

June 2011 Quarterly Report

Highlights

First Pass RC drilling at Baayiri Prospect intersects

55m @ 1.82g/t gold from 15m, **inc. 40m @ 2.02g/t** and **5m @ 6.64g/t gold** from surface

- » Mineralisation open in all directions and a second phase of RC drilling has commenced
- » Numerous other targets to test within the large (12 x 6km) Baayiri prospect. Granite hosted mineralisation represents a new host lithology along the Julie-Jang Trend

Drilling Confirms Gold Discovery along Kandia Trend

- » RC drilling has reported further wide zones of bedrock gold mineralisation along the Kandia Trend

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**

- » A further phase of RC drilling has been completed and results are awaited
- » Extensive soil geochemical programs testing similar geophysical responses to those seen at Kandia are underway

Auger Drilling Defines Large Gold Anomaly at Wa South

- » Auger drilling defines a widespread zone of open ended gold anomalism over a 5km x 3km area
- » RAB/Aircore drilling has commenced as a first test of these results
- » Anomalies sit 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

Sample Analysis

- » High demand in Ghana has seen sample turnaround times increase dramatically. Castle currently has 36 jobs submitted to Ghana based laboratories totalling ~8,500 samples with turnaround times now exceeding 60 days

Cash Reserves \$8.7million

- » A \$4.8m placement was undertaken in June through the issue of 13.88 million shares @35c

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Capital Structure
Quoted FPO: 113.48 million
Unlisted Options: 3.5m @ 35c
1.05m @ 40c

ASX Code: CDT

Board Members
Michael Ivey
Chairman, MD & CEO
Campbell Ansell
Non Executive Director

