

## September 2010 Quarterly Report



### Highlights

- **RC drilling begins at Akoko Project marking commencement of 2010/11 exploration field season**

Major drill programs proposed to be completed before January 2011 include;

- » 3,500m of RC drilling at Akoko North
  - » 15,000m of RC drilling planned for targets over the 12km long Kandia Trend (Wa Project)
  - » 10,000m of RC drilling at Julie West, Koda Hill targets (Wa Project)
  - » 10,000m of RC drilling at Wa South – Batie West extension (Wa Project) representing first ever drilling in this area
  - » Auger and surface soil sample programs are underway on our Wa Project
- **Drilling discovers new zone of gold mineralisation at Julie West and new anomaly at Koda Hill**
  - » Wide spaced RC drilling testing a soil geochemical anomaly at Julie West returned an intercept of 20m @ 1.79g/t gold from 44m including 6m @ 5.02g/t gold from JWRC 192 and 15m @ 1.30g/t gold from 10m in JWRC 181

- **Strong Gold Targets defined at Kandia**

- » Infill soil geochemical sampling has outlined nine strong gold targets over a +12km long zone along the Kandia trend (Wa Project)

- **UTS-Aeroquest complete detailed 25,000 line km magnetic/radiometric geophysical survey covering the Kandia corridor and the Julie West- Jang trend**

- **Corporate**

- » Cash reserves at quarter end were \$6.5 million
- » Annual General Meeting to be held at 11am on 25<sup>th</sup> November 2010

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Capital Structure  
Quoted FPO: 96.5 million  
Unlisted Options: 1.3m @ 25c  
9.35m @ 35c

