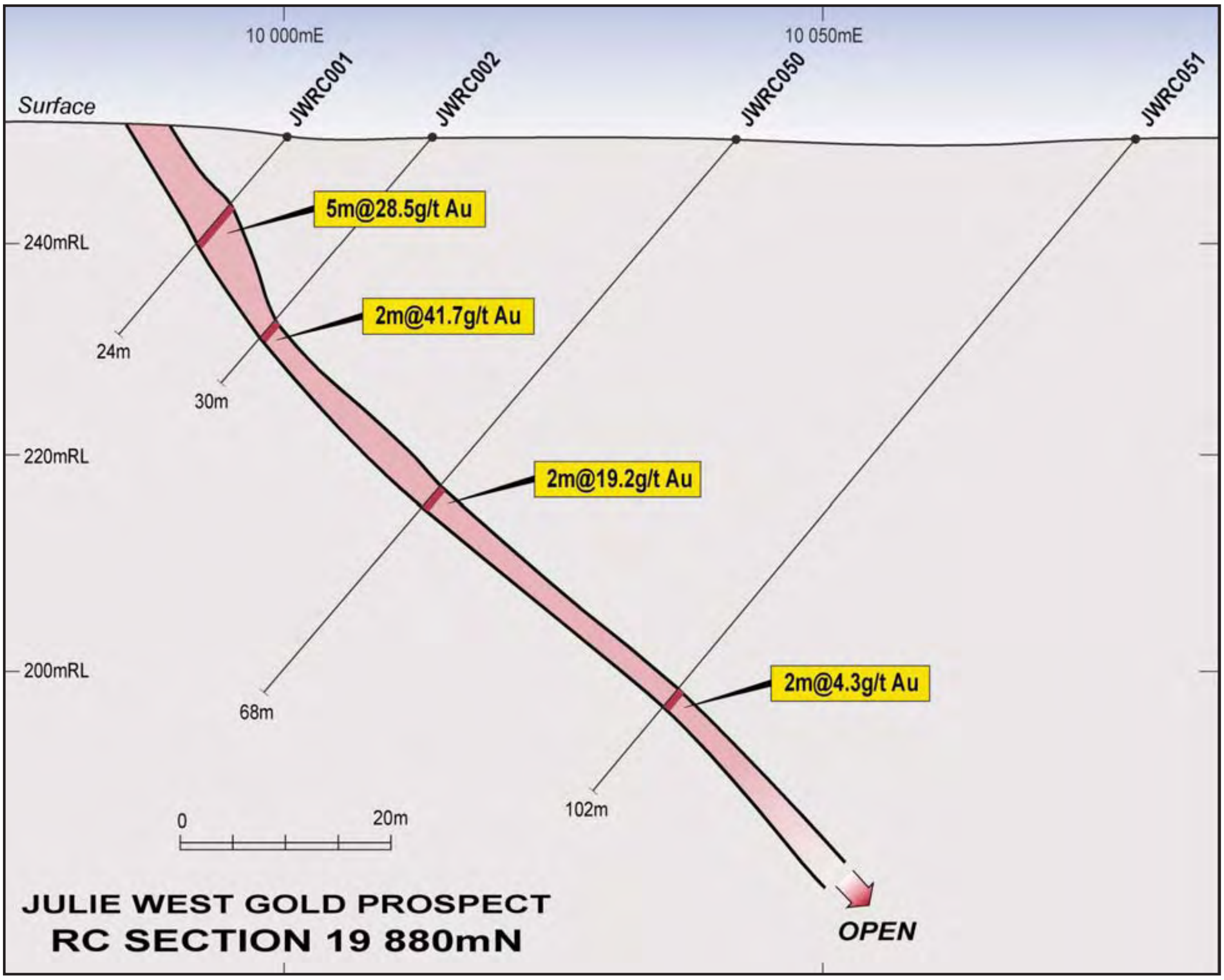
- High grade gold resource discovered at Julie West containing 415,000 tonnes @ 4.2g/t gold
- Three new gold veins discovered south west of Julie West
- Wa Project increased by 3,000km^2 through Jang Fault acquisition
- 102,000 ounce gold resource established at Akoko Project
- Akoko West Prospecting Licence granted and +1,000ppb gold anomaly defined
- Mapping and sampling completed on the Papase Project
- Ducie, Sapelliga and Sunyani Basin Projects relinquished

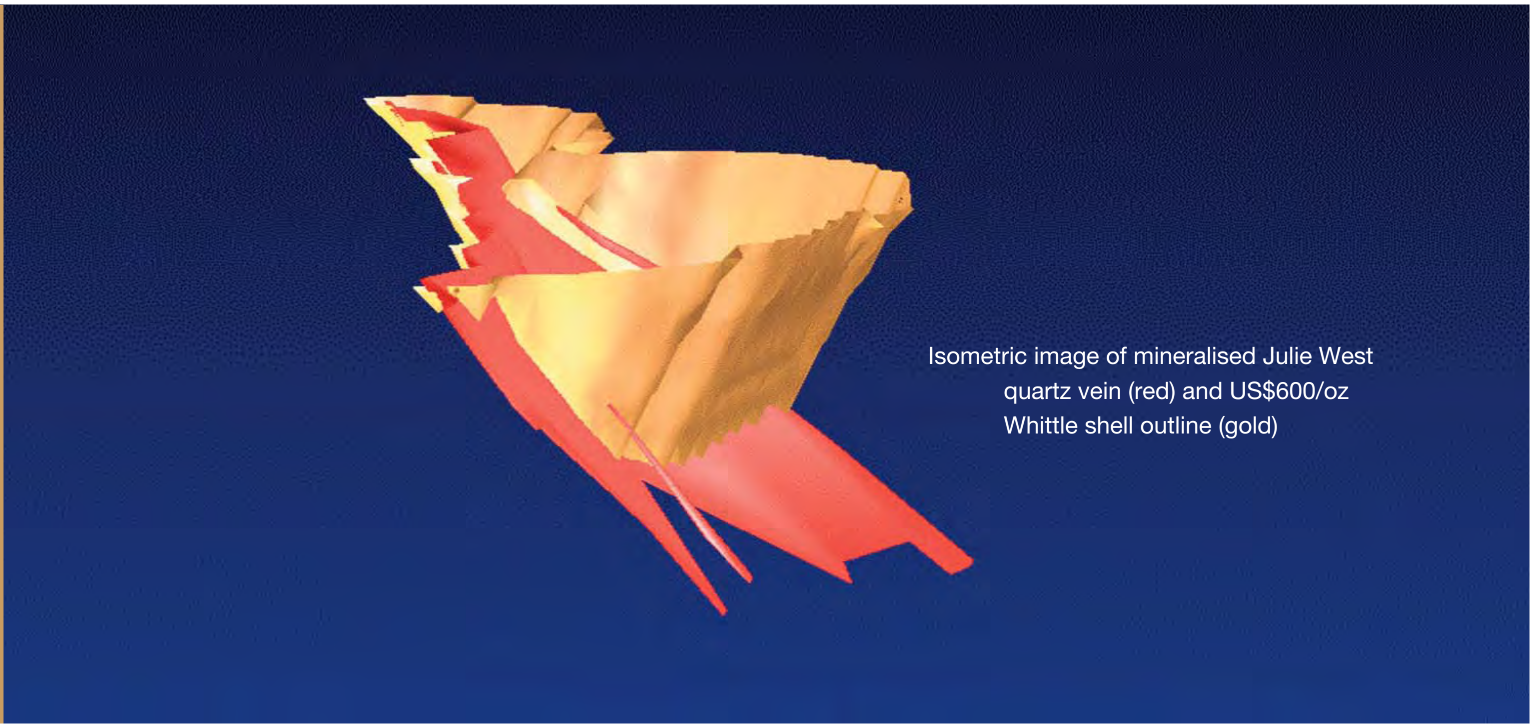
WA PROJECT

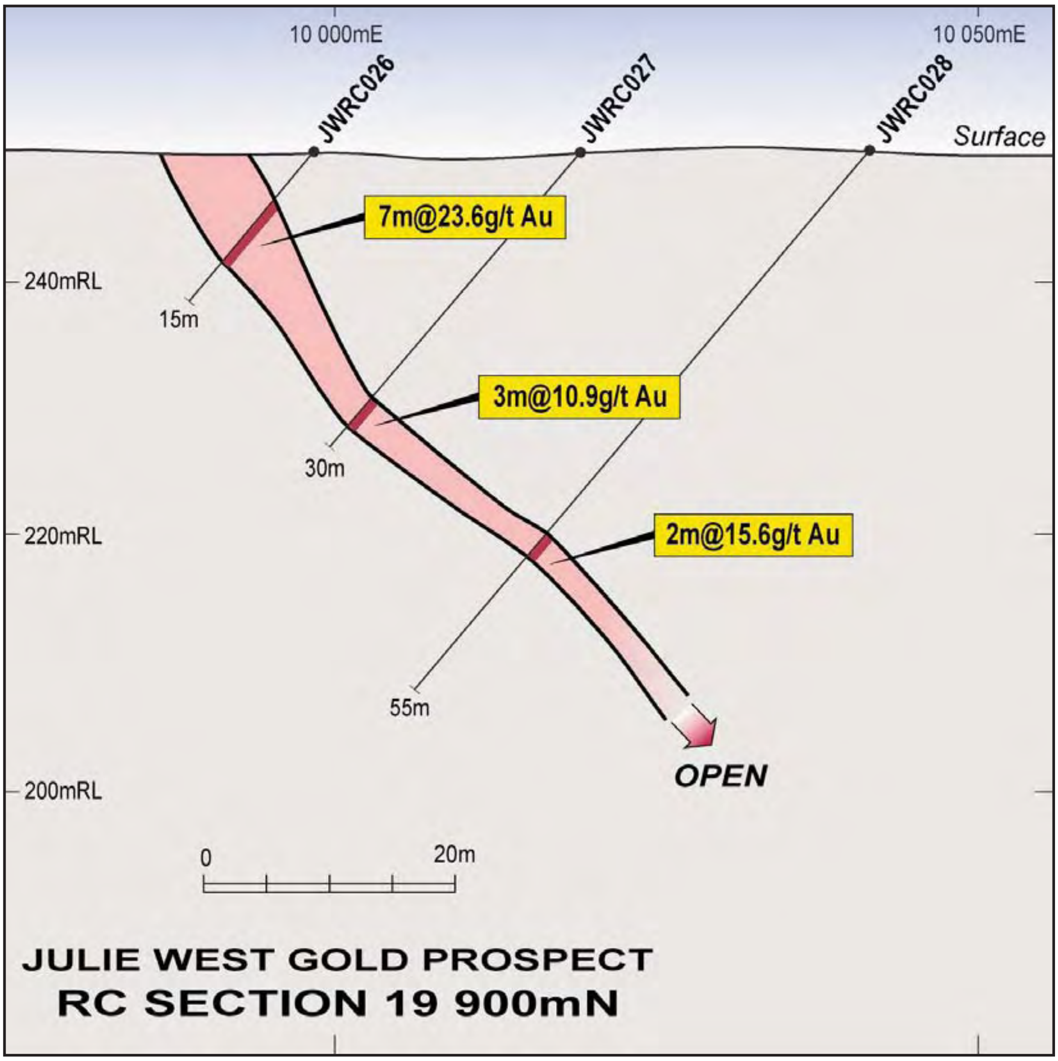
(Castle Minerals 100%)

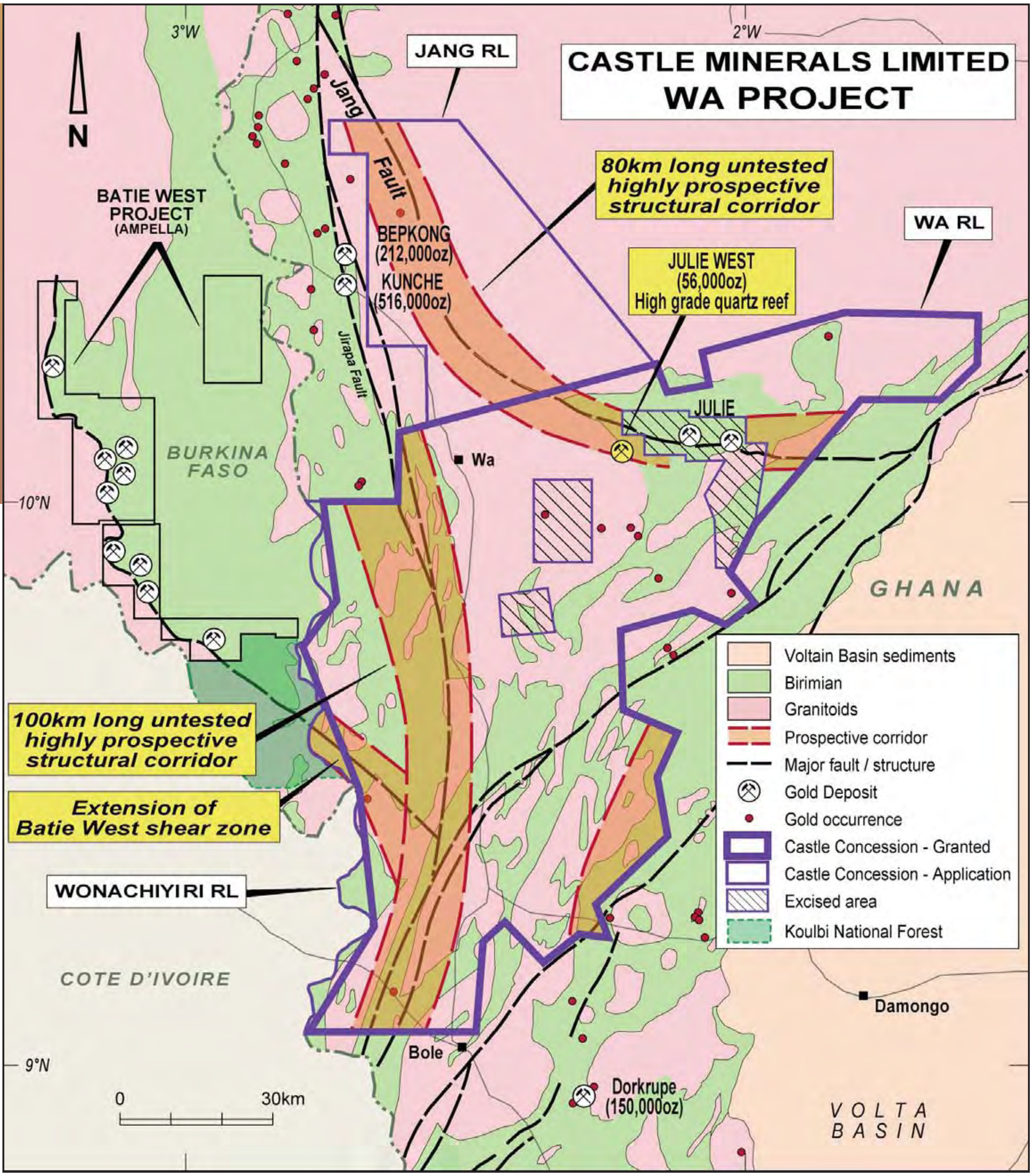
The Wa Project consists of one large Reconnaissance Licence and one Prospecting Licence application situated in NW Ghana near the border with Burkina Faso.

The 8,200km^2 Wa Project surrounds the Julie, Josephine and Collette gold prospects and is south along strike of Azumah Resource’s 700,000 ounce Kunche and Bepkong gold deposits. The licence is about 720km northwest of Accra and stretches over the southern portion of the N-S trending Wa-Lawra and the south-west part of the Bole – Nangodi belts. The abutting Jang Fault Reconnaissance Licence covers a further 3,000km^2 and includes 80 strike km of the N-S trending Jang Fault that is interpreted to be closely associated with gold mineralisation at Julie West.


10 000mE
10 050mE
JWRC001
JWRC002
JWRC050
JWRC051
Surface
240mRL
220mRL
200mRL
5m@28.5g/t Au
2m@41.7g/t Au
2m@19.2g/t Au
2m@4.3g/t Au
24m
30m
68m
102m
0
20m
OPEN
JULIE WEST GOLD PROSPECT
RC SECTION 19 880mN


Isometric image of mineralised Julie West
quartz vein (red) and US$600/oz
Whittle shell outline (gold)


10 000mE
10 050mE
JWRC026
JWRC027
JWRC028
Surface
7m@23.6g/t Au
3m@10.9g/t Au
2m@15.6g/t Au
240mRL
220mRL
200mRL
15m
30m
55m
OPEN
0
20m
JULIE WEST GOLD PROSPECT
RC SECTION 19 900mN



High grade gold resource discovered at Julie West containing 415,000 tonnes @ 4.2g/t gold and three new gold veins discovered south west of Julie West

During May and June 2008 Castle completed two phases of rock chip sampling at the Julie West prospect and identified a high-grade zone of laminated quartz vein hosted gold mineralisation over 500m long. Forty four rock chip samples of the laminated quartz vein were collected and reported an average grade of 13.2g/t gold.

