

December 2010 Quarterly Report

Highlights

- **Strong RC drill results extend Akoko North gold mineralisation**

RC drilling at Akoko North intersected significant shallow gold mineralisation extending the known area of mineralisation. Results 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)

- **Very strong zones of surface anomalism reported from South Wa (Batie West Extension)**

» Surface sampling has reported very strong zones of gold anomalism within an area of ~10km x 5km that on a regional basis are considered highly significant. A 20,000m auger drill program has commenced and a RAB rig is expected onsite in February to complete a further 10,000m of drilling. This sampling and drilling represents the first known exploration in this area.

- **Kandia RC program underway**

» 15,000m of RC drilling is planned for nine targets over the 12km long Kandia Trend (Wa Project). To date 120 drill holes for a total of 8,118 metres have been completed.

- **Corporate**

» Cash reserves at quarter end were \$5.8 million

» Corporate office relocated to Unit 6, 1 Clive Street West Perth

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Capital Structure
 Quoted FPO: 97.2 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

Akoko Project

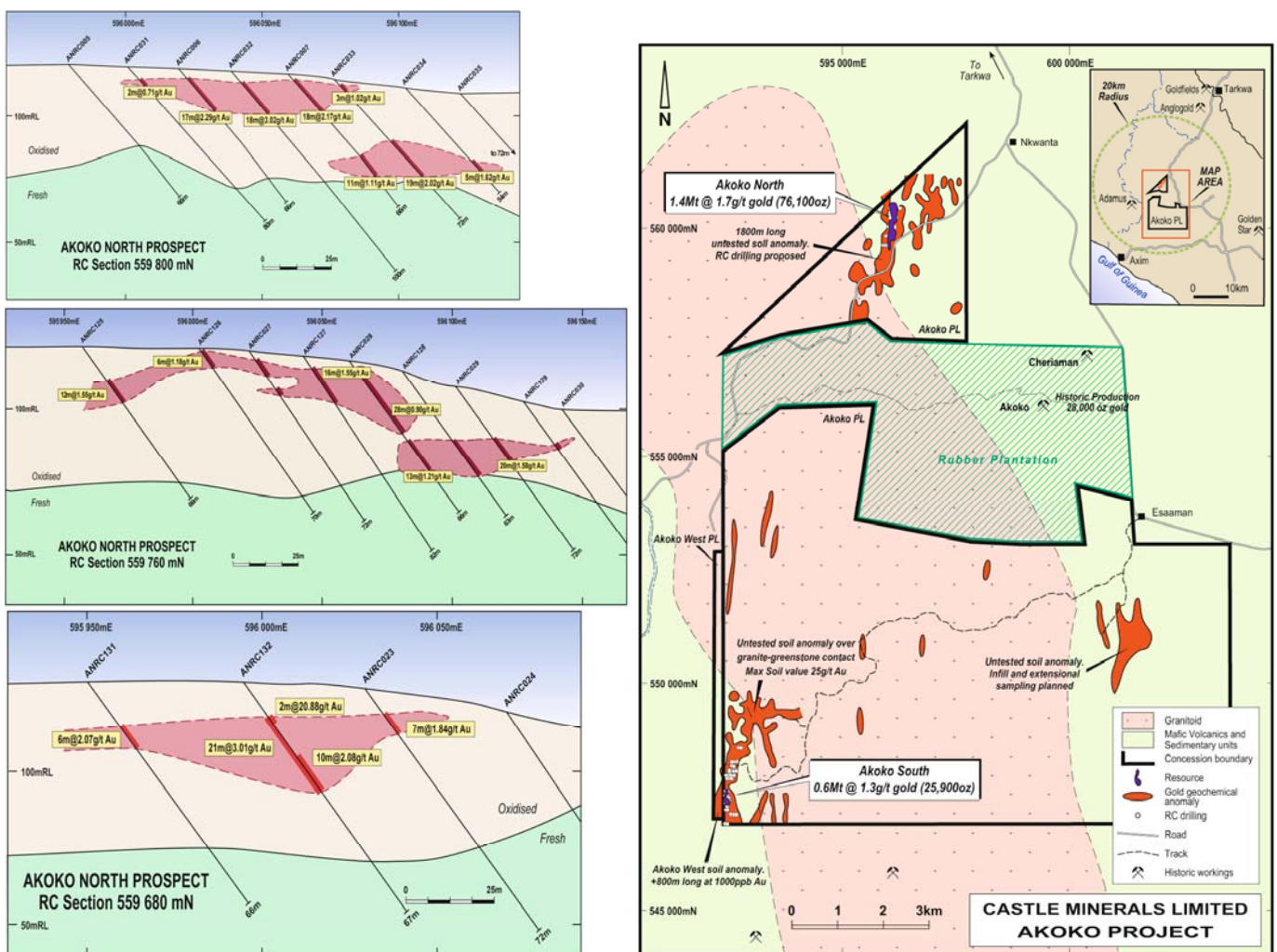
The Akoko Project consists of two granted Prospecting Licences and is located ~10 km east of Adamus Resources' Salman gold project and 25km south of the gold mining town of Tarkwa.

