Castle Minerals Limited
ABN 83 116 095 802

2011 Annual Report

Corporate Directory

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

SECRETARY
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EXPLORATION MANAGER
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ACCOUNTANTS
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WEST PERTH WA

AUSTRALIAN SOLICITORS
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WEST PERTH WA 6005

GHANAIAN SOLICITORS
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Adabraka, Accra
GHANA

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

ASX Code: CDT

CONTENTS

Castle Minerals Limited

Castle Minerals Limited is a gold exploration Company with six project areas covering more than 11,000km^2 in Ghana West Africa.

Castle listed on the Australian Securities Exchange in May 2006 (ASX code 'CDT') with the corporate objectives of

- exploration and development of the six projects in Ghana; and
- acquisition and exploration of other mineral resource opportunities, particularly in West Africa.

Castle has acquired the rights to, or has applications over, six mineral projects in Ghana known as:

- Akoko
- Antubia
- Banso
- Bondaye
- Opon Mansi (application)
- Wa

All granted projects are 100% owned by Castle Minerals. (subject to Ghanaian Government right to a free-carried 10% interest). The country of Ghana, formerly known as the Gold Coast, has a long history of gold mining and exploration and is Africa's second largest gold producer behind South Africa.

Castle has a very active exploration program within Ghana utilising an experienced crew of local geologists and field technicians.

Chairman's Address

Dear Fellow Shareholder,

I am pleased to report that the 2011 year has been our busiest and most successful year since listing in 2006. Our exploration investment during the year of $5.2million saw us complete 4,811 drill holes for 54,000m of drilling, resulting in three new gold discoveries within our Wa Project at Kandia, Koda Hill and Baayiri plus the definition of numerous strong gold anomalies that will require future drill testing. Excellent drill results were also reported from our Akoko Project confirming a coherent zone of shallow gold mineralisation over 1km long.

Our exploration strategy is bearing fruit - generating greenfield gold discoveries - a direct result of assembling the largest and most prospective land package in Ghana, targeting exploration corridors and undertaking detailed geochemical, geophysical and geological work to generate targets for systematic drilling. This has been an evolving process and this year we completed the first serious drill testing of the prospects generated. It needs to be emphasised that with 11,000km^2 of tenure that has seen very little pre-Castle exploration, our exploration work is still in its infancy and we have enormous areas that are still to be tested reinforcing the obvious potential of our land holding.

One of the most important (and satisfying) aspects of the year is that we have vindicated our belief in the gold potential of our Wa Project. Since 2008, Castle has discovered four gold deposits in four different geological styles, Julie West (narrow high grade vein), Kandia (sediment hosted), Koda Hill (stacked quartz veins within felsic intrusive) and Baayiri (potassic altered granodiorite). These deposits are spaced over 40km in different stratigraphic sequences confirming that our Wa Project has been subject to a variety of gold mineralising episodes and remains a very prospective area that I am sure will yield more discoveries as our exploration continues.

The Baayiri and Kandia discoveries are clear highlights for the year. The Kandia trend was defined in late 2010 and subject to an initial 15,000m of drilling along a 12km long granite/sediment contact. The southern part of this trend reported an intercept of 40m @ 1.15g/t gold from 15m with subsequent drilling confirming strong zones of sediment hosted gold mineralisation. This area will be a key exploration target for 2012.

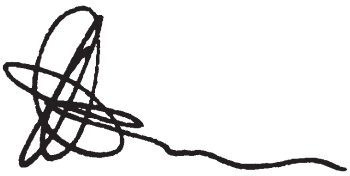
In June we announced the exciting new Baayiri gold discovery with our first drilling intersecting 55m at 1.82g/t gold from 15m, suggesting that we have discovered an area strongly endowed with gold. To report an intersection of this magnitude in reconnaissance RC drilling is very promising. It is too early to say exactly what we have discovered but a second phase of RC drilling was completed in July just before the onset of the wet season.

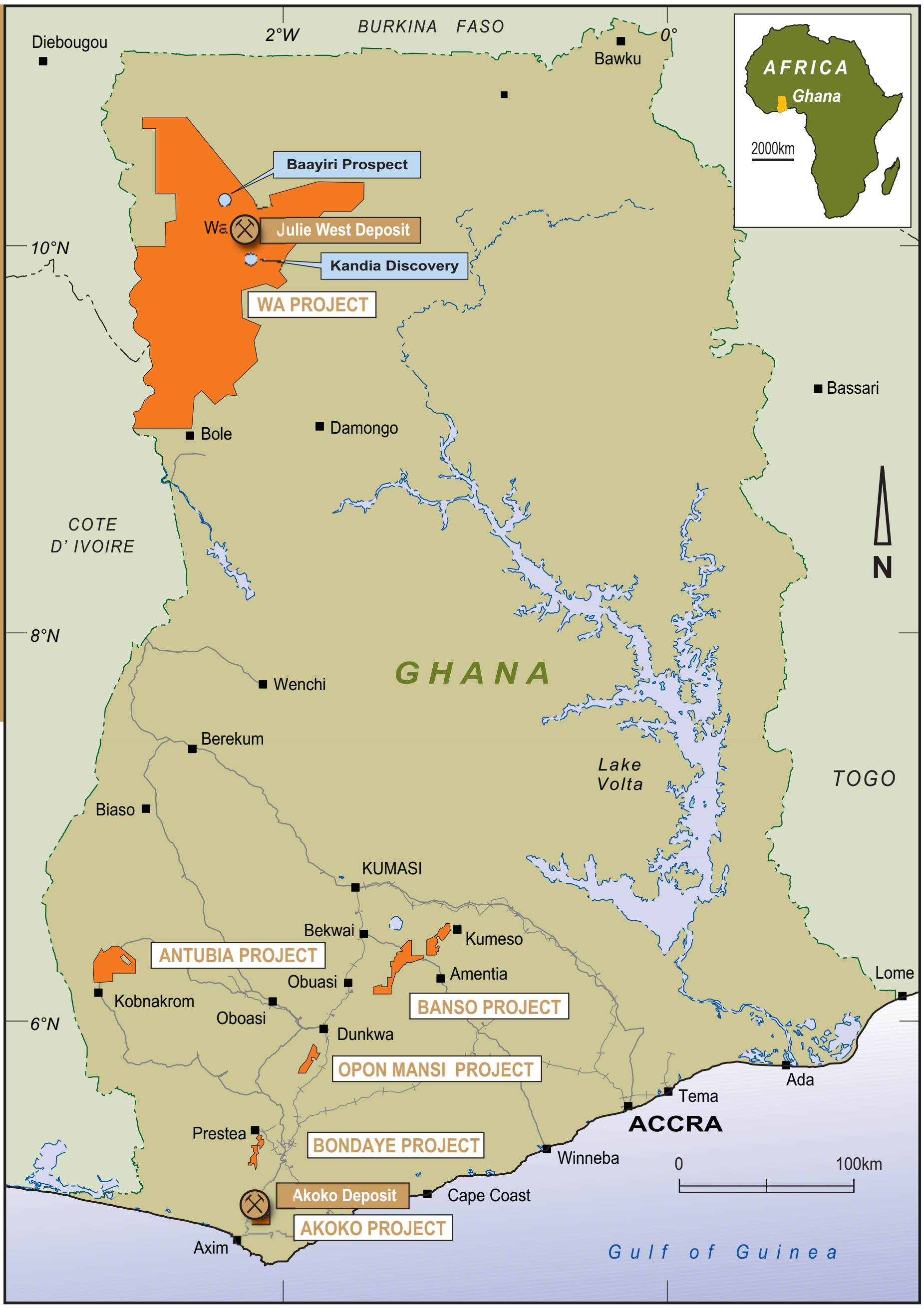
On the corporate front, a share placement was completed in June raising $4.8 million with key participants including existing long term Castle shareholders and new shareholder, Resource Capital Funds. This leaves us in a strong position with an excellent shareholder register and $8.7million in cash at year end. Publicly listed Azumah Resources Limited became a substantial shareholder of Castle in May 2011 with a 11.1% shareholding and in June increased their interest to 15,223,654 shares (13.41%).

The support from existing and new shareholders is very much appreciated and along with my fellow directors I would like to thank all our shareholders for their continued support. Our Ghana based exploration teams have performed brilliantly during a very busy year and also deserve our thanks.

I am personally more optimistic about Castle's future than I have been at any time over the five years since we first floated the Company and I look forward to keeping you informed of our progress and enjoying your ongoing support during what should be an exciting year.

Sincerely





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 238,537km² (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 23.8 million (2010 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 saw Ghana become an oil producer in 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 9th and Africa's 2nd largest producer of gold, with 2009 production of 2.9 Moz. Proposed new production from the Ayanfuri, Akyem, Salman and Bibiani gold deposits should result in further increases to annual output.

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


SAHARA

2011 Operations Summary

Castle's concessions are located within the historic Ashanti and Sefwi gold belts of South West Ghana and in the Wa–Lawra and Bolgatanga greenstone belts in the north. Castle has six distinct projects known as, Banso, Antubia, Bondaye, Akoko, Wa and Opon Mansi. Each of these projects is considered prospective for gold mineralisation except for Opon Mansi which hosts an iron ore deposit.

Key Exploration Achievements

New greenfield gold discoveries made at

- Kandia
- Koda Hill and
- Baayiri

Gold mineralised zones at Akoko extended and new oxide mineralisation discovered

Field activities included:

- 5,383 exploration drill holes completed for 59,472 metres, comprising
- 446 RC holes for 33,384 metres
- 191 Aircore holes for 5,158 metres
- 4,746 Auger holes for 20,930 metres
- 18,469 soil samples collected
- Sixteen Prospecting Licences were applied for representing conversions from the original WA Reconnaissance Licence

WA PROJECT

(Castle Minerals 100%)

The Wa Project covers approximately 10,000km^2 in NW Ghana near the border with Burkina Faso and consists of three large Reconnaissance Licences and seventeen Prospecting Licences. The outcropping Julie West gold vein was discovered by Castle in June 2008, exploration since then has led to a gold resource of 415,000 tonnes @ 4.2g/t gold being established for a total of 56,200 ounces.

Exploration is focused on four regional scale highly prospective gold corridors known as;

- Julie-Jang Trend — 50km long trend (contains Julie West/Koda Hill and Baayiri prospects)
- Kandia — new 30km corridor of anomalous gold in soils
- Wa South (Batie West trend) — 60km long corridor
- Wa Lawra Trend — 90km of Wa-Lawra greenstone belt stratigraphy that to the north contains the Kunche and Bepkong gold deposits

The 0.3Moz Julie gold deposit is located within an excised portion of the Wa Project and the 0.7Moz Kunche and Bepkong gold deposits are located 50km to the north.

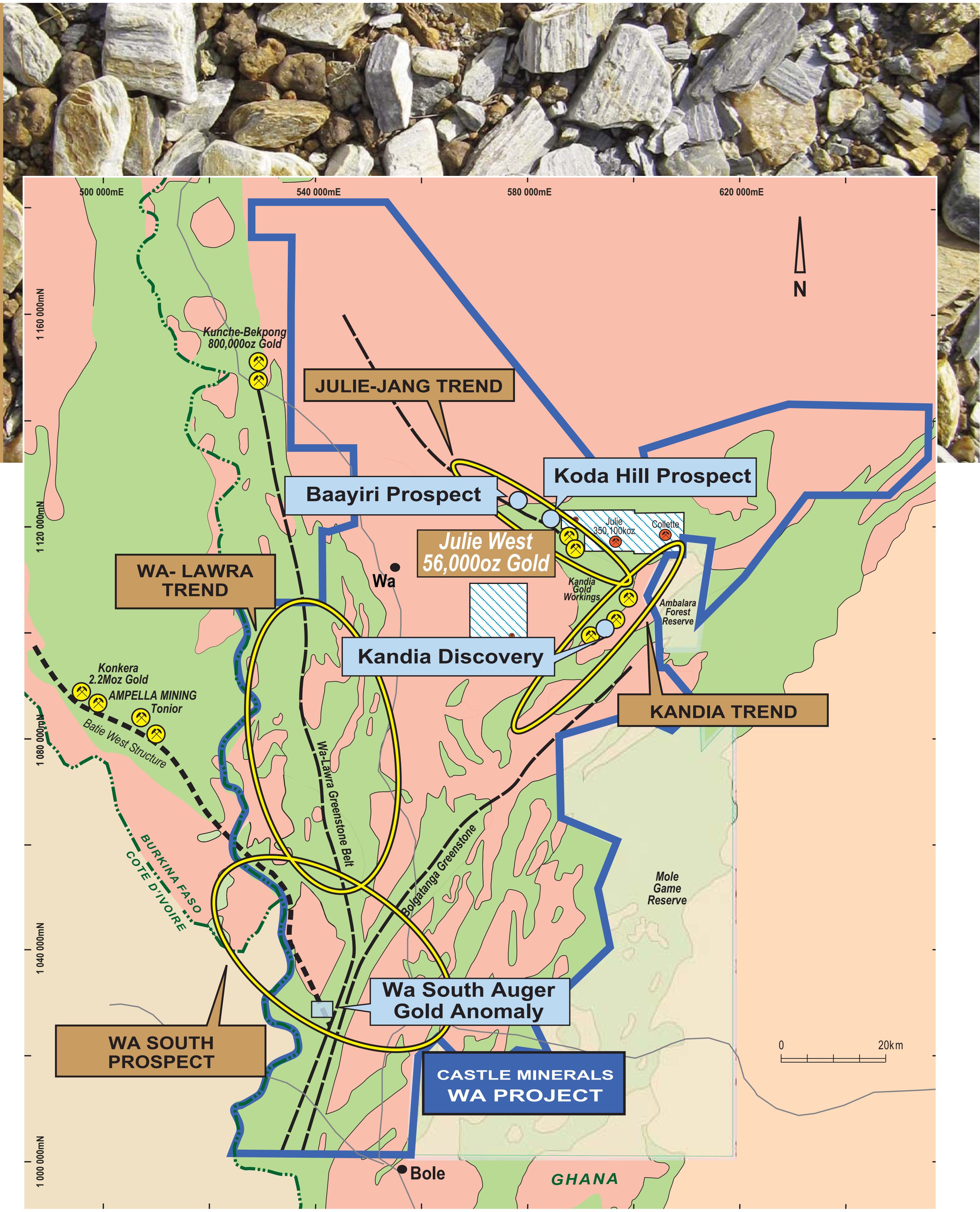
Julie - Jang Trend

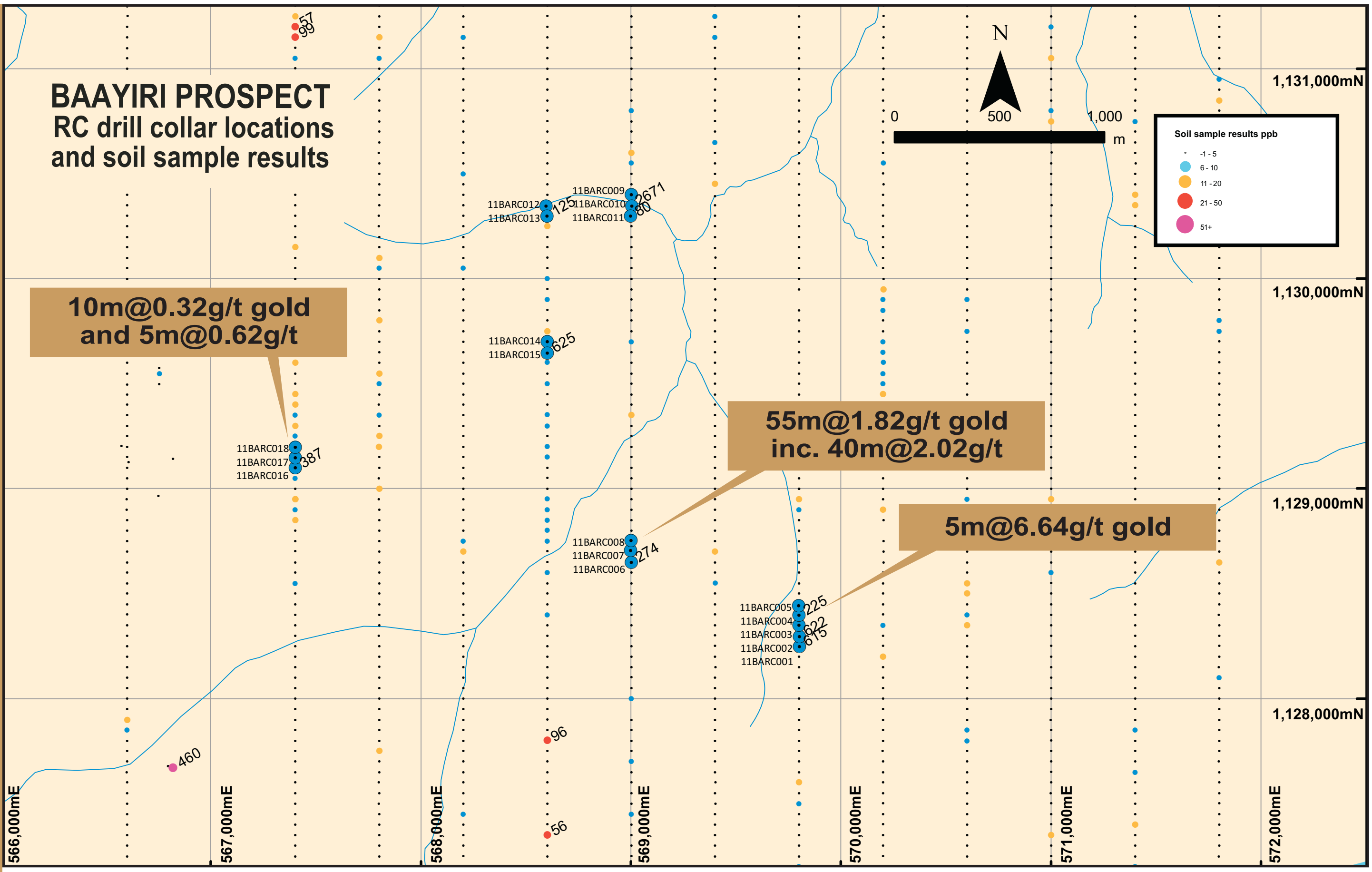
The Julie–Jang trend covers a 50km long prospective gold corridor extending from the Julie West gold deposit to the NNW striking Jang Fault. Regional scale geochemical sampling and a new airborne geophysical survey have highlighted numerous areas prospective for gold mineralisation.