In November 2008, following the end of the northern wet season, RC drilling was undertaken at Julie West and successfully defined the presence of a continuos high-grade laminated quartz vein over 500m of strike. Subsequent RC drilling programs through to May 2009 expanded the known limits of the Julie West vein and also defined three new veins (Alpha, Bravo and Charlie) approximately 1,500m to the south west. The vein remains open at depth and along strike and further exploration is likely to extend the current resource. Bulk surface samples have been sent to Perth for initial metallurgical testwork.

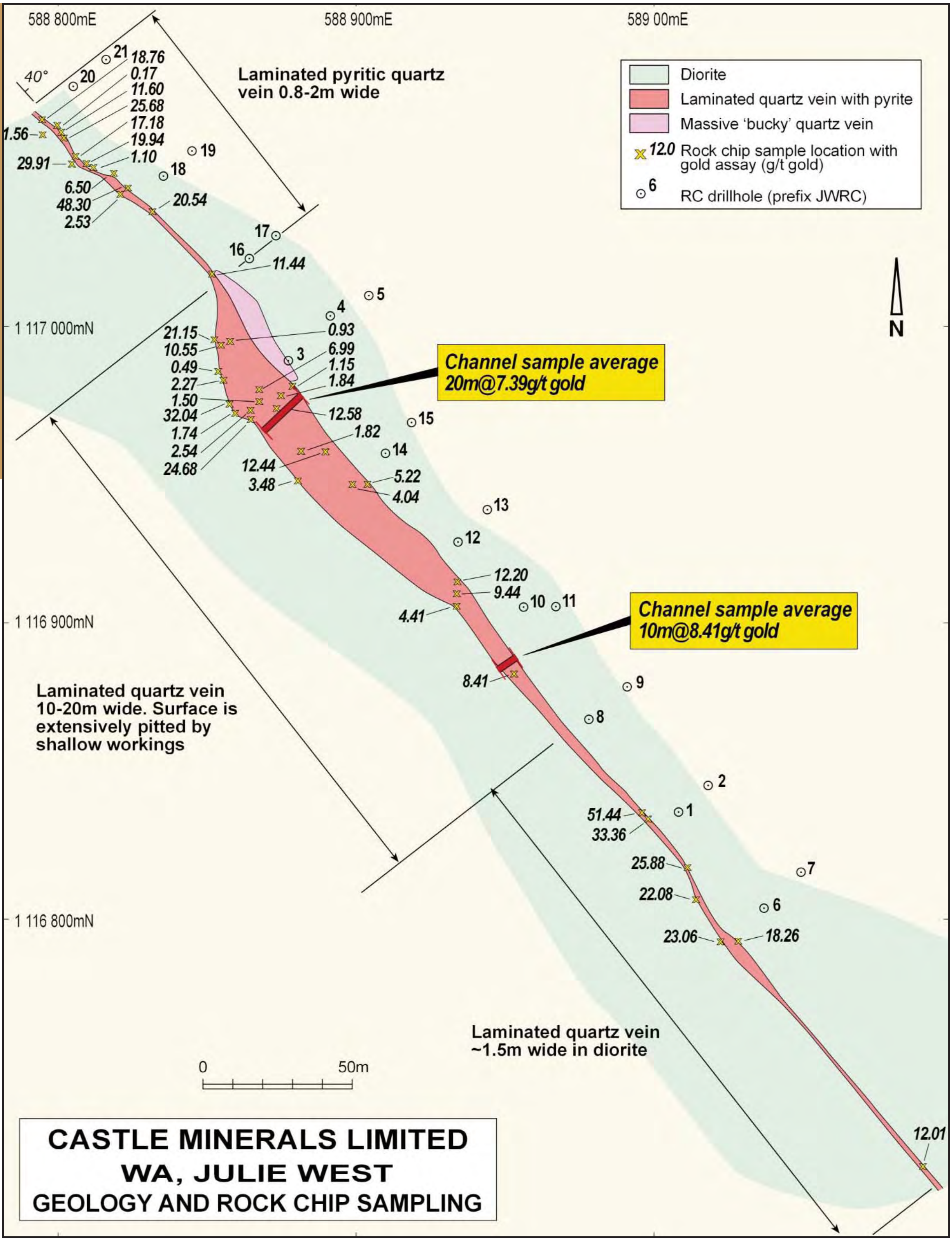
Resource Calculation

Subsequent to the above drilling a JORC Code compliant Resource Estimate for the Julie West deposit was completed. Runge Limited (Perth) undertook an independent resource estimate in April 2009 and estimated a total Indicated and Inferred Mineral Resource of 56,000 ounces.

Julie West Deposit

April 2009 OK Resource Estimate 1g/t cut-off

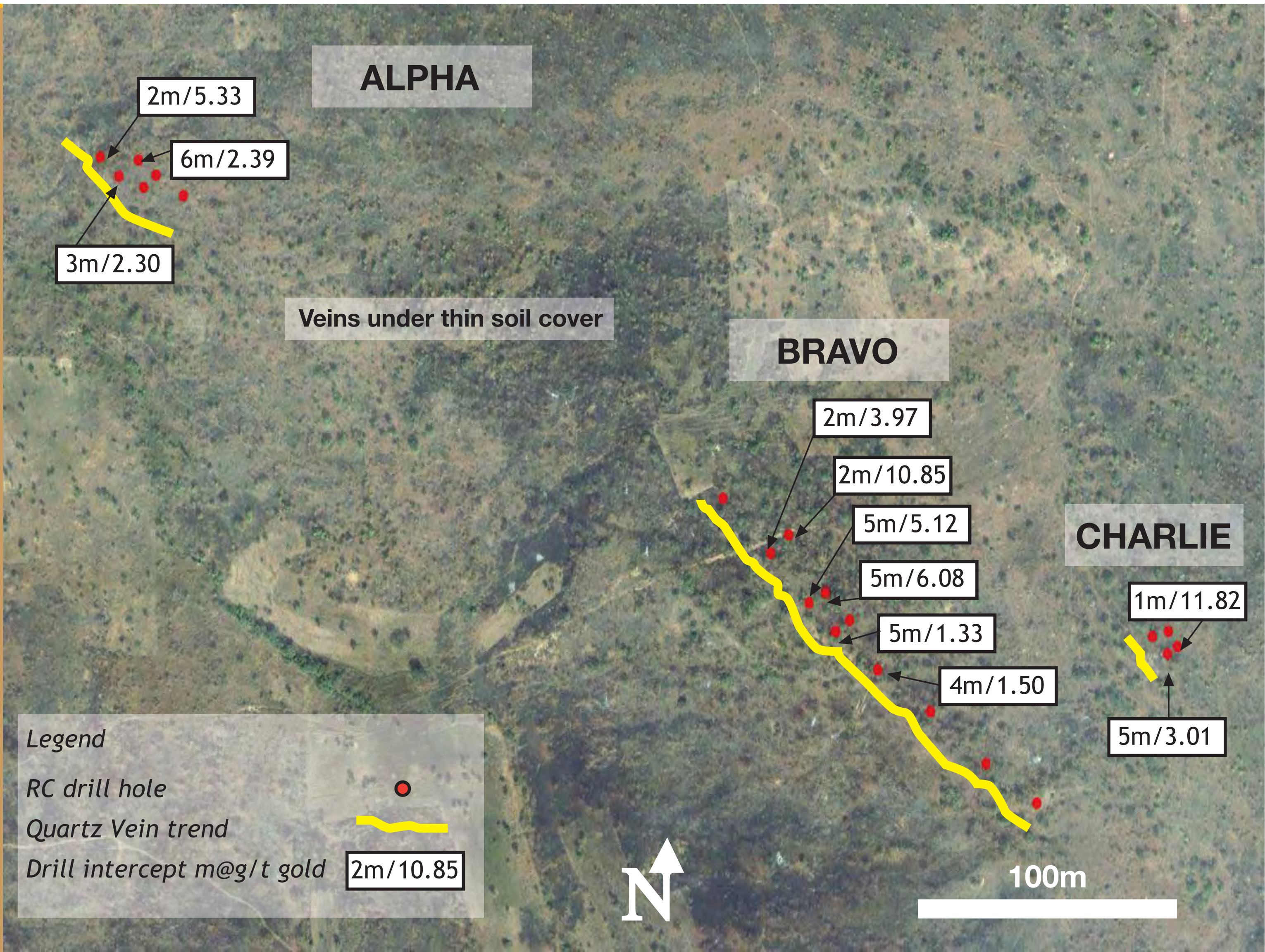
Type	Indicated			Inferred			Total		
	Tonnes t	Au g/t	Au Ounces	Tonnes t	Au g/t	Au Ounces	Tonnes t	Au g/t	Au Ounces
Oxide									
Transitional	66,700	3.8	8,200	3,500	7.8	900	70,200	4.0	9,000
Fresh	316,200	4.3	43,900	28,400	3.5	3,200	344,600	4.3	47,100
Total	**382,900**	**4.2**	**52,100**	**32,000**	**4.0**	**4,100**	**414,700**	**4.2**	**56,200**



588 800mE
588 900mE
589 00mE
1 117 000mN
1 116 900mN
1 116 800mN
40°
Laminated pyritic quartz vein 0.8-2m wide
Diorite
Laminated quartz vein with pyrite
Massive 'bucky' quartz vein
12.0 Rock chip sample location with gold assay (g/t gold)
6 RC drillhole (prefix JWRC)
N
Channel sample average 20m@7.39g/t gold
Channel sample average 10m@8.41g/t gold
Laminated quartz vein 10-20m wide. Surface is extensively pitted by shallow workings
Laminated quartz vein ~1.5m wide in diorite
0
50m
18.76
0.17
11.60
25.68
17.18
19.94
1.10
1.56
29.91
6.50
48.30
2.53
20.54
11.44
21.15
10.55
0.49
2.27
1.50
32.04
1.74
2.54
24.68
0.93
6.99
1.15
1.84
12.58
1.82
12.44
3.48
5.22
4.04
12.20
9.44
4.41
8.41
51.44
33.36
25.88
22.08
23.06
18.26
12.01
CASTLE MINERALS LIMITED
WA, JULIE WEST
GEOLOGY AND ROCK CHIP SAMPLING

Significant RC drilling results from Julie West Quartz Vein

Hole Number	Total Depth	Intercept
JWRC001	24	5m @ 28.49g/t gold from 8m
JWRC002	30	3m @ 28.70g/t gold from 22m
JWRC003	24	8m @ 6.42g/t gold from 1m
JWRC006	24	3m @ 4.76g/t gold from 12m
JWRC007	33	3m @ 10.07g/t gold from 26m
JWRC008	24	8m @ 4.63g/t gold from 0m
JWRC010	24	4m @ 7.20g/t gold from 4m
JWRC011	24	3m @ 4.52g/t gold from 13m
JWRC014	24	2m @ 14.88g/t gold from 10m
JWRC020	24	2m @ 4.11g/t gold from 10m
JWRC022	18	2m @ 2.37g/t gold from 0m
		4m @ 4.59g/t gold from 5m
JWRC026	15	4m @ 31.95g/t gold from 7m
JWRC027	30	5m @ 7.21g/t gold from 24m
JWRC028	55	3m @ 10.69g/t gold from 39m
JWRC029	18	3m @ 14.36g/t gold from 11m
JWRC030	36	3m @ 7.57g/t gold from 29m
JWRC031	51	3m @ 11.60g/t gold from 45m
JWRC032	21	3m @ 14.19g/t gold from 15m
JWRC034	54	2m @ 5.39g/t gold from 49m
JWRC035	24	4m @ 5.98g/t gold from 17m
JWRC036	42	1m @ 10.07g/t gold from 37m
JWRC047	84	6m @ 3.43g/t gold from 74m
JWRC050	68	3m @ 13.04g/t gold from 43m
JWRC051	102	2m @ 4.26g/t gold from 67m
JWRC052	100	5m @ 3.03g/t gold from 60m
JWRC054	66	3m @ 12.01g/t gold from 48m
JWRC056	60	7m @ 4.99g/t gold from 47m
JWRC057	72	7m @ 4.57g/t gold from 52m



WA PROJECT - ALPHA, BRAVO & CHARLIE VEINS

Project Background

In 2007 Castle signed an option agreement with Newmont Ghana Gold Limited (NGGL) to acquire a 100% interest in the 8,200km^2 Wa project. Castle was required to spend a minimum of US$300,000 on project expenditure within 12 months of the approval of the agreement by the Ghana Minister of Mines. During the 2009 year Castle exercised its option to acquire a 100% interest in the project by meeting the expenditure commitment and issuing 600,000 options in Castle Minerals Ltd with an exercise price of $0.30 per share to NGGL.

AKOKO PROJECT

(100% Castle Minerals)

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

During the year a JORC Code compliant resource estimate for the Akoko Project was completed totalling 2mt @ 1.6g/t gold for 102,000 ounces.

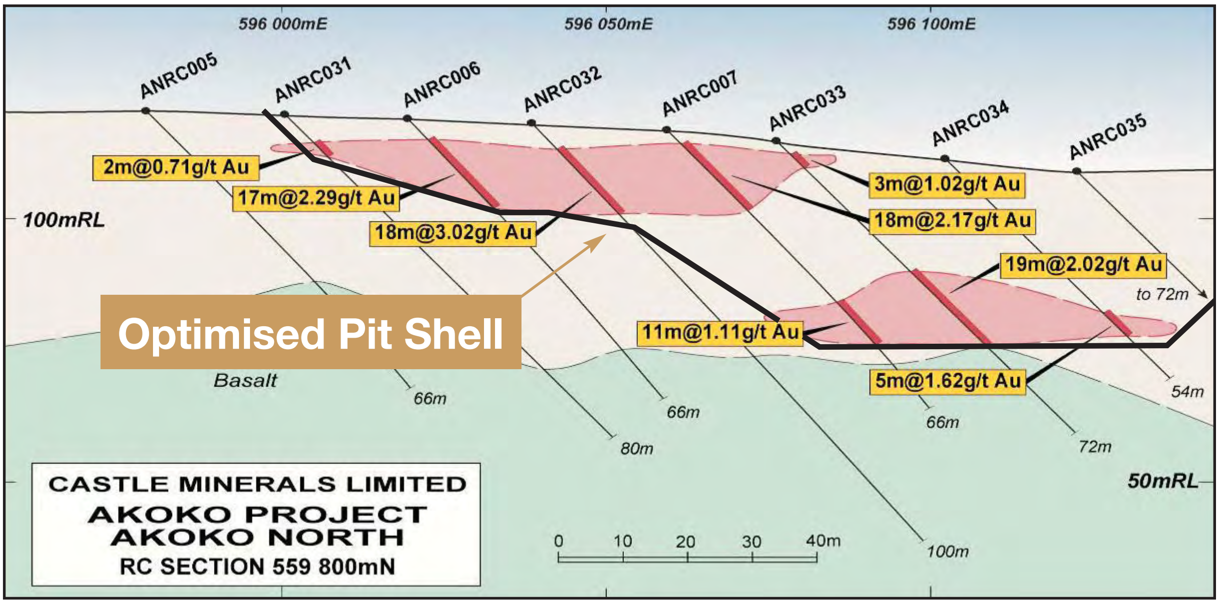
The Akoko Project is located 25km south of Tarkwa in south west Ghana in the prolific gold producing Ashanti belt. Gold mineralisation was first discovered on this greenfields project by Castle in late 2007. Since that time Castle has undertaken five RC drill programs and defined substantial oxide gold mineralisation. Runge Limited completed an independent resource estimate for the Akoko South and Akoko North gold deposits and estimated a total Indicated and Inferred Mineral Resource of 102,000 ounces.