A 3,500m RC drilling program was completed testing for extensions to the Akoko North gold deposit that contains a near surface Indicated and Inferred Mineral Resource of 76,100 ounces.

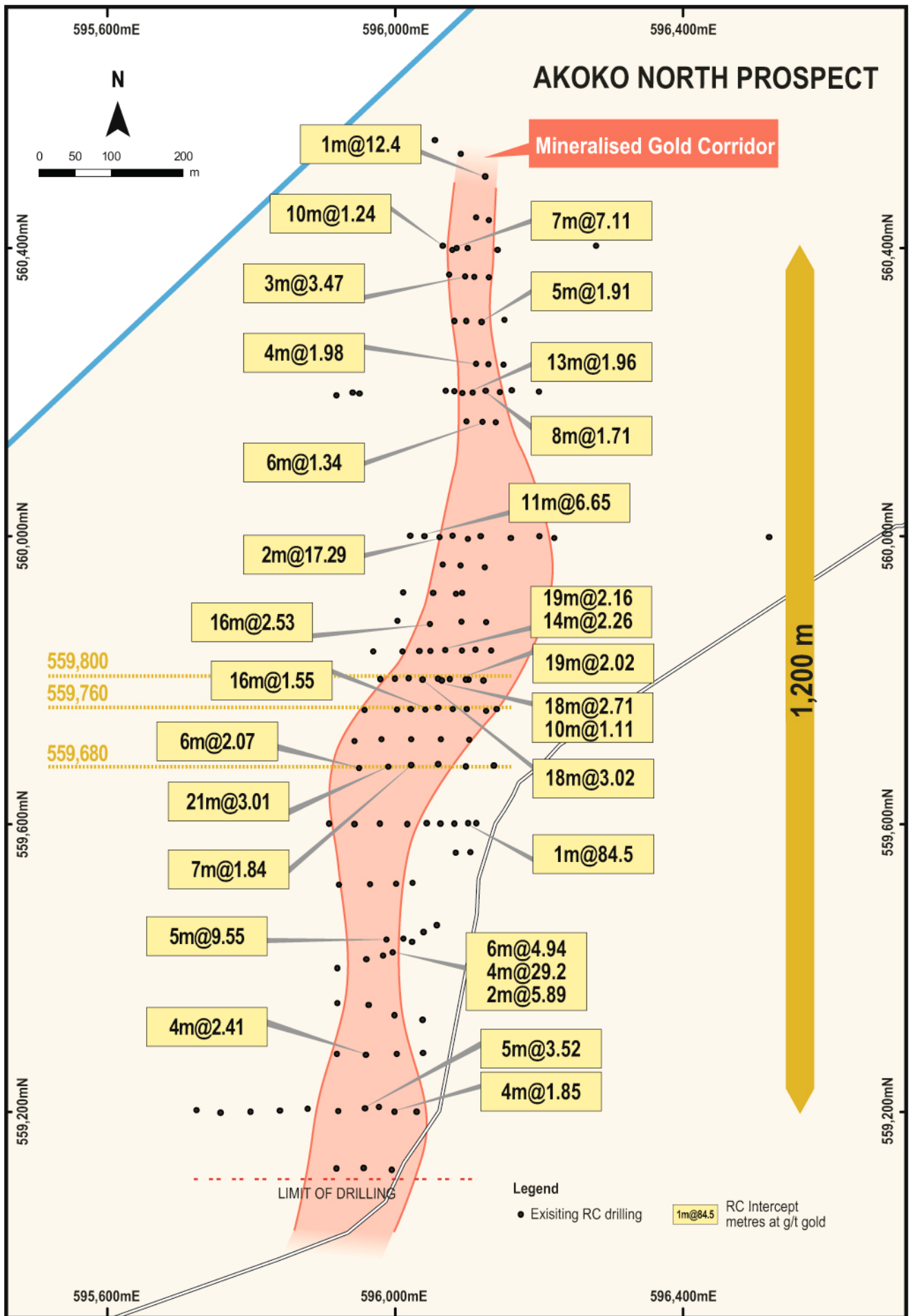
The drill program intersected significant shallow gold mineralisation extending the known area of the mineral resource. **These results are considered to impact very positively on the economics of any future open pit development and a new resource model is being undertaken. Further drilling is also being planned to follow up these encouraging results.**