The Julie-Jang Trend hosts the Julie West gold deposit and the new discoveries made this year by Castle at the Koda Hill and Baayiri prospects.

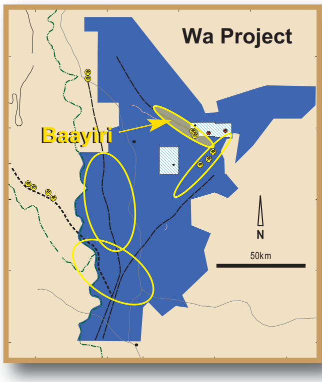
The Julie West gold deposit was discovered by Castle in June 2008 from an initial 44 rock samples that averaged 13.2g/t gold. Subsequent drilling programs delineated a continuous 500m long NW striking laminated pyritic quartz vein.

Exploration this year progressed north westerly along the trend from Julie West with drill targets identified through soil sampling and geophysical interpretation. This work was successful in discovering the Koda Hill and Baayiri prospects.


500 000mE
540 000mE
580 000mE
620 000mE
1 160 000mN
1 120 000mN
1 080 000mN
1 040 000mN
1 000 000mN
N
Kunche-Bekpong
800,000oz Gold
JULIE-JANG TREND
Koda Hill Prospect
Baayiri Prospect
Julie
350,100koz
Collette
Julie West
56,000oz Gold
Wa
WA- LAWRA
TREND
Kandia
Gold
Workings
Ambalara
Forest
Reserve
Kandia Discovery
Konkera
2.2Moz Gold
AMPELLA MINING
Tonior
Batie West Structure
KANDIA TREND
Wa-Lawra Greenstone Belt
BURKINA FASO
COTE D'IVOIRE
Bolgatanga Greenstone
Mole
Game
Reserve
Wa South Auger
Gold Anomaly
WA SOUTH
PROSPECT
CASTLE MINERALS
WA PROJECT
0
20km
Bole
GHANA


BAAYIRI PROSPECT
RC drill collar locations
and soil sample results
10m@0.32g/t gold
and 5m@0.62g/t
55m@1.82g/t gold
inc. 40m@2.02g/t
5m@6.64g/t gold
N
0
500
1,000
m
Soil sample results ppb
-1 - 5
6 - 10
11 - 20
21 - 50
51+
1,131,000mN
1,130,000mN
1,129,000mN
1,128,000mN
566,000mE
567,000mE
568,000mE
569,000mE
570,000mE
571,000mE
572,000mE
11BARC009
11BARC010
11BARC011
11BARC012
11BARC013
11BARC014
11BARC015
11BARC016
11BARC017
11BARC018
11BARC008
11BARC007
11BARC006
11BARC005
11BARC004
11BARC003
11BARC002
11BARC001

Baayiri Prospect



Reconnaissance exploration work generated significant new gold anomalism in an area where no exploration had been previously undertaken. Gold values up to 2,671 ppb gold (2.67g/t gold) were reported from soil geochemical sampling at Baayiri, defining a new area of strong surface gold anomalism over a 12 x 6km area.

Baayiri is in a structurally complex area where aeromagnetic data clearly show NE trending rocks intersecting a regional NW striking fault zone that can be traced for over 30km and is interpreted as a splay off the Jang Fault. This splay, known as the Baayiri Fault Zone is interpreted to be associated with and possibly controlling, the gold mineralisation at the Julie West and Julie gold deposits. This intersection point is therefore considered highly prospective and enhances the significance of the Baayiri anomaly.

RC drilling, testing a number of spot high geochemical anomalies, reported the following significant intercepts*:

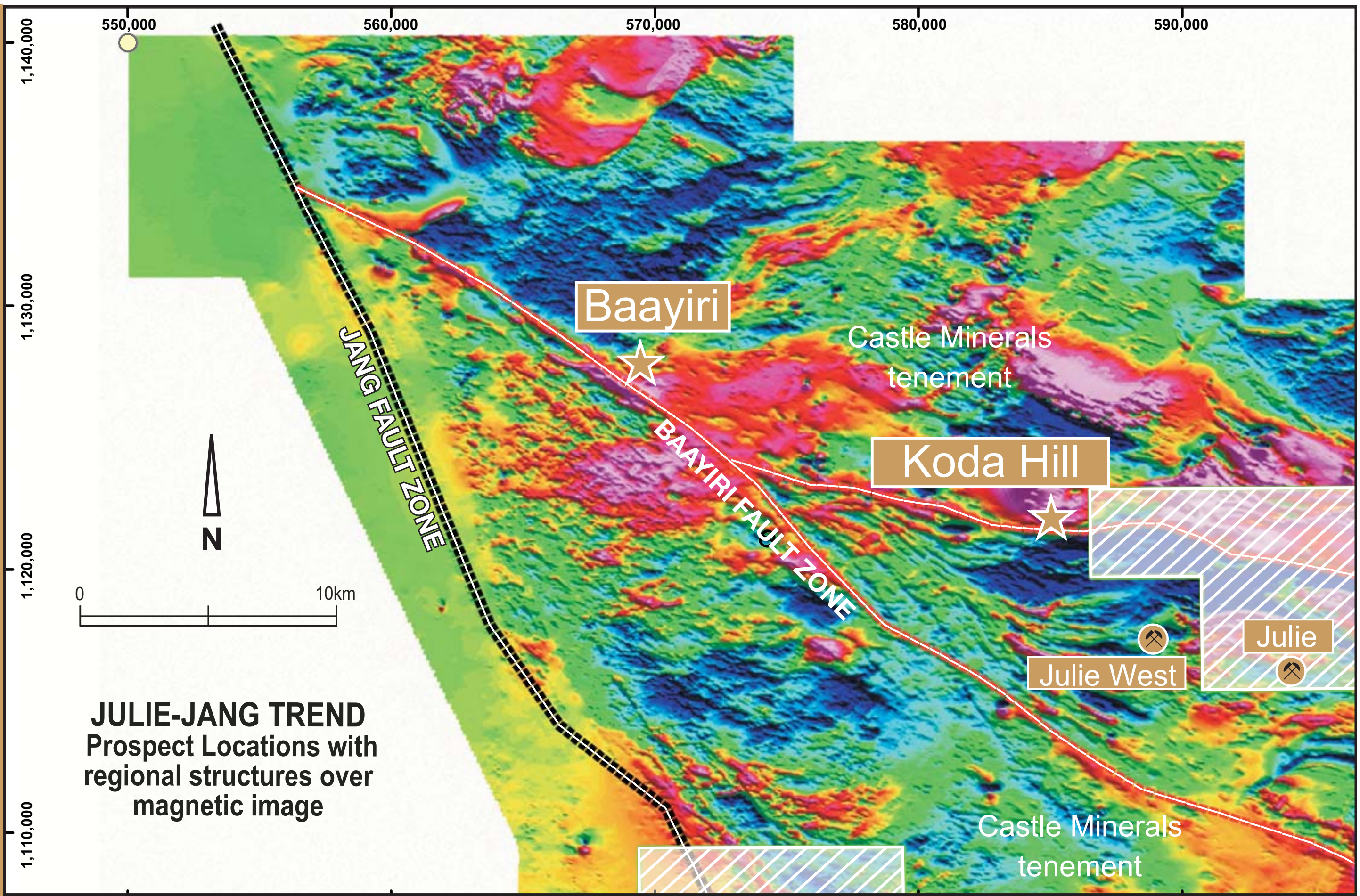
- 55m @ 1.82g/t gold from 15m (BARC 07)
- 5m @ 6.64g/t gold from surface (BARC 02)
- 20m @ 0.55g/t gold from 10m (BARC 06)

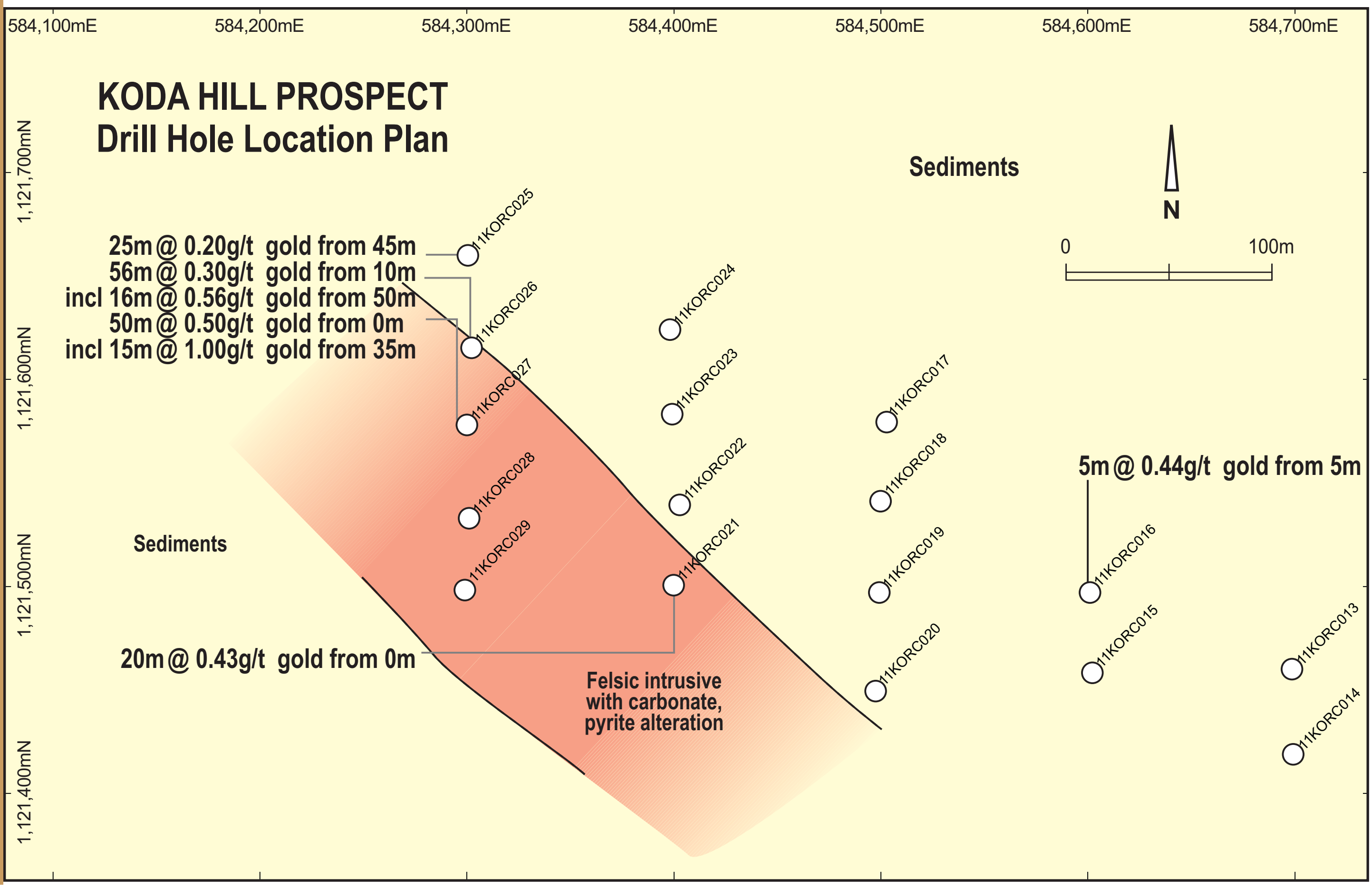
Gold mineralisation is hosted within silica-pyrite-potassic altered granodiorite with little quartz veining observed. This style of mineralisation is known to host substantial gold deposits in Ghana and provides encouragement that substantial gold mineralisation could be present at Baayiri.

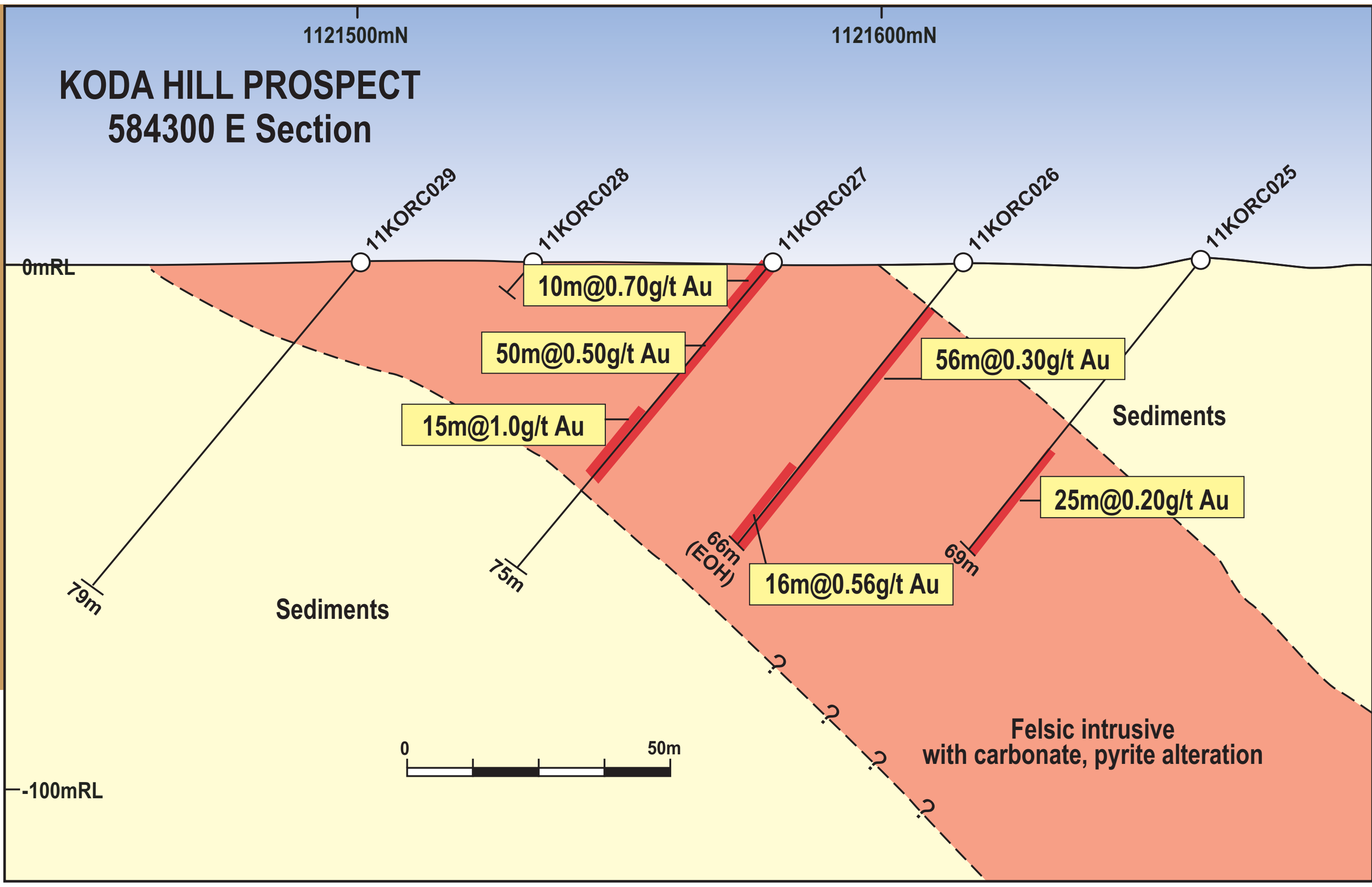
A second phase of RC drilling was completed in July 2011 around hole BARC07 with alteration assemblages, similar to that seen in BARC07 logged in a number of the new holes. Results for these holes are awaited.

Baayiri will be a major focus of exploration with this target and numerous other anomalies requiring testing. Geochemical programs will also be extended to the northwest where no previous exploration work is known.