ASX Code: CDT

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

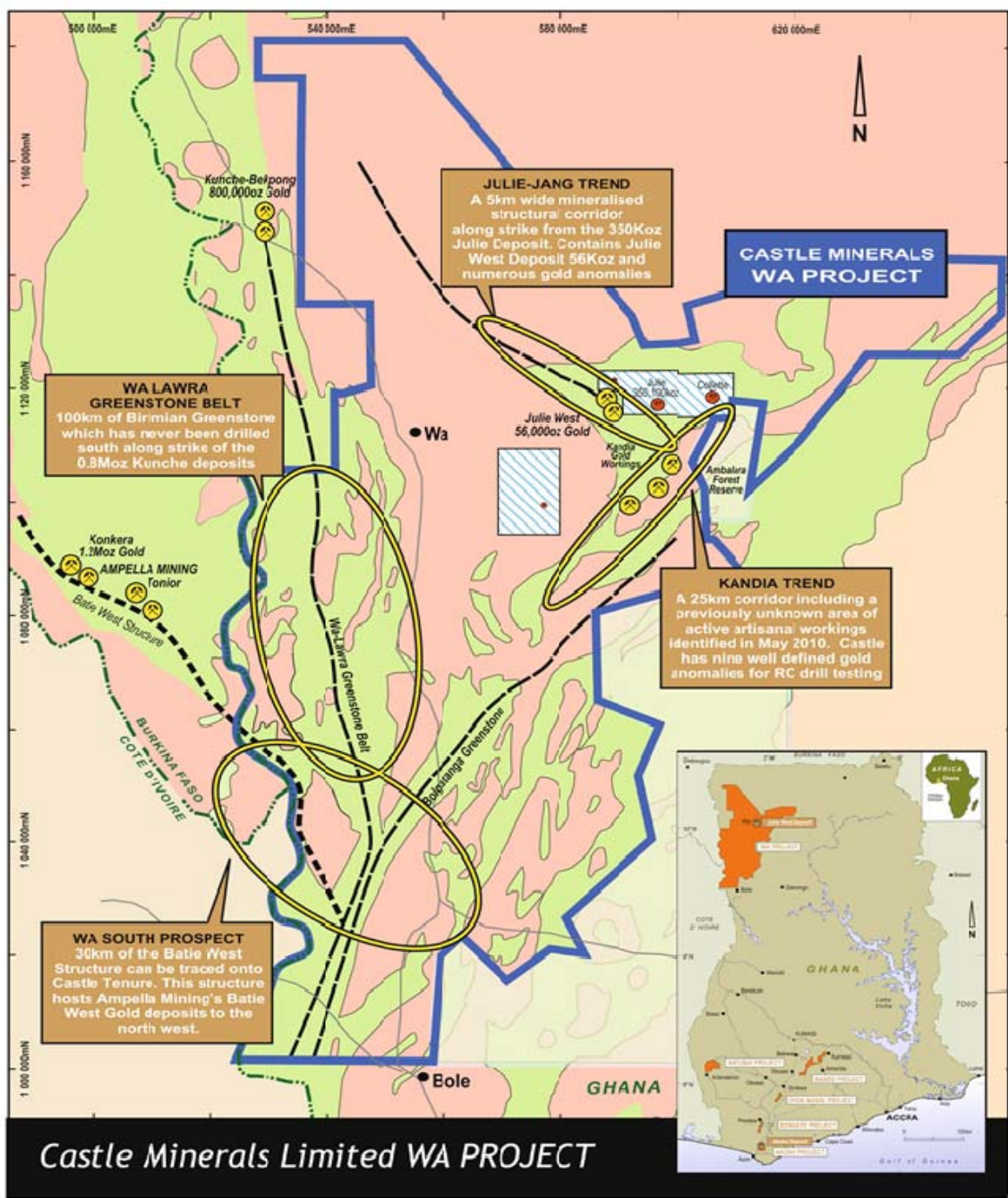
# WA PROJECT

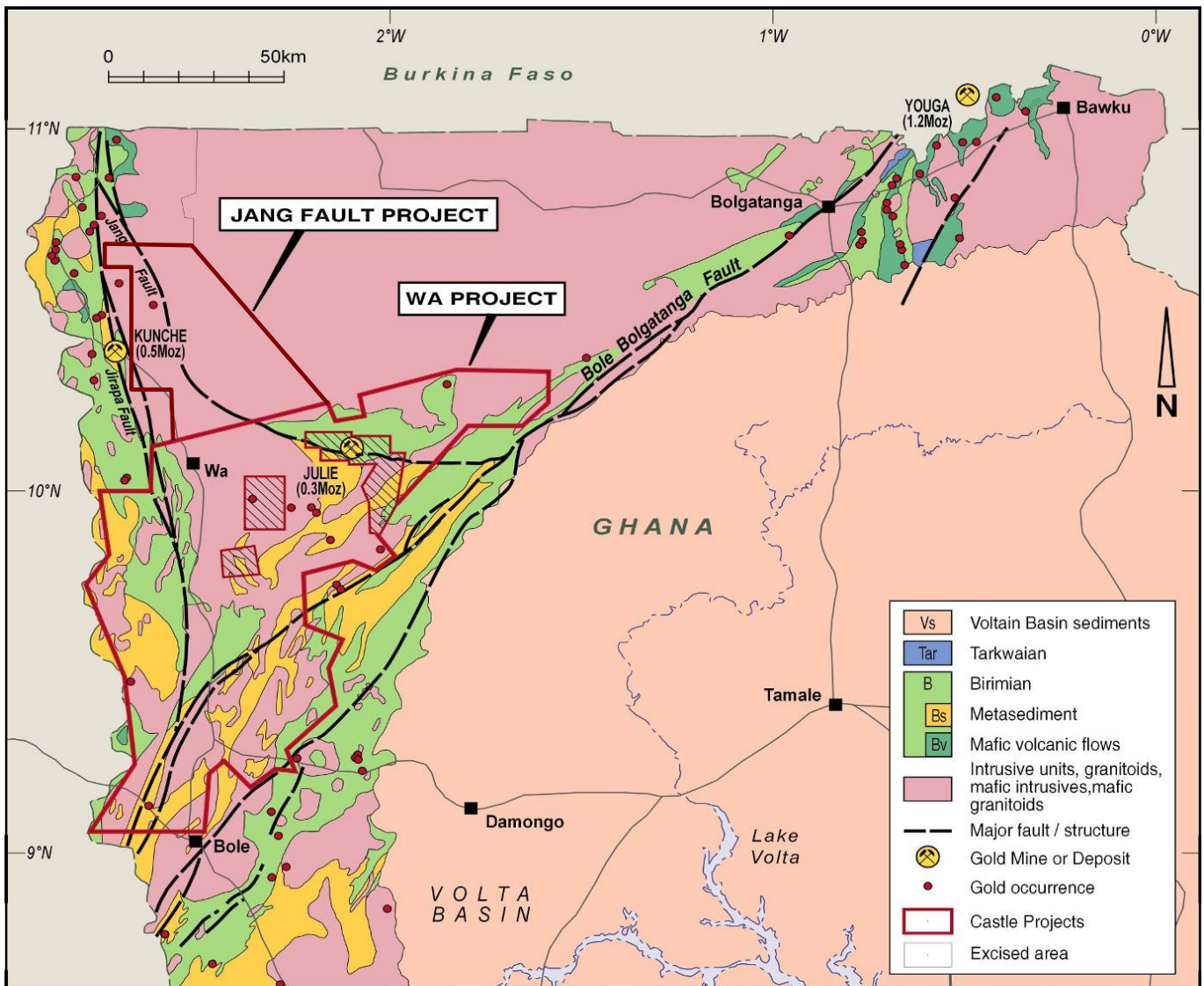
(Castle Minerals 100%)

The Wa Project covers approximately 12,000km<sup>2</sup> in NW Ghana near the border with Burkina Faso and consists of three large Reconnaissance Licences and two 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
- Kandia new 30km corridor of anomalous gold in soils
- Wa South (Batie West trend) 60km long corridor
- Wa-Lawra Greenstone Belt 80km of untested greenstone





Castle's Wa Project showing both Wa-Lawra and Bolgatanga Greenstone Belts

Auger drilling and soil sampling is underway on Wa Prospect and this work will soon be followed by;

- 15,000m of RC drilling at 9 targets over 12km along the Kandia Trend (Wa Project)
- 10,000m of RC drilling at Julie West, Koda Hill targets (Wa Project)
- 10,000m of RC drilling at Wa South - Batie West extension (Wa Project) representing first ever drilling in this area.