Results 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 North cross sections showing near surface zones of oxide gold mineralisation



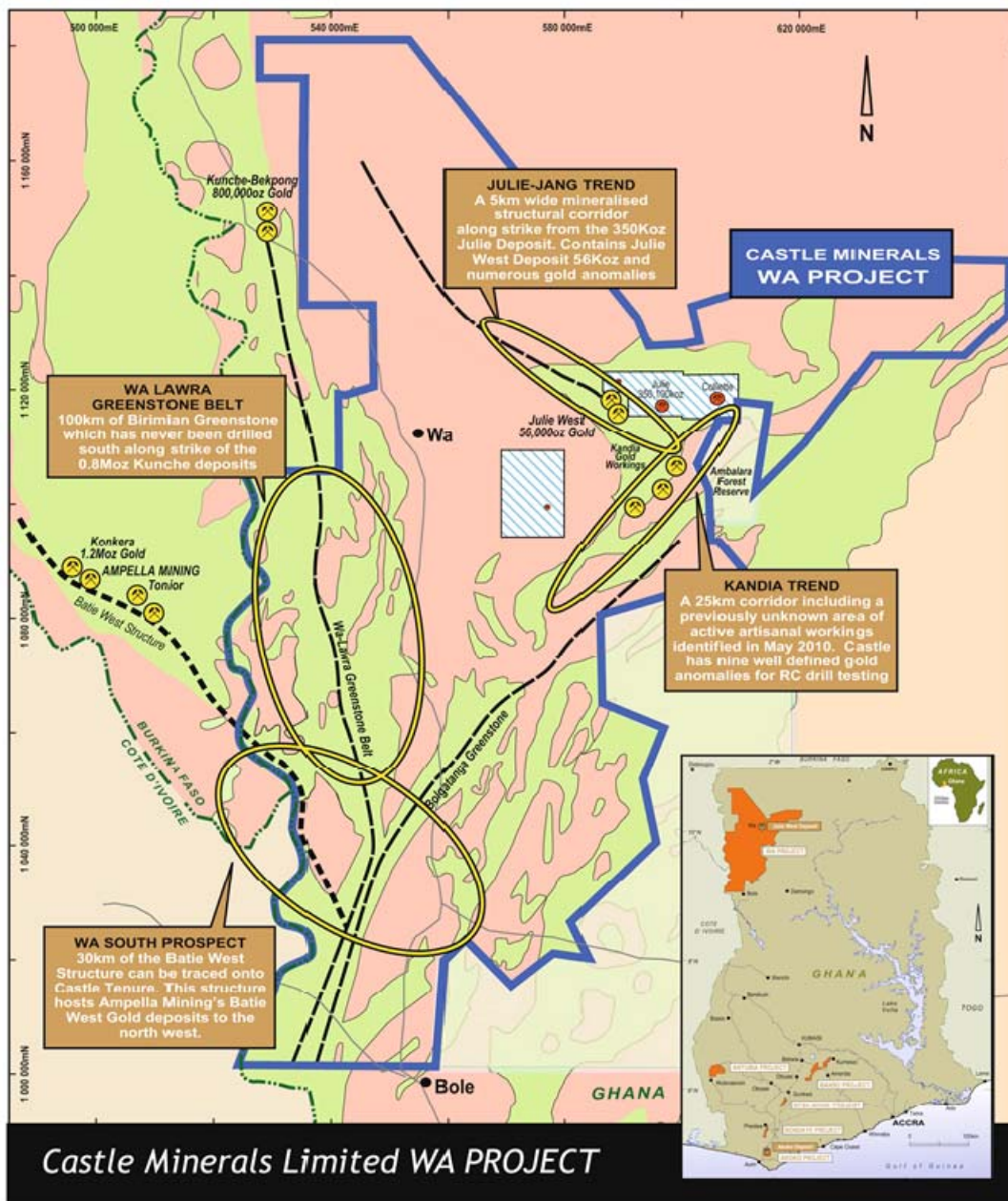
WA PROJECT

(Castle Minerals 100%)

The Wa Project covers approximately 12,000km² 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 belt stratigraphy