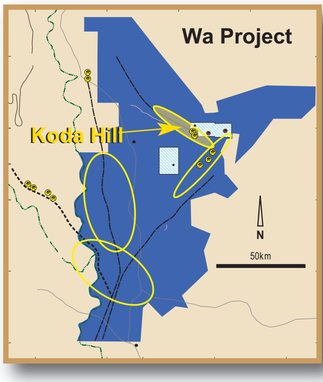
**Assays are reported from 5m composite samples from reverse circulation drilling. Individual 1m samples have been submitted for analysis.*


550,000
560,000
570,000
580,000
590,000
1,140,000
1,130,000
1,120,000
1,110,000
Baayiri
Castle Minerals tenement
Koda Hill
JANG FAULT ZONE
BAAYIRI FAULT ZONE
N
0
10km
Julie
Julie West
JULIE-JANG TREND
Prospect Locations with regional structures over magnetic image
Castle Minerals tenement


584,100mE
584,200mE
584,300mE
584,400mE
584,500mE
584,600mE
584,700mE
1,121,700mN
1,121,600mN
1,121,500mN
1,121,400mN
KODA HILL PROSPECT
Drill Hole Location Plan
Sediments
N
0
100m
25m @ 0.20g/t gold from 45m
56m @ 0.30g/t gold from 10m
incl 16m @ 0.56g/t gold from 50m
50m @ 0.50g/t gold from 0m
incl 15m @ 1.00g/t gold from 35m
11KORC025
11KORC026
11KORC027
11KORC028
11KORC029
11KORC024
11KORC023
11KORC022
11KORC021
11KORC017
11KORC018
11KORC019
11KORC020
5m @ 0.44g/t gold from 5m
11KORC016
11KORC015
11KORC013
11KORC014
Sediments
20m @ 0.43g/t gold from 0m
Felsic intrusive with carbonate, pyrite alteration



Koda Hill Prospect



Koda Hill forms part of the 50km long Julie – Jang Trend in north-west Ghana within the larger Wa Gold Project and was discovered through systematic geochemical sampling and subsequent drill testing along the Julie- Jang Trend.

RC drilling, was completed testing a 2km long geochemical anomaly that returned the following significant RC intercepts

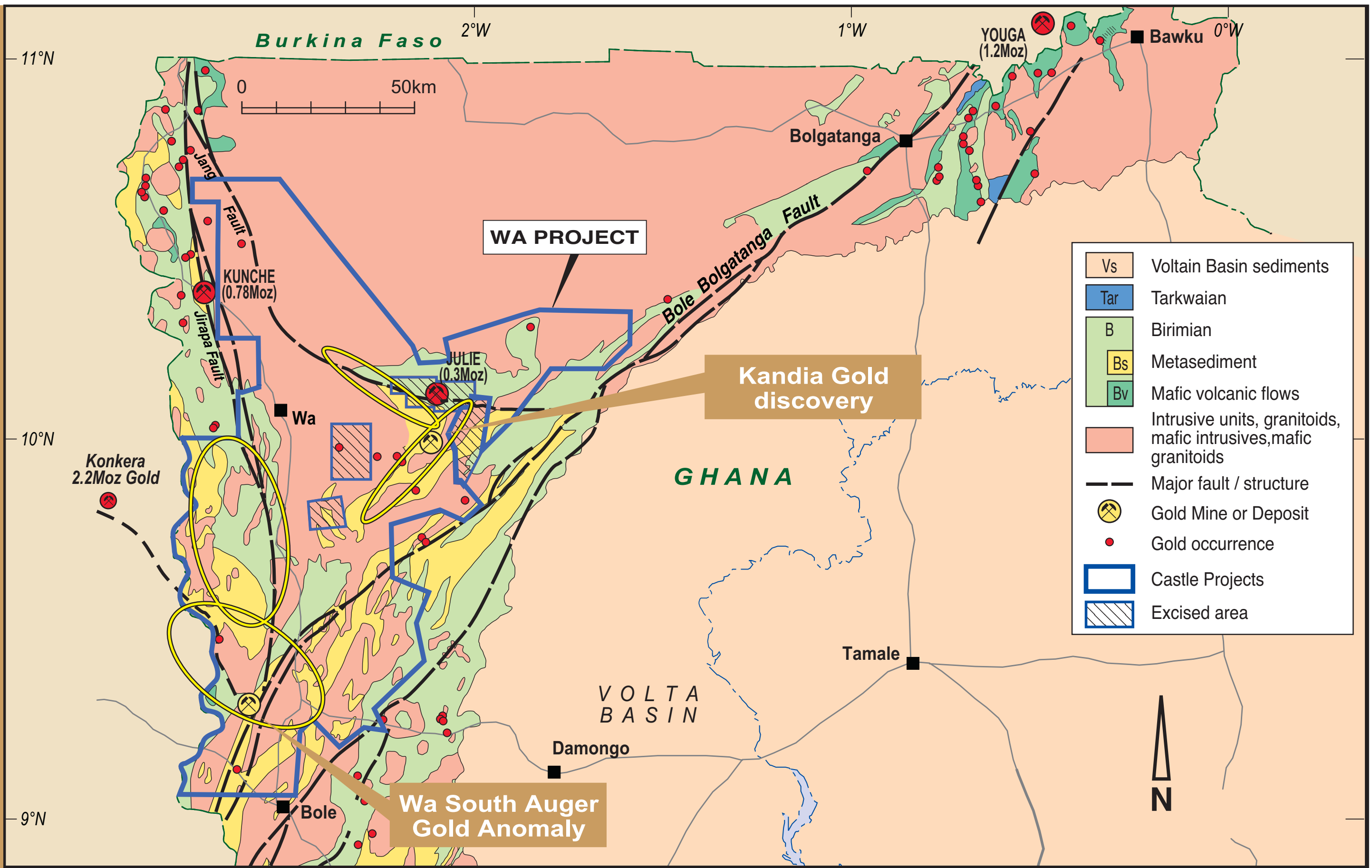
- 50m @ 0.5g/t gold from surface (KORC 027)
- incl. 15m @ 1.01g/t gold from 35m
- 56m @ 0.30g/t gold from 10m (KORC 026)
- incl. 16m @ 0.56g/t gold from 50m
- 20m @ 0.43g/t gold from surface (KORC 021)

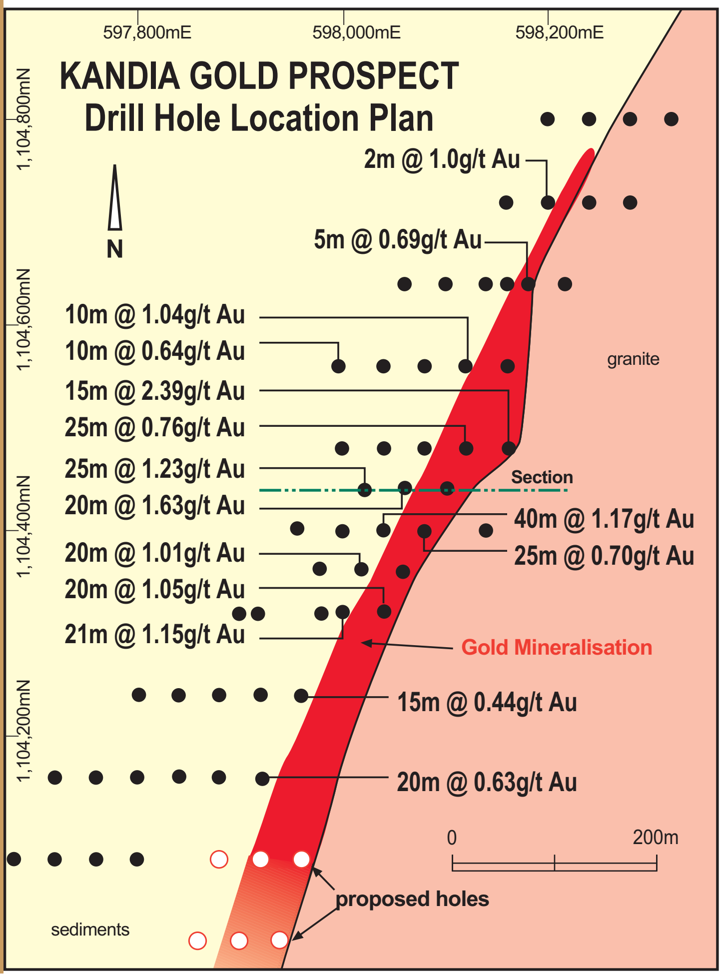
Gold mineralisation at Koda Hill is hosted by a pyrite-carbonate altered felsic intrusive lithology that represents a new host for gold mineralisation along the Julie-Jang corridor.

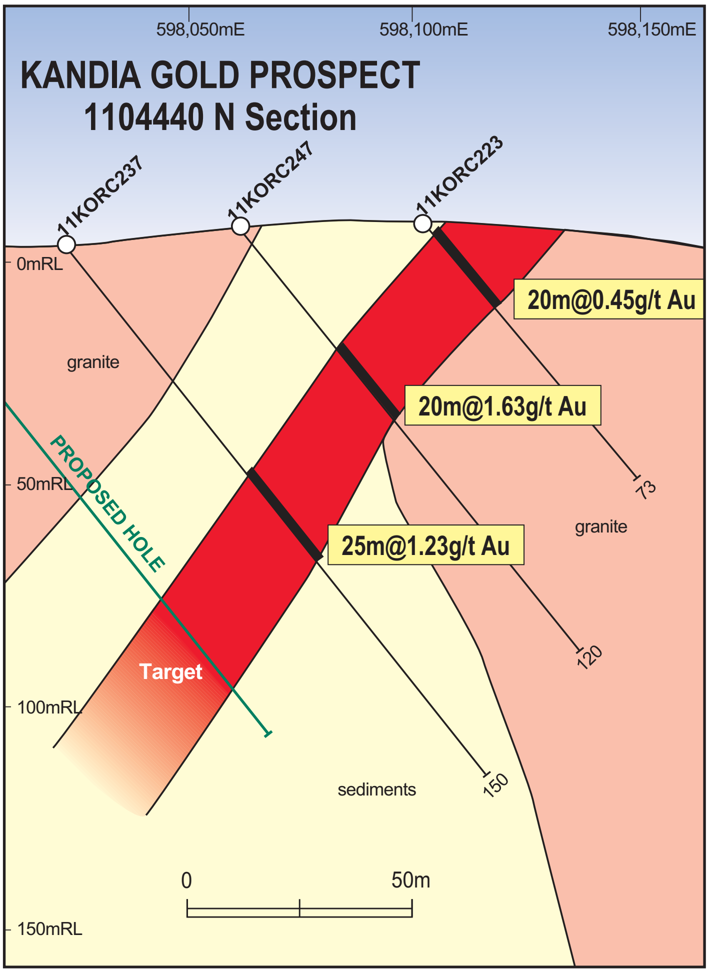
These results are considered very encouraging and confirm the potential of the Julie-Jang Trend as being prospective for bulk tonnage style gold deposits. The results are early stage, but the wide intersections support potential for a large mineralised system and confirm that the Wa Project is host to a number of gold deposit styles.

A further phase of RC drilling has been completed at Koda Hill and results are awaited.

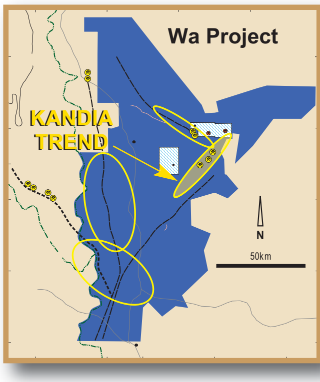
**Assays are reported from 5m composite samples from reverse circulation drilling. Individual 1m samples will be submitted for analysis.*


Burkina Faso
11°N
10°N
9°N
2°W
1°W
0°W
0
50km
Jang Fault
Jirapa Fault
KUNCHE (0.78Moz)
JULIE (0.3Moz)
YOUGA (1.2Moz)
Bawku
Bolgatanga
Bole Bolgatanga Fault
WA PROJECT
Kandia Gold discovery
Wa
Konkera 2.2Moz Gold
GHANA
Tamale
VOLTA BASIN
Damongo
Bole
Wa South Auger Gold Anomaly
N
Vs Voltain Basin sediments
Tar Tarkwaian
B Birimian
Bs Metasediment
Bv Mafic volcanic flows
Intrusive units, granitoids, mafic intrusives,mafic granitoids
Major fault / structure
Gold Mine or Deposit
Gold occurrence
Castle Projects
Excised area


597,800mE
598,000mE
598,200mE
1,104,800mN
1,104,600mN
1,104,400mN
1,104,200mN
KANDIA GOLD PROSPECT
Drill Hole Location Plan
N
2m @ 1.0g/t Au
5m @ 0.69g/t Au
10m @ 1.04g/t Au
10m @ 0.64g/t Au
15m @ 2.39g/t Au
25m @ 0.76g/t Au
25m @ 1.23g/t Au
20m @ 1.63g/t Au
20m @ 1.01g/t Au
20m @ 1.05g/t Au
21m @ 1.15g/t Au
granite
Section
40m @ 1.17g/t Au
25m @ 0.70g/t Au
Gold Mineralisation
15m @ 0.44g/t Au
20m @ 0.63g/t Au
0
200m
proposed holes
sediments


598,050mE
598,100mE
598,150mE
KANDIA GOLD PROSPECT
1104440 N Section
11KORC237
11KORC247
11KORC223
0mRL
50mRL
100mRL
150mRL
granite
20m@0.45g/t Au
20m@1.63g/t Au
25m@1.23g/t Au
PROPOSED HOLE
Target
73
120
150
sediments
0
50m

Kandia Prospect



The Kandia prospect was discovered in 2010 during a program of reconnaissance field mapping. During this program a large area of previously unknown artisanal gold workings was discovered that comprise three main groups developed over approximately 600m of strike.

These workings occur within altered Birimian age metasediments and schists, that on a regional scale sit on a major granite/sediment contact that can be traced within Castle's licences for at least 25km.

A sampling and mapping program was completed along the regional trend of the mineralisation. This work represents the first known systematic gold exploration conducted in this area and identified nine gold anomalies overs 12km of strike.

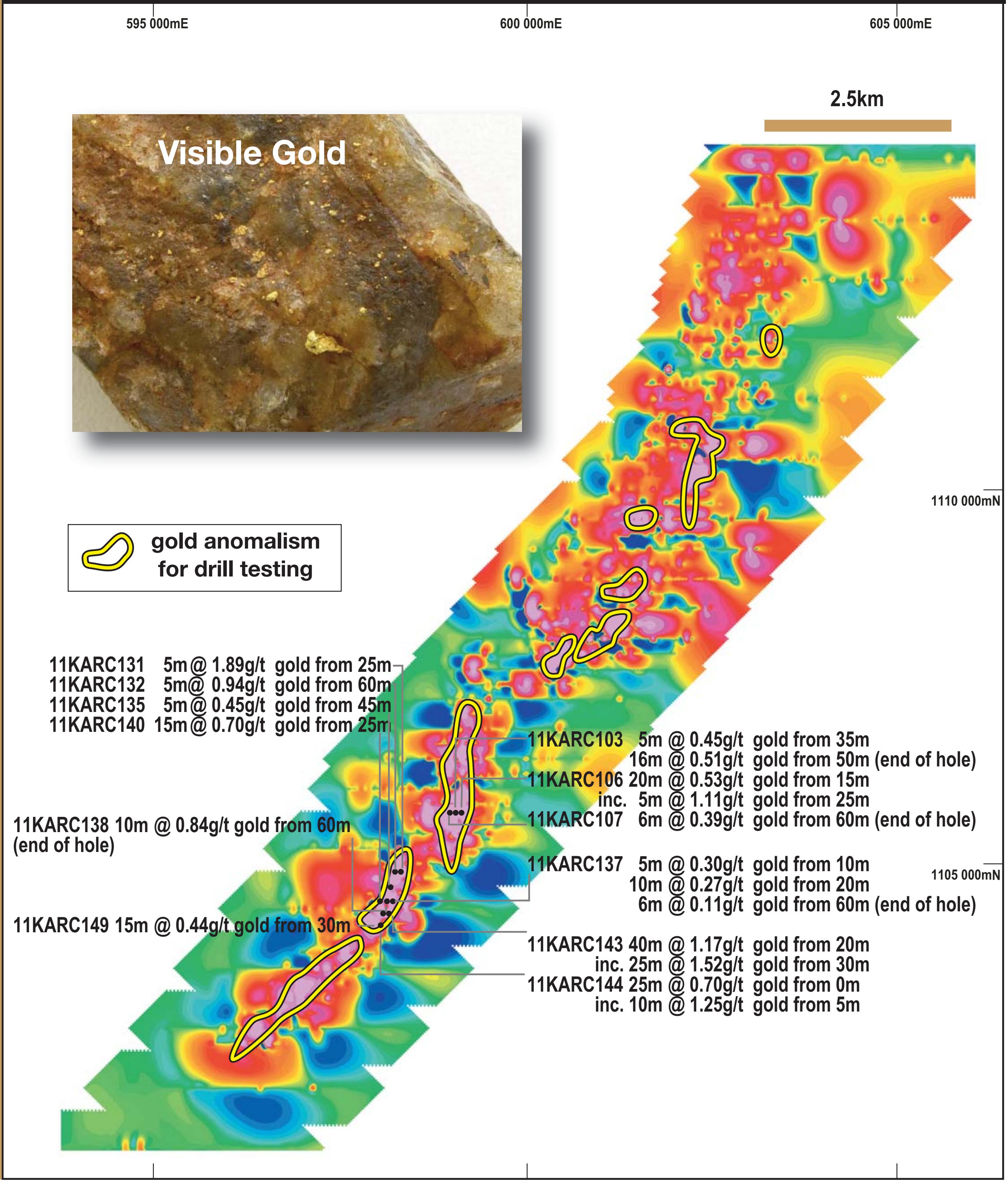
An initial 15,000m of RC drilling was undertaken to test these anomalies with significant results being returned from an area 3.5km south of the artisanal workings discovered in 2010.