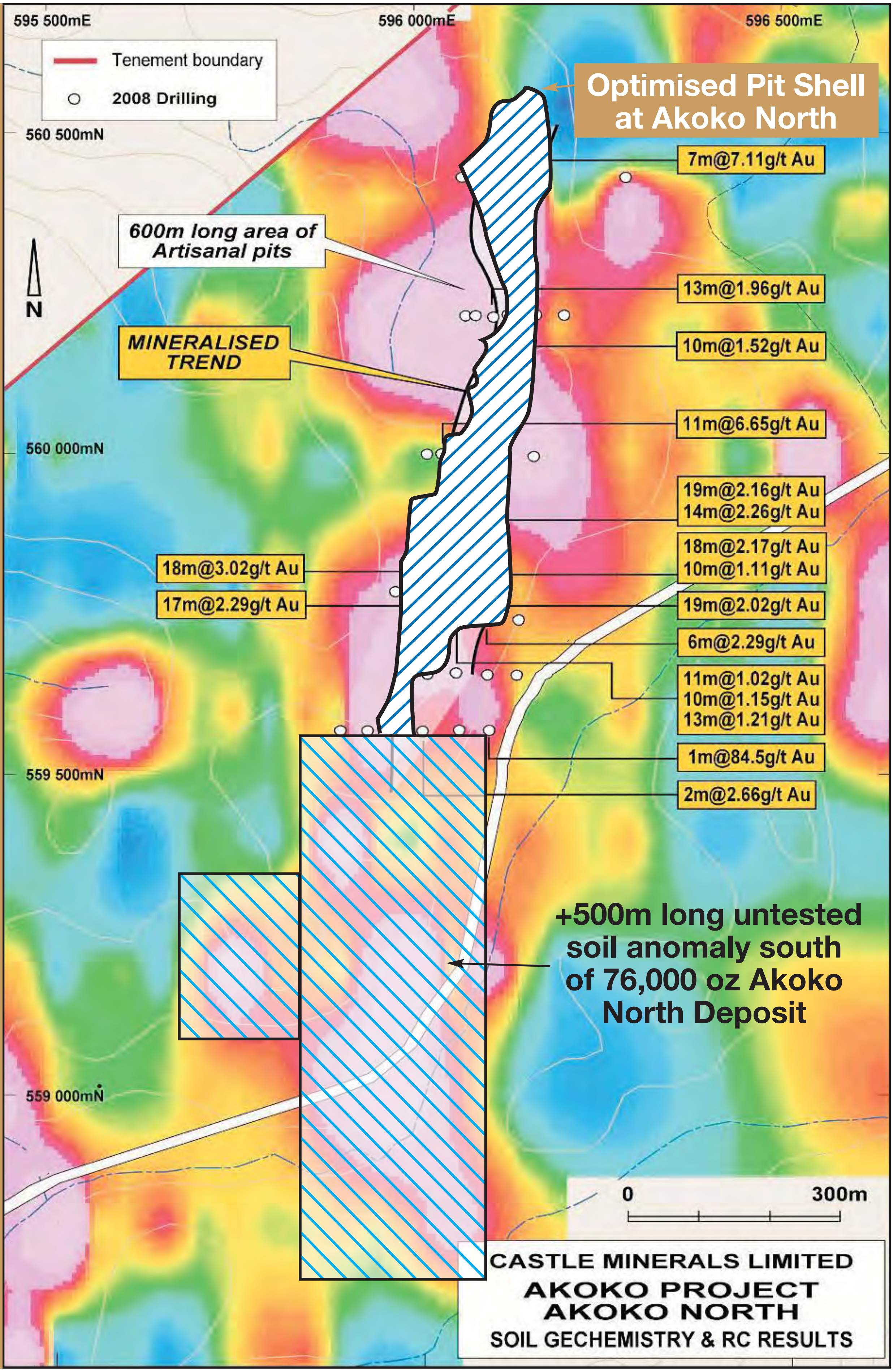
The Akoko gold resources have excellent potential to be substantially increased. Potential for additional oxide mineralisation exists along strike of each deposit and testing for primary mineralisation has yet to be undertaken.

Additionally a number of soil anomalies remain untested including a significant anomaly straddling a granite greenstone contact that has reported soil values up to 25g/t gold.

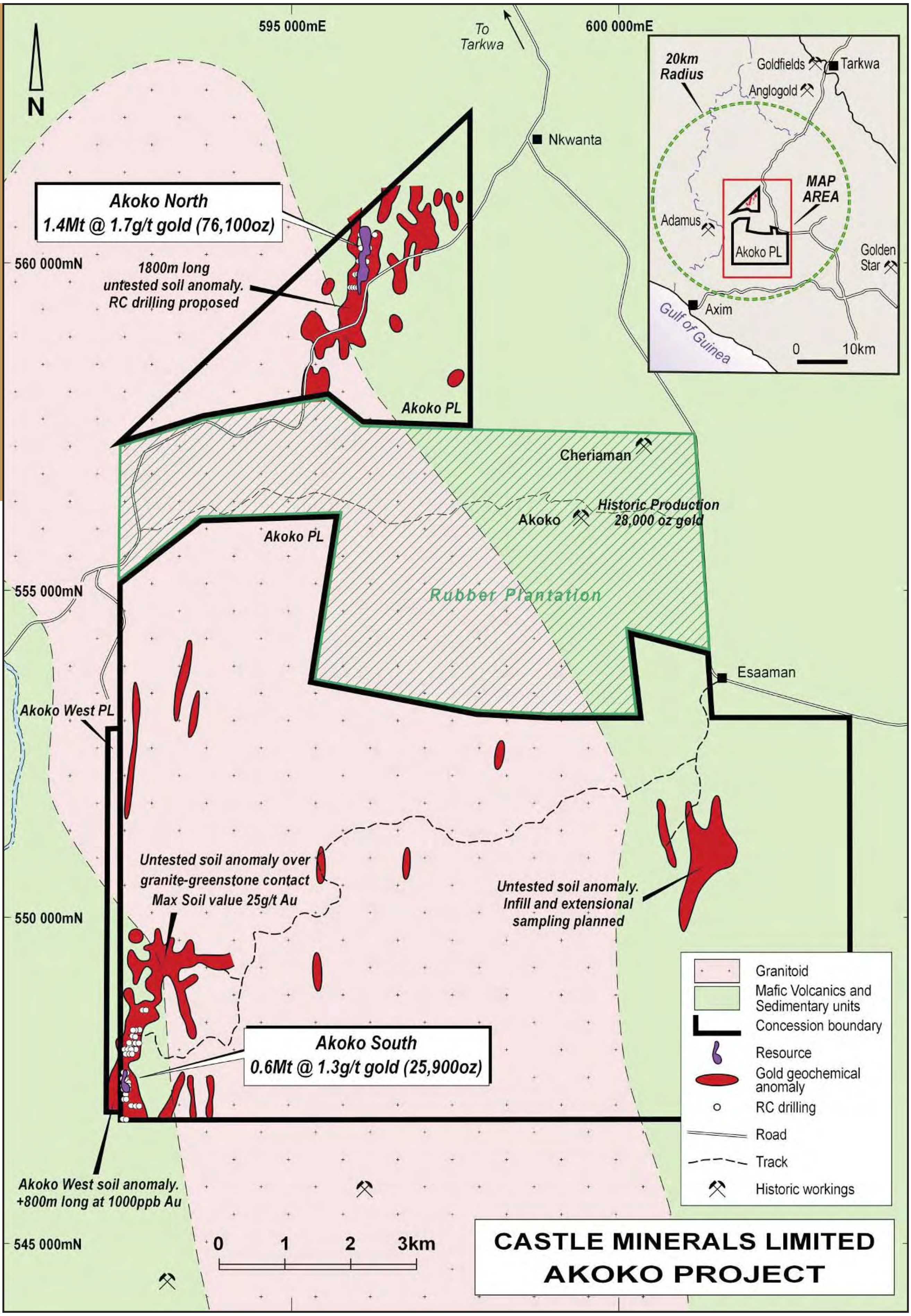
The Akoko North resource is shallow and either outcrops or comes within a few metres of the surface and 80% is within 50m of surface. Castle is planning to complete further drilling on all its Akoko prospects and in March this year completed an open pit optimisation on the Akoko North deposit with the US$800/ounce shell capturing an Indicated and Inferred Resource totalling 1.22Mt @ 1.58g/t gold containing 58,000 ounces. Using a sales (revenue) price of US$950 per ounce and after allowing for an estimated toll milling fee, the optimisation generated a gross surplus of US$17 million.

Deposit	Akoko Project Total - Akoko North and South Deposits						
	Indicated		Inferred		Total		
	Tonnes t	Au g/t	Tonnes t	Au g/t	Tonnes t	Au g/t	Au ozs
Akoko South			610,300	1.3	610,300	1.3	25,900
Akoko North	358,000	1.8	1,076,000	1.6	1,434,000	1.7	76,100
Total Akoko Gold Project	**358,000**	**1.8**	**1,686,300**	**1.5**	**2,044,300**	**1.6**	**102,000**





595 500mE
596 000mE
596 500mE
Tenement boundary
2008 Drilling
560 500mN
560 000mN
559 500mN
559 000mN
N
Optimised Pit Shell at Akoko North
600m long area of Artisanal pits
MINERALISED TREND
7m@7.11g/t Au
13m@1.96g/t Au
10m@1.52g/t Au
11m@6.65g/t Au
19m@2.16g/t Au
14m@2.26g/t Au
18m@2.17g/t Au
10m@1.11g/t Au
18m@3.02g/t Au
17m@2.29g/t Au
19m@2.02g/t Au
6m@2.29g/t Au
11m@1.02g/t Au
10m@1.15g/t Au
13m@1.21g/t Au
1m@84.5g/t Au
2m@2.66g/t Au
+500m long untested soil anomaly south of 76,000 oz Akoko North Deposit
0
300m
CASTLE MINERALS LIMITED
AKOKO PROJECT
AKOKO NORTH
SOIL GECHEMISTRY & RC RESULTS


595 000mE
600 000mE
To Tarkwa
N
Nkwanta
Akoko North
1.4Mt @ 1.7g/t gold (76,100oz)
560 000mN
1800m long
untested soil anomaly.
RC drilling proposed
Akoko PL
Cheriaman
Akoko
Historic Production
28,000 oz gold
Akoko PL
555 000mN
Rubber Plantation
Esaaman
Akoko West PL
Untested soil anomaly over
granite-greenstone contact
Max Soil value 25g/t Au
Untested soil anomaly.
Infill and extensional
sampling planned
550 000mN
Akoko South
0.6Mt @ 1.3g/t gold (25,900oz)
Akoko West soil anomaly.
+800m long at 1000ppb Au
545 000mN
0
1
2
3km
20km
Radius
Goldfields
Tarkwa
Anglogold
MAP
AREA
Adamus
Akoko PL
Golden
Star
Axim
Gulf of Guinea
0
10km
Granitoid
Mafic Volcanics and
Sedimentary units
Concession boundary
Resource
Gold geochemical
anomaly
RC drilling
Road
Track
Historic workings
CASTLE MINERALS LIMITED
AKOKO PROJECT

AKOKO WEST

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 was completed over the new licence and identified a significant +1,000 ppb gold soil anomaly. This anomaly is parallel to a zone of shallow gold mineralisation discovered by Castle 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 it is considered likely to represent the surface expression of further significant subsurface gold mineralisation.

PAPASE PROJECT

(Castle Minerals right to earn 100%)

The Papase Project is located approximately 390km west-northwest of Accra, in the Sefwi gold belt and is ~65km southwest of the Ahafo gold mine operated by Newmont. In 2009 an agreement was executed with a local private mining company giving Castle the right to earn a 100% interest in the Papase Reconnaissance Licence.

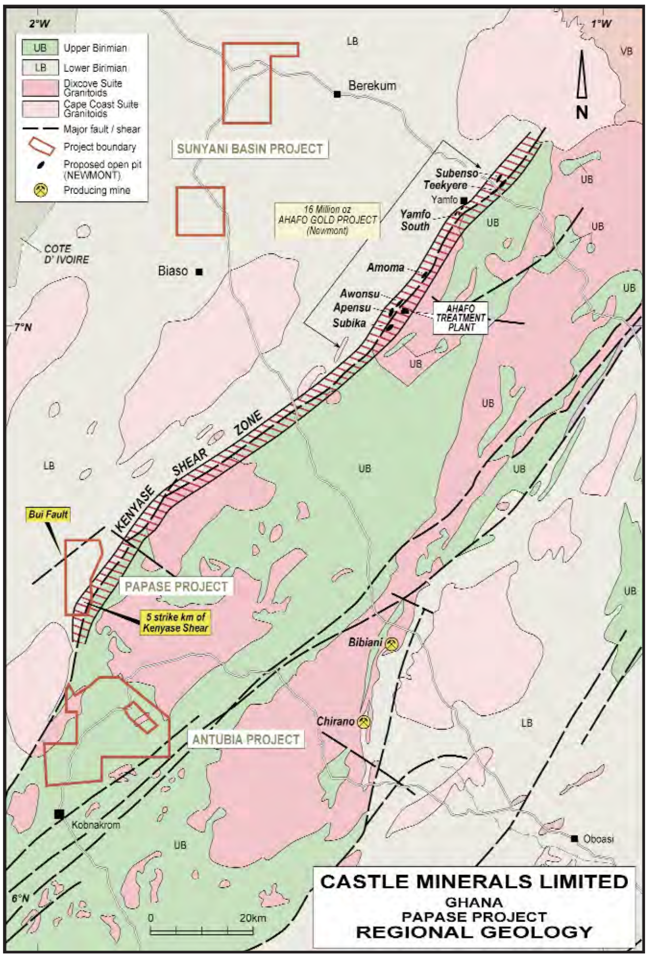
The Papase Project is located 65km south west of Newmont's world class Ahafo gold operation and is interpreted to contain the Kenyase shear zone and the Bui fault. The Kenyase shear zone is a major structure that is associated with Newmont's +16 million ounce Ahafo Gold Project that includes the proposed development of at least 15 open pit mines[1].

The Kenyase shear zone is one of the most prospective and sought after exploration areas in Ghana and no sampling or drilling is known to have been conducted over the area. The concession sits over a change in orientation of the Sefwi belt/basin contact that offers a potentially important structural setting for gold mineralisation. The regional scale Bui fault crosses the north-west portion of the licence and represents another obvious and target.

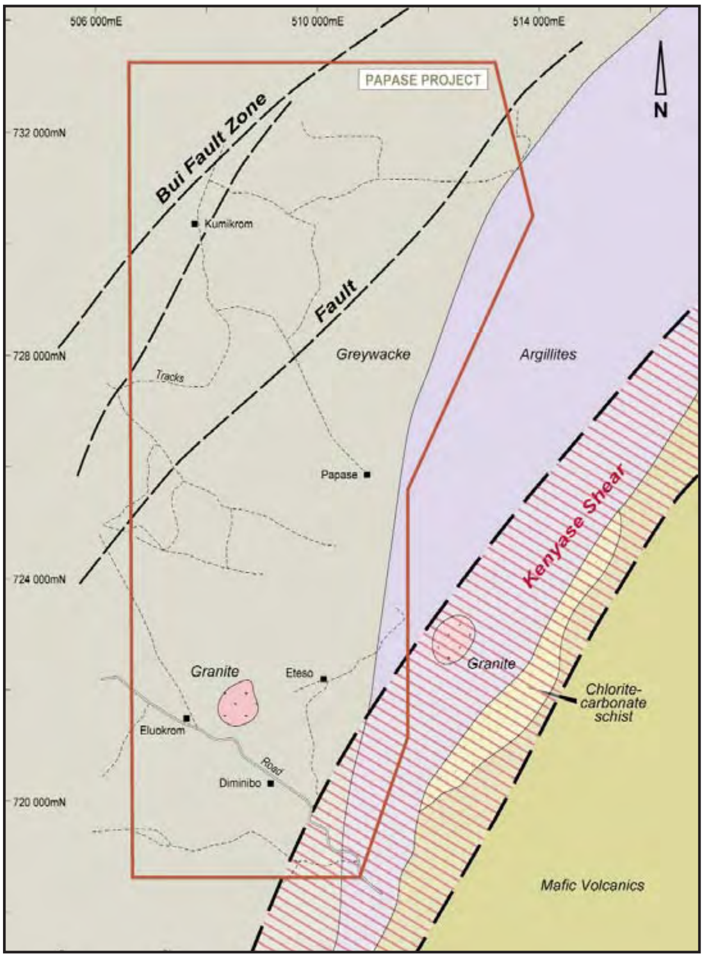
A regional soil sampling program was completed during the year with 670 samples collected on a nominal 800m x 100m grid spacing with 73 line km of gridlines cut. Some areas mainly around the Bia River were not sampled due to inaccessible swamp or wet terrain.

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.

1 - Newmont Mining Corporation website



Upper Birimian
Lower Birimian
Dixcove Suite Granitoids
Cape Coast Suite Granitoids
Major fault / shear
Project boundary
Proposed open pit (NEWMONT)
Producing mine
SUNYANI BASIN PROJECT
Berekum
16 Million oz AHAFO GOLD PROJECT (Newmont)
COTE D' IVOIRE
Biaso
Subenso
Teekyere
Yamfo
Yamfo South
Amoma
Awonsu
Apensu
Subika
AHAFO TREATMENT PLANT
KENYASE SHEAR ZONE
Bui Fault
PAPASE PROJECT
5 strike km of Kenyase Shear
Bibiani
Chirano
ANTUBIA PROJECT
Kobnakrom
Oboasi
20km
CASTLE MINERALS LIMITED
GHANA
PAPASE PROJECT
REGIONAL GEOLOGY



506 000mE
510 000mE
514 000mE
732 000mN
728 000mN
724 000mN
720 000mN
PAPASE PROJECT
Bui Fault Zone
Fault
Kumikrom
Tracks
Greywacke
Argillites
Papase
Kenyase Shear
Granite
Eteso
Granite
Chlorite-carbonate schist
Eluokrom
Road
Diminibo
Mafic Volcanics

OPON MANSI PROJECT

The Opon Mansi Project is located 260km west of Accra, centred about 40km north of Tarkwa. The project consists of one prospecting licence application contained wholly within the Opon Mansi forest reserve. Castle is pursuing permission to enter the reserve to undertake sampling for metallurgical testwork.

The project application contains the Opon Mansi iron ore deposit that was discovered in the 1960's by the Ghana Geological Survey.