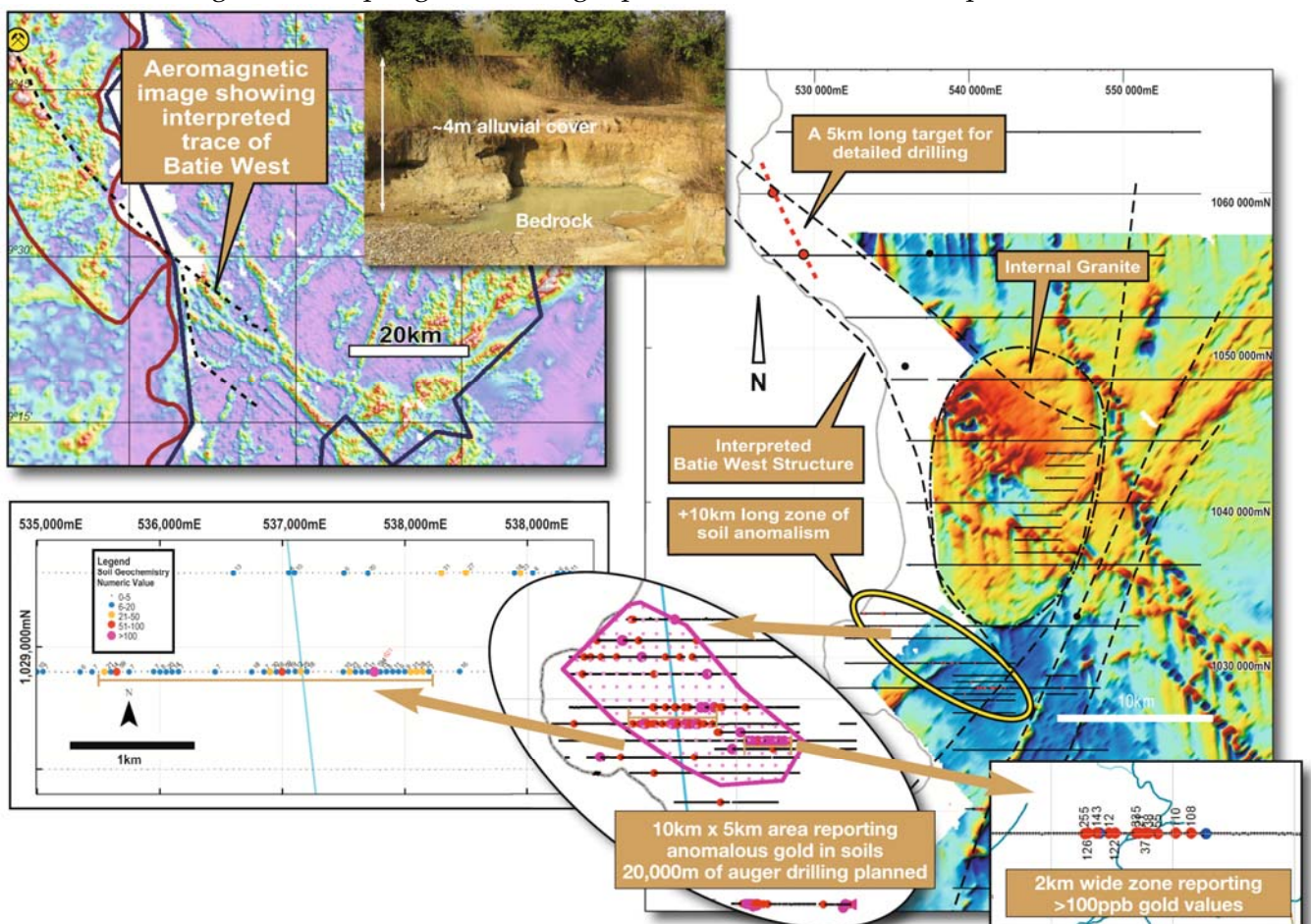
Castle's Wa Project showing both Wa-Lawra and Bolgatanga Greenstone Belts

Wa South (Batie West Trend)