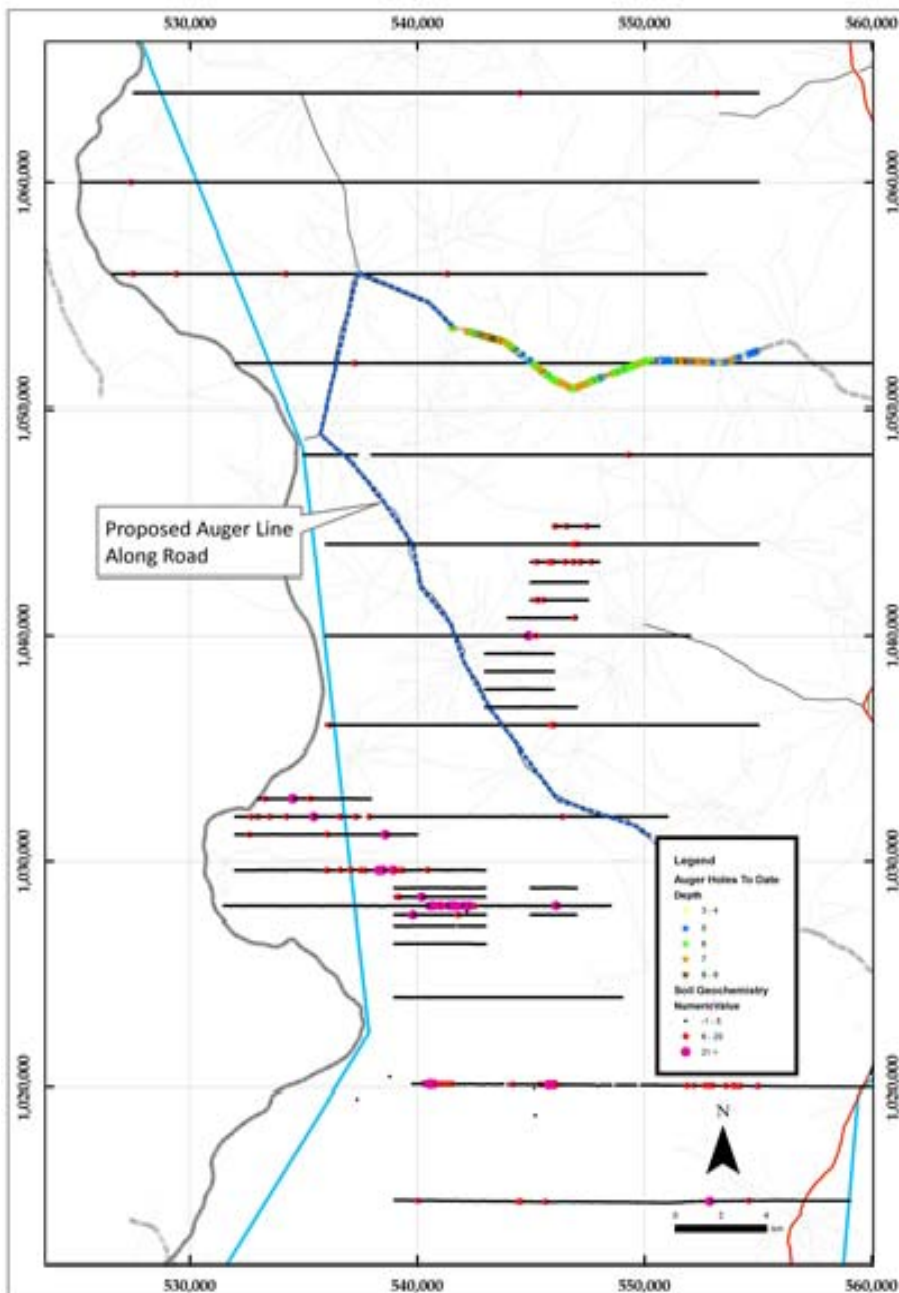
Along with this work data for our recently completed 25,000 line kilometre airborne geophysical survey has been received and is currently being processed.