The deposit features include:

→ Iron ore located on 15 hills over 24km strike

→ Ghana Geological Survey exploration in 1963-64 consisted of pitting, trenching and drilling

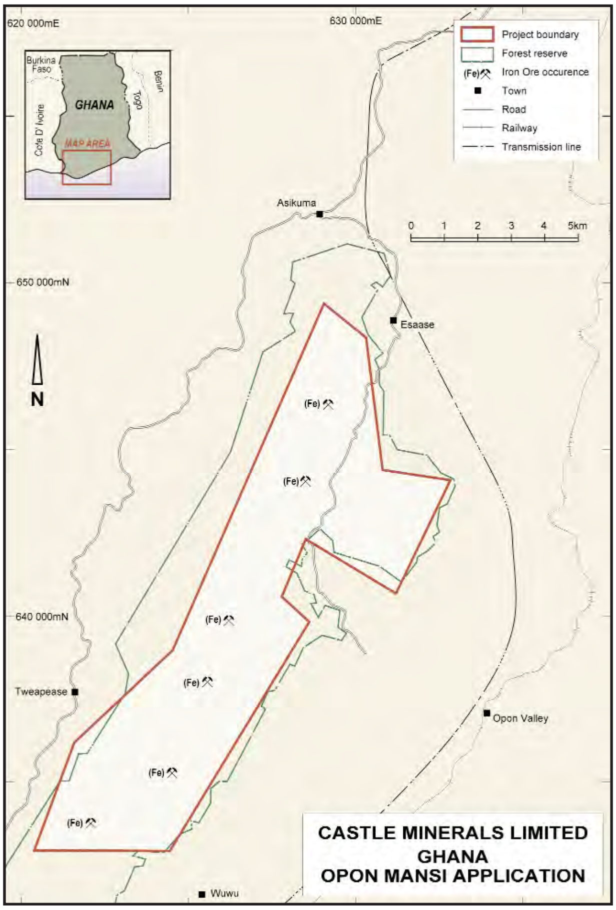
→ Hematite and goethite mineralisation defined from surface to 27m depth

→ Ghana Geological Survey reported a mineralised estimate to 10m depth, of approximately 150 million long tons with an iron content between 43-56% Fe

→ Located 8km from Takoradi-Kumasi railway line

→ Located 120km from Takoradi port

→ Potential for high grading and/or beneficiation to produce high grade DSO product



The Opon Mansi iron ore deposit represents an advanced project that has potential to deliver high grade direct shipping ore (DSO). Its near surface position and location close to rail and port facilities makes it ideally suited to low cost development.

Castle's initial strategy will be to determine the potential for high grading and/or beneficiation of the iron ore, as historic literature makes reference to higher grade sections and

upgrading of product through screening. The recent rise in iron ore prices along with significant metallurgical advances in materials beneficiation (since the 1970's) provides an opportunity to develop further industry and diversified mining in Ghana.

Project Background

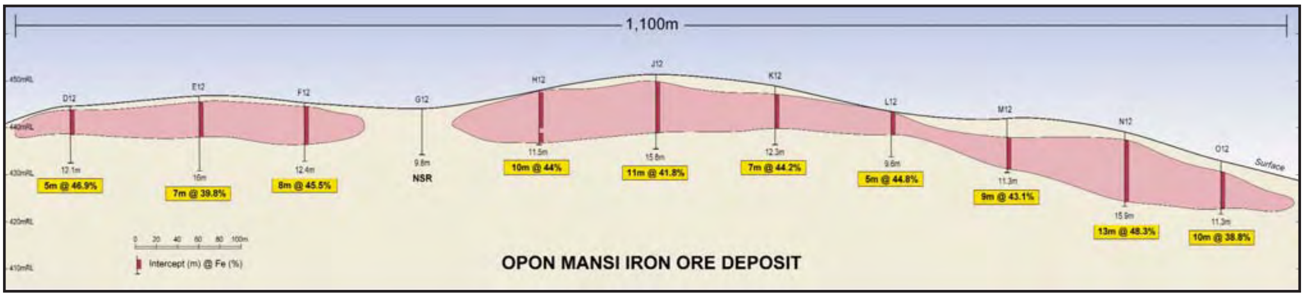
The Opon Mansi iron ore deposits are located on the top of a range of hills that extend over a distance of 24km from Opon Valley in the south towards Dunkwa in the north. Castle's application covers approximately 85% of the prospective hills of the Opon Mansi range. The hills on which the iron occurs have an average height of 400m above sea level.

The lateritic iron deposits were discovered in 1963 by the Ghana Geological Survey during a field mapping program.

After the discovery the Survey conducted a prospecting program (1963-64) that consisted of "Winkie" drilling, pitting and trenching and the collection of large quantities of ore samples for chemical analysis from the 15 hills along the range. These preliminary investigations revealed iron ore capping ranging from 10 to 30m thick on top of most of the hills in the range. About 13 of the 15 hills were found, at that time, to contain ores of commercial quantities.

The Ghana Geological Survey calculated an estimate of the deposit using an average thickness of 9m and calculated that approximately 150 million long tons of iron ore were indicated in an area of about $4km^2$. The iron content of this ore was found to range between 43-56% Fe.

The estimate presented here is a conceptual target that may result from the completion of a JORC-compliant resource calculation. It should not be understood as indicating the existence of a resource in the sense implied by the JORC Code as a JORC-compliant resource is yet to be calculated. There has been insufficient or unverified exploration data to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.



The iron deposits overlie folded Tarkwaian and Birimian sedimentary and metavolcanic rocks. The lateritic profile has been divided into different ore categories from surface to a depth of 10m; pebble ore, conglomeritic ore, yellow-cavern ore, porous ore, soft ore and hard ore. Bauxite was found throughout the profile assaying between 15-25% Al_2O_3.

In 1975 the government established the "Integrated Iron & Steel Commission" that investigated the feasibility of an Iron and Steel Project based on the Opon Mansi mineralisation. German group Fried Krupp GmbH undertook the feasibility study and focussed on one hill (Wuowuo Hill) where 100m x 100m spaced drilling was completed.

In 1979 Krupp presented a five volume report to the Commission that included the production, via three electric furnaces, of pig iron, liquid steel, billets, rolled finished product and alumina.

No further work is known following the completion of the 1979 Krupp study.

Castle intends to collect a bulk metallurgical sample to determine if the iron mineralisation is capable of being upgraded to a commercial product.

ANTUBIA PROJECT

(100% Castle Minerals)

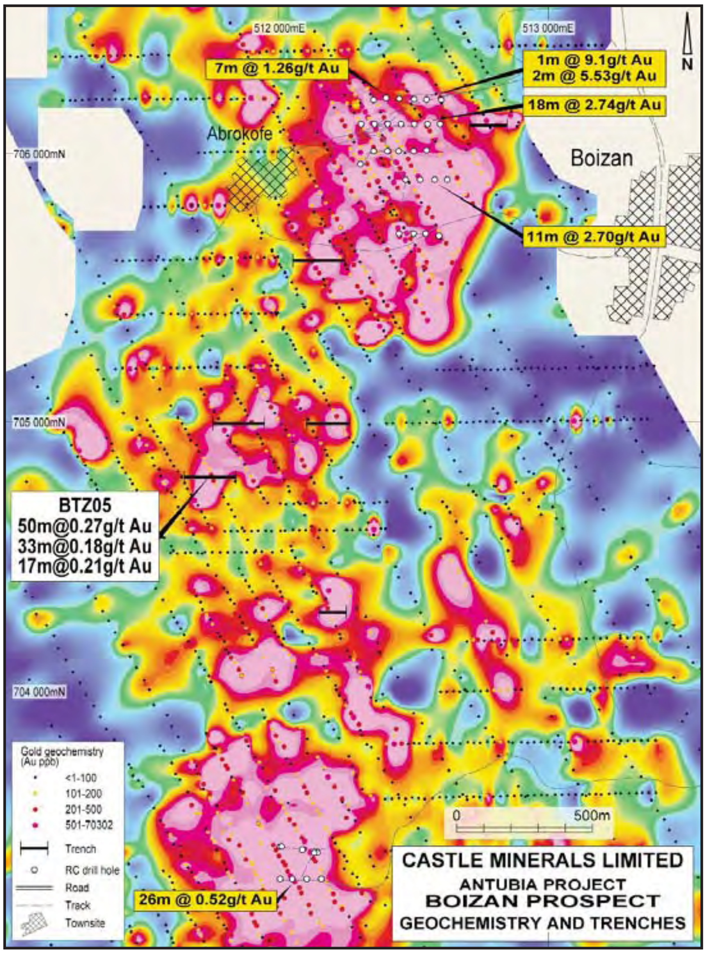
Antubia is located approximately 370km west-northwest of Accra, in the Sefwi gold belt and is ~90km southwest of the Ahafo gold mine operated by Newmont.

A number of RC drilling programs has tested a large anomalous gold corridor at Antubia. This very large geochemical anomaly is oriented approximately north – south and is some 5.5km long. Within this corridor two areas stand out as being of particular importance, named Boizan and Sumiakrom Hill.

Work by Castle has included soil sampling, pitting, trenching and geophysical interpretation as well as reverses circulation drilling.

Pitting (28 pits) was completed primarily designed to obtain structural information towards defining the best drill orientation. All pits were sampled with some significant intercepts reported including 1.7m @ 1.34g/t gold (BZPT01), 0.4m @ 12.7g/t gold (BZPT007) from the Boizan area and 1.5m @ 6.9g/t gold (BZPT019) from the Sumiakrom Hill area.

The Boizan prospect is near the top of a gently sloping hill with no evidence of mining having taken place. An area of Ashanti workings is located immediately north of the Abrokofe township. Individual soil samples from the Boizan Prospect included values of 70.3g/t, 8.01g/t, 1.5g/t and 1.2g/t gold. Thirteen RC holes were drilled at Boizan and

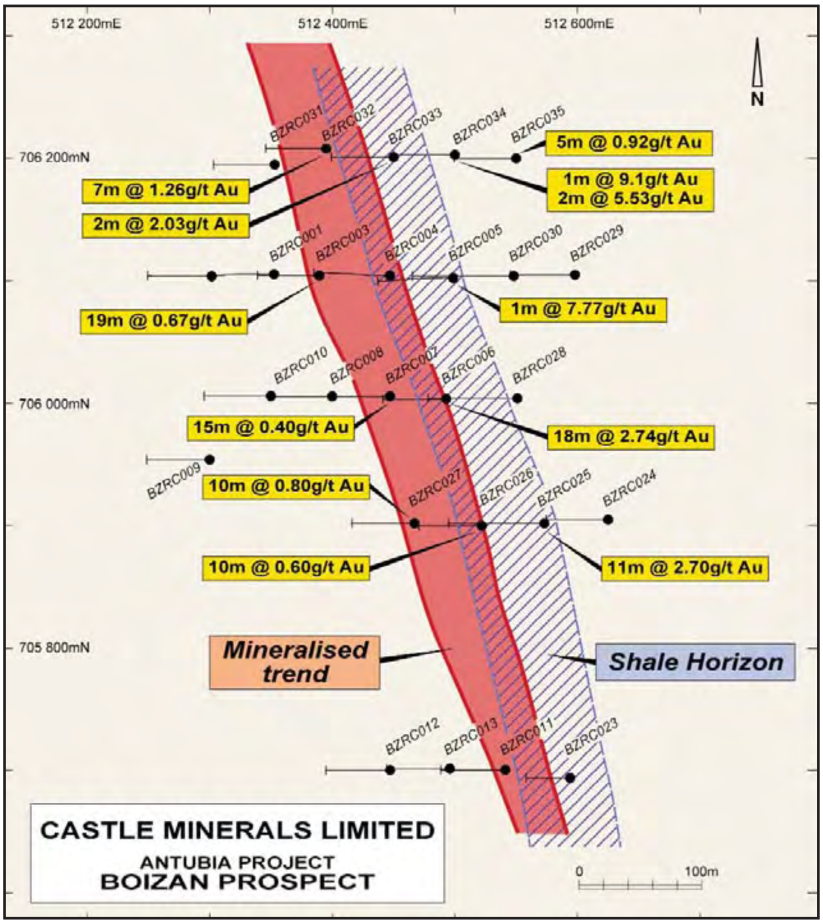


nine RC holes were drilled at Sumiakrom Hill. At the Boizan prospect BZRC 06 reported an intercept of 18m @ 2.74g/t gold from 24m down hole. This was the eastern most hole on the drill fence. Mineralisation is hosted within metasedimentary rocks that include narrow black shale horizons. The better zones of mineralisation are associated with quartz veining and oxidised sulphide.

At Sumiakrom Hill high grade soil values (max. 1.2g/t) were reported on the north side of a small hill and extending north east for over 1,000m. Some old workings are evident around the Sumiakrom Hill area. Two drill fences were completed with broad zones of shallow oxide mineralisation reported including 14m @ 0.47g/t from 17m and 27m @ 0.50g/t gold from 9m. The Sumiakrom Hill mineralisation appears to form an extensive horizontal blanket. Deep weathering (+70m) is present and the primary source of the gold is yet to be established.

Fourteen RC holes were drilled in 2007 at the Boizan prospect to follow up the first phase of drilling. This new drilling reported intercepts of; 11m @ 2.70g/t, 7m @ 1.26g/t, 2m @ 5.53g/t, 1m @ 9.1g/t, 10m @ 0.60g/t and 10m @ 0.80g/t gold.

This drilling has refined the geological understanding of the area and identified a 100m wide black shale rich unit as a marker horizon and a possible control on gold mineralisation at Boizan. Mineralisation is best developed on the footwall (west) side of this unit. Importantly this black shale unit is interpreted to join up to the Sumiakrom Hill prospect to the south. This footwall contact zone has a coincident soil anomaly (except where obscured by



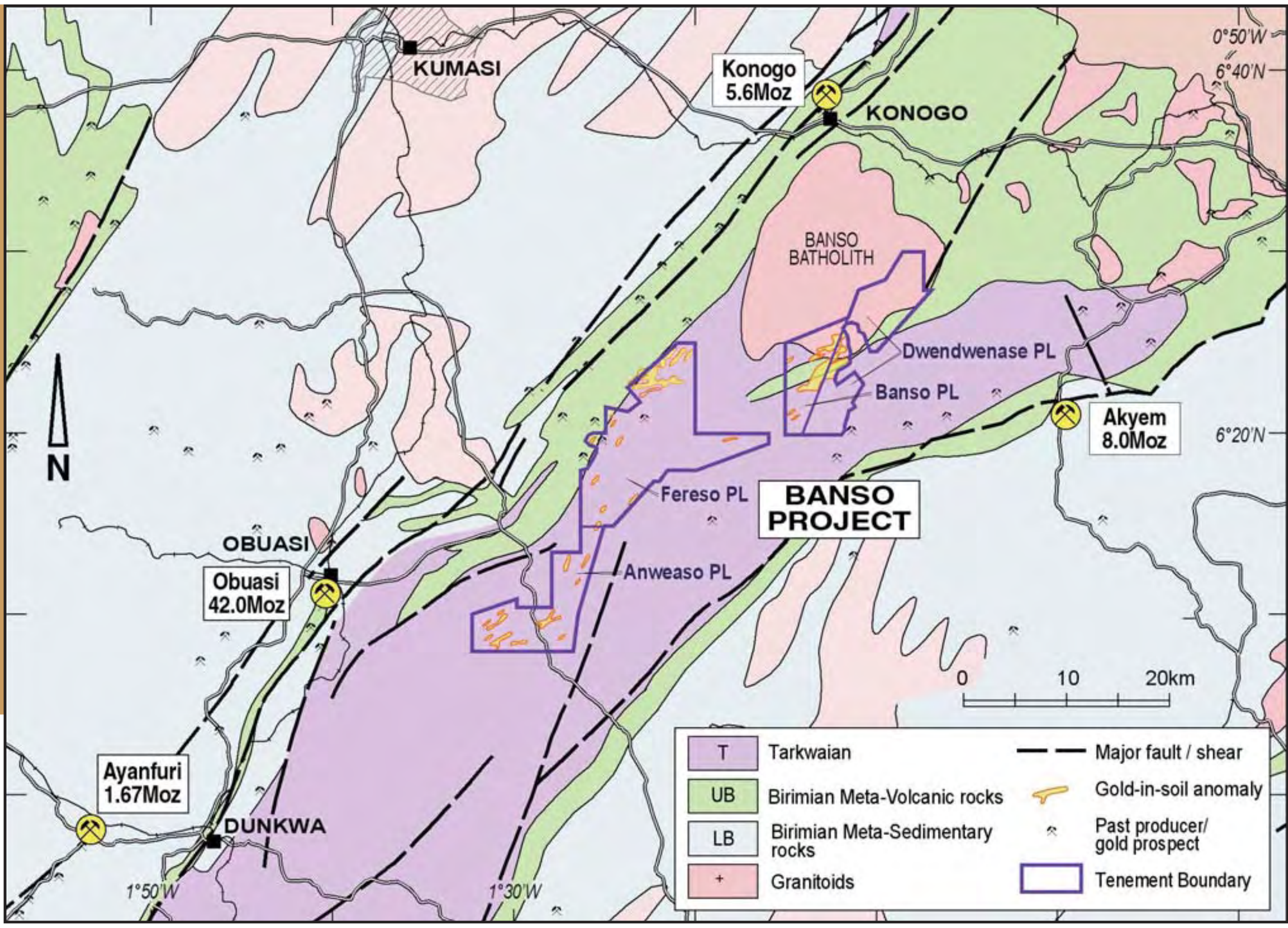
transported cover) and is considered a highly prospective target over at least 5km of strike.