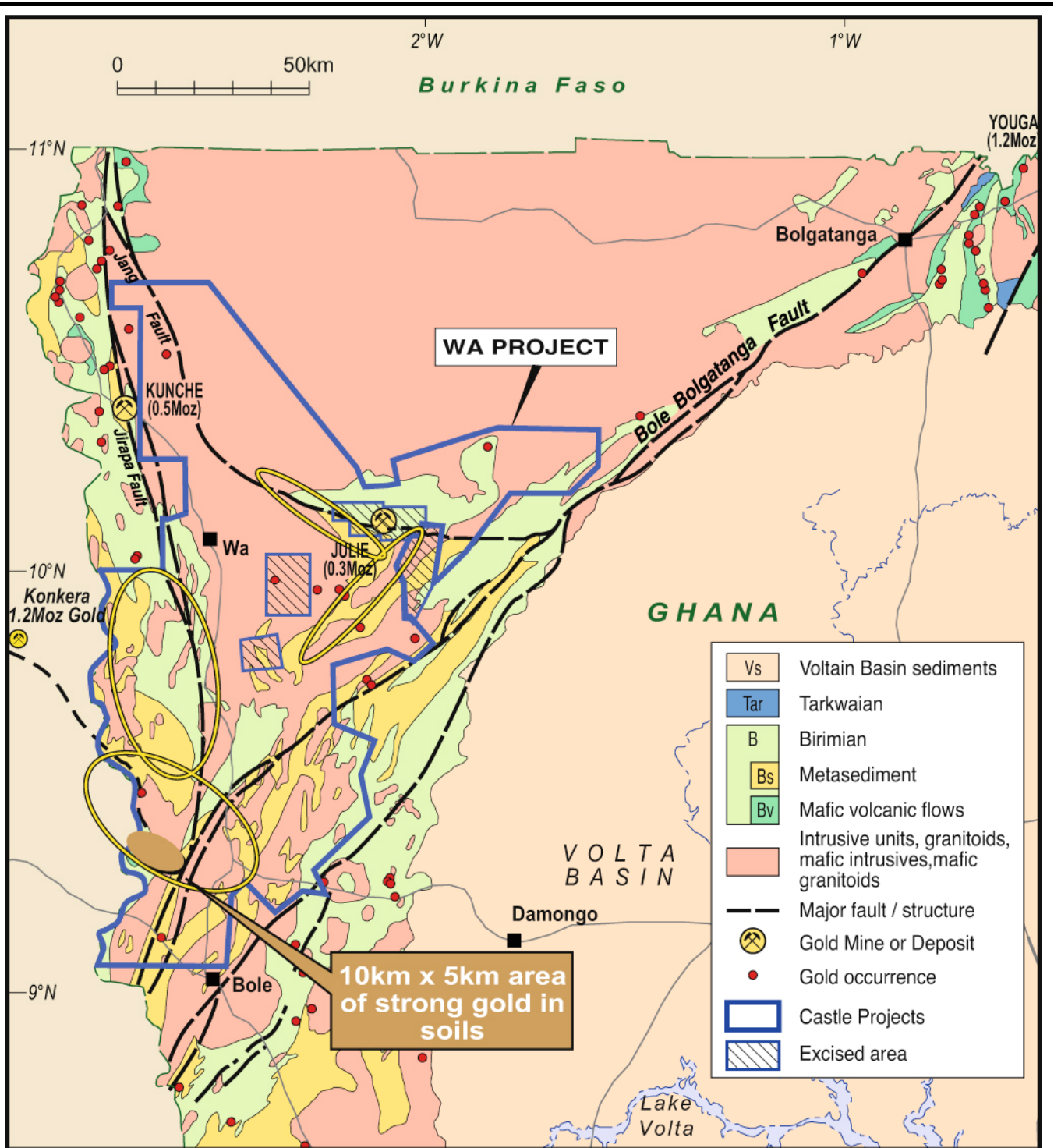
Ongoing soil sampling over the interpreted Batie West Extension corridor has reported a 3km wide zone of anomalous soils against very low background values. Within this wide zone, five discrete anomalies have been identified including the highest soil value ever received in this area (~621ppb gold). This general area is variably affected by alluvial and laterite cover and the presence of gold "seeing" through this cover is very encouraging. This area is located 5km WNW of a previously announced line of soil anomalism that included numerous values above 100ppb gold suggesting that widespread gold mineralisation is present.

These initial results are reporting very strong zones of surface anomalism that on a regional basis are considered highly significant and are interpreted to reflect underlying primary gold mineralisation.

Approximately 25 kilometres of road and drill access has been completed and a 20,000 metre auger drill program has now commenced. An additional RAB rig is expected onsite in February to complete 10,000m of drilling. This sampling and drilling represents the first known exploration in this area.



Auger drilling, sampling and logging at the South Wa soil anomaly – January 2011



Wa- Lawra Greenstone Belt

Regional auger drilling is testing the Wa-Lawra greenstone belt that hosts the Kunche-Bepkong gold deposits to the north. Drilling is intersecting 3-10m of transported cover indicating that the very limited historic soil sampling completed in this area is likely to have been largely ineffective. This is the first known drilling on this prospect which covers a highly prospective, unexplored 100km portion of the Wa-Lawra greenstone belt.