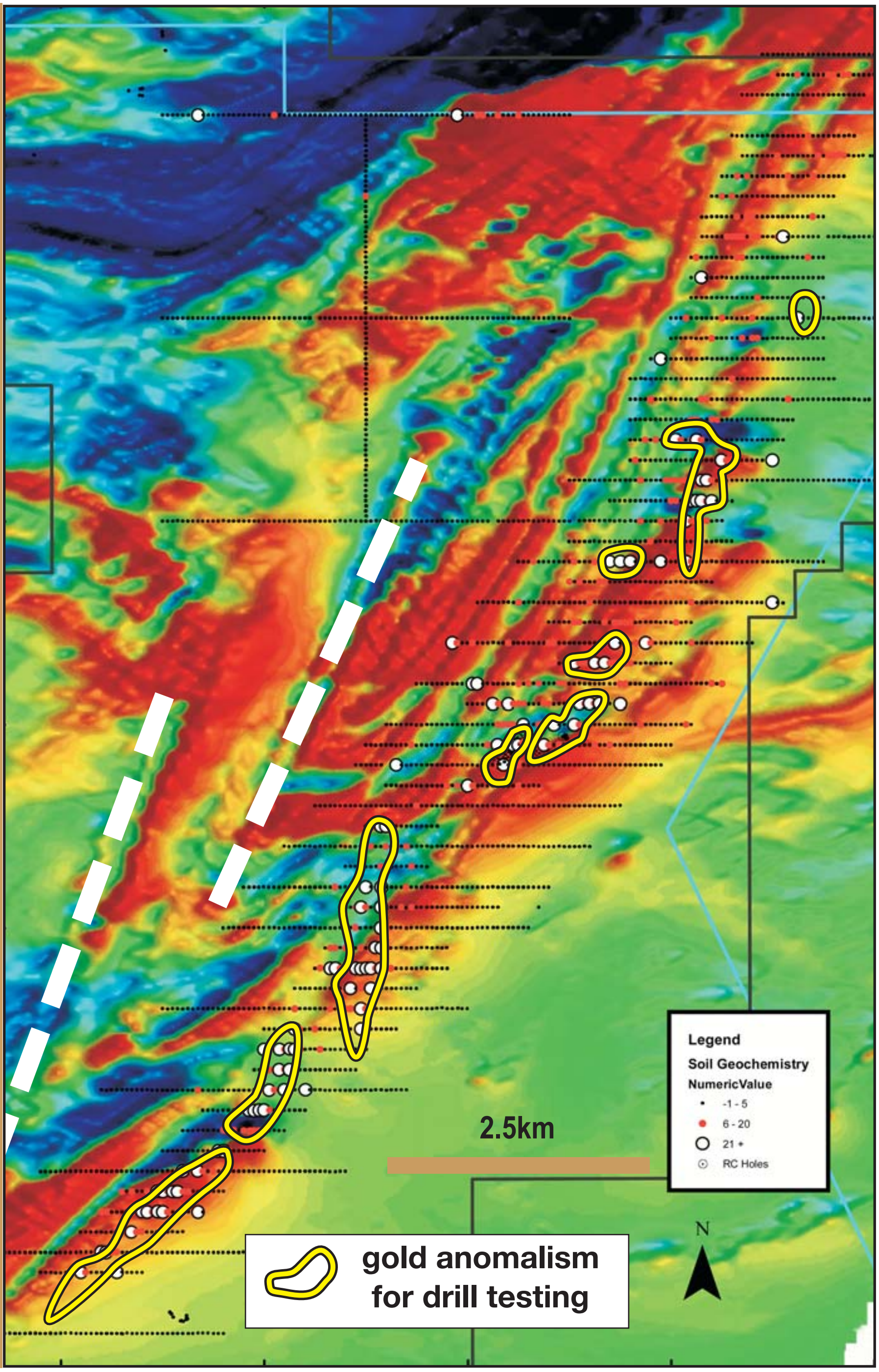
Significant results* from this drilling included;

- 11KARC143 40m @ 1.17 g/t gold from 20m
- inc. 25m @ 1.52 g/t gold from 30m
- 11KARC144 25m @ 0.70 g/t gold from 0m
- inc. 10m @ 1.25 g/t gold from 5m
- 11KARC204 15m @ 2.39 g/t gold from surface
- 11KARC210 25m @ 0.87 g/t gold from surface
- inc. 20m @ 1.05 g/t gold from surface
- 11KARC211 21m @ 1.15 g/t gold from 45m
- 11KARC221 40m @ 0.63 g/t gold from 25m
- inc.. 20m @ 1.01 g/t gold from 30m
- 11KARC222 25m @ 0.48 g/t gold from surface
- 11KARC237 25m @ 1.23 g/t gold from 65m
- inc. 15m @ 1.78 g/t gold from 65m
- 11KARC247 20m @ 1.63 g/t gold from 35m
- 11KARC205 25m @ 0.76 g/t gold from 10m

Kandia Prospect

• Nine well defined gold anomalies over +12km strike • Artisanal workings identified May 2010 • RC drilling defines open ended zones of sediment hosted gold mineralisation

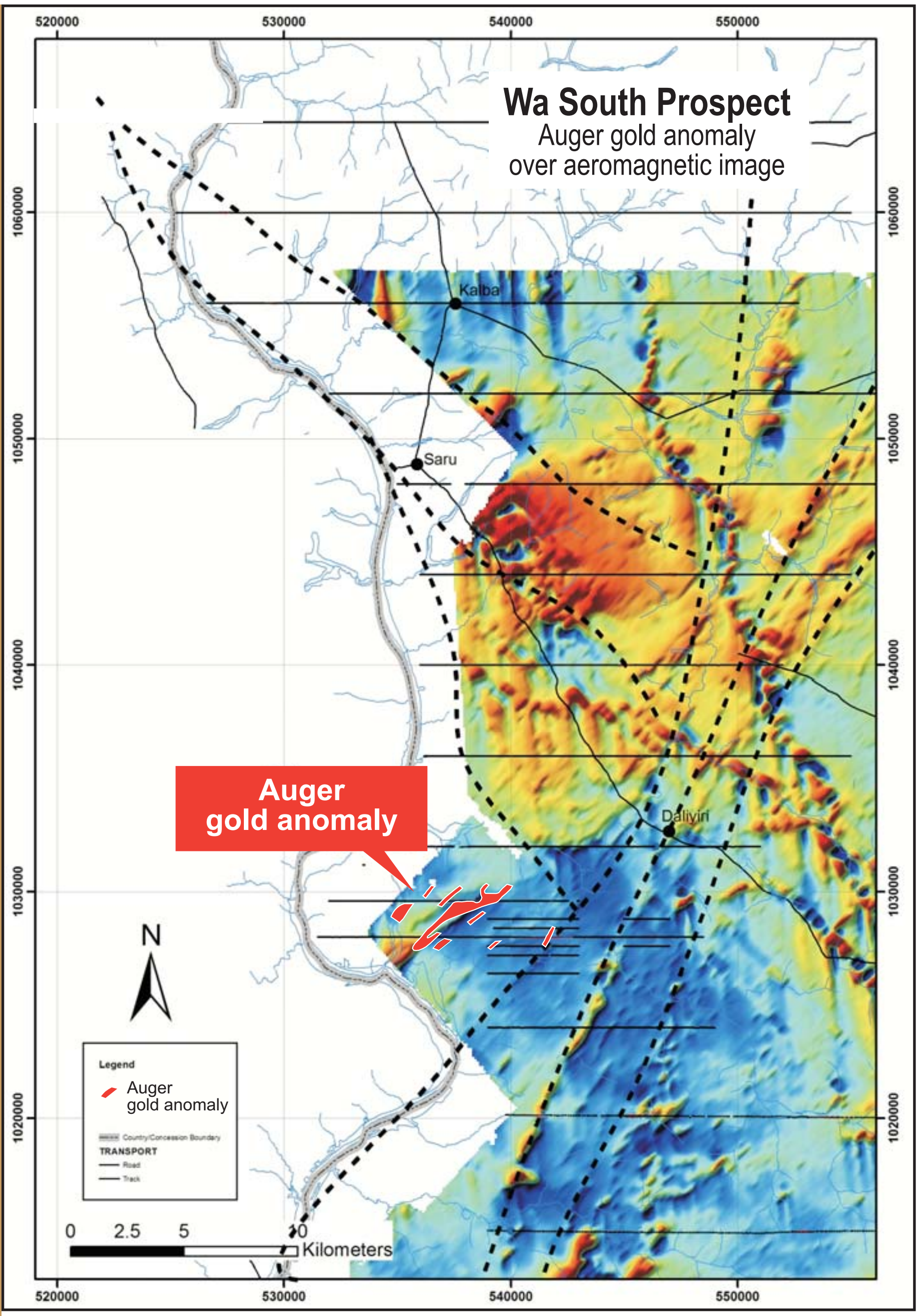




Gold mineralisation at Kandia occurs within silicified and pyritic shales along a granite contact. Aeromagnetic data shows this area as a magnetic low that is interpreted to represent magnetite destruction associated with a widespread alteration halo associated with the mineralising event.

The Kandia prospect will be a key exploration target for 2012.

**Assays are reported from 5m composite samples from reverse circulation drilling. Individual 1m samples will be submitted for analysis.*



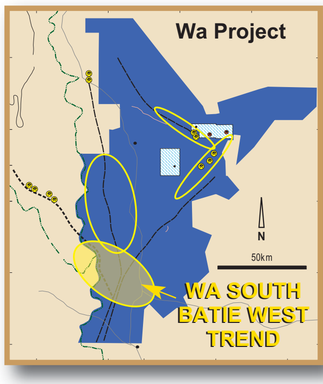
Wa South-Batie West Trend

During the year wide spaced reconnaissance soil sampling program reported further strong gold results at the Wa South prospect in north-west Ghana testing for gold mineralisation associated with the interpreted extension of the Batie West shear zone.

Sampling reported a 3km wide zone of anomalous soils against very low background values. Within this wide zone, five discrete anomalies were identified including the highest soil value ever received in this area (~621ppb gold). This sampling was considered only partially effective due to the mixed regolith and alluvial material that covers a large part of the prospect area. A 20,000m auger drilling program was completed to test below the cover sequence and successfully defined a widespread zone of open ended interface/bedrock gold anomalism over a 5km x 3km area. The anomaly sits in an excellent structural position; south of an internal granite, and near the intersection of two greenstone belts and near the interpreted extension of the Batie West shear zone.

In May 2011 an aircore drilling program commenced as a first test of this large anomaly. Three 400m spaced drill traverses were completed testing the interpreted centre of the anomaly with 112 holes completed. This work represents the first ever exploration drilling in the area. Holes were drilled to blade refusal and achieved an average depth of 38m.

Logging indicates that this area is entirely underlain by sediments that exhibit varying amounts of shearing, silicification and quartz veining. Results are awaited.



AKOKO PROJECT

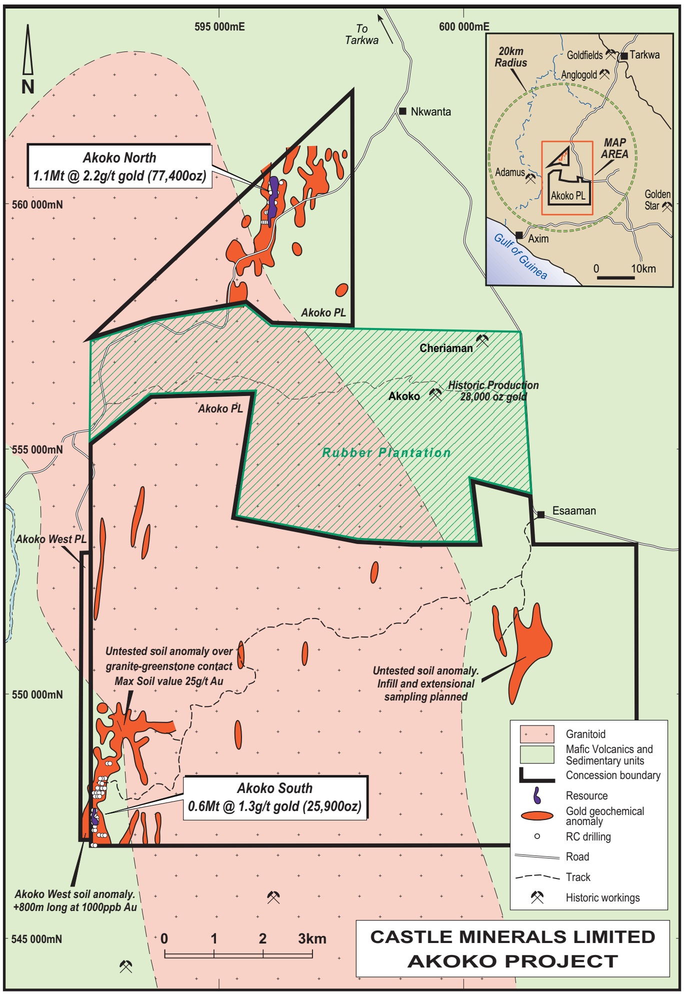
(100% Castle Minerals)

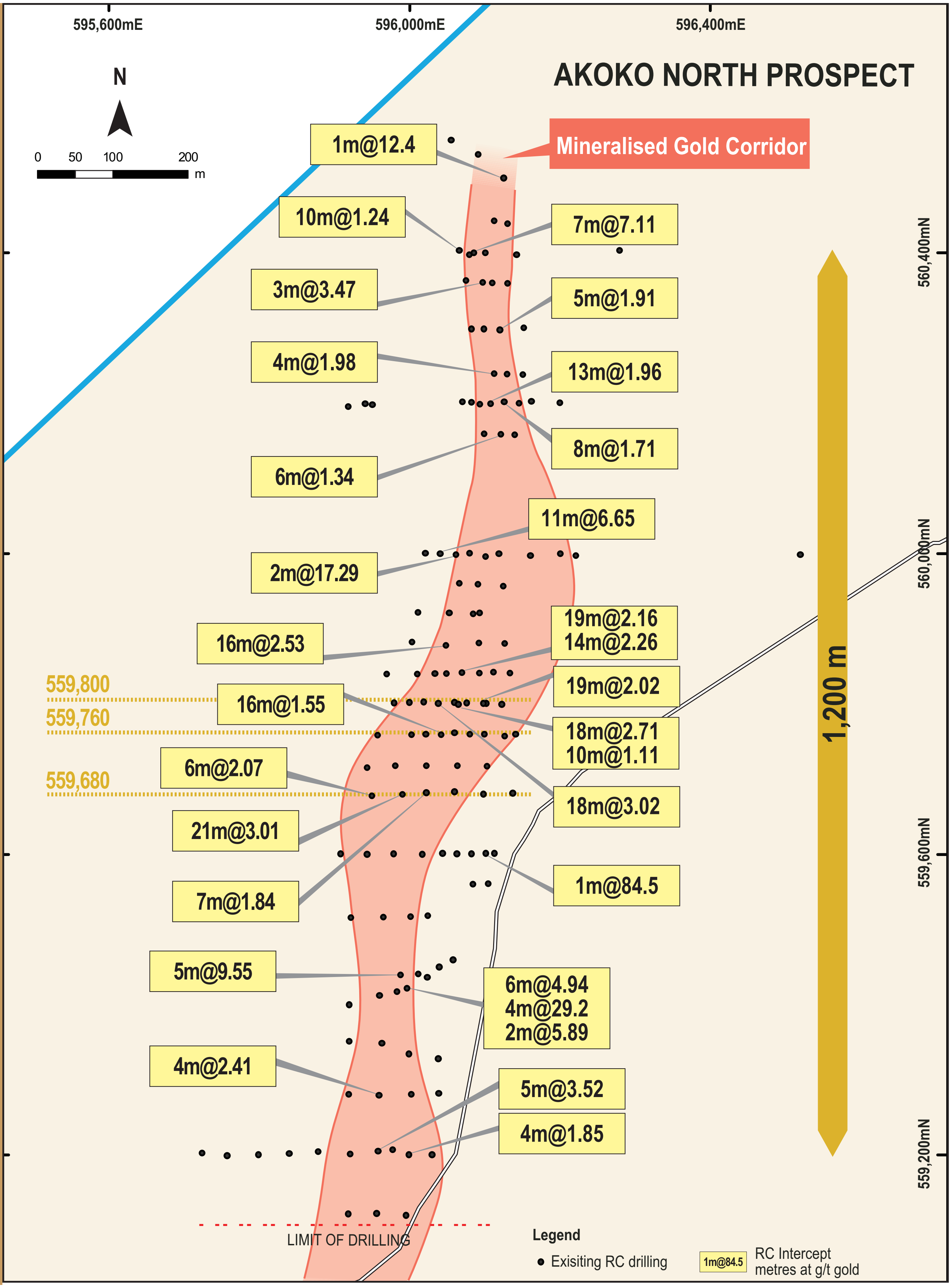
The Akoko Project consists of two granted Prospecting Licences and is located ~10 km east of Adamus Resources' Salman gold project and 40km south of the Prestea gold mine.