## Wa South (Batie West Trend)

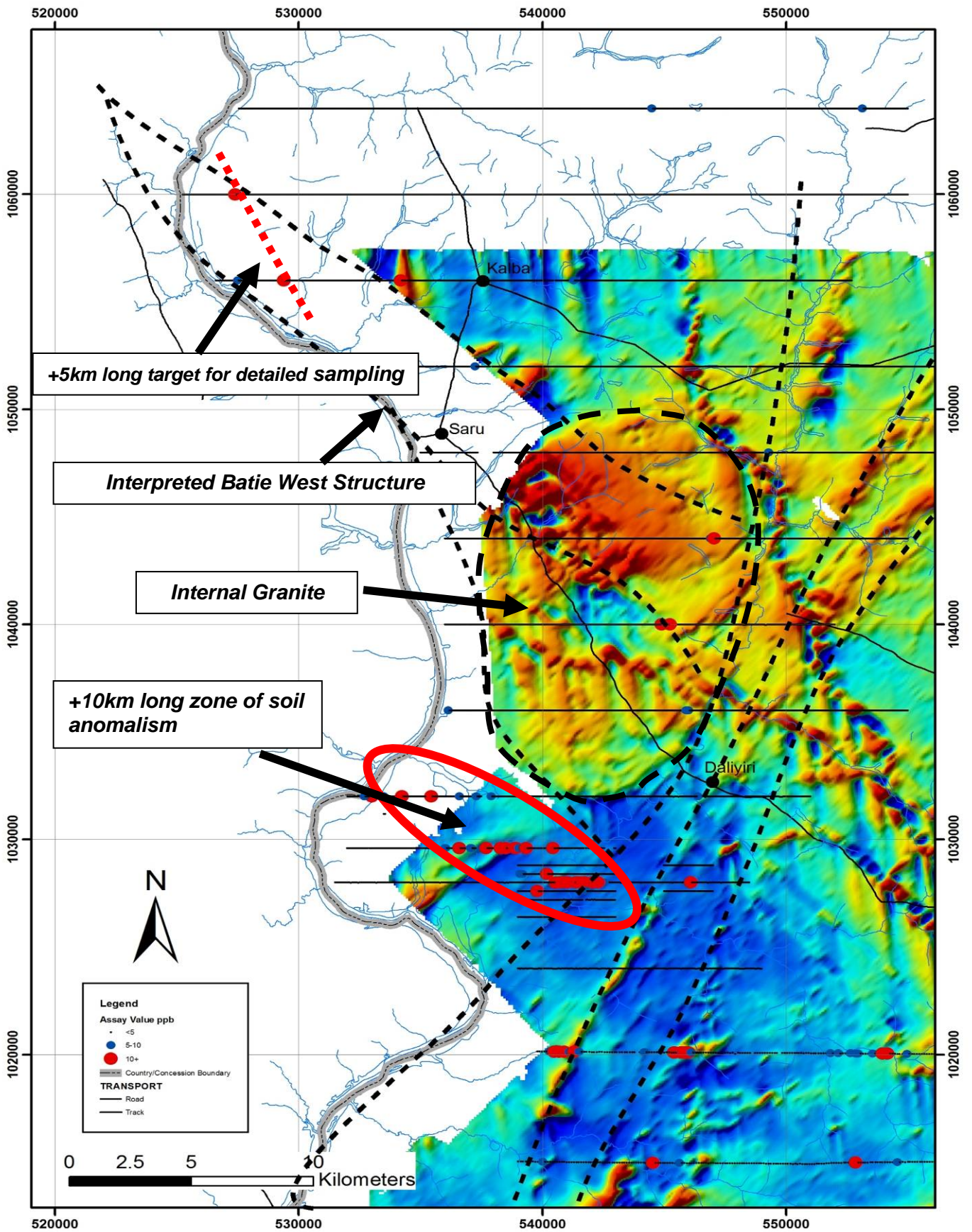
Auger drilling at Wa South is targeting both the Wa-Lawra and Bolgatanga greenstone belts and importantly the interpreted extension to the Batie West shear zone which is host to significant gold mineralisation to the north west discovered recently by Ampella Mining (ASX:AMX).

Drilling is intersecting between 3 and 7m of alluvial cover that possibly masks gold mineralisation that earlier conventional soil sampling could have missed. This is the first ever drilling in the area with approximately 280 holes completed so far over a 15km long traverse. A further 400 holes are planned with a second auger rig due on site shortly.

This work is being completed along gravel roads that cross the prospect area and enable exploration to continue during the wet season. Samples are being submitted for multi element and gold analysis and will provide the frame work for ongoing exploration in this area.



*Proposed Auger drill traverse (in blue) and completed holes (colour coded based on depth) along existing roads. Using existing roads has allowed exploration to continue during the wet season.*



*Wa South prospect soil anomalies over geophysics showing anomalies and targets generated to date with interpreted geology and key regional structures. Initial auger drill sampling is underway.*

## Kandia Prospect

Infill soil geochemical sampling testing the strike extensions to the Kandia artisanal gold workings has outlined nine strong gold targets over a +12km long zone along the Kandia trend. Strong gold and coincident base metal anomalism was reported from a discrete mineralised horizon within Birimian aged sediments approximately 500m wide along the entire length of the Kandia trend sampled to date. Within this zone nine high order targets have been identified. A number of the anomalies show distinct changes in orientation possibly mirroring underlying structures.

15,000m of RC drilling is planned to commence upon the end of the northern Ghana wet season. The Kandia prospect has evolved rapidly since the discovery of extensive artisanal gold workings in May this year.