The Boizan area represents a regional gold anomaly of a scale and tenor that provides strong evidence that a substantial gold deposit could be defined at Boizan.

A program of trenching was completed in 2008 with six trenches completed for a total of 1,002m. The trenches were designed to test spot high soil anomalies and to provide structural and geological information for the forthcoming drilling program. The trenches reported wide zones of gold mineralisation including 50m @ 0.27g/t, 33m @ 0.18g/t, 17m @ 0.21g/t gold within the very large 5x2km Boizan soil anomaly.

The trench intercepts also identified a number of parallel zones additional to the two mineralized zones at Boizan and Sumiakrom Hill. Fifteen RC holes were drilled to test the trench results and a number of other soil anomalies throughout the project area. These results were somewhat disappointing with only low order gold intercepts returned.

The Antubia Project hosts a regional scale geochemical anomaly along the western margin of the Sunyani Belt and remains a highly quality exploration target; RC drilling programs have tested only a very small portion of the geochemical anomaly.



BANSO PROJECT

(100% Castle Minerals)

Banso is located approximately 180km northwest of Accra, in the Ashanti gold belt. It is ~20km west of Newmont's Akyem gold mine and ~10km east of AngloGold Ashanti's Obuasi gold mine.

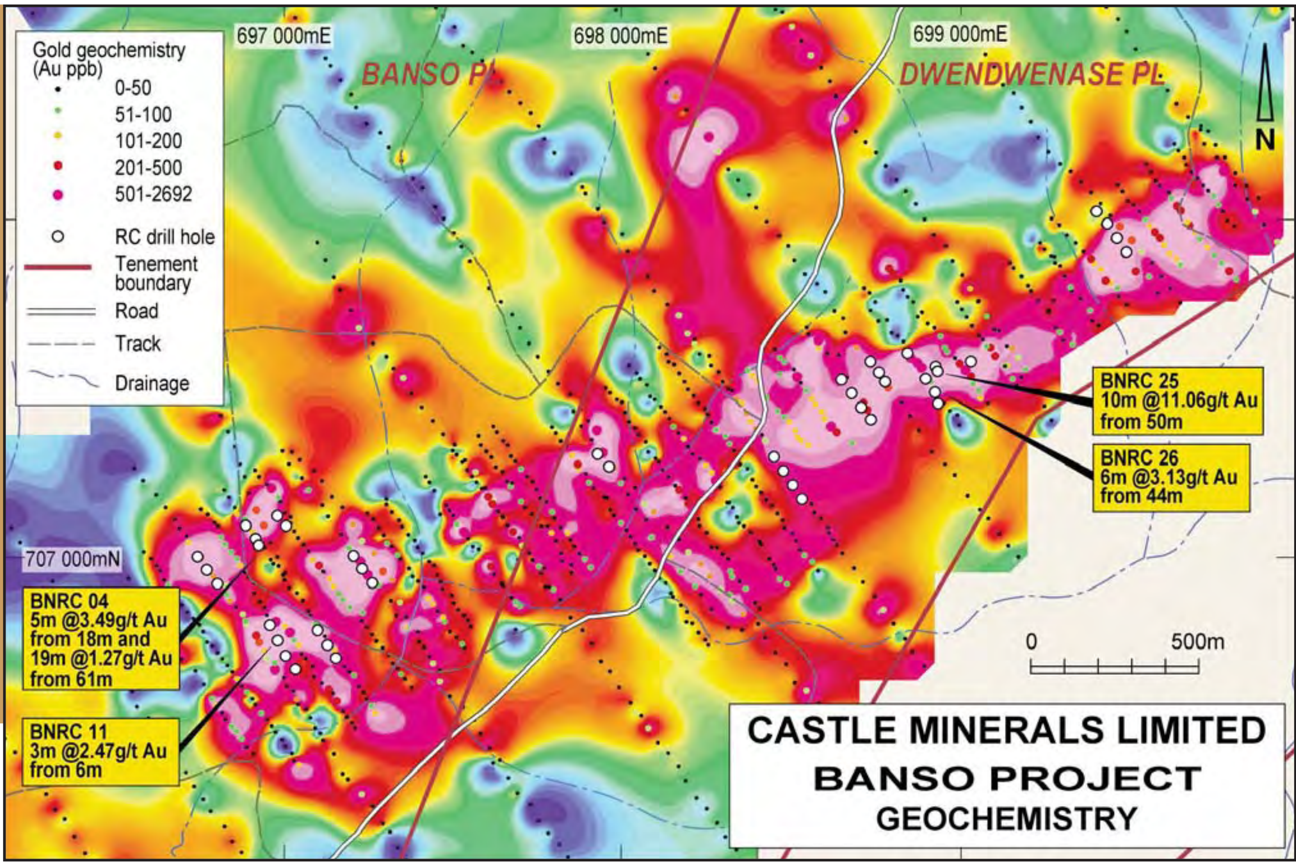
The Banso Project consists of four granted Prospecting Licences known as Fereso, Anweaso, Banso and Dwendwenase. It lies near the intersection of two major shear zones within the Ashanti Belt and sits between the world class Akyem and Obuasi gold deposits. The project also includes over 20 strike km of the highly prospective Ashanti belt contact on its western side.

Significant historic gold intercepts were reported in surface trenches at the Banso prospect, including; 23m @ 2.33g/t gold, 9.8m @ 9.2g/t gold, 8m @ 4.3g/t gold and 13m @ 1.6g/t gold and a substantial soil anomaly had been defined. Soil sampling by Castle confirmed and extended the Banso soil anomaly to be over 3,700m long and up to 1,000m wide.

Castle has completed two drilling programs so far, an initial 40 hole, (3,248m) reverse circulation drilling program and a follow up 5 hole, (570m) program.

This drilling has intersected significant oxide and primary gold mineralisation in several holes with best results including;

BNRC 04	5m	@	3.49g/t	gold from 18m
BNRC 04	19m	@	1.27g/t	gold from 61m
BNRC 11	3m	@	2.47g/t	gold from 6m
BNRC 26	6m	@	3.13g/t	gold from 44m
BNRC 25	10m	@	11.1g/t	gold from 50m
BNRC 44	2m	@	10.8g/t	gold from 26m



Gold mineralisation occurs in silicified and pyritic gabbro at the western end of the prospect and on a gabbro/sediment contact in the central portion of the prospect area.

Soil sampling along the western boundary of the Banso licences has identified three distinct gold anomalies along the western margin of the Banso project area close to the boundary between Birimian metavolcanics and younger Tarkwaian metasediments.

Local spot highs of 445, 364 and 334ppb gold were reported from the northern anomalies and 99, 89 and 70ppb highs were reported from the southern anomalies within the Anweaso licence.

Infill sampling and site inspection is proposed to determine the significance of these results.

The information in this report that relates to Exploration Results is based on information compiled by Michael Fowler, Castle Minerals Limited Exploration Manager, who is a Member of The Australasian Institute of Mining and Metallurgy. Michael Fowler 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 Fowler consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Castle Minerals Limited
ABN 83 116 095 802

Annual Financial Report

for the year ended 30 June 2009

Corporate Information

ABN 83 116 095 802

Directors
Michael Ivey (Executive Chairman and Managing Director)
Campbell Ansell (Non Executive Director)
Michael Ashforth (Non Executive Director)

Company Secretary
Dennis Wilkins

Registered Office
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Telephone: (08) 9322 7018
Facsimile: (08) 9481 2335

Postal Address
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WEST PERTH WA 6872

Solicitors
Blakiston & Crabb
1202 Hay Street
WEST PERTH WA 6005

Bankers
National Australia Bank Limited
1232 Hay Street
WEST PERTH WA 6005

Share Register
Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

Auditors
BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
SUBIACO WA 6008

Internet Address
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Email Address
info@castleminerals.com

Stock Exchange Listing
Castle Minerals Limited shares are listed on the Australian Securities Exchange.

Contents

Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Castle Minerals Limited and the entities it controlled at the end of, or during, the year ended 30 June 2009.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Michael Ivey, B. App. Sc (Geol), M.Sc. (Min.Econ.) WASM, M.Aus.I.M.M., MAICD (Executive Chairman, Managing Director)

Michael Ivey has been involved in the mineral exploration industry in Western Australia for over 20 years. He graduated from Curtin University with a Bachelor of Applied Science degree majoring in geology and has a Master of Science (Mineral Economics) from the WA School of Mines.

After graduating Mr Ivey initially worked as an exploration geologist exploring for gold in the Murchison and Eastern Goldfields Regions of Western Australia. In 1986, Mr Ivey joined Croesus Mining NL and over the ensuing 18 years held the positions of Chief Geologist, Exploration Manager and General Manager before becoming Managing Director and Chief Executive Officer in 1997. He led the discovery of the suite of Binduli gold deposits (+1 million ounces) and was responsible for the acquisition and development of the 100,000 ounce per annum Davyhurst Project and the merger with Central Norseman Gold Corporation. He was awarded the 2002 Mining Executive of the Year by Gold Mining Journal.

Mr Ivey is also Non Executive Director of Azumah Resources Limited, Non Executive Chairman of Buxton Resources Limited and is Principal of MetalsEx Capital. Mr Ivey has not held any former directorships in the last 3 years.

Campbell Ansell, FCA, MAICD (Non Executive Director, chairman of audit committee, member of remuneration committee)

Campbell Ansell is a Chartered Accountant who is also the Chairman of De Grey Mining Limited. He is also a non-executive director of several other successful business operations and has had a long term involvement with the resources sector and several government and semi government boards. Campbell has held the following former directorships in the last 3 years: Dragon Mining NL, Azure Minerals Limited and Universal Resources Ltd.

Michael Ashforth, (Non Executive Director, chairman of remuneration committee, member of audit committee)

Michael Ashforth is a Managing Director of Gresham Advisory Partners Limited, one of the leading independent corporate advisory firms in Australia. Mr Ashforth has advised on a wide range of mergers and acquisitions transactions for Australian and international clients across a wide range of industry sectors. He has extensive experience in transactions across the resources sector.

Prior to joining Gresham in early 1997, Mr Ashforth had been a partner in the Mergers & Acquisitions Group of Freehill Hollingdale & Page (now Freehills) and had been involved in local and cross border mergers and acquisitions, fundraising and corporate restructuring work.

Mr Ashforth is a member of the Takeovers Panel, and a director of various companies within the Gresham group. In the previous 3 years, Mr Ashforth was a director of Heytesbury Pty Ltd.

COMPANY SECRETARY

Dennis Wilkins, B.Bus, AICD, ACIS

Mr Dennis Wilkins is an accountant who has been a director, company secretary or acted in a corporate advisory capacity to listed resource companies for over 20 years.

Mr Wilkins previously served as the Finance Director and Company Secretary for a mid tier gold producer and also spent five years working for a leading merchant bank in the United Kingdom. Resource postings to Indonesia, South Africa and New Zealand in managerial roles has broadened his international experience.

Mr Wilkins has extensive experience in capital raising specifically for the resources industry and is the principal of DWCorporate which provides advisory, funding and administrative management services to the resource sector. Mr Wilkins is a director of Bonaparte Diamond Mines NL, Key Petroleum Limited and Minemakers Limited. Mr Wilkins is a former director of Marengo Mining Limited and South Boulder Mines Limited within the last 3 years.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Castle Minerals Limited were:

	Ordinary Shares	Options over Ordinary Shares
Michael Ivey	4,885,000	1,250,000
Campbell Ansell	600,000	200,000
Michael Ashforth	1,750,000	400,000

Directors' Report continued

PRINCIPAL ACTIVITIES

During the year the Group carried out exploration on its tenements and applied for or acquired additional tenements with the objective of identifying gold and other economic mineral deposits.

There was no significant change in the nature of the Group's activities during the year.

DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

REVIEW OF OPERATIONS

An Exploration Review, including the business strategies and prospects of the Group, and the Directors Review are contained in the previous sections of the annual report.

Finance Review

The Group began the financial year with a cash reserve of $1,405,470. In December 2008 the Company issued 5.9 million ordinary shares to institutional and sophisticated investors to raise $590,000, and during February 2009 the Company issued 1.13 million ordinary shares by way of a Share Purchase Plan to raise $113,000. Funds were used to actively advance the Group's projects located in Ghana, West Africa.

During the year total exploration expenditure incurred by the Group amounted to $1,023,986. In line with the Company's accounting policies, all exploration expenditure was written off at year end. Net administration expenditure incurred amounted to $738,052. This has resulted in an operating loss after income tax for the year ended 30 June 2009 of $1,762,038 (2008: $2,462,709).

At 30 June 2009 surplus funds available totalled $794,641.

Operating Results for the Year

Summarised operating results are as follows:

	2009	
	Revenues $	Results $
Geographic segments		
Australia	53,285	(659,037)
Ghana	-	(1,103,001)
Consolidated entity revenues and loss before income tax expense	53,285	(1,762,038)

Shareholder Returns

	2009	2008
Basic loss per share (cents)	**(3.3)**	(5.1)

Risk Management

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Company believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

A significant change in the state of affairs of the Group during the financial year was as follows:

- An increase in contributed equity of $590,000 as a result of the issue of 5.9 million ordinary shares to institutional and sophisticated investors.
- An increase in contributed equity of $113,000 as a result of the issue of 1.13 million ordinary shares by way of a Share Purchase Plan.
- An increase in contributed equity of $352,180 as a result of the issue of 3,140,063 ordinary shares as consideration for consulting services and pursuant to a Deed of Option Agreement.

Directors' Report continued

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances, besides those disclosed at note 21, have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation in respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

The directors have considered the recently enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Group for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises.

AUDITED REMUNERATION REPORT

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration

B Details of remuneration

C Service agreements

D Share-based compensation

E Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

A Principles used to determine the nature and amount of remuneration

Remuneration Policy

The Remuneration Committee is comprised of the two non-executive directors. The remuneration policy of Castle Minerals Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The board of Castle Minerals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using either the Black-Scholes or Binomial methodologies.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $200,000). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

Performance based remuneration

The Group currently has no performance based remuneration component built into director and executive remuneration packages.

Directors' Report continued

Company performance, shareholder wealth and directors' and executives' remuneration

No relationship exists between shareholder wealth, director and executive remuneration and Company performance.

The table below shows the gross revenue, losses and earnings per share for the periods since incorporation of the listed entity.

	2009	**2008**	**2007**	**2006**
	$	**$**	**$**	**$**
Revenue	53,285	168,887	129,686	41,768
Net loss	(1,762,038)	(2,462,709)	(2,383,335)	(576,710)
Loss per share (cents)	(3.3)	(5.1)	(6.2)	(6.0)
Share price at year end (cents)	9.0	26.0	30.0	31.0

No dividends have been paid.

B Details of remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures*) and specified executives of Castle Minerals Limited and the Castle Minerals Group are set out in the following table.

The key management personnel of Castle Minerals Limited and the Group include the directors, and the company secretary, as per page 3 above and the following executive officers who have authority and responsibility for planning, directing and controlling the activities of the Group:

- Michael Fowler – *Exploration Manager*
- Paul Amoako-Atta – *Ghanaian Company Representative*

Given the size and nature of operations of Castle Minerals Limited and the Group, there are no other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

Key management personnel and other executives of Castle Minerals Limited and the Group

	Short-Term		**Post Employment**		**Share-based Payments**	**Total**	**Percentage Relevant to Options**
	Salary & Fees	Non-Cash benefits	Superannuation	Retirement benefits	Options		
	$	**$**	**$**	**$**	**$**	**$**	**%**
Directors							
Michael Ivey							
2009	**150,000**	**4,745**	**-**	**-**	**-**	**154,745**	**-**
2008	200,000	3,217	-	-	-	203,217	-
Campbell Ansell							
2009	**20,000**	**4,745**	**1,800**	**-**	**-**	**26,545**	**-**
2008	20,000	3,217	1,800	-	-	25,017	-
Michael Ashforth							
2009	**21,800**	**4,745**	**-**	**-**	**-**	**26,545**	**-**
2008	21,800	3,217	-	-	-	25,017	-
Other key management personnel							
Dennis Wilkins							
2009	**30,742**	**-**	**-**	**-**	**-**	**30,742**	**-**
2008	29,255	-	-	-	-	29,255	-
Michael Fowler							
2009	**85,227**	**-**	**8,523**	**-**	**41,008**	**134,758**	**30.4**
2008	119,318	-	11,932	-	77,700	208,950	37.2
Paul Amoako-Atta (1)							
2009	**36,000**	**-**	**-**	**-**	**-**	**36,000**	**-**
2008	48,080	-	-	-	-	48,080	-
Total key management personnel compensation							
2009	**343,769**	**14,235**	**10,323**	**-**	**41,008**	**409,335**	
2008	438,453	9,651	13,732	-	77,700	539,536	

(1) In addition to the above remuneration a total of $329,756 (2008: $890,944) was paid to Terrex Limited, a Ghanaian registered company of which Mr Amoako-Atta is a director and shareholder. Terrex Limited provided geochemical and other geological services to the Group during the year and the amounts paid were at arms length.