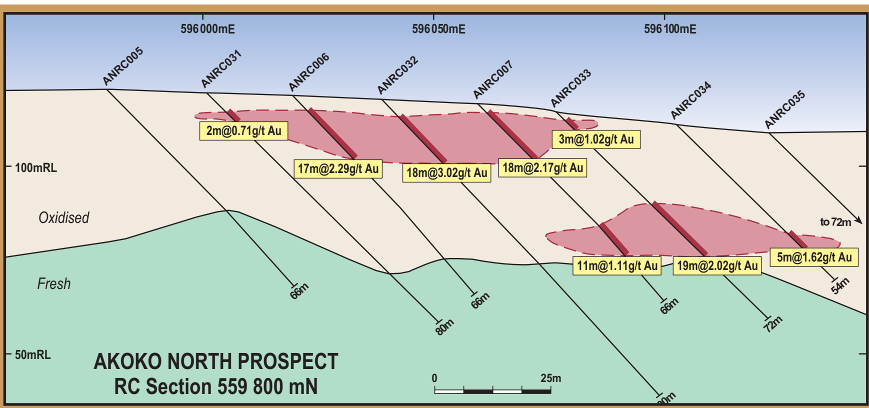
The Akoko Project is located 25km south of Tarkwa in south west Ghana in the prolific gold producing Ashanti belt. Gold mineralisation was first discovered on this greenfields project by Castle in late 2007. Since that time Castle has undertaken eight RC drill programs and defined substantial oxide gold 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.

A 50 hole (3,432m) RC drilling program was completed during the year testing for extensions to the Akoko North gold deposit that contains a near surface Indicated and Inferred Mineral Resource of 76,100 ounces.

The drill program intersected significant shallow gold mineralisation extending the known area of the mineral resource. These results are considered to impact very positively on the economics of any future open pit development. Further drilling is proposed to follow up these encouraging results.

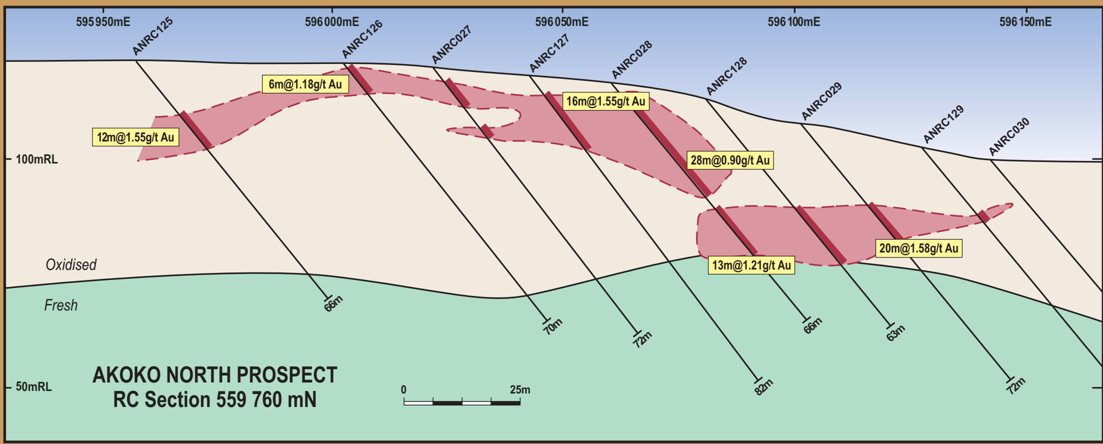


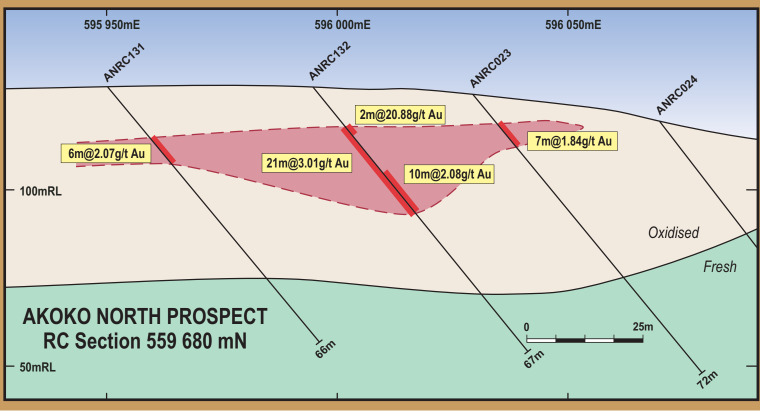

595,600mE
596,000mE
596,400mE
AKOKO NORTH PROSPECT
N
0 50 100 200 m
Mineralised Gold Corridor
1m@12.4
10m@1.24
7m@7.11
3m@3.47
5m@1.91
4m@1.98
13m@1.96
8m@1.71
6m@1.34
11m@6.65
2m@17.29
19m@2.16
14m@2.26
16m@2.53
559,800
19m@2.02
559,760
16m@1.55
18m@2.71
10m@1.11
559,680
6m@2.07
18m@3.02
21m@3.01
1m@84.5
7m@1.84
5m@9.55
6m@4.94
4m@29.2
2m@5.89
4m@2.41
5m@3.52
4m@1.85
1,200 m
560,400mN
560,000mN
559,600mN
559,200mN
LIMIT OF DRILLING
Legend
Exisiting RC drilling
1m@84.5
RC Intercept metres at g/t gold



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

Additionally a number of soil anomalies remain untested.





Significant results reported include;

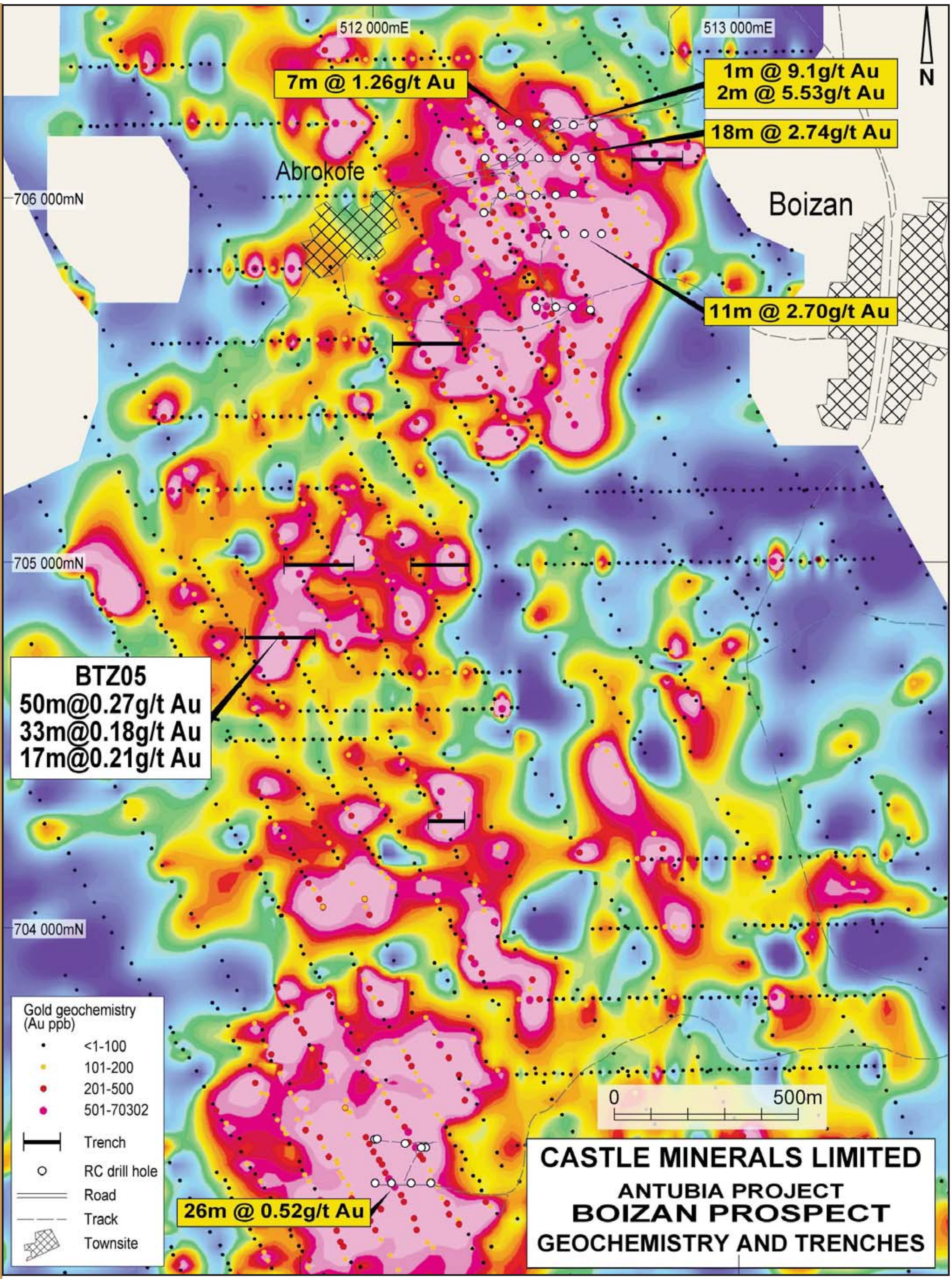
- 21m @ 3.01g/t gold from 11m (ANRC 132)
- 5m @ 9.55g/t gold from 15m (ANRC 141)
- 16m @ 2.53g/t gold from 10m (ANRC 117)
- 2m @ 17.3g/t gold from 54m (ANRC 110)
- 16m @ 1.55g/t gold from 6m (ANRC 127)
- 12m @ 1.55g/t gold from 12m (ANRC 125)
- 11m @ 1.17g/t gold from 10m (ANRC 122)

	Akoko Project Total - Akoko North and South Deposits						
	Indicated		Inferred		Total		
Deposit	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**

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.

New High Grade East Lode Discovered

Earlier drilling by Castle at Akoko North reported a primary intercept of 1m @ 84.5g/t gold from 40m on the then south eastern limit of drilling. A deeper hole beneath this intercept returned 1m @ 47.8 g/t gold from 94m down hole and like the earlier intercept was also hosted within a zone of silica/pyrite alteration. This new zone requires drill testing at depth and along strike to determine the continuity and extent of this very high grade mineralisation.


512 000mE
513 000mE
N
7m @ 1.26g/t Au
1m @ 9.1g/t Au
2m @ 5.53g/t Au
18m @ 2.74g/t Au
Abrokofe
706 000mN
Boizan
11m @ 2.70g/t Au
705 000mN
BTZ05
50m@0.27g/t Au
33m@0.18g/t Au
17m@0.21g/t Au
704 000mN
Gold geochemistry
(Au ppb)
<1-100
101-200
201-500
501-70302
Trench
RC drill hole
Road
Track
Townsite
0
500m
26m @ 0.52g/t Au
CASTLE MINERALS LIMITED
ANTUBIA PROJECT
BOIZAN PROSPECT
GEOCHEMISTRY AND TRENCHES

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 5.5 kilometres long. Within this corridor two areas stand out as being of particular importance, named Boizan and Sumiakrom Hill.

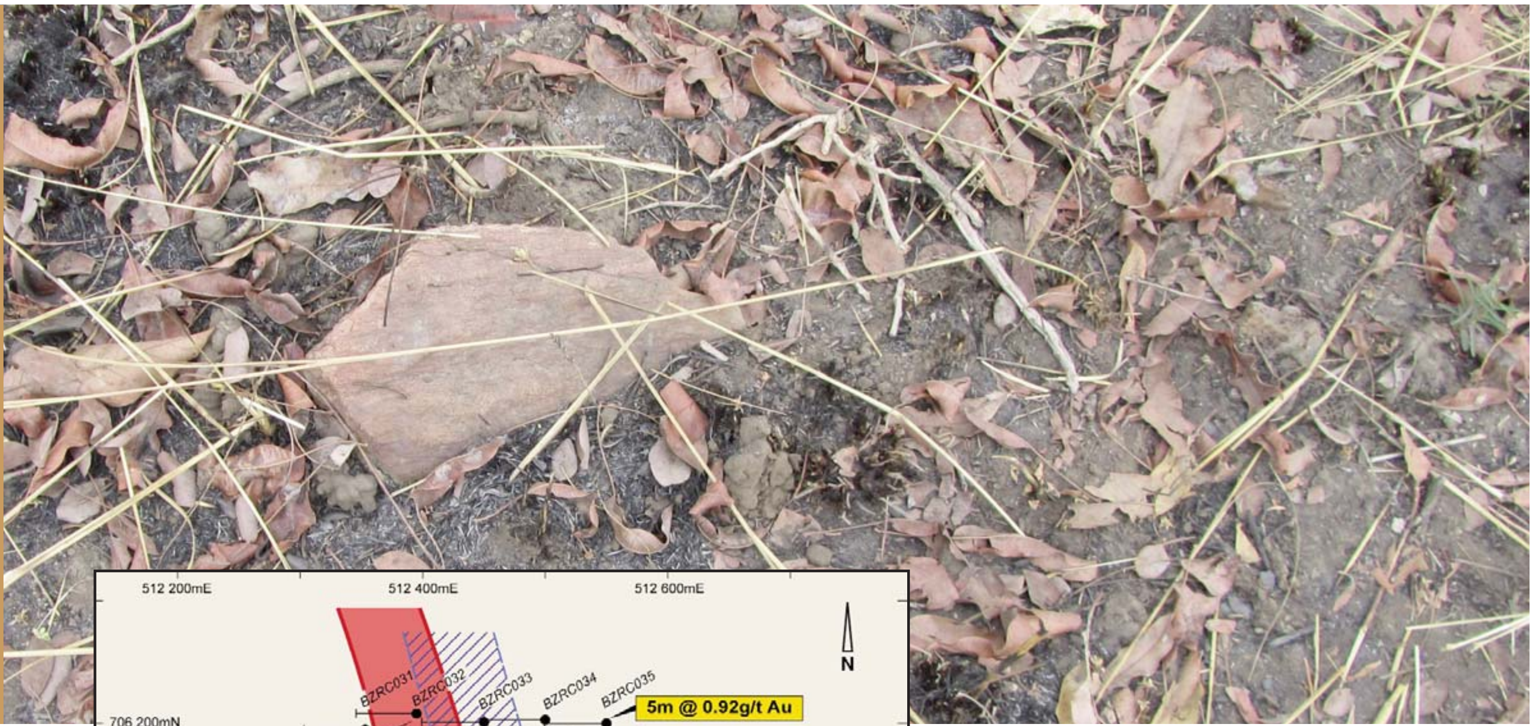
Work by Castle has included soil sampling, pitting, trenching and geophysical interpretation as well as reverses circulation drilling.

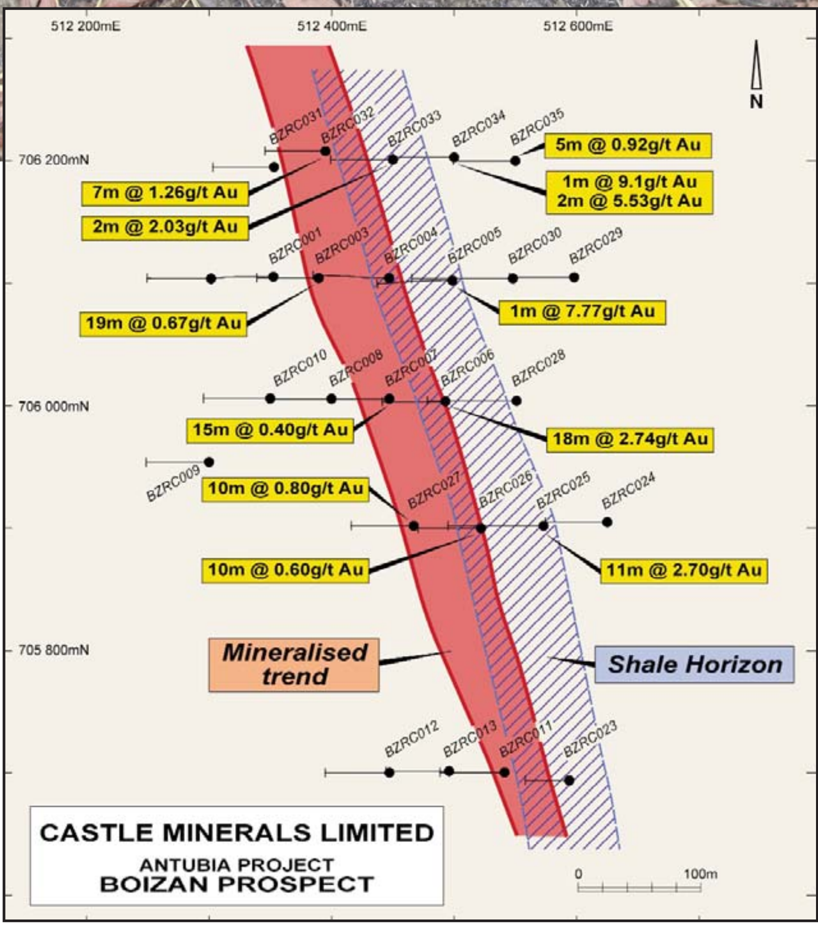
Pitting (28 pits) was completed primarily designed to obtain structural information towards defining the best drill orientation. All pits were sampled with some significant intercepts reported including 1.7m @ 1.34g/t gold (BZPT01), 0.4m @ 12.7g/t gold (BZPT007) from the Boizan area and 1.5m @ 6.9g/t 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 1,000 metres. 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 @ 2.70 g/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 5 kilometres 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 mineralised 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 kilometres of the highly prospective Ashanti belt contact on its western side.