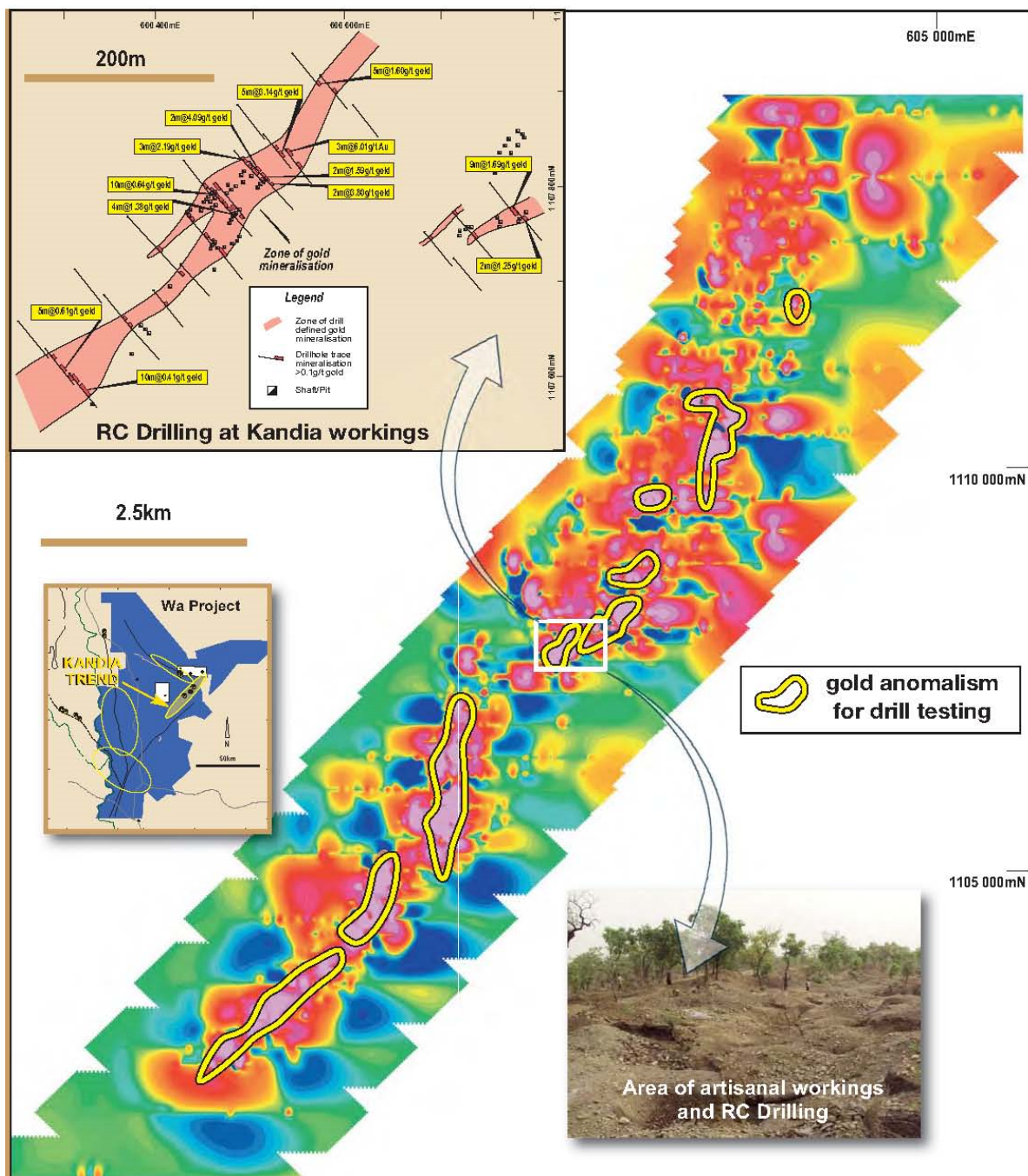
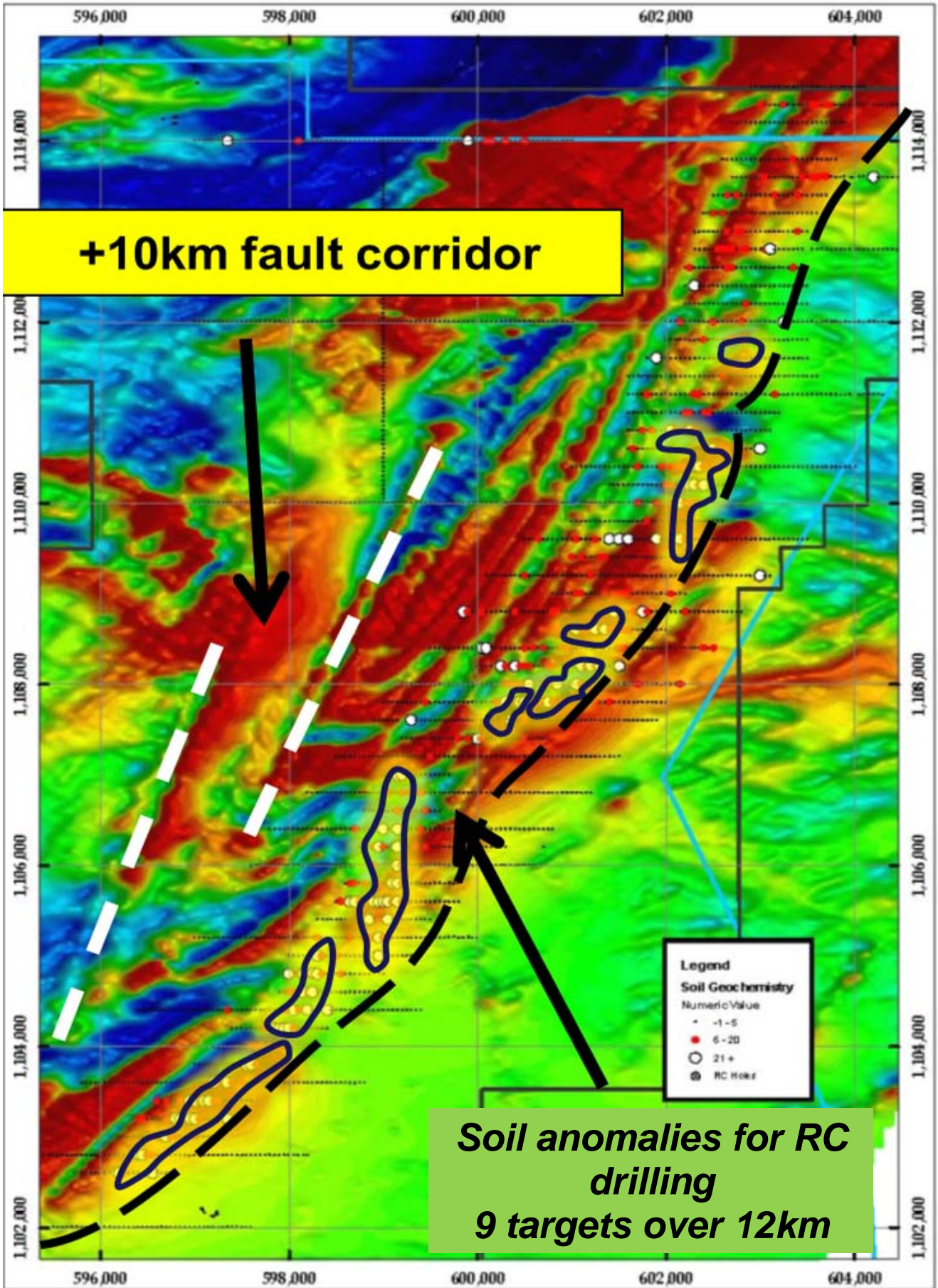