Directors' Report continued

C Service agreements

The details of service agreements of the key management personnel of Castle Minerals Limited and the Group are as follows:

Michael Ivey, Managing Director:

- Term of agreement – expiring on 30 June 2010.
- From 1 January 2009 annual consultancy fees of $100,000 (plus GST) are paid to M Ivey Pty Ltd, a company controlled by Mr Ivey, plus a deferred consultancy fee of $100,000 is being accrued as a contingent liability of the Company and will only be paid if the Board, in its absolute discretion, decides that it should be paid.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, includes an amount equal to the amounts due for the balance of the term of the contract from the date of termination.

Dennis Wilkins, Company Secretary:

- Term of agreement – 3 months notice of termination required.
- Mr Wilkins' firm, DWCorporate, is engaged to provide accounting and company secretarial services. Fees are charged on an hourly basis, and all amounts are included in Mr Wilkins' remuneration.

Michael Fowler, Exploration Manager:

- Term of agreement – 4 years commencing 8 May 2006.
- From 1 January 2009 a base salary, inclusive of superannuation, of $68,750 is paid plus a deferred salary of $68,750, inclusive of superannuation, is being accrued as a contingent liability of the Company and will only be paid if the Board, in its absolute discretion, decides that it should be paid.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct or incapacity, includes an amount equal to the amounts due for the balance of the term of the contract from the date of termination.

Paul Amoako-Atta, Ghanaian Company Representative:

- Term of agreement – monthly basis, commencing 2 May 2006, with 2 months notice of termination required by Mr Amoako-Atta.
- Fixed fee of $2,000 per month, plus a rate of $65 per hour for agreed hours in excess of fifty hours per month.

None of the other directors or key management personnel have service agreements in place.

D Share-based compensation

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of Castle Minerals Limited to increase goal congruence between executives, directors and shareholders. The Company does not have a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities, but the Board actively discourages key personnel management from obtaining mortgages in securities held in the Company. There were no options granted to key management personnel during the year however, the following options granted in a prior year are vesting as shown below:

	Grant Date	Granted Number	Vested Number	Date vesting or vested and exercisable	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Exercised Number	% of Remuneration
Other key management personnel									
Michael Fowler	08/05/2006	500,000	500,000	08/05/2009	31/03/2011	25	15.5	N/A	16.0
Michael Fowler	08/05/2006	500,000	*	08/05/2010	31/03/2011	25	15.5	N/A	14.4

* Pursuant to the terms of Michael Fowler's service agreement dated 8 May 2006 he is entitled to a total of 2 million options. As stipulated in the agreement, these options will be issued in four equal tranches by the Company. The options shown above either vested during the year or are still vesting on the dates as indicated. The asterisked options have not been issued at the date of this report.

There were no shares issued as a result of the exercise of remuneration options by the directors of Castle Minerals Limited and other key management personnel of the group.

End of audited remuneration report.

E Additional information

Performance income as a proportion of total compensation

No performance based bonuses have been paid to key management personnel during the financial year.

Directors' Report continued

DIRECTORS' MEETINGS

During the year the Company held two meetings of directors. The attendance of directors at meetings of the board were:

	Directors Meetings		Committee Meetings: Audit		Committee Meetings: Remuneration	
	A	**B**	**A**	**B**	**A**	**B**
Michael Ivey	2	2	*	*	*	*
Campbell Ansell	2	2	2	2	-	-
Michael Ashforth	2	2	2	2	-	-

Notes

A - Number of meetings attended.

B - Number of meetings held during the time the director held office during the year.

* - Not a member of the relevant Committee.

SHARES UNDER OPTION

At the date of this report there are 8,225,000 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	6,550,000
Movements of share options during the year	
Issued, exercisable at 25 cents, on or before 31 March 2011	1,000,000
Issued, exercisable at 30 cents, on or before 9 April 2010	600,000
Issued, exercisable at 30 cents, on or before 20 August 2012	75,000
Total number of options outstanding as at 30 June 2009 and the date of this report	**8,225,000**

The balance is comprised of the following:

Date options issued	Expiry date	Exercise price (cents)	Number of options
22 May 2007	31 March 2011	25	500,000
14 July 2008	31 March 2011	25	500,000
8 May 2009	31 March 2011	25	500,000
9 April 2009	9 April 2010	30	600,000
26 August 2008	20 August 2012	30	75,000
9 March 2006	31 March 2011	35	6,050,000
Total number of options outstanding at the date of this report			**8,225,000**

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the Company has paid premiums insuring all the directors of Castle Minerals Limited against costs incurred in defending proceedings for conduct involving:

(a) a wilful breach of duty; or

(b) a contravention of sections 182 or 183 of the *Corporations Act 2001*,

as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid is confidential under the terms of the insurance policy. The amount has been included in the compensation amounts disclosed for key management personnel elsewhere in this report and in the notes to the financial statements.

Directors' Report continued

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, BDO Kendalls Audit & Assurance (WA) Pty Ltd or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

– All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;

– None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

BDO Kendalls (WA) Pty Ltd received or are due to receive the following amounts for the provision of non-audit services:

	2009 $	2008 $
Tax compliance services	**5,650**	4,700
Total remuneration for non-audit services	**5,650**	4,700

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 10.

Signed in accordance with a resolution of the directors.

Michael Ivey
Managing Director

Perth, 29 September 2009

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
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WEST PERTH WA 6872
Phone 61 8 9380 8400
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aa.perth@bdo.com.au
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ABN 79 112 284 787

The Directors
Castle Minerals Limited
Level 3, 10 Outram Street
WEST PERTH WA 6005

Dear Sirs

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF CASTLE MINERALS LIMITED

As lead auditor of Castle Minerals Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

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

C Burton

Chris Burton
Director

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd

Signed in Perth, Western Australia
Dated this 29th day of September 2009

Corporate Governance Statement

The Board of Directors

The Company's constitution provides that the number of directors shall not be less than three and not more than nine. There is no requirement for any share holding qualification.

As and if the Company's activities increase in size, nature and scope the size of the board will be reviewed periodically, and as circumstances demand. The optimum number of directors required to supervise adequately the Company's constitution will be determined within the limitations imposed by the constitution.

The membership of the board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the board shall include quality of the individual, background of experience and achievement, compatibility with other board members, credibility within the Company's scope of activities, intellectual ability to contribute to board's duties and physical ability to undertake board's duties and responsibilities.

Directors are initially appointed by the full board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the *Corporations Act 2001*, the board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees (other than audit, remuneration and nominations committees) at this time. The board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

Role of the Board

The board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

The board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mineral exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

ASX Principles of Good Corporate Governance

The board has reviewed its current practices in light of the ASX Principles of Good Corporate Governance and Best Practice Guidelines with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

The following table sets out the Company's present position with regard to adoption of these Principles.

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
Principle 1:	**Lay solid foundations for management and oversight**		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	**A**	Matters reserved for the Board can be viewed on the Company website.
1.2	Companies should disclose the process for evaluating the performance of senior executives	**N/A**	Acting in its ordinary capacity, the Board from time to time carries out the process of considering and determining performance issues. The remuneration of executive and non executive Directors is reviewed by the Board with the exclusion of the Director concerned. The remuneration of executive management is reviewed and approved by the Board.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	**A (in part)**	
Principle 2:	**Structure the board to add value**		
2.1	A majority of the board should be independent directors	**A**	Given the Company's background, the nature and size of its business and the current stage of its development, the Board comprises three directors, two of whom are non executive. The Board believes that this is both appropriate and acceptable at this stage of the Company's development.
2.2	The chair should be an independent director	**N/A**	The Company does not perceive any additional benefits would accrue to the Company by the appointment of an independent chairperson.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	**N/A**	The Company does not perceive any additional benefits would accrue to the Company by separating these roles.
2.4	The board should establish a nomination committee	**A**	The full Board carries out the duties that would normally fall to the nomination committee.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	**N/A**	The remuneration of executive and non executive directors is reviewed by the Board with the exclusion of the director concerned. Acting in its ordinary capacity the Board from time to time will carry out the process of considering and determining performance issues including the identification of matters that may have a material effect in the price of the Company's securities. Whenever relevant, any such matters are reported to ASX.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	**A (in part)**	The skills and experience of Directors are set out in the Company's Annual Report and on its website.
Principle 3:	**Promote ethical and responsible decision-making**		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	**A**	The Company has established a Code of Conduct which can be viewed on the Company's website.

A = Adopted
N/A = Not adopted

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy	**A**	The Company has formulated a securities trading policy, which can be viewed on its website.
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3	**A**	
Principle 4:	**Safeguard integrity in financial reporting**		
4.1	The board should establish an audit committee	**A**	The Company has established an audit committee which comprises only non-executive directors. The charter for this committee is disclosed on the Company's website.
4.2	The audit committee should be structured so that it:	**A (in part)**	
	• consists only of non-executive directors	**A**	
	• consists of a majority of independent directors	**A**	
	• is chaired by an independent chair, who is not chair of the board	**A**	
	• has at least three members	**N/A**	The Company only has two non executive directors.
4.3	The audit committee should have a formal charter	**A**	
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	**A**	
Principle 5:	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	**A**	
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	**A**	The Board receive monthly reports on the status of the Company's activities and any new proposed activities. Disclosure is reviewed as a routine agenda item at each Board meeting.
Principle 6:	**Respect the rights of shareholders**		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	**A**	In line with adherence to continuous disclosure requirements of ASX all shareholders are kept informed of major developments affecting the Company. This disclosure is through regular shareholder communications including the Annual Report, Quarterly Reports, the Company website and the distributions of specific releases covering major transactions or events.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	**A**	The Company has formulated a Communication Policy which can be viewed on the Company website.

A = Adopted
N/A = Not adopted

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
Principle 7:	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	**A**	While the Company does not have formalised policies on risk management the Board recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at Board meetings and risk management culture is encouraged amongst employees and contractors. Determined areas of risk which are regularly considered include: • performance and funding of exploration activities • budget control and asset protection • status of mineral tenements • compliance with government laws and regulations • safety and the environment • continuous disclosure obligations • sovereign risk
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	**N/A**	While the Company does not have formalised risk management policies it recognises its responsibility for identifying areas of significant business risk and ensuring that arrangements are in place to adequately manage these risks. This issue is regularly reviewed at Board meetings and a risk management culture is encouraged amongst employees and contractors.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	**A**	
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	**N/A**	
Principle 8:	**Remunerate fairly and responsibly**		
8.1	The board should establish a remuneration committee	**A**	
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	**A**	
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8	**A**	Refer to the Annual Report and the Corporate Governance section of the Company's website.

A = Adopted
N/A = Not adopted

Income Statements

YEAR ENDED 30 JUNE 2009	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
REVENUE	4	**53,285**	168,887	**53,285**	168,887
EXPENDITURE					
Depreciation expense		**(13,398)**	(19,989)	**(13,398)**	(19,989)
Salaries and employee benefits expense		**(58,462)**	(61,729)	**(58,462)**	(61,729)
Tenement acquisition and exploration expenses		**(1,023,986)**	(2,011,331)	**-**	-
Impairment expense	5	**(74,370)**	(182,626)	**(1,089,476)**	(2,196,419)
Corporate expenses		**(64,812)**	(74,889)	**(60,167)**	(71,535)
Administration expenses		**(529,725)**	(200,919)	**(529,725)**	(200,919)
Share based payment expense	24	**(50,570)**	(77,700)	**(50,570)**	(77,700)
Other expenses		**-**	(2,413)	**-**	(2,413)
LOSS BEFORE INCOME TAX		**(1,762,038)**	(2,462,709)	**(1,748,513)**	(2,461,817)
INCOME TAX BENEFIT	6	**-**	-	**-**	-
NET LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF CASTLE MINERALS LIMITED		**(1,762,038)**	(2,462,709)	**(1,748,513)**	(2,461,817)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	23	**(3.3)**	(5.1)		

The above Income Statements should be read in conjunction with the Notes to the Financial Statements.

Balance Sheets

AT 30 JUNE 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
CURRENT ASSETS					
Cash and cash equivalents	7	**794,641**	1,405,470	**793,156**	1,404,226
Trade and other receivables	8	**52,916**	57,768	**52,916**	57,768
TOTAL CURRENT ASSETS		**847,557**	1,463,238	**846,072**	1,461,994
NON-CURRENT ASSETS					
Other financial assets	9	**-**	-	**-**	-
Plant and equipment	10	**22,102**	35,500	**22,102**	35,500
TOTAL NON-CURRENT ASSETS		**22,102**	35,500	**22,102**	35,500
TOTAL ASSETS		**869,659**	1,498,738	**868,174**	1,497,494
CURRENT LIABILITIES					
Trade and other payables	11	**103,381**	113,581	**91,189**	85,486
TOTAL CURRENT LIABILITIES		**103,381**	113,581	**91,189**	85,486
TOTAL LIABILITIES		**103,381**	113,581	**91,189**	85,486
NET ASSETS		**766,278**	1,385,157	**776,985**	1,412,008
EQUITY					
Contributed equity	12	**7,571,552**	6,516,372	**7,571,552**	6,516,372
Reserves	13(a)	**379,518**	291,539	**346,402**	288,092
Accumulated losses	13(b)	**(7,184,792)**	(5,422,754)	**(7,140,969)**	(5,392,456)
TOTAL EQUITY		**766,278**	1,385,157	**776,985**	1,412,008

The above Balance Sheets should be read in conjunction with the Notes to the Financial Statements.

Statements of Recognised Income and Expense

YEAR ENDED 30 JUNE 2009	Notes	Consolidated		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR		**1,385,157**	2,322,642	**1,412,008**	2,359,626
Exchange differences on translation of foreign operations	13	**29,669**	11,025	**-**	-
NET INCOME RECOGNISED DIRECTLY IN EQUITY		**29,669**	11,025	**-**	-
LOSS FOR THE YEAR		**(1,762,038)**	(2,462,709)	**(1,748,513)**	(2,461,817)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF CASTLE MINERALS LIMITED		**(1,732,369)**	(2,451,684)	**(1,748,513)**	(2,461,817)
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the year	12	**1,055,180**	1,580,000	**1,055,180**	1,580,000
Transaction costs	12	**-**	(143,501)	**-**	(143,501)
Options issued to employees and contractors	13	**50,570**	77,700	**50,570**	77,700
Options issued to suppliers	13	**7,740**	-	**7,740**	-
		1,113,490	1,514,199	**1,113,490**	1,514,199
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR		**766,278**	1,385,157	**776,985**	1,412,008

The above Statements of Recognised Income and Expense should be read in conjunction with the Notes to the Financial Statements.

Cash Flow Statements

YEAR ENDED 30 JUNE 2009	Notes	Consolidated		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		**(297,513)**	(359,952)	**(292,869)**	(356,596)
Interest received		**53,285**	162,198	**53,285**	162,198
Expenditure on mining interests		**(1,069,845)**	(2,013,982)	**-**	-
Other income received		**-**	6,689	**-**	6,689
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	22	**(1,314,073)**	(2,205,047)	**(239,584)**	(187,709)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for plant and equipment		**-**	(16,673)	**-**	(16,673)
Loans to related parties		**-**	-	**(1,074,486)**	(2,017,338)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		**-**	(16,673)	**(1,074,486)**	(2,034,011)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issues of ordinary shares		**703,000**	1,400,000	**703,000**	1,400,000
Payment of share issue costs		**-**	(143,501)	**-**	(143,501)
NET CASH INFLOW FROM FINANCING ACTIVITIES		**703,000**	1,256,499	**703,000**	1,256,499
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(611,073)**	(965,221)	**(611,070)**	(965,221)
Cash and cash equivalents at the beginning of the financial year		**1,405,470**	2,370,855	**1,404,226**	2,369,447
Effects of exchange rate changes on cash and cash equivalents		**244**	(164)	**-**	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	**794,641**	1,405,470	**793,156**	1,404,226

The above Cash Flow Statements should be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

30 JUNE 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Castle Minerals Limited as an individual entity and the consolidated entity consisting of Castle Minerals Limited and its subsidiaries. The financial report is presented in the Australian currency. Castle Minerals Limited is a company limited by shares, domiciled and incorporated in Australia. The financial report was authorised for issue by the directors on 29 September 2009. The directors have the power to amend and reissue the financial report.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The financial report of Castle Minerals Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Going concern

The Group incurred a loss of $1,762,038 (2008: $2,462,709) for the year ended 30 June 2009 and at that date the Group had net current assets of $744,176 (2008: $1,349,657). The Group is continuing to undertake discretionary exploration activity on its tenements and will incur exploration expenditure subject to results. The Group has budgeted for anticipated capital raisings within the next 12 months. The directors consider that financial support from shareholders and other investors is likely to be forthcoming should further equity be required. As a result of this the financial statements have been prepared on the going concern basis as the directors consider that the Group will be able to pay its debts as and when they become due and payable.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Castle Minerals Limited ("Company" or "parent entity") as at 30 June 2009 and the results of all subsidiaries for the year then ended. Castle Minerals Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all of those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements of Castle Minerals Limited.