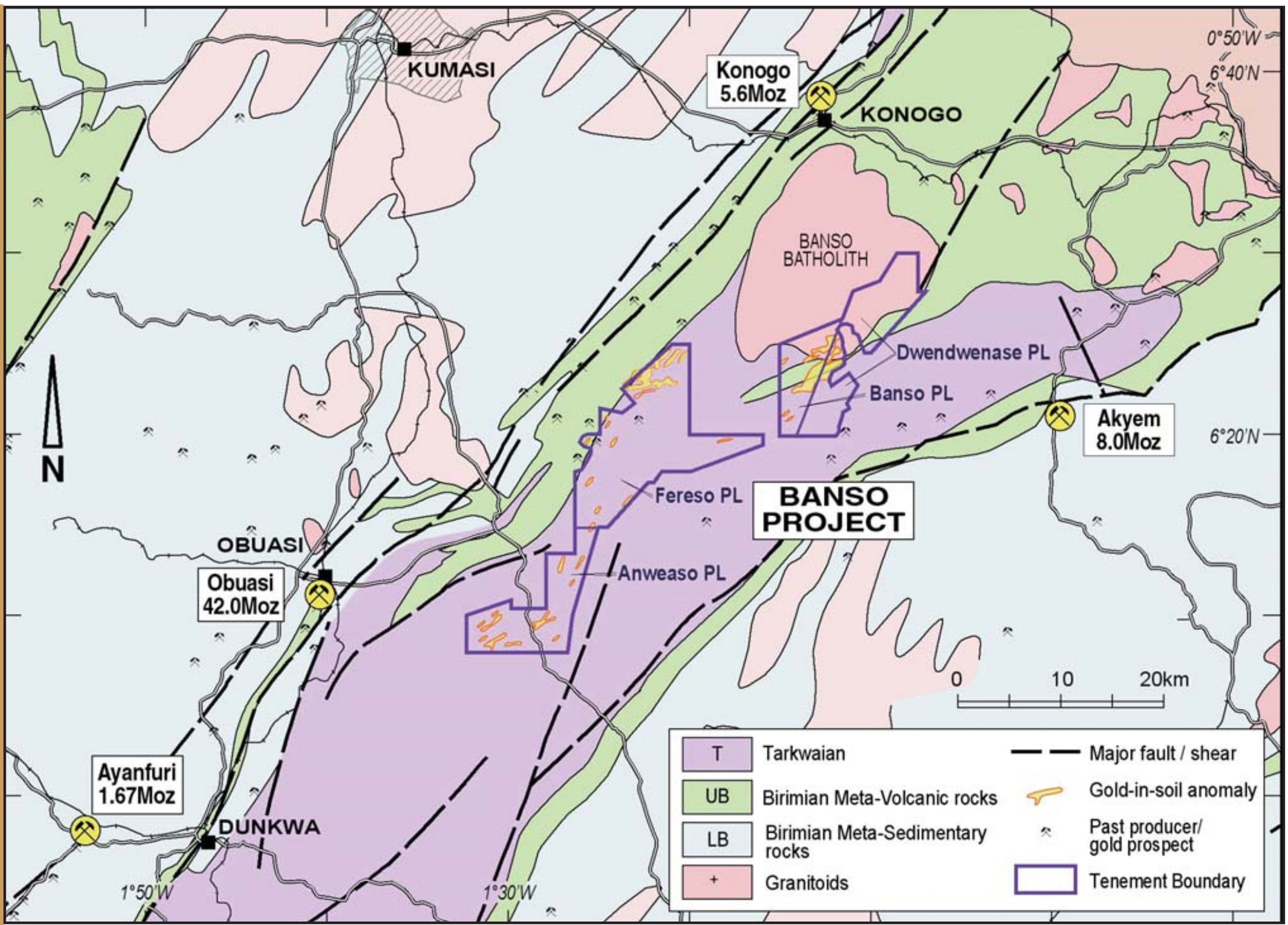
Significant historic gold intercepts were reported in surface trenches at the Banso prospect, including; 23m @ 2.33g/t gold, 9.8m @ 9.2g/t gold, 8m @ 4.3 g/t gold and 13m @ 1.6 g/t gold and a substantial soil anomaly had been defined. Soil sampling by Castle confirmed and extended the Banso soil anomaly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

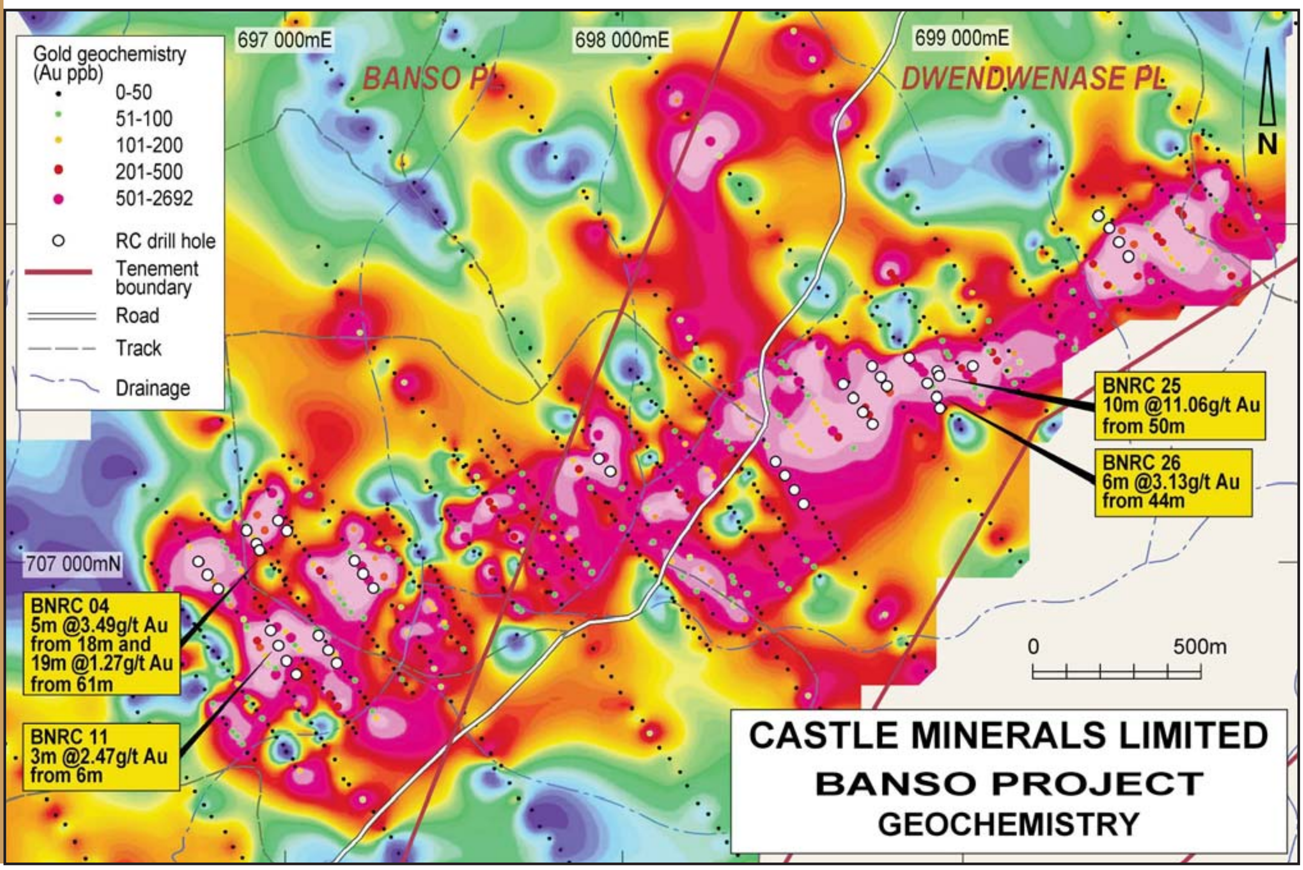
Castle has completed two drilling programs so far, an initial 40 hole, (3,248m) reverse circulation drilling program and a follow up 5 hole, (570m) program. This drilling has intersected significant oxide and primary gold mineralisation in several holes with best results including;

- BNRC 04 5 m @ 3.49g/t gold from 18m
- BNRC 04 19 m @ 1.27g/t gold from 61m
- BNRC 11 3 m @ 2.47g/t gold from 6m
- BNRC 26 6 m @ 3.13g/t gold from 44m
- BNRC 25 10 m @ 11.1g/t gold from 50m
- BNRC 44 2 m @ 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 and require further work.


KUMASI
Konogo
5.6Moz
KONOGO
0°50'W
6°40'N
BANSO
BATHOLITH
Dwendwenase PL
Banso PL
Akyem
8.0Moz
6°20'N
N
Fereso PL
BANSO
PROJECT
OBUASI
Obuasi
42.0Moz
Anweaso PL
0
10
20km
Ayanfuri
1.67Moz
DUNKWA
1°50'W
1°30'W
T Tarkwaian
UB Birimian Meta-Volcanic rocks
LB Birimian Meta-Sedimentary rocks
Granitoids
Major fault / shear
Gold-in-soil anomaly
Past producer/ gold prospect
Tenement Boundary


Gold geochemistry
(Au ppb)
0-50
51-100
101-200
201-500
501-2692
RC drill hole
Tenement boundary
Road
Track
Drainage
697 000mE
698 000mE
699 000mE
BANSO PL
DWENDWENASE PL
N
707 000mN
BNRC 25
10m @11.06g/t Au
from 50m
BNRC 26
6m @3.13g/t Au
from 44m
BNRC 04
5m @3.49g/t Au
from 18m and
19m @1.27g/t Au
from 61m
BNRC 11
3m @2.47g/t Au
from 6m
0
500m
CASTLE MINERALS LIMITED
BANSO PROJECT
GEOCHEMISTRY

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 re-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.

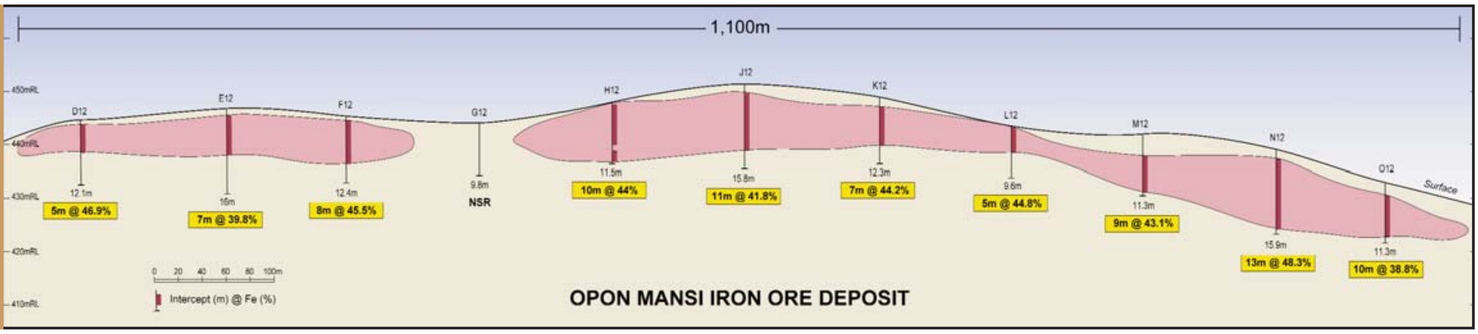
Castle's initial strategy will be to determine the potential for high grading and/or beneficiation of the iron ore, as historic literature makes reference to higher grade sections and upgrading of product through screening. The recent rise in iron ore prices along with significant metallurgical advances 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 30 metres 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 (upon receipt of an entry permit) to determine if the iron mineralisation is capable of being upgraded to a commercial product.

Information in this announcement that relates to Exploration Results is based on information compiled by Michael Ivey, Castle Minerals Limited Managing Director, who is a Member of The Australasian Institute of Mining and Metallurgy. Michael Ivey is a permanent employee of Castle Minerals Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 JORC Code. Michael Ivey consents to the inclusion in the report of the matters based on the 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 2011

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
Des Kelly

Registered Office
Unit 6, 1 Clive Street
WEST PERTH WA 6005
Telephone: (08) 9322 7018
Facsimile: (08) 9284 5413

Postal Address
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WEST PERTH WA 6872

Solicitors
Gilbert + Tobin
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
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38 Station Street
SUBIACO WA 6008

Internet Address
www.castleminerals.com

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 2011.

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 Principal of MetalsEx Capital. Mr Ivey is a former director of Azumah Resources Limited and Buxton Resources Limited within 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 is a former director of Universal Resources Ltd within the last 3 years.

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

Michael Ashforth is an Executive Director of Macquarie Capital. He was formerly a Managing Director of Gresham Advisory Partners. 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.

Mr Ashforth was appointed as a director of Castle Minerals on 5 September 2005, and is also Non Executive Chairman of Cradle Resources Limited.

Mr Ashforth has not held any former public company directorships in the last 3 years.

COMPANY SECRETARY

Des Kelly, (appointed 4 July 2011)

Mr Kelly has more than 30 years financial and corporate management experience focussed mainly in the resources sector and has acquired extensive financial, audit and company secretarial skills during his career.

Dennis Wilkins was Company Secretary from the beginning of the financial year until his resignation on 4 July 2011.

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	5,215,000	-
Campbell Ansell	609,250	-
Michael Ashforth	2,480,000	-

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 $7,752,962. During the year a total of 3,664,000 ordinary shares were issued upon the exercise of options raising $1,102,400, and a placement of 13,875,714 ordinary shares raising $4,856,500 was completed in June 2011. 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 $4,408,219. In line with the Company's accounting policies, all exploration expenditure was written off at year end. Net administration expenditure incurred amounted to $645,220. This has resulted in an operating loss after income tax for the year ended 30 June 2011 of $5,053,439 (2010: $2,977,591).

At 30 June 2011 surplus funds available totalled $8,771,704.

Operating Results for the Year

Summarised operating results are as follows:

	2011	
	Revenues $	Results $
Consolidated entity revenues and loss before income tax expense	418,744	(5,053,439)

Shareholder Returns

	2011	2010
Basic loss per share (cents)	**(5.2)**	(4.0)

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 $1,102,400 as a result of the issue of 3,664,000 ordinary shares on conversion of unlisted options.
- An increase in contributed equity of $4,856,500 as a result of the issue of 13,875,714 ordinary shares on completion of a placement in June 2011.

Directors' Report continued

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances, besides those disclosed at note 20, 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.

REMUNERATION REPORT

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

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 given the infant stage of the Group's operations.

The table below shows the gross revenue, losses and earnings per share for the last five years for the listed entity.

	2011	2010	2009	2008	2007
	$	$	$	$	$
Revenue	418,744	141,712	53,285	168,887	129,686
Net loss	(5,053,439)	(2,977,591)	(1,762,038)	(2,462,709)	(2,383,335)
Loss per share (cents)	(5.2)	(4.0)	(3.3)	(5.1)	(6.2)
Share price at year end (cents)	35.0	40.0	9.0	26.0	30.0

No dividends have been paid.

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 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**	**Percentage Perfor-mance Related**
	Salary & Fees	Non-Cash benefits	Superannuation	Retirement benefits	Options			
	$	$	$	$	$	$	%	%
Directors								
Michael Ivey								
2011	**200,000**	**8,278**	**-**	**-**	**-**	**208,278**	**-**	**-**
2010	225,000	3,418	-	-	-	228,418	-	-
Campbell Ansell								
2011	**20,000**	**8,278**	**1,800**	**-**	**-**	**30,078**	**-**	**-**
2010	20,000	3,418	1,800	-	-	25,218	-	-
Michael Ashforth								
2011	**20,000**	**8,278**	**1,800**	**-**	**-**	**30,078**	**-**	**-**
2010	21,800	3,418	-	-	-	25,218	-	-
Other key management personnel								
Dennis Wilkins								
2011	**32,438**	**-**	**-**	**-**	**-**	**32,438**	**-**	**-**
2010	34,082	-	-	-	-	34,082	-	-
Michael Fowler								
2011	**125,000**	**-**	**12,500**	**-**	**-**	**137,500**	**-**	**-**
2010	144,924	-	7,617	-	16,188	168,729	9.6	-
Paul Amoako-Atta(1)								
2011	**48,000**	**-**	**-**	**-**	**-**	**48,000**	**-**	**-**
2010	30,000	-	-	-	-	30,000	-	-
Total key management personnel compensation								
2011	**445,438**	**24,834**	**16,100**	**-**	**-**	**486,372**		
2010	475,806	10,254	9,417	-	16,188	511,665		

(1) In addition to the above remuneration a total of $1,164,295 (2010: $233,196) 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

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 – 4 years commencing 1 July 2010.
- Annual consultancy fees of $200,000 (plus GST) are paid to M Ivey Pty Ltd, a company controlled by Mr Ivey.
- The agreement may be terminated by the Company, without reason, by giving the consultant 12 months written notice. The consultant may terminate the agreement, without reason, by giving the Company 3 months' written notice. There are no benefits payable on termination other than entitlements accrued to 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. The agreement provides for a monthly retainer of $1,750 with additional fees charged on an hourly basis, and all amounts are included in Mr Wilkins' remuneration. There are no benefits payable on termination other than entitlements accrued to the date of termination.