Image of Kandia gold geochemical results showing nine strong targets proposed for 15,000m of RC drilling as an initial test. Strong gold and coincident base metal anomalism was reported for each of the targets defined.



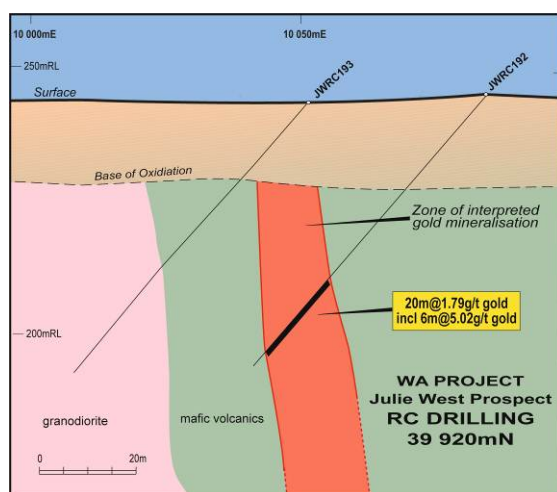
Kandia Trend newly acquired magnetic data showing structural complexity and previously unrecognised (and untested) fault corridor west of Kandia gold trend.

## Julie West – Jang

The Julie West prospect is within the Julie-Jang Trend of Castle’s Wa Project.

Soil geochemical sampling has been ongoing and defined a strong anomaly north of Julie West that was RC drill tested during the quarter and returned an intercept of **20m @ 1.79g/t gold from 44m including 6m @ 5.02g/t gold from JWRC 192 and 15m @ 1.30g/t gold from 10m in JWRC 181.**

This mineralisation is hosted within altered and pyritic mafic volcanic rocks and not by laminated quartz veins that to date have been the host for gold mineralisation in this area. This offers an additional style of gold mineralisation that will be the target of further work. These results are considered very encouraging and confirm that detailed geochemical sampling is an effective tool for discovering concealed gold mineralisation. Follow up RC drilling is planned for the December quarter.