Results received to date are currently being compiled and interpreted.

Kandia Prospect

A 15,000m RC drilling program has commenced along the Kandia trend in north-west Ghana testing nine strong geochemical anomalies over 12km of strike. To date 120 drill holes for a total of 8,118 metres have been completed. Holes completed so far are successfully intersecting the target horizon – a sequence of laminated sediments and shales west of a granite contact. No significant results were received from the first batch of samples submitted however the results for the majority of the program are yet to be received.

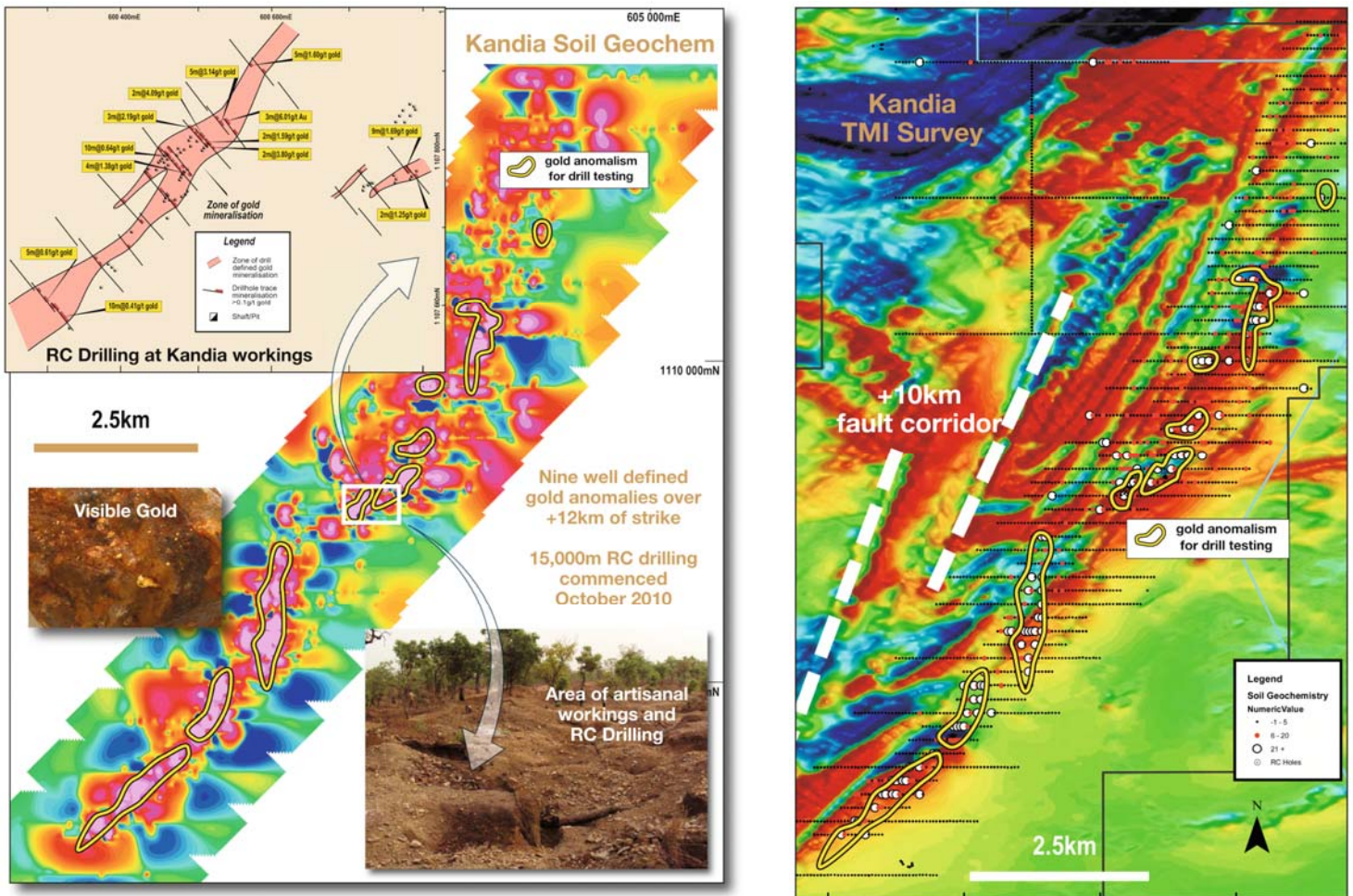


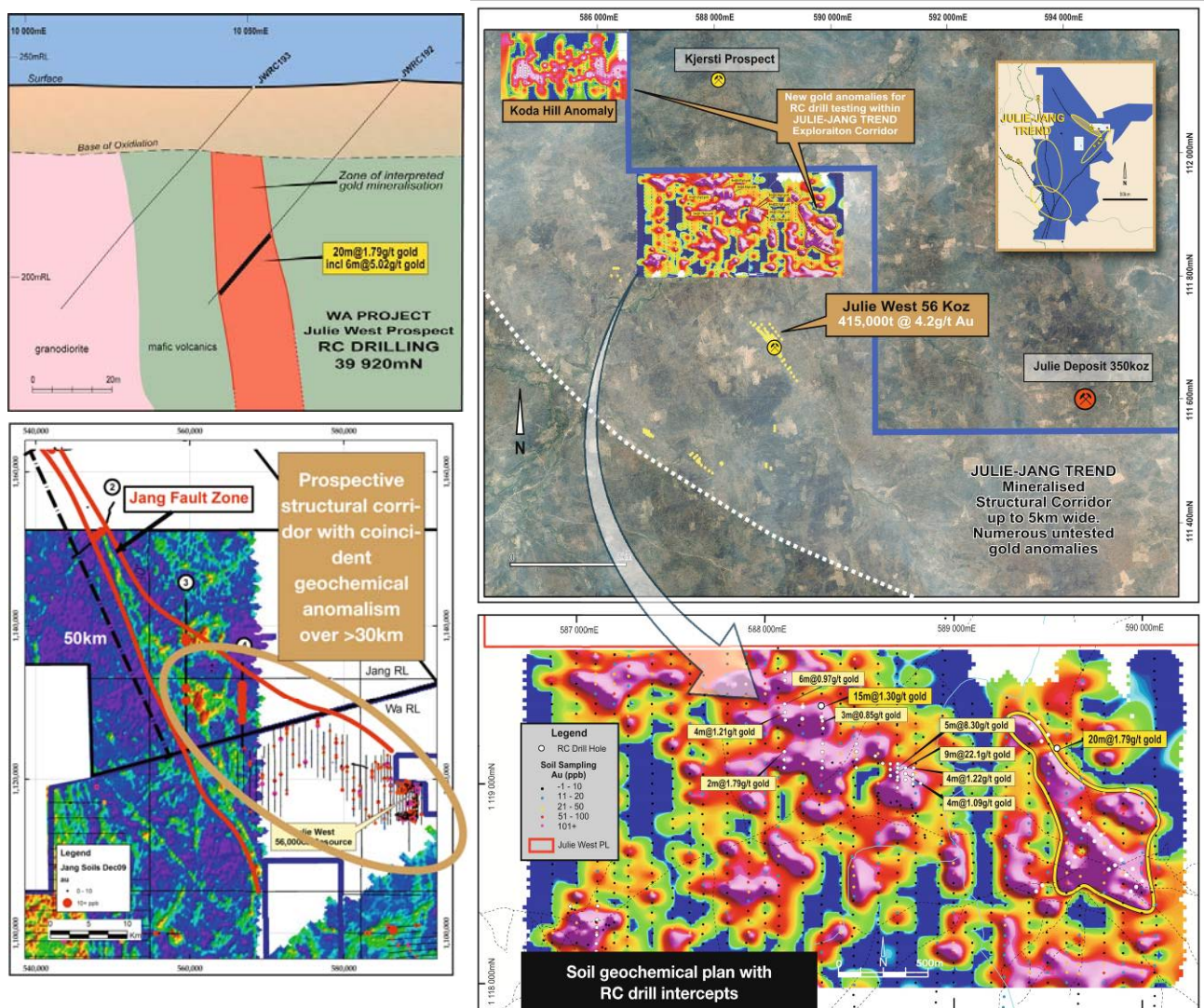
Image of Kandia gold geochemical results (left) showing nine strong targets with newly acquired magnetic data (right) suggesting structural complexity. These targets are currently the target for 15,000m of RC drilling as an initial test.

Julie West – Jang

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

Drilling is planned to commence following the completion of the Kandia drilling program. This program will test a strong anomaly north of Julie West that was RC drill tested that has 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

Drilling will also test the Koda Hill target - a strong and coherent gold anomaly over 2km of strike situated north west of the Julie West deposit.



Julie West gold geochemical results showing targets for forthcoming RC drill testing

Corporate

At Quarter end Castle had total issued capital of 97.2 million shares and 10.65 million options and cash reserves of \$5.8 million.

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

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.