Michael Fowler, Exploration Manager:

- Term of agreement – 4 years commencing 1 July 2010.
- Annual base salary, inclusive of 10% superannuation, of $137,500.
- 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 $4,000 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.

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 or vesting with key management personnel during the year.

Details of ordinary shares in the Company provided as a result of the exercise of remuneration options to each director of Castle Minerals Limited and other key management personnel of the Group are set out below:

	Number of ordinary shares issued on exercise of options during the year		**Amount paid per ordinary share (cents)**	
	2011	**2010**	**2011**	**2010**
Other Key Management Personnel				
Michael Fowler	**500,000**	-	**25**	-

No amounts are unpaid on any shares issued on the exercise of options.

End of audited Remuneration Report

DIRECTORS' MEETINGS

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

	Directors Meetings		**Committee Meetings**			
			Audit		**Remuneration**	
	A	**B**	**A**	**B**	**A**	**B**
Michael Ivey	4	4	*	*	*	*
Campbell Ansell	4	4	2	2	2	2
Michael Ashforth	4	4	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.

Directors' Report continued

SHARES UNDER OPTION

At the date of this report there are 3,500,000 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	10,650,000
Movements of share options during the year:	
Issued, exercisable at 25 cents, on or before 31 March 2011	500,000
Issued, exercisable at 40 cents, on or before 1 September 2016	1,050,000
Exercised at 25 cents, on or before 31 March 2011	(1,800,000)
Exercised at 35 cents, on or before 31 March 2011	(1,864,000)
Expired on 31 March 2011, exercisable at 35 cents	(3,986,000)
Total number of options outstanding as at 30 June 2011 and the date of this report	**4,550,000**

The balance is comprised of the following:

Date options issued	Expiry date	Exercise price (cents)	Number of options
21 December 2009	21 December 2011	35	3,500,000
30 May 2011	1 September 2016	40	1,050,000
Total number of options outstanding at the date of this report			**4,550,000**

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.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Castle Minerals Limited were issued during the year ended 30 June 2011, and up to the date of this report, on the exercise of options. No amounts are unpaid on any of the shares.

Date options granted	Issue price of shares	Number of shares issued
8 May 2006	25 cents	1,800,000
9 March 2006	35 cents	1,864,000
		3,664,000

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

	2011 $	2010 $
Tax compliance services	**6,762**	14,413
Total remuneration for non-audit services	**6,762**	14,413

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 20 September 2011

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Fax: +8 6382 4601
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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

20 September 2011

Castle Minerals Limited
The Board of Directors
Unit 6
1 Clive 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 2011, 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

BDO Audit (WA) Pty Ltd
Perth, Western Australia

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	**A**	The Company's goals and objectives are set out in the Annual Report and these are used among other measures, including key objectives consistent with the company's annual business plan, as the basis for evaluating performance of senior executives. Performance evaluations are undertaken annually, by the Managing Director.
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	**A**	The Company's board is responsible for overseeing the process for evaluating the performance of the Board, Board Committees and individual Directors. Evaluations are conducted in the current year using a performance survey to: • review the respective roles of the Board and management; • review the mix of experience and skills required by the Board; • assess the performance of the Board as a whole over the previous 12 months • assess the effectiveness of Board processes; and • examine ways of assisting the Board in performing its duties more effectively and efficiently. The Board performance surveys are collated by the Company Secretary and discussed at a subsequent Board meeting where the implementation of recommendations is agreed. The Managing Director's performance evaluation is also undertaken annually by the Board. The performance of non-executive Directors is reviewed by the Board with the exclusion of the Director concerned.
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.

A = Adopted
N/A = Not adopted

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
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.
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 regular 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.

A = Adopted
N/A = Not adopted

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
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.
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	**A**	The Board is responsible for ensuring the Company establishes and maintains policies for risk oversight and management. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes. This also includes the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations. The Audit Committee is responsible for monitoring the development and annual review of the Company's risk profile and system of risk management. The Audit Committee also provides the board with additional assurance regarding the reliability of the financial information for the inclusion in the financial reports. The Board requires management to establish appropriate systems and procedures to manage the Company's material business risks and to report on the effective management of those risks.
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	**A**	The Risk Management Policy is available on the Castle Minerals website at www.castleminerals.com.

A = Adopted
N/A = Not adopted

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
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

Consolidated Statement of Comprehensive Income

YEAR ENDED 30 JUNE 2011	Notes	Consolidated 2011 $	2010 $
REVENUE	4	**418,744**	141,712
EXPENDITURE			
Depreciation expense		**(19,844)**	(10,871)
Salaries and employee benefits expense		**(6,461)**	(65,335)
Tenement acquisition and exploration expenses		**(4,408,219)**	(2,171,179)
Impairment expense	5	**(480,071)**	(173,933)
Corporate expenses		**(89,571)**	(104,412)
Administration expenses		**(422,798)**	(574,445)
Share based payment expense	23	**(45,219)**	(19,128)
LOSS BEFORE INCOME TAX		**(5,053,439)**	(2,977,591)
INCOME TAX BENEFIT	6	**-**	-
LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF CASTLE MINERALS LIMITED		**(5,053,439)**	(2,977,591)
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		**174,018**	221
Other comprehensive income for the year, net of tax		**174,018**	221
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF CASTLE MINERALS LIMITED		**(4,879,421)**	(2,977,370)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	22	**(5.2)**	(4.0)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

AT 30 JUNE 2011

	Notes	Consolidated 2011 $	Consolidated 2010 $
CURRENT ASSETS			
Cash and cash equivalents	7	**8,771,704**	7,752,962
Trade and other receivables	8	**55,627**	94,254
TOTAL CURRENT ASSETS		**8,827,331**	7,847,216
NON-CURRENT ASSETS			
Plant and equipment	9	**55,781**	24,506
TOTAL NON-CURRENT ASSETS		**55,781**	24,506
TOTAL ASSETS		**8,883,112**	7,871,722
CURRENT LIABILITIES			
Trade and other payables	10	**1,001,143**	918,513
TOTAL CURRENT LIABILITIES		**1,001,143**	918,513
TOTAL LIABILITIES		**1,001,143**	918,513
NET ASSETS		**7,881,969**	6,953,209
EQUITY			
Contributed equity	11	**22,479,687**	16,716,725
Reserves	12(a)	**618,104**	398,867
Accumulated losses		**(15,215,822)**	(10,162,383)
TOTAL EQUITY		**7,881,969**	6,953,209

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2011

Consolidated	Notes	Contributed Equity $	Options Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2009		7,571,552	346,402	33,116	(7,184,792)	766,278
Loss for the year		-	-	-	(2,977,591)	(2,977,591)
OTHER COMPREHENSIVE INCOME						
Exchange differences on translation of foreign operations		-	-	221	-	221
TOTAL COMPREHENSIVE INCOME		-	-	221	(2,977,591)	(2,977,370)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the year	11	9,532,500	-	-	-	9,532,500
Share issue transaction costs	11	(387,327)	-	-	-	(387,327)
Options issued to employees and contractors		-	19,128	-	-	19,128
BALANCE AT 30 JUNE 2010		16,716,725	365,530	33,337	(10,162,383)	6,953,209
Loss for the year		**-**	**-**	**-**	**(5,053,439)**	**(5,053,439)**
OTHER COMPREHENSIVE INCOME						
Exchange differences on translation of foreign operations		**-**	**-**	**174,018**	**-**	**174,018**
TOTAL COMPREHENSIVE INCOME		**-**	**-**	**174,018**	**(5,053,439)**	**(4,879,421)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the year	11	**5,958,900**	**-**	**-**	**-**	**5,958,900**
Share issue transaction costs	11	**(195,938)**	**-**	**-**	**-**	**(195,938)**
Options issued to employees and contractors		**-**	**45,219**	**-**	**-**	**45,219**
BALANCE AT 30 JUNE 2011		**22,479,687**	**410,749**	**207,355**	**(15,215,822)**	**7,881,969**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2011	Notes	Consolidated	
		2011	2010
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(702,279)**	(324,604)
Interest received		**330,918**	105,211
Expenditure on mining interests		**(4,451,899)**	(1,767,812)
Other income received		**96,852**	1,218
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	21	**(4,726,408)**	(1,985,987)
CASH FLOWS FROM INVESTING ACTIVITIES			
Refund of rent security deposit		**15,685**	-
Payments for plant and equipment		**(51,119)**	(13,275)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		**(35,434)**	(13,275)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		**5,958,900**	9,345,000
Payment of share issue costs		**(178,048)**	(387,327)
NET CASH INFLOW FROM FINANCING ACTIVITIES		**5,780,852**	8,957,673
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,019,010**	6,958,411
Cash and cash equivalents at the beginning of the financial year		**7,752,962**	794,641
Effects of exchange rate changes on cash and cash equivalents		**(268)**	(90)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	**8,771,704**	7,752,962

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Castle Minerals Limited and its subsidiaries. The financial statements are presented in the Australian currency. Castle Minerals Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 20 September 2011. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have 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 consolidated financial statements of the Castle Minerals Limited Group comply 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.

(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 2011 and the results of all subsidiaries for the year then ended. Castle Minerals Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all 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 acquisition method of accounting is used to account for business combinations 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.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

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

(ii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Castle Minerals Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

Notes to the Consolidated Financial Statements continued

30 JUNE 2011

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 profit or loss.

(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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income 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 in other comprehensive income.

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 recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, 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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the Consolidated Financial Statements continued

30 JUNE 2011

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 profit or loss 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 17). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Business combinations

The acquisition 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. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

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 similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(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 statement of cash flows 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 statement of financial position.

(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.

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

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.

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 statement of comprehensive income 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 statement of comprehensive income.

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 statement of comprehensive income.

(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 statement of comprehensive income 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 statement of comprehensive income.

(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.

Notes to the Consolidated Financial Statements continued

30 JUNE 2011

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

(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 23.

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 an appropriate 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').

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 owners 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 statement of financial position.

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 statement of financial position 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 2011 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Group.

Notes to the Consolidated Financial Statements continued

30 JUNE 2011

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

AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013)

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a "related party" to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Group.

AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013)

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

AASB 2009–14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Group.

Notes to the Consolidated Financial Statements continued

30 JUNE 2011

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

AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011)

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011)

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Group.

AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013)

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012)

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.

AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011)

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Group.

Notes to the Consolidated Financial Statements continued

30 JUNE 2011

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

AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2010–7] (applies to periods beginning on or after 1 January 2013)

This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7.]

This Standard is not expected to impact the Group.

AASB 1054: Australian Additional Disclosures (applies to periods beginning on or after 1 January 2013)

This Standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB.

This Standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas:

- compliance with Australian Accounting Standards;
- the statutory basis or reporting framework for financial statements;
- whether the financial statements are general purpose or special purpose;
- audit fees; and
- imputation credits.

This Standard is not expected to impact the Group.

AASB 10: Consolidated Financial Statements (applies to periods beginning on or after 1 January 2013)
This Standard establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and Interpretation 112 *Consolidation – Special Purpose Entities.*

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This Standard is not expected to impact the Group.

AASB 11: Joint Arrangements (applies to periods beginning on or after 1 January 2013)

This Standard replaces AASB 131 *Interests in Joint Ventures* and Interpretation 113 *Jointly-Controlled Entities – Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition, AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the Group.

AASB 12: Disclosures of Interests in Other Entities (applies to periods beginning on or after 1 January 2013)

This Standard includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. The Group has not yet determined any potential impact on the financial statements.

AASB 13: Fair Value Measurement (applies to periods beginning on or after 1 January 2013)

This Standard establishes a single source of guidance under AASB for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under AASB when fair value is required or permitted by AASB. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. The Group has not yet determined any potential impact on the financial statements.

AASB 7: Financial Instruments: Disclosure (applies to periods beginning on or after 1 January 2011)

This Standard deletes various disclosures relating to credit risk, renegotiated loans and receivables and the fair value of collateral held. This Standard is not expected to impact the Group.

Notes to the Consolidated Financial Statements continued

30 JUNE 2011

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

(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 23. 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.

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 operates 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 the Group does not have any exposure to foreign currency risk at the reporting date (2010: Nil exposure).

(ii) Price risk

Given the current level of operations, the Group is not currently exposed to price risk.

(iii) Interest rate risk

The Group is 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 2011, 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 the Group would have been $59,700 lower/higher (2010: $33,000 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 statement of financial position and notes to the financial statements. The only significant concentration of credit risk for the Group 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.

Notes to the Consolidated Financial Statements continued

30 JUNE 2011

2. FINANCIAL RISK MANAGEMENT (cont'd)

(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 are confined to trade and other payables as disclosed in the statement of financial position. 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 at the balance date are recorded at amounts approximating their carrying amount due to their short term nature.

3. SEGMENT INFORMATION

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

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

	Consolidated	
	2011	2010
	$	$
Ghana exploration segment		
Ghana segment revenue	-	-
Reconciliation of Ghana segment revenue to total revenue before tax:		
Interest revenue	**321,892**	140,494
Other revenue	**96,852**	1,218
Total revenue	**418,744**	141,712
Ghana segment results	**(4,501,276)**	(2,345,112)
Reconciliation of Ghana segment result to net loss before tax:		
Depreciation	**(19,844)**	(10,871)
Other corporate and administration	**(532,319)**	(621,608)
Net loss before tax	**(5,053,439)**	(2,977,591)
Ghana segment operating assets	**1,128**	1,395
Reconciliation of Ghana segment operating assets to total assets:		
Other corporate and administration assets	**8,879,984**	7,870,327
Total assets	**8,881,112**	7,871,722

Notes to the Consolidated Financial Statements continued

30 JUNE 2011

	Consolidated 2011 $	Consolidated 2010 $
4. REVENUE		
Other revenue		
Interest	**321,892**	140,494
Other	**96,852**	1,218
	418,744	141,712
5. EXPENSES		
Loss before income tax includes the following specific expenses:		
Defined contribution superannuation expense	**27,206**	12,146
Minimum lease payments relating to operating leases	**32,407**	35,169
Impairment of trade and other receivables	**480,071**	173,933
6. INCOME TAX		
(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	**(5,053,439)**	(2,977,591)
Prima facie tax benefit at the Australian tax rate of 30% (2010: 30%)	**(1,516,032)**	(893,277)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	**13,566**	5,738
Other	**644**	-
	(1,501,822)	(887,539)
Movements in unrecognised temporary differences	**1,274,628**	651,589
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**227,194**	235,950
Income tax expense/(benefit)	**-**	-
(c) Unrecognised temporary differences		
Deferred Tax Assets (at 30%)		
On Income Tax Account		
Capital raising costs	**101,751**	111,753
Foreign exploration tax losses	**3,296,467**	2,216,318
Provision for impairment	**285,918**	188,095
Accruals and prepayments	**4,500**	9,535
Carry forward tax losses	**570,543**	655,964
	4,259,179	3,181,665
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 Consolidated Financial Statements continued

30 JUNE 2011

	Consolidated 2011 $	Consolidated 2010 $
7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	**5,634,107**	446,686
Short-term deposits	**3,137,597**	7,306,276
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**8,771,704**	7,752,962

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

	2011 $	2010 $
Government taxes receivable	**973,896**	649,270
Allowance for impairment (note (a))	**(953,061)**	(626,983)
Other receivables	**34,792**	71,967
	55,627	94,254

Other receivables are not past due nor impaired, and based on history are expected to be fully recoverable. Refer below for details on Government taxes receivable.

(a) Impaired receivables

As at 30 June 2011 the VAT receivable from the Group's operations in Ghana, with a nominal value of $953,061 (2010: $626,983), has been provided for in full. The VAT may only be recoverable once the Group's operations are producing revenue in Ghana.