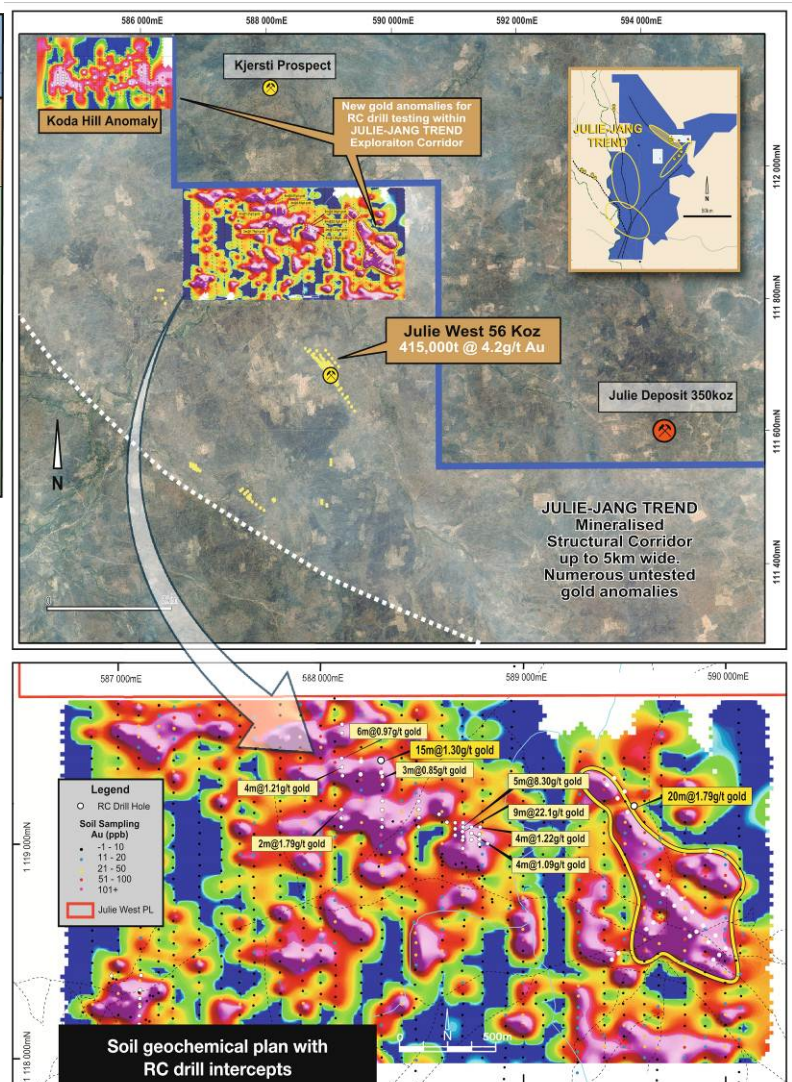
### Koda Hill

Infill soil geochemical sampling testing the Koda Hill target has confirmed a strong and coherent gold anomaly over 2km of strike which is ready for drill testing.

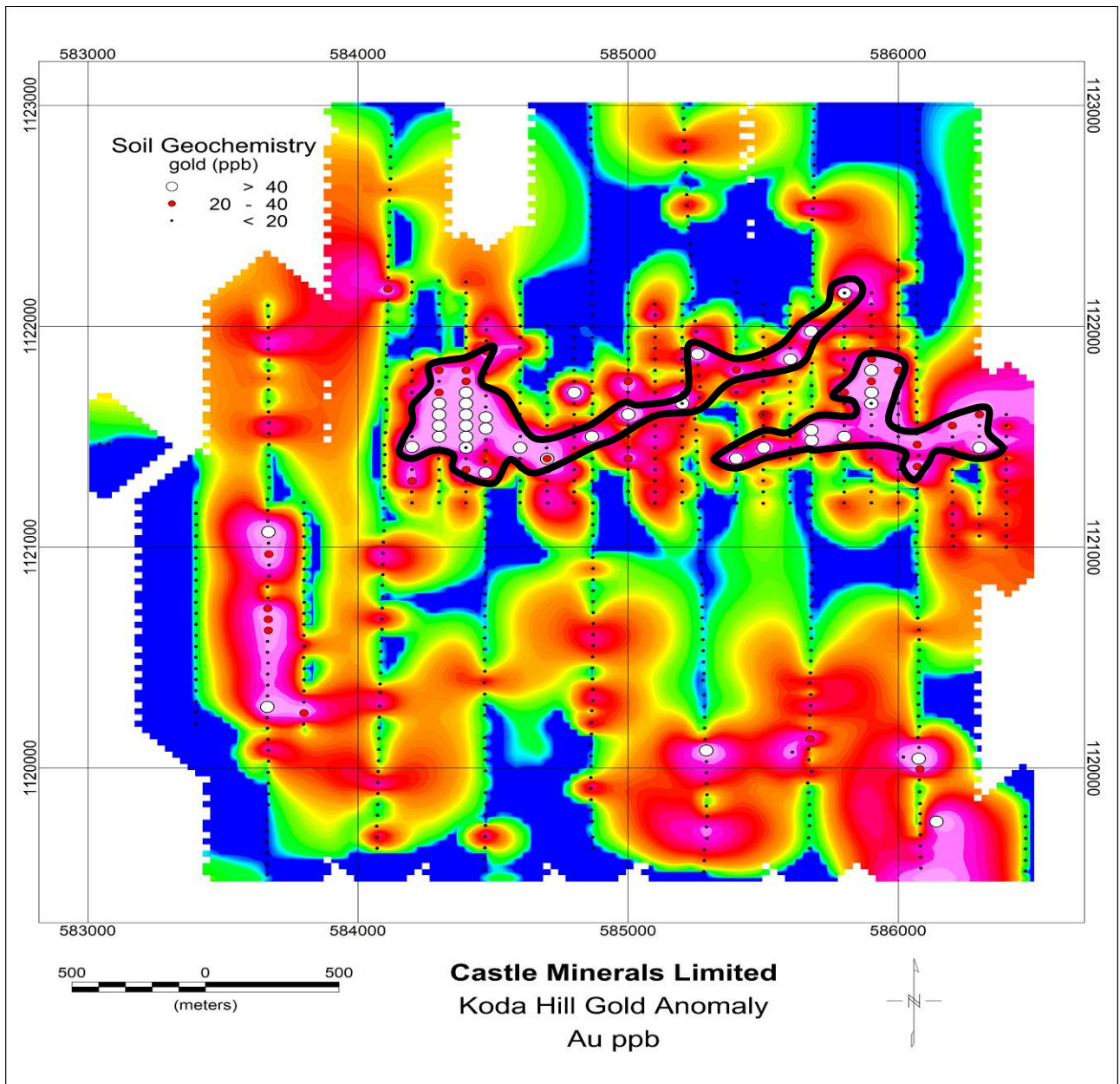
Mapping and sampling 3.5km south of Koda Hill has reported a number of shallow artisanal workings and out cropping quartz veins. Rock chip sampling from outcropping veins and surface float has returned high grade gold values including:

**17.8 g/t gold ; 23.2 g/t gold; 7.9 g/t gold ; 8.7 g/t gold; 9.9 g/t gold; 13.8 g/t gold**

The orientation and dimension of these veins are not known and detailed mapping and sampling is required before drill testing is undertaken.