(c) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

Notes to the Financial Statements continued

30 JUNE 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Castle Minerals Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless that is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

(e) Revenue recognition

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Notes to the Financial Statements continued

30 JUNE 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 18). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(h) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) Trade and other receivables

Receivables are recognised initially at fair value and subsequently at amortised cost. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(l) Financial assets

Classification

The Group classifies all of its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Notes to the Financial Statements continued

30 JUNE 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables or in an otherwise timely manner. The amount of the impairment allowance is the difference between the asset's carrying amount and the estimated future cash flows. None of the Group's loans and receivables has an applicable interest rate hence the cash flows are not discounted.

The amount of the impairment loss is recognised in the income statement within impairment expenses. When a loan or receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the income statement.

(m) Plant and equipment

All plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the reducing balance method to allocate their cost, net of their residual values, over their estimated useful lives. The rates vary between 20% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(n) Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are recognised initially at fair value and subsequently at amortised cost. The amounts are unsecured and are paid on normal commercial terms.

(p) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'), refer to note 24.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

Notes to the Financial Statements continued

30 JUNE 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Options over ordinary shares have also been issued as consideration for services and the acquisition of interests in tenements. These options have been treated in the same manner as employee options described above, with the expense being included as part of exploration expenditure.

(q) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(s) Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

The Group's transactions in Ghana are subject to VAT administered by the Value Added Tax Service of the Republic of Ghana. Revenues, expenses and assets are recognised net of the amount of VAT, except where the amount of VAT incurred is not recoverable from the Value Added Tax Service. In these circumstances the VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of VAT.

Cash flows are presented on a gross basis. The GST and VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the respective taxation authorities, are presented as operating cash flows.

(t) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)

AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group will adopt AASB 8 from 1 July 2009. Adoption of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

Notes to the Financial Statements continued

30 JUNE 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(ii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

(iii) AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations (effective from 1 January 2009)

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that the other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or other parties, should receive the same accounting treatment. The Group will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the Group's share-based payments.

(iv) Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective from 1 January 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed. This is different to the Group's current policy which is set out in note 1(h) above.

The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses, see note 1(b). The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This is consistent with the Group's current accounting policy if significant influence is not retained.

The Group will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

(v) AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 *First-time Adoption of International Financial Reporting Standards* and AASB 127 *Consolidated and Separate Financial Statements*. The Group will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Under the entity's current policy, these dividends are deducted from the cost of the investment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

(vi) AASB 2008-8 Amendment to IAS 39 Financial Instruments: Recognition and Measurement (effective 1 July 2009)

AASB 2008-8 amends AASB 139 Financial Instruments: Recognition and Measurement and must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Group will apply the amended standard from 1 July 2009. It is not expected to have a material impact on the Group's financial statements.

None of the other amendments or Interpretations are expected to affect the accounting policies of the Group.

(u) Critical accounting judgements, estimates and assumptions

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 24. If any of these assumptions were to change, there may be an impact on the amounts reported.

Exploration expenditure

Exploration and evaluation costs are expensed as they are incurred.

Notes to the Financial Statements continued

30 JUNE 2009

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process. The executive chairman, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

(a) Market risk

(i) Foreign exchange risk

The Group and the parent entity operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The Group has not formalised a foreign currency risk management policy however, it monitors its foreign currency expenditure in light of exchange rate movements.

The functional currency of the subsidiary companies is the US dollar. All parent entity balances are in Australian dollars and all Group balances are in either Australian or US dollars, so neither the Group, nor the parent entity, have any exposure to foreign currency risk at the reporting date (2008: Nil exposure).

(ii) Price risk

Given the current level of operations, neither the Group, nor the parent entity, are exposed to price risk.

(iii) Interest rate risk

The Group and the parent entity are exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

Sensitivity analysis

At 30 June 2009, if interest rates had changed by -/+ 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for both the Group and the parent entity would have been $10,500 lower/higher (2008: $18,700 lower/higher) as a result of lower/higher interest income from cash and cash equivalents. The directors believe that in the current economic environment a 1% increase in interest rates is reasonable given comments made by the Reserve Bank of Australia.

(b) Credit risk

The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the balance sheet and notes to the financial statements. The only significant concentration of credit risk for the Group and the parent entity is the cash and cash equivalents held with financial institutions. All material deposits are held with the major Australian banks for which the Board evaluate credit risk to be minimal.

As the Group does not presently have any trade receivables, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group and the parent entity are confined to trade and other payables as disclosed in the Balance Sheet. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group and the parent entity at the balance date are recorded at amounts approximating their carrying amount due to their short term nature.

Notes to the Financial Statements continued

30 JUNE 2009

3. SEGMENT INFORMATION

Description of segments

The Group's operations are in the mining industry. Geographically, the Group operates in two predominant segments, being Australia and Ghana. The head office and investment activities of the Group take place in Australia.

Primary reporting format – geographical segments

	Australia		Ghana		Consolidated	
	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $
Segment revenue						
Other revenue	**53,285**	168,887	**-**	-	**53,285**	168,887
Total segment revenue	**53,285**	168,887	**-**	-	**53,285**	168,887
Intersegment elimination					**-**	-
Consolidated revenue					**53,285**	168,887
Segment result						
Segment result	**(1,748,513)**	(2,461,817)	**(1,103,001)**	(2,197,311)	**(2,851,514)**	(4,659,128)
Intersegment elimination					**1,089,476**	2,196,419
Profit before income tax					**(1,762,038)**	(2,462,709)
Income tax benefit					**-**	-
Loss for the year					**(1,762,038)**	(2,462,709)
Segment assets and liabilities						
Segment assets	**868,174**	1,497,494	**1,485**	1,244	**869,659**	1,498,738
Intersegment elimination					**-**	-
Total assets					**869,659**	1,498,738
Segment liabilities	**91,189**	85,486	**5,944,488**	4,134,779	**6,035,677**	4,220,265
Intersegment elimination					**(5,932,296)**	(4,106,684)
Total liabilities					**103,381**	113,581
Other segment information						
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	**-**	16,673	**-**	-	**-**	16,673
Depreciation expense	**13,398**	19,989	**-**	-	**13,398**	19,989
Impairment expense	**1,089,476**	2,196,419	**74,370**	182,626	**1,163,846**	2,379,045
Intersegment elimination					**(1,089,476)**	(2,196,419)
Total impairment expense					**74,370**	182,626

4. REVENUE

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
Other revenue				
Interest	**53,285**	162,198	**53,285**	162,198
Other	**-**	6,689	**-**	6,689
	53,285	168,887	**53,285**	168,887

Notes to the Financial Statements continued

30 JUNE 2009

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
5. EXPENSES				
Loss before income tax includes the following specific expenses:				
Minimum lease payments relating to operating leases	**32,645**	29,907	**32,645**	29,907
Net foreign exchange loss/(gain)	**-**	500	**-**	500
Impairment expense				
Loans to controlled entities	**-**	-	**1,089,476**	2,196,419
Trade and other receivables	**74,370**	182,626	**-**	-
Total impairment expense	**74,370**	182,626	**1,089,476**	2,196,419

6. INCOME TAX

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
(a) Income tax expense/(benefit)				
Current tax	**-**	-	**-**	-
Deferred tax	**-**	-	**-**	-
	-	-	**-**	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Loss from continuing operations before income tax expense	**(1,762,038)**	(2,462,709)	**(1,748,513)**	(2,461,817)
Prima facie tax benefit at the Australian tax rate of 30% (2008: 30%)	**(528,611)**	(738,813)	**(524,554)**	(738,545)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Share-based payments	**15,171**	23,310	**15,171**	23,310
	(513,440)	(715,503)	**(509,383)**	(715,235)
Movements in unrecognised temporary differences	**322,882**	614,396	**300,811**	622,150
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**190,558**	101,107	**208,572**	93,085
Income tax expense/(benefit)	**-**	-	**-**	-
(c) Unrecognised temporary differences				
Deferred Tax Assets (at 30%)				
On Income Tax Account				
Capital raising costs	**42,164**	65,534	**42,164**	65,534
Foreign exploration tax losses	**1,564,965**	1,256,375	**-**	-
Provision for impairment	**143,139**	102,814	**1,696,042**	1,369,199
Accruals and prepayments	**7,646**	10,308	**7,646**	10,308
Carry forward tax losses	**403,393**	221,863	**425,737**	217,165
	2,161,307	1,656,894	**2,171,589**	1,662,206
Deferred Tax Liabilities (at 30%)	**-**	-	**-**	-

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The Group's ability to use losses in the future is subject to the companies in the Group satisfying the relevant tax authority's criteria for using these losses.

Foreign exploration tax losses are incurred in Ghana and are arrived at after adjusting losses reported in financial statements in line with tax principles. Mining concerns are allowed to deduct the losses over a five-year period subsequent to the year in which the loss was incurred.

Notes to the Financial Statements continued

30 JUNE 2009	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS					
Cash at bank and in hand		**44,641**	305,470	**43,156**	304,226
Short-term deposits		**750,000**	1,100,000	**750,000**	1,100,000
Cash and cash equivalents as shown in the balance sheet and the statement of cash flows		**794,641**	1,405,470	**793,156**	1,404,226

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Government taxes receivable		**486,220**	356,434	**9,091**	13,722
Allowance for impairment (note (a))		**(477,129)**	(342,712)	**-**	-
Other receivables		**43,825**	44,046	**43,825**	44,046
		52,916	57,768	**52,916**	57,768

Other receivables are not past due nor impaired, and based on history are expected to be fully recoverable.

(a) Impaired receivables

As at 30 June 2009 the VAT receivable from the Group's operations in Ghana, with a nominal value of $477,129 (2008: $342,712), has been provided for in full. The VAT may only be recoverable once the Group's operations are producing revenue in Ghana. There were no impaired receivables for the parent in 2009 or 2008.

Movements in the allowance for impairment of receivables are as follows:

	Consolidated 2009 $	Consolidated 2008 $
Balance at the beginning of the year	**342,712**	195,472
Allowance for impairment recognised during the year	**74,370**	182,626
Foreign exchange movements	**60,047**	(35,386)
	477,129	342,712

9. NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Shares in subsidiaries – at cost	20	**-**	-	**12,000**	12,000
Impairment (note (a))		**-**	-	**(12,000)**	(12,000)
Loans to controlled entities	19	**-**	-	**5,653,474**	4,563,998
Impairment (note (b))	19	**-**	-	**(5,653,474)**	(4,563,998)
		-	-	**-**	-

(a) Impaired investment

As at 30 June 2009 the investments in subsidiaries carried at cost by the parent entity, with a nominal value of $12,000 (2008: $12,000), has been provided for in full. An impairment assessment is undertaken each financial year by examining the financial position of the subsidiaries and the markets in which the subsidiaries operate to determine whether there is objective evidence that the subsidiaries are impaired. When such objective evidence exists, the Company recognises an allowance for the impairment.

Movements in the allowance for impairment of investments are as follows:

	Parent Entity 2009 $	Parent Entity 2008 $
Balance at the beginning of the year	**12,000**	12,000
Allowance for diminution recognised during the year	**-**	-
	12,000	12,000

Notes to the Financial Statements continued

30 JUNE 2009

9. NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS (cont'd)

(b) Impaired receivables

As at 30 June 2009 the parent entity's loans to subsidiaries with a nominal value of $5,653,474 (2008: $4,563,998) had been provided for in full. Refer to note 19 for further information on the loans to subsidiaries.

Movements in the allowance for impairment of receivables are as follows:

	Parent Entity	
	2009	2008
	$	$
Balance at the beginning of the year	**4,563,998**	2,367,579
Allowance for impairment recognised during the year	**1,089,476**	2,196,419
	5,653,474	4,563,998

10. NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Plant and equipment				
Cost	**70,115**	70,115	**70,115**	70,115
Accumulated depreciation	**(48,013)**	(34,615)	**(48,013)**	(34,615)
Net book amount	**22,102**	35,500	**22,102**	35,500
Plant and equipment				
Opening net book amount	**35,500**	38,816	**35,500**	38,816
Additions	**-**	16,673	**-**	16,673
Depreciation charge	**(13,398)**	(19,989)	**(13,398)**	(19,989)
Closing net book amount	**22,102**	35,500	**22,102**	35,500

11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated 2009	Consolidated 2008	Parent Entity 2009	Parent Entity 2008
Trade payables	**37,668**	53,806	**37,668**	33,135
Other payables and accruals	**65,713**	59,775	**53,521**	52,351
	103,381	113,581	**91,189**	85,486

12. CONTRIBUTED EQUITY

(a) Share capital

		2009		2008	
	Notes	Number of shares	$	Number of shares	$
Ordinary shares fully paid	12(b), 12(d)	**58,905,068**	**7,571,552**	48,735,005	6,516,372
Total contributed equity		**58,905,068**	**7,571,552**	48,735,005	6,516,372

(b) Movements in ordinary share capital

	Number of shares 2009	$ 2009	Number of shares 2008	$ 2008
Beginning of the financial year	**48,735,005**	**6,516,372**	43,335,005	5,079,873
Issued during the year:				
– Issued for cash at 10 cents	**7,030,000**	**703,000**	-	-
– Issued for cash at 28 cents	**-**	**-**	5,000,000	1,400,000
– Issued as consideration for consulting services	**3,027,663**	**335,320**	-	-
– Issued as consideration for tenement rights	**112,400**	**16,860**	400,000	180,000
Less: Transaction costs	**-**	**-**	-	(143,501)
End of the financial year	**58,905,068**	**7,571,552**	48,735,005	6,516,372

Notes to the Financial Statements continued

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12. CONTRIBUTED EQUITY (cont'd)

(c) Movements in options on issue

	Number of options 2009	Number of options 2008
Beginning of the financial year	**6,550,000**	6,990,000
Issued during the year:		
– Exercisable at 25 cents, on or before 31 Mar 2011	**1,000,000**	-
– Exercisable at 30 cents, on or before 9 Apr 2010	**600,000**	-
– Exercisable at 30 cents, on or before 20 Aug 2012	**75,000**	-
Expired during the year:		
– Exercisable at 35 cents, on 2 May 2009	**-**	(440,000)
End of the financial year	**8,225,000**	6,550,000

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(e) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group and the parent entity at 30 June 2009 and 30 June 2008 are as follows:

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Cash and cash equivalents	**794,641**	1,405,470	**793,156**	1,404,226
Trade and other receivables	**52,916**	57,768	**52,916**	57,768
Trade and other payables	**(103,381)**	(113,581)	**(91,189)**	(85,486)
Working capital position	**744,176**	1,349,657	**754,883**	1,376,508

13. RESERVES AND ACCUMULATED LOSSES

(a) Reserves

	Consolidated 2009	Consolidated 2008	Parent Entity 2009	Parent Entity 2008
Foreign currency translation reserve	**33,116**	3,447	**-**	-
Share-based payments reserve	**346,402**	288,092	**346,402**	288,092
	379,518	291,539	**346,402**	288,092

Movements:

	Consolidated 2009	Consolidated 2008	Parent Entity 2009	Parent Entity 2008
Foreign currency translation reserve				
Balance at beginning of year	**3,447**	(7,578)	**-**	-
Currency translation differences arising during the year	**29,669**	11,025	**-**	-
Balance at end of year	**33,116**	3,447	**-**	-

Notes to the Financial Statements continued

30 JUNE 2009	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
13. RESERVES AND ACCUMULATED LOSSES (cont'd)				
Share-based payments reserve				
Balance at beginning of year	**288,092**	210,392	**288,092**	210,392
Options issued to employees and contractors	**50,570**	77,700	**50,570**	77,700
Options issued to suppliers	**7,740**	-	**7,740**	-
Balance at end of year	**346,402**	288,092	**346,402**	288,092
(b) Accumulated losses				
Balance at beginning of year	**(5,422,754)**	(2,960,045)	**(5,392,456)**	(2,930,639)
Net loss for the year	**(1,762,038)**	(2,462,709)	**(1,748,513)**	(2,461,817)
Balance at end of year	**(7,184,792)**	(5,422,754)	**(7,140,969)**	(5,392,456)

(c) Nature and purpose of reserves

(i) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

(ii) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued not exercised.

14. DIVIDENDS

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

15. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Short-term benefits	**358,004**	448,104	**358,004**	448,104
Post employment benefits	**10,323**	13,732	**10,323**	13,732
Other long-term benefits	**-**	-	**-**	-
Termination benefits	**-**	-	**-**	-
Share-based payments	**41,008**	77,700	**41,008**	77,700
	409,335	539,536	**409,335**	539,536

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the remuneration report on page 7.

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Castle Minerals Limited and other key management personnel of the Group, including their personally related parties, are set out below:

2009	**Balance at start of the year**	**Granted as compensation**	**Exercised**	**Other changes**	**Balance at end of the year**	**Vested and exercisable**	**Unvested**
Directors of Castle Minerals Limited							
Michael Ivey	**1,250,000**	**-**	**-**	**-**	**1,250,000**	**1,250,000**	**-**
Campbell Ansell	**200,000**	**-**	**-**	**-**	**200,000**	**200,000**	**-**
Michael Ashforth	**400,000**	**-**	**-**	**-**	**400,000**	**400,000**	**-**
Other key management personnel of the Group							
Dennis Wilkins	**200,000**	**-**	**-**	**-**	**200,000**	**200,000**	**-**
Michael Fowler	**500,000**	**1,000,000**	**-**	**-**	**1,500,000**	**1,500,000**	**-**
Paul Amoako-Atta	**-**	**-**	**-**	**-**	**-**	**-**	**-**

All vested options are exercisable at the end of the year.