Significant Drilling Intercepts Castle Minerals

Grid: UTM
Prospect: Akoko North
Project: Akoko

Hole Number	Northing	Easting	mRL	Grid Az.	Dip	Hole Depth	Intercept
ANRC096	560364	596075	88	90	-50	76	3m @ 1.80 g/t Au from 31m 3m @ 0.66 g/t Au from 37m
ANRC097	560362	596097	92	90	-50	76	3m @ 3.47 g/t Au from 13m 2m @ 0.65 g/t Au from 18m 3m @ 0.81 g/t Au from 23m 4m @ 0.67 g/t Au from 33m 2m @ 1.09 g/t Au from 40m
ANRC098	560361	596110	94	90	-50	70	3m @ 0.61 g/t Au from 13m 5m @ 1.63 g/t Au from 44m
ANRC099	560360	596130	99	90	-50	73	5m @ 1.40 g/t Au from 58m
ANRC101	560240	596113	109	90	-50	70	4m @ 1.98 g/t Au from 12m 4m @ 0.68 g/t Au from 19m 7m @ 0.53 g/t Au from 27m 2m @ 1.59 g/t Au from 46m
ANRC107	560159	596121	118	90	-50	70	6m @ 1.34 g/t Au from 29m 2m @ 1.03 g/t Au from 48m
ANRC109	559998	596221	113	90	-50	62	6m @ 0.61 g/t Au from 12m
ANRC110	559999	596062	119	90	-50	66	2m @ 17.29 g/t Au from 54m <i>Includes</i> 1m @ 33.63 g/t Au from 55m
ANRC114	559958	596125	114	90	-50	73	7m @ 0.69 g/t Au from 52m 2m @ 1.10 g/t Au from 65m
ANRC117	559879	596048	118	90	-50	76	16m @ 2.53 g/t Au from 10m <i>Includes</i> 1m @ 10.93 g/t Au from 13m <i>And</i> 1m @ 14.36 g/t Au from 20m 9m @ 0.78 g/t Au from 27m 7m @ 1.67 g/t Au from 40m 3m @ 0.92 g/t Au from 50m
ANRC119	559881	596126	112	90	-50	73	5m @ 0.95 g/t Au from 58m
ANRC121	559841	596010	120	90	-50	60	5m @ 1.09 g/t Au from 6m
ANRC122	559841	596049	117	90	-50	90	11m @ 1.17 g/t Au from 10m 2m @ 1.13 g/t Au from 75m
ANRC123	559842	596093	114	90	-50	72	10m @ 1.03 g/t Au from 38m
ANRC125	559759	595957	121	90	-50	66	12m @ 1.55 g/t Au from 12m 2m @ 0.74 g/t Au from 47m
ANRC126	559760	596002	120	90	-50	70	6m @ 1.18 g/t Au from 2m
ANRC127	559760	596042	118	90	-50	82	16m @ 1.55 g/t Au from 6m
ANRC128	559760	596080	112	90	-50	63	2m @ 0.88 g/t Au from 31m 3m @ 2.61 g/t Au from 43m
ANRC129	559758	596126	102	90	-50	61	2m @ 1.46 g/t Au from 18m
ANRC130	559716	595943	120	90	-50	66	2m @ 4.20 g/t Au from 21m
ANRC131	559679	595950	120	90	-50	66	6m @ 2.07 g/t Au from 14m
ANRC132	559681	595991	120	90	-50	67	21m @ 3.01 g/t Au from 11m <i>Includes</i> 2m @ 20.88 g/t Au from 11m <i>Includes</i> 10m @ 2.08 g/t Au from 22m 7m @ 1.41 g/t Au from 12m
ANRC133	559718	595981	120	90	-50	67	2m @ 0.71 g/t Au from 27m
ANRC134	559718	596022	118	90	-50	67	2m @ 0.71 g/t Au from 27m
ANRC135	559718	596064	115	90	-50	66	3m @ 1.19 g/t Au from 22m 3m @ 1.59 g/t Au from 42m
ANRC141	559440	595988	97	90	-50	60	5m @ 9.55 g/t Au from 15m <i>Includes</i> 1m @ 10.89 g/t Au from 17m <i>And</i> 1m @ 23.92 g/t Au from 18m
ANRC142	559442	596011	93	90	-50	55	6m @ 0.85 g/t Au from 7m

Notes: Minimum Intersection Length = 2m, Interval Top Cut = 999.00 ppm Au, Interval Bottom Cut = 0.50 ppm Au,
 Maximum Internal Dilution = 2m, Reporting Assays Greater than 10.00 ppm Au
 Gold analysis performed by Intertek Laboratories Tarkwa Ghana on 1m RC drill samples using 50gm fire assay technique with AAS finish