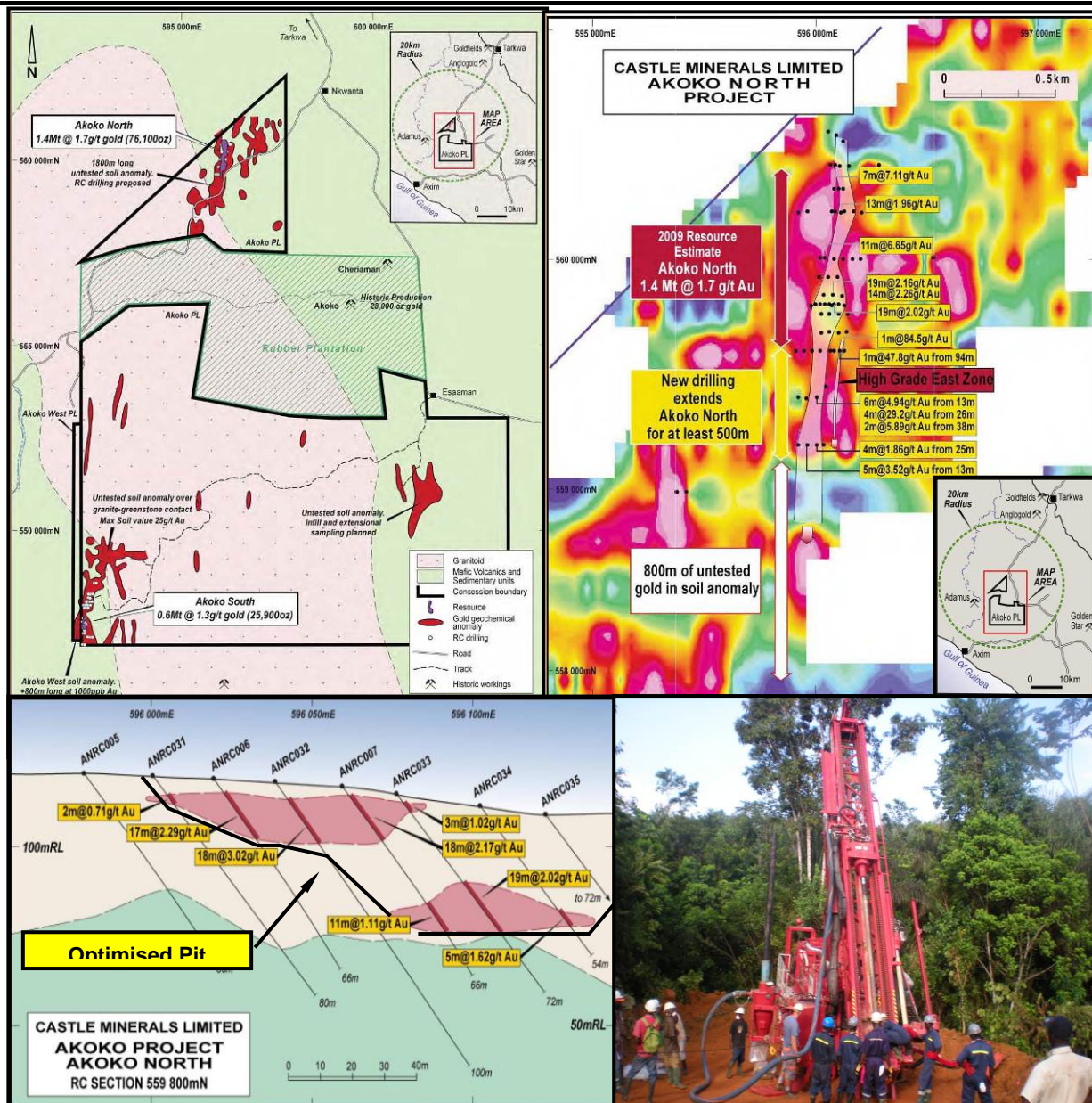


*Koda Hill soil geochemistry results showing a well defined east-west striking zone of strong soil anomalism over 2km.*

### **Akoko Project**

*The Akoko Project consists of two granted Prospecting Licences and is located ~10 km east of Adamus Resources' Salman gold project and 25km south of the gold mining town of Tarkwa.*

Reverse Circulation (RC) drilling has commenced at the Akoko Gold Project in south-west Ghana testing for extensions to, and infill drilling of, the 76,000 ounce Akoko North Gold Resource. Approximately 50 holes are proposed for a total of 3,500m testing shallow ore positions along the strike of the Akoko North gold mineralisation.



Clockwise from top left; Akoko Project plan with soil geochemical anomalies (in red); RC drill plan at Akoko North on geochemistry image; Akoko North RC drill section 559 800mN and photo of new RC rig on site October 2010.

## Corporate

At Quarter end Castle had total issued capital of 96.5 million shares and 10.65 million options and cash reserves of \$6.5 million.

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