Notes to the Financial Statements continued

30 JUNE 2009

15. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

2008	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Castle Minerals Limited							
Michael Ivey	1,250,000	-	-	-	1,250,000	1,250,000	-
Campbell Ansell	200,000	-	-	-	200,000	200,000	-
Michael Ashforth	400,000	-	-	-	400,000	400,000	-
Other key management personnel of the Group							
Dennis Wilkins	200,000	-	-	-	200,000	200,000	-
Michael Fowler	500,000	-	-	-	500,000	500,000	-
Paul Amoako-Atta	-	-	-	-	-	-	-

(iii) Share holdings

The numbers of shares in the Company held during the financial year by each director of Castle Minerals Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2009	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year(1)
Directors of Castle Minerals Limited				
Ordinary shares				
Michael Ivey	**4,835,000**	**-**	**50,000**	**4,885,000**
Campbell Ansell	**550,000**	**-**	**50,000**	**600,000**
Michael Ashforth	**1,600,000**	**-**	**150,000**	**1,750,000**
Other key management personnel of the Group				
Ordinary shares				
Dennis Wilkins	**550,000**	**-**	**-**	**550,000**
Michael Fowler	**20,000**	**-**	**-**	**20,000**
Paul Amoako-Atta	**4,714,644**	**-**	**-**	**4,714,644**

2008	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year(1)	Balance at end of the year
Directors of Castle Minerals Limited				
Ordinary shares				
Michael Ivey	4,835,000	-	-	4,835,000
Campbell Ansell	550,000	-	-	550,000
Michael Ashforth	1,600,000	-	-	1,600,000
Other key management personnel of the Group				
Ordinary shares				
Dennis Wilkins	550,000	-	-	550,000
Michael Fowler	20,000	-	-	20,000
Paul Amoako-Atta	4,714,644	-	-	4,714,644

(1) At year end there are no nominally held shares.

(c) Loans to key management personnel

There were no loans to key management personnel during the year.

Notes to the Financial Statements continued

30 JUNE 2009

15. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

(d) Other transactions with key management personnel

DWCorporate, a business of which Mr Wilkins is principal, provided company secretarial and other corporate services to Castle Minerals Limited during the year. The amounts paid were at arms length and form part of Mr Wilkins compensation.

Terrex Limited, a Ghanaian registered company of which Mr Amoako-Atta is a director and shareholder, provided geochemical and other geological services to the Group during the year totalling $329,756 (2008: $890,944). The amounts paid were at arms length.

The Group has entered into an Option and Sale Agreement with Cyclone Resources Limited, a Ghanaian registered company of which Mr Amoako-Atta is a director, to purchase a tenement in Ghana. During the prior year a payment of US$25,000 was made in accordance with this agreement. Refer to note 17, a further US$230,000 is payable in accordance with this agreement to complete the acquisition of the tenement.

16. REMUNERATION OF AUDITORS

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:				
(a) Audit services				
BDO Kendalls Audit & Assurance (WA) Pty Ltd - audit and review of financial reports	**25,246**	25,680	**25,246**	25,680
Non-related audit firm for the audit or review of financial reports of any entity in the Group	**3,472**	3,354	**-**	-
Total remuneration for audit services	**28,718**	29,034	**25,246**	25,680
(b) Non-audit services				
BDO Kendalls (WA) Pty Ltd - tax compliance services	**5,650**	4,700	**5,650**	4,700
Total remuneration for other services	**5,650**	4,700	**5,650**	4,700

17. CONTINGENCIES

Newmont Option Agreement

During the year the Group completed the acquisition of the Wa Reconnaissance Licence from Newmont Ghana Gold Limited. Newmont Ghana Gold Limited will be entitled to a 1% net smelter royalty on any minerals produced by the Group from the licence. Additionally, if a JORC compliant gold resource is announced within five years of acquisition (9 April 2009), Newmont Ghana Gold Limited will be entitled to an additional payment consisting of two ordinary shares in Castle Minerals Limited for each ounce of gold reflected in the resource estimate.

Papase Option Agreement

The Group has entered into an Option and Sale Agreement with Cyclone Resources Limited, a Ghanaian registered company, to purchase the Papase Prospecting Licence. An initial payment of US$25,000 has been made, with a further total of US$230,000 in staged payments required over the next five years to complete the acquisition. Further payments are contingent on the approval of the Minister of Mines in Ghana to transfer the licence and the Group exercising their option to purchase. If the acquisition is completed Cyclone Resources Limited will be entitled to a 2% net smelter royalty on any gold produced by the Group from the licence.

Contingent Remuneration

During the year both Michael Ivey and Michael Fowler had the terms of their remuneration agreements amended such that a portion of their remuneration will only be paid if the Board, in its absolute discretion, decides that it should be paid. These amendments were effective from 1 January 2009. As at the reporting date, Michael Ivey has accrued contingent remuneration of $50,000 and Michael Fowler has accrued contingent remuneration of $34,375 (including statutory superannuation).

18. COMMITMENTS

(a) Exploration commitments

The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

within one year	**621,500**	2,164,913	**-**	-
later than one year but not later than five years	**-**	-	**-**	-
	621,500	2,164,913	**-**	-

Notes to the Financial Statements continued

30 JUNE 2009

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
18. COMMITMENTS (cont'd)				
(b) Lease commitments: Group as lessee				
Operating leases (non-cancellable):				
Minimum lease payments				
within one year	**19,766**	46,584	**19,766**	46,584
later than one year but not later than five years	**-**	19,766	**-**	19,766
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	**19,766**	66,350	**19,766**	66,350

The property lease is a non-cancellable lease with a three-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by 5% per annum. An option exists to renew the lease at the end of the three-year term for an additional term of three years. The lease allows for subletting of all lease areas.

(c) Remuneration commitments

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel referred to in section C of the remuneration report on page 7 that are not recognised as liabilities and are not included in the key management personnel compensation.

within one year	**152,083**	275,000	**152,083**	275,000
later than one year but not later than five years	**-**	104,167	**-**	104,167
	152,083	379,167	**152,083**	379,167

19. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Castle Minerals Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 20.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 15.

(d) Transactions and balances with related parties

Purchases of goods and services				
Purchase of drilling and consulting services from a significant shareholder	**543,089**	483,591	**335,320**	-

There were no balances outstanding at balance date in relation to the above transactions, and the transactions were made on normal commercial terms and conditions and at market rates.

(e) Loans to related parties

Loans to subsidiaries				
Beginning of the year	**-**	-	**-**	-
Loans advanced	**-**	-	**1,089,476**	2,196,419
Loan repayments received	**-**	-	**-**	-
Allowance for impairment	**-**	-	**(1,089,476)**	(2,196,419)
End of year	**-**	-	**-**	-

Castle Minerals Limited has provided unsecured, interest free loans to its wholly owned subsidiaries Carlie Mining Limited and Topago Mining Limited. An impairment assessment is undertaken each financial year by examining the financial position of each subsidiary and the market in which the respective subsidiary operates to determine whether there is objective evidence that the subsidiary is impaired. When such objective evidence exists, the Company recognises an allowance for the impairment loss.

Notes to the Financial Statements continued

30 JUNE 2009

20. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name	Country of incorporation	Class of shares	Equity Holding*	
			2009	2008
			%	%
Carlie Mining Ltd	Ghana	Ordinary	**100**	100
Topago Mining Ltd	Ghana	Ordinary	**100**	100

*The proportion of ownership interest is equal to the proportion of voting power held.

21. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2009, 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.

22. CASH FLOW STATEMENT

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Reconciliation of net loss after income tax to net cash outflow from operating activities				
Net loss for the year	**(1,762,038)**	(2,462,709)	**(1,748,513)**	(2,461,817)
Non-Cash Items				
Depreciation of non-current assets	**13,398**	19,989	**13,398**	19,989
Net exchange differences	**34,873**	6,716	**-**	-
Share based payment expense	**50,570**	77,700	**50,570**	77,700
Impairment expense	**-**	-	**1,089,476**	2,196,419
Shares and options issued as consideration for tenement acquisition or services received	**359,920**	180,000	**335,320**	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity				
(Increase)/decrease in trade and other receivables	**4,852**	(7,321)	**13,317**	(7,321)
(Decrease)/increase in trade and other payables	**(15,648)**	(19,422)	**6,848**	(12,679)
Net cash outflow from operating activities	**(1,314,073)**	(2,205,047)	**(239,584)**	(187,709)

23. LOSS PER SHARE

	Consolidated	
	2009	2008
	$	$
(a) Reconciliation of earnings used in calculating loss per share		
Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted loss per share	**(1,762,038)**	(2,462,709)

	Number of shares	Number of shares
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**52,709,951**	48,260,306

(c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2009, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

Notes to the Financial Statements continued

30 JUNE 2009

24. SHARE-BASED PAYMENTS

(a) Employees and Contractors Option Plan

The Group provides benefits to employees (including directors) and contractors of the Group in the form of share-based payment transactions, whereby employees or consultants render services in exchange for options to acquire ordinary shares. The exercise price of the options granted under the plan range from 25 to 35 cents per option, with expiry dates ranging from 31 March 2011 to 20 August 2012.

Based on the terms of his service agreement the Exploration Manager is entitled to 2,000,000 options with an exercise price of 25 cents and an expiry date of 31 March 2011. These options are being issued in four equal tranches of which the final tranche is yet to be issued. However, as the entitlement is from the date of the service agreement Accounting Standards require the Group to recognise an expense from that date.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share in the capital of the Company with full dividend and voting rights.

Set out below are summaries of granted options:

	Consolidated and Parent Entity			
	2009		2008	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	**1,500,000**	**31.7**	1,940,000	32.4
Granted	**1,075,000**	**25.3**	-	-
Forfeited	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Expired	**-**	**-**	(440,000)	35.0
Outstanding at year-end	**2,575,000**	**29.0**	1,500,000	31.7
Exercisable at year-end	**2,575,000**	**29.0**	1,500,000	31.7

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.79 years (2008: 2.75 years), and the exercise prices range from 25 to 35 cents.

The weighted average fair value of the options granted during the year was 12.75 cents (2008: N/A). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2009	2008
Weighted average exercise price (cents)	30.0	N/A
Weighted average life of the option (years)	4.0	N/A
Weighted average underlying share price (cents)	24.0	N/A
Expected share price volatility	70.0%	N/A
Risk free interest rate	7.25%	N/A

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

(b) Options Issued to Suppliers

The Group issued options during the year as consideration for the acquisition of an interest in exploration tenements. The options granted have an exercise price of 30 cents and an expiry date of 9 April 2010.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share in the capital of the Company with full dividend and voting rights.

Notes to the Financial Statements continued

30 JUNE 2009

24. SHARE-BASED PAYMENTS (cont'd)

Set out below are summaries of granted options:

	Consolidated and Parent Entity			
	2009		2008	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	**-**	**-**	-	-
Granted	**600,000**	**30.0**	-	-
Forfeited	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Expired	**-**	**-**	-	-
Outstanding at year-end	**600,000**	**30.0**	-	-
Exercisable at year-end	**600,000**	**30.0**	-	-

The weighted average remaining contractual life of share options outstanding at the end of the period was 0.78 years (2008: N/A), and the exercise price is 30 cents.

The weighted average fair value of the options granted during the year was 1.29 cents (2008: N/A). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2009	2008
Weighted average exercise price (cents)	30.0	N/A
Weighted average life of the option (years)	1.0	N/A
Weighted average underlying share price (cents)	15.0	N/A
Expected share price volatility	70.0%	N/A
Risk free interest rate	3.00%	N/A

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

(c) Shares issued to suppliers

During the year ended 30 June 2009 3,027,663 ordinary shares were issued at a deemed cost of $335,320 as consideration for consulting services and have been included as part of the 'Administration expenses' on the Income Statement of both the Company and the Group. Additionally, 112,400 ordinary shares were issued at a deemed cost of $16,860 as additional consideration pursuant to a Deed of Option Agreement. This amount is included in 'Tenement acquisition and exploration expenses' on the Income Statement of the Group, and forms part of the parent entity's loans to subsidiaries which have been fully impaired.

During the year ended 30 June 2008 400,000 ordinary shares were issued at a deemed cost of $180,000 as consideration for the acquisition of interest in tenements. This amount is included in 'Tenement acquisition and exploration expenses' on the Income Statement of the Group, and forms part of the parent entity's loans to subsidiaries which have been fully impaired.

(d) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
Options issued to employees and contractors	**50,570**	77,700	**50,570**	77,700
Options issued to suppliers	**7,740**	-	**7,740**	-
Shares issued to suppliers	**352,180**	180,000	**352,180**	180,000
	410,490	257,700	**410,490**	257,700

Directors' Declaration

In the directors' opinion:

(a) the financial statements comprising the income statements, balance sheets, statements of changes in equity, cash flow statements and accompanying notes set out on pages 15 to 37 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (ii) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2009 and of their performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) the remuneration disclosures included in the Directors' Report A – D (as part of the audited Remuneration Report), for the year ended 30 June 2009, comply with Section 300A of the *Corporations Act 2001*.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Michael Ivey
Managing Director

Perth, 29 September 2009

BDO Kendalls

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CASTLE MINERALS LIMITED

We have audited the accompanying financial report of Castle Minerals Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

BDO Kendalls

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion:

(a) the financial report of Castle Minerals Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001.*

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Going concern assumption appropriate but an uncertainty that is material exists

Without qualifying our opinion, we draw attention to Note 1(a) in the financial report which indicates that the Group incurred a net loss of $1,762,038 during the year ended 30 June 2009 (2008: $2,462,709). This condition along with the matters set forth in Note 1(a), indicate the existence of a significant uncertainty which may, should the capital raising not occur, have a material effect on the financial statements and may cast doubt about the company's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in parts A to D of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Kendalls

Auditor's Opinion

In our opinion, the Remuneration Report of Castle Minerals Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001.*

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls

C Burton

Chris Burton
Director

Signed in Perth, Western Australia
Dated this 29th day of September 2009.

ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 29 September 2009.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Ordinary shares	
	Number of holders	Number of shares
1 - 1,000	5	1,580
1,001 - 5,000	41	136,328
5,001 - 10,000	102	887,998
10,001 - 100,000	210	7,475,576
100,001 and over	66	50,403,586
	424	58,905,068
The number of shareholders holding less than a marketable parcel of shares are:	21	33,199

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	Macquarie Bank Ltd	5,000,000	8.49
2	M Ivey Pty Ltd	4,400,000	7.47
3	Bluestar Resources Ltd	3,834,644	6.51
4	Trans Traders Ltd	3,027,663	5.14
5	Twynam Agricultural Group Pty Ltd	2,076,670	3.53
6	Bluesky Resources Ltd	1,870,000	3.17
7	Trailstar Ltd	1,870,000	3.17
8	Falconsand Ltd	1,827,100	3.10
9	Investec Bank Australia Ltd	1,750,000	2.97
10	Redstar Resources Ltd	1,568,256	2.66
11	Wiechecki Henry	1,542,000	2.62
12	Ivoryrose Holdings Pty Ltd	1,515,000	2.57
13	Darley Pty Ltd	1,481,800	2.52
14	M Brott Pty Ltd <M Brott Pty Ltd S/F A/C>	1,221,993	2.07
15	UBS Nominees Pty Ltd	1,092,000	1.85
16	Burling Terrance F	1,020,000	1.73
17	Harper David	1,000,000	1.70
18	Computer Visions Pty Ltd <Visionary Investments A/C>	1,000,000	1.70
19	Coast Equity Pty Ltd <Coast Trading A/C>	1,000,000	1.70
20	Wiechecki Barbara	880,000	1.49
		38,977,126	66.16

ASX Additional Information continued

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of Shares
Macquarie Bank Ltd	5,000,000
M Ivey Pty Ltd	4,400,000
Bluestar Resources Ltd	3,834,644
Trans Traders Ltd	3,027,663

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(e) Schedule of interests in mining tenements

Location	Tenement	Percentage held
Antubia, Ghana	PL 1728/2005	100
Antubia, Ghana	PL 8/2008	100
Banso, Ghana	PL 71/2008	100
Banso, Ghana	PL 149/2006	100
Banso, Ghana	PL 188/2006	100
Banso, Ghana	PL 1727/2005	100
Sunyani Basin, Ghana	PL 9/2008	100
Sunyani Basin, Ghana	PL 1729/2005	100
Bondaye, Ghana	Application	100
Akoko, Ghana	Application	100
Akoko, Ghana	PL 42/2008	100
Wa, Ghana	LVB 11256/07	Right to earn 100
Opon Mansi, Ghana	Application	100
Papase, Ghana	LVB 8647/08	Right to earn 100
Jang Fault, Ghana	Application	100
Wonachiyiri, Ghana	Application	100