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

	2011 $	2010 $
Balance at the beginning of the year	**626,983**	477,129
Allowance for impairment recognised during the year	**480,071**	173,933
Foreign exchange movements	**(153,993)**	(24,079)
	953,061	626,983

9. NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	2011 $	2010 $
Plant and equipment		
Cost	**134,509**	83,390
Accumulated depreciation	**(78,728)**	(58,884)
Net book amount	**55,781**	24,506

	2011 $	2010 $
Plant and equipment		
Opening net book amount	**24,506**	22,102
Additions	**51,119**	13,275
Depreciation charge	**(19,844)**	(10,871)
Closing net book amount	**55,781**	24,506

10. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2011 $	2010 $
Trade payables	**902,087**	249,785
Other payables and accruals	**99,056**	668,728
	1,001,143	918,513

Notes to the Consolidated Financial Statements continued

30 JUNE 2011

	Notes	2011 Number of shares	2011 $	2010 Number of shares	2010 $
11. CONTRIBUTED EQUITY					
(a) Share capital					
Ordinary shares fully paid	11(b), 11(d)	**113,502,677**	**22,479,687**	95,962,963	16,716,725
Total contributed equity		**113,502,677**	**22,479,687**	95,962,963	16,716,725
(b) Movements in ordinary share capital					
Beginning of the financial year		**95,962,963**	**16,716,725**	58,905,068	7,571,552
Issued during the year:					
– Issued for cash at 15 cents		**-**	**-**	15,000,000	2,250,000
– Issued for cash at 25 cents		**-**	**-**	7,000,000	1,750,000
– Issued on conversion of 25 cents options		**1,800,000**	**450,000**	200,000	50,000
– Issued on conversion of 30 cents options		**-**	**-**	750,000	225,000
– Issued on conversion of 35 cents options		**1,864,000**	**652,400**	200,000	70,000
– Issued for cash at 35 cents		**13,875,714**	**4,856,500**	-	-
– Issued for cash at 38 cents		**-**	**-**	13,157,895	5,000,000
– Issued as consideration for consulting services		**-**	**-**	750,000	187,500
Less: Transaction costs		**-**	**(195,938)**	-	(387,327)
End of the financial year		**113,502,677**	**22,479,687**	95,962,963	16,716,725

(c) Movements in options on issue

	Number of options 2011	Number of options 2010
Beginning of the financial year	**10,650,000**	8,225,000
Issued during the year:		
– Exercisable at 25 cents, on or before 31 March 2011	**500,000**	-
– Exercisable at 30 cents, on or before 20 August 2012	**-**	75,000
– Exercisable at 35 cents, on or before 21 December 2011	**-**	3,500,000
– Exercisable at 40 cents, on or before 1 September 2016	**1,050,000**	-
Exercised/expired during the year:		
– 25 cents, on or before 31 March 2011	**(1,800,000)**	(200,000)
– 30 cents, on or before 9 April 2011	**-**	(600,000)
– 30 cents, on or before 20 August 2012	**-**	(150,000)
– 35 cents, on or before 31 March 2011	**(5,850,000)**	(200,000)
End of the financial year	**4,550,000**	10,650,000

(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.

	Consolidated 2011 $	Consolidated 2010 $

11. CONTRIBUTED EQUITY (cont'd)

(e) Capital risk management

The Group'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 at 30 June 2011 and 30 June 2010 are as follows:

	2011 $	2010 $
Cash and cash equivalents	**8,771,704**	7,752,962
Trade and other receivables	**55,627**	94,254
Trade and other payables	**(1,001,143)**	(918,513)
Working capital position	**7,826,188**	6,928,703

12. RESERVES AND ACCUMULATED LOSSES

(a) Reserves

	2011 $	2010 $
Foreign currency translation reserve	**207,355**	33,337
Share-based payments reserve	**410,749**	365,530
	618,104	398,867

(b) 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.

13. DIVIDENDS

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

14. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	2011 $	2010 $
Short-term benefits	**470,272**	486,060
Post employment benefits	**16,100**	9,417
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	16,188
	486,372	511,665

(b) Equity instrument disclosures relating to key management personnel

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

There have been no options provided as remuneration to key management personnel.

Notes to the Consolidated Financial Statements continued

30 JUNE 2011

14. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

(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, and any nominally held, are set out below:

2011	**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)**	**-**	**-**	**-**
Campbell Ansell	**200,000**	**-**	**-**	**(200,000)**	**-**	**-**	**-**
Michael Ashforth	**400,000**	**-**	**(400,000)**	**-**	**-**	**-**	**-**
Other key management personnel of the Group							
Dennis Wilkins	**200,000**	**-**	**(160,000)**	**(40,000)**	**-**	**-**	**-**
Michael Fowler	**1,000,000**	**-**	**(500,000)**	**(500,000)**	**-**	**-**	**-**
Paul Amoako-Atta	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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

2010	**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	1,500,000	-	-	(500,000)	1,000,000	1,000,000	-
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, and any nominally held, are set out below. There were no shares granted during the reporting period as compensation.

2011	**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	**5,215,000**	**-**	**-**	**5,215,000**
Campbell Ansell	**709,250**	**-**	**(100,000)**	**609,250**
Michael Ashforth	**2,080,000**	**400,000**	**500,000**	**2,980,000**
Other key management personnel of the Group				
Ordinary shares				
Dennis Wilkins	**550,000**	**160,000**	**(550,000)**	**160,000**
Michael Fowler	**-**	**500,000**	**(227,100)**	**272,900**
Paul Amoako-Atta	**4,714,644**			

Notes to the Consolidated Financial Statements continued

30 JUNE 2011

14. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

2010	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	4,885,000	-	330,000	5,215,000
Campbell Ansell	600,000	-	109,250	709,250
Michael Ashforth	1,750,000	-	330,000	2,080,000
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.

(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 $1,164,295 (2010: $233,196). The amounts paid were at arms length.

During the year, the Group commenced leasing office accommodation from Henmik Pty Ltd, a company associated with Mr Ivey. The lease terms are set at normal commercial rates, with amounts paid during the year totalling $35,757. There are no amounts outstanding at the reporting date. Refer to note 17(b) for details of the lease commitments.

15. REMUNERATION OF AUDITORS

	Consolidated 2011 $	Consolidated 2010 $
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 Audit (WA) Pty Ltd - audit and review of financial reports	**24,080**	27,822
Non-related audit firm for the audit or review of financial reports of Group subsidiary entities	**5,076**	-
Total remuneration for audit services	**29,156**	27,822
(b) Non-audit services		
BDO (WA) Pty Ltd - tax compliance services	**6,762**	14,413
Total remuneration for other services	**6,762**	14,413

Notes to the Consolidated Financial Statements continued

30 JUNE 2011	Consolidated	
	2011	2010
	$	$

16. CONTINGENCIES

Newmont Option Agreement

During the 2009 financial year the Group completed the acquisition of the Wa Reconnaissance Licence from Newmont Ghana Gold Limited ("NGGL"). NGGL will be entitled to a 1% net smelter royalty on any minerals produced from the licence area if the Group relinquishes control of the licence within 5 years of the Approval Date.

17. 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:

	2011 $	2010 $
within one year	**2,400,000**	1,882,200
later than one year but not later than five years	**-**	-
	2,400,000	1,882,200

(b) Lease commitments: Group as lessee

Operating leases (non-cancellable):

	2011 $	2010 $
Minimum lease payments		
within one year	**65,863**	28,920
later than one year but not later than five years	**97,758**	-
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	**163,621**	28,920

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 the remuneration report on page 7 that are not recognised as liabilities and are not included in the key management personnel compensation.

	2011 $	2010 $
within one year	**337,500**	337,500
later than one year but not later than five years	**275,000**	412,500
	612,500	750,000

Notes to the Consolidated Financial Statements continued

30 JUNE 2011	Consolidated	
	2011	2010
	$	$
18. 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 19.		
(c) Key management personnel		
Disclosures relating to key management personnel are set out in note 14.		
(d) Transactions and balances with related parties		
Purchases of goods and services		
Purchase of drilling and consulting services from a significant shareholder	-	758,510

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

Castle Minerals Limited has provided unsecured, interest free loans to its wholly owned subsidiaries Carlie Mining Limited and Topago Mining Limited totalling $11,511,863 (2010: $7,430,781). 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.

19. 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*	
			2011	2010
			%	%
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.

20. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2011, 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.

Notes to the Consolidated Financial Statements continued

30 JUNE 2011

	Consolidated 2011 $	Consolidated 2010 $
21. STATEMENT OF CASH FLOWS		
Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	**(5,053,439)**	(2,977,591)
Non-Cash Items		
Depreciation of non-current assets	**19,844**	10,871
Net exchange differences	**63,094**	(427)
Share based payment expense	**45,219**	19,128
Shares and options issued as consideration for tenement acquisition or services received	**-**	187,500
Change in operating assets and liabilities, net of effects from purchase of controlled entity		
Decrease/increase in trade and other receivables	**22,942**	(41,338)
Increase in trade and other payables	**175,932**	815,870
Net cash outflow from operating activities	**(4,726,408)**	(1,985,987)

22. LOSS PER SHARE

	2011	2010
(a) Reconciliation of earnings used in calculating loss per share		
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	**(5,053,439)**	(2,977,591)
	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	**97,725,795**	74,155,068

(c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2011, all options on issue are considered anti-dilutive 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 Consolidated Financial Statements continued

30 JUNE 2011

23. 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 is 40 cents per option, with an expiry date of 1 September 2016.

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			
	2011		2010	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	**2,450,000**	**30.6**	2,575,000	29.0
Granted	**1,550,000**	**35.2**	225,000	43.3
Forfeited	**(150,000)**	**50.0**	-	-
Exercised	**(1,800,000)**	**25.0**	(350,000)	27.1
Expired	**(1,000,000)**	**35.0**	-	-
Outstanding at year-end	**1,050,000**	**40.0**	2,450,000	30.6
Exercisable at year-end	**-**	**-**	2,300,000	29.3

The weighted average remaining contractual life of share options outstanding at the end of the period was 5.18 years (2010: 0.96 years), and the exercise price is 40 cents.

The weighted average fair value of the options granted during the year was 23.18 cents (2010: 18.87). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2011	2010
Weighted average exercise price (cents)	40.0	43.3
Weighted average life of the option (years)	5.2	3.8
Weighted average underlying share price (cents)	34.0	32.7
Expected share price volatility	84.5%	80.7%
Risk free interest rate	4.75%	4.00%

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 following information is provided to show movements during the comparative financial year, being the year ended 30 June 2010. The Group issued options during the 2009 financial year as consideration for the acquisition of an interest in exploration tenements. The options granted had an exercise price of 30 cents and an expiry date of 9 April 2010. These options were all converted to ordinary shares during the 2010 financial year.

The options granted carried no dividend or voting rights. When exercised, each option was converted into one ordinary share in the capital of the Company with full dividend and voting rights.

Notes to the Consolidated Financial Statements continued

30 JUNE 2011

23. SHARE-BASED PAYMENTS (cont'd)

Set out below are summaries of granted options:

	Consolidated			
	2011		2010	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	-	-	600,000	30.0
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	(600,000)	30.0
Expired	-	-	-	-
Outstanding at year-end	-	-	-	-
Exercisable at year-end	-	-	-	-

(c) Shares issued to suppliers

During the 2010 financial year 750,000 ordinary shares were issued at a deemed cost of $187,500 as consideration for consulting services and were included as part of the 'Administration expenses' on the statement of comprehensive income of the Group.

(d) Expenses arising from share-based payment transactions

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

	Consolidated	
	2011 $	2010 $
Options issued to employees and contractors	**45,219**	19,128
Shares issued to suppliers	-	187,500
	45,219	206,628

Notes to the Consolidated Financial Statements continued

30 JUNE 2011	2011	2010
	$	$

24. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Castle Minerals Limited, at 30 June 2011. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

Current assets	**8,826,203**	7,845,821
Non-current assets	**55,781**	24,506
Total assets	**8,881,984**	7,870,327
Current liabilities	**175,549**	338,829
Total liabilities	**175,549**	338,829
Contributed equity	**22,479,687**	16,716,725
Share-based payments reserve	**410,749**	365,530
Accumulated losses	**(14,184,001)**	(9,550,757)
Total equity	**8,706,435**	7,531,498
Loss for the year	**(4,633,244)**	(2,409,788)
Total comprehensive loss for the year	**(4,633,244)**	(2,409,788)

As detailed in note 16, there are contingent liabilities in respect to tenement acquisition agreements that the parent entity has co-signed with subsidiary entities.

Directors' Declaration

In the directors' opinion:

(a) the financial statements comprising the statement of comprehensive incomes, statement of financial positions, statements of changes in equity, statement of cash flows and accompanying notes set out on pages 16 to 41 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 consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date;

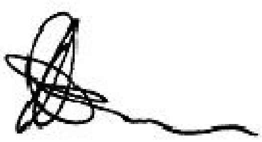
(b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable;

(c) the remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2011, comply with Section 300A of the *Corporations Act 2001*; and

(d) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

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, 20 September 2011

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

Report on the Financial Report

We have audited the accompanying financial report of Castle Minerals Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 of the financial report that gives a true and fair view 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 opinion.

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*, which has been given to the directors of Castle Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. 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.

Opinion

In our opinion, the Remuneration Report of Castle Minerals Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO Audit

C Burton

Chris Burton
Director

Perth, Western Australia
Dated this 20th day of September 2011

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 8 September 2011.

(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	19	5,901
1,001	-	5,000	121	343,245
5,001	-	10,000	135	1,154,925
10,001	-	100,000	299	11,146,745
100,001		and over	89	100,851,861
			663	113,502,677

The number of shareholders holding less than a marketable parcel of shares are:	40	31,608

			35 cent options over ordinary shares	
			Number of holders	Number of options
100,001	and over	HSBC Custody Nominees Aust Ltd	2	3,500,000

			40 cent options over ordinary shares	
			Number of holders	Number of options
100,001	and over	Options issued under employee incentive scheme	1	1,050,000

All options are unlisted.

(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	Azumah Resources Ltd	15,643,865	13.78
2	Lujeta Pty Ltd	10,220,000	9.00
3	Bridgelane Capital Pty Ltd	7,550,000	6.65
4	HSBC Custody Nominees Australia Ltd	7,388,000	6.51
5	Wiechecki Henry	5,269,100	4.64
6	M Ivey Pty Ltd	4,400,000	3.88
7	Resource Capital Fund VLP	4,285,714	3.78
8	Bluestar resources Limited	3,784,644	3.33
9	Trailstar Ltd	3,134,000	2.76
10	Kingston Management (Isle of Man)	3,027,663	2.67
11	UBS Nominees Pty Ltd	2,552,000	2.25
12	Twynam Agricultural Group Pty Ltd	2,076,670	1.83
13	Computer Visions Pty Ltd	2,035,000	1.79
14	Ivoryrose Holdings Pty Ltd	1,915,000	1.69
15	Redstar Resources Limited	1,568,256	1.38
16	Citicorp Nominees Pty Limited	1,487,460	1.31
17	M Brott Pty Ltd	1,221,993	1.08
18	Zadar Holdings Pty Ltd	1,146,100	1.01
19	Egmont Pty Ltd	1,000,000	0.88
20	Mr Michael Filan Ashforth	830,000	0.73
		80,535,465	70.95

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
Azumah Resources Limited	15,223,654
Lujeta Pty Ltd	10,135,000
Bridgeline Capital Pty Ltd	8,527,919
David Harper	8,527,919
Henry Wiechecki	5,149,100

(d) Voting rights

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

(e) There are no restricted securities or securities subject to voluntary escrow on issue

(f) There is no current on market buy back

(g) Schedule of interests in mining tenements

Location	Tenement Name	Tenement Reference	Percentage held
Antubia, Ghana	Boizan	PL 2/401	100
Antubia, Ghana	Antubia	PL 2/398	100
Antubia, Ghana	Edukrom	PL Application	100
Banso, Ghana	Fereso	RL 6/284	100
Banso, Ghana	Dwendwenase	PL 6/300	100
Banso, Ghana	Banso	RL 6/285	100
Banso, Ghana	Anweaso	PL 6/286	100
Banso, Ghana	Mirasa Hills	PL Application	100
Bondaye, Ghana	Bondaye	RL Application	100
Akoko, Ghana	Akoko	PL 2/399	100
Akoko, Ghana	Akoko West	PL 2/425	100
Wa, Ghana	Wonachiyiri	RL Application	100
Wa, Ghana	Jang	RL 10/23	100
Wa, Ghana	Julie West	RL 10/13	100
Wa, Ghana	Wa	RL 10/13	100
Wa, Ghana	Degbiwu	PL Application	100
Wa, Ghana	Bulenga	PL Application	100
Wa, Ghana	Charingu	PL Application	100
Wa, Ghana	Baayiri	PL Application	100
Wa, Ghana	KT 1	PL Application	100
Wa, Ghana	KT 2	PL Application	100
Wa, Ghana	Sawla	PL 10/34	100
Wa, Ghana	Sawla East	PL 10/32	100
Wa, Ghana	Sawla South	PL 10/29	100
Wa, Ghana	Jandra	PL 10/33	100
Wa, Ghana	Jandra North	PL 10/30	100
Wa, Ghana	Tuna	PL 10/31	100
Wa, Ghana	Jang North	PL 10/28	100
Wa, Ghana	Jang North West	PL 10/27	100
Wa, Ghana	Gbinyiri	RL 8/27	100
Wa, Ghana	Gurungu	RL 8/28	100
Wa, Ghana	Jumo	RL 8/31	100
Wa, Ghana	Chasia	RL 8/30	100
Wa, Ghana	Perisi	RL 8/29	100
Wa, Ghana	Funsi	RL Application	100