Michael Ashforth
Non Executive Director

Des Kelly
Company Secretary

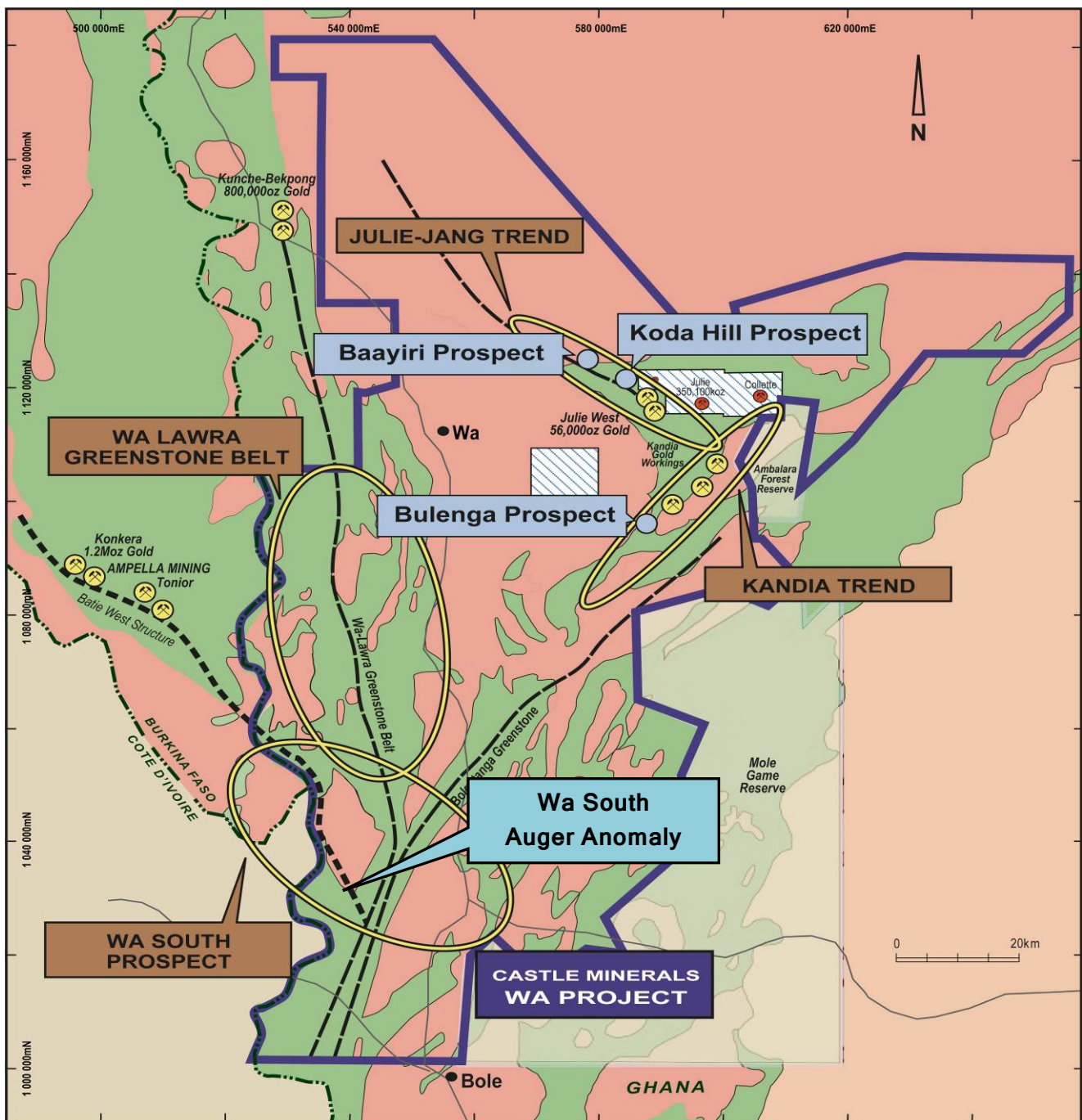
WA PROJECT

(Castle Minerals 100%)

The Wa Project covers approximately 10,000km² 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
- 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



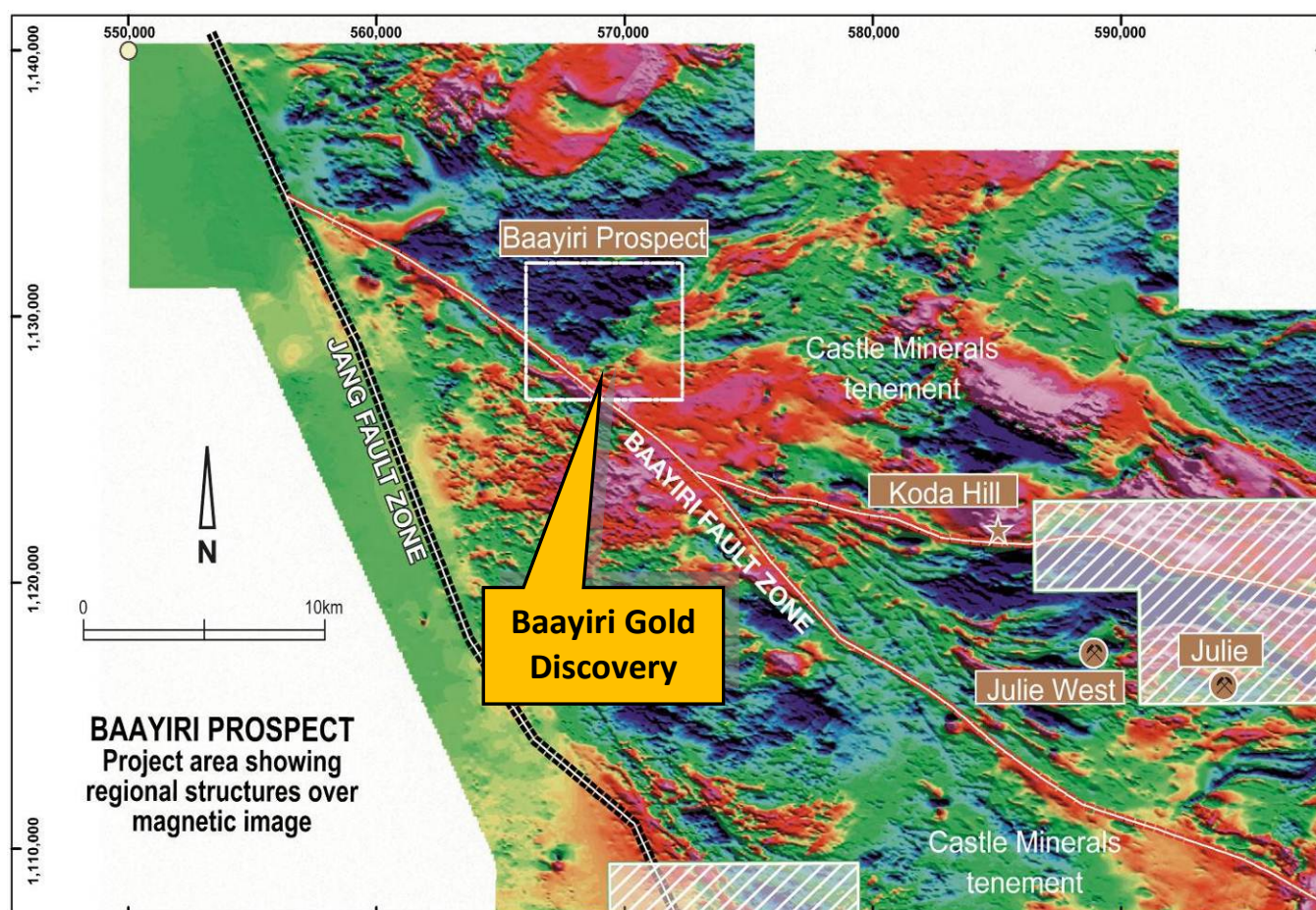
Baayiri Prospect (Wa Project)

Results of first pass RC drilling, testing a 12 x 6km area of strong gold anomalism in an area never previously explored, reported the following significant intercepts:

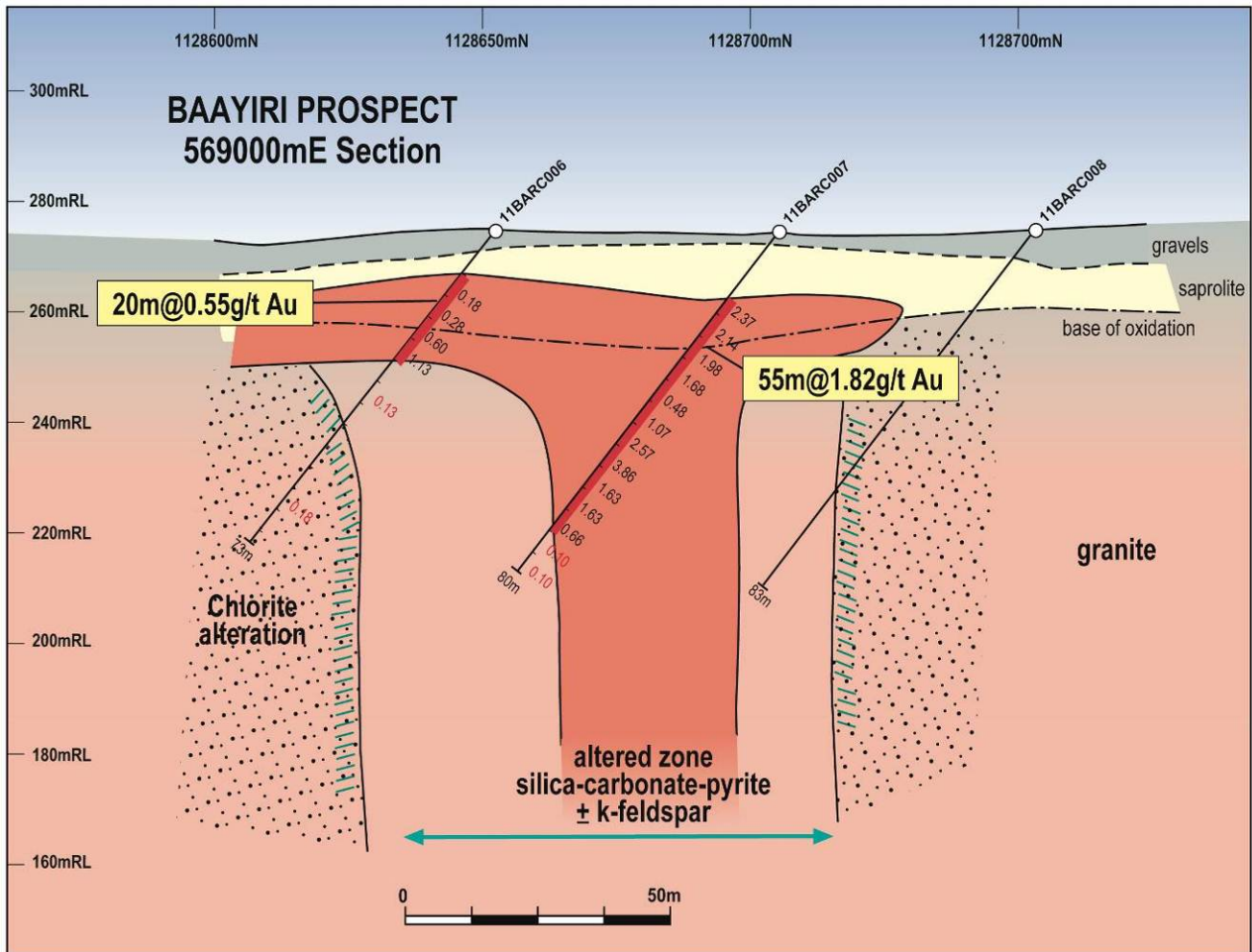
- 55m @ 1.82g/t gold from 15m (BARC 07)
- 5m @ 6.64g/t gold from surface (BARC 02)
- 20m @ 0.55g/t gold from 10m (BARC 06)
- Mineralisation style and scale provides great encouragement that substantial gold mineralisation could be present at Baayiri
- Numerous other anomalies to test at Baayiri,

Drilling at Baayiri is part of Castle's wider exploration program on its 10,000km² Wa Prospect. Over the past 4 years, Castle has engaged in systematic exploration of key geochemical targets at Wa that had already yielded three significant virgin discoveries. The results at Baayiri are considered the most significant to date and provide great encouragement that substantial gold mineralisation could be present in this area.

A second phase of RC drilling has been recently completed around hole BARC07 with similar alteration assemblages, as that seen in BARC07, logged in a number of the new holes. Samples have been submitted for analysis.



Aeromagnetic image showing the Baayiri prospect to occupy a structurally complex area where NE trending and E-W trending rocks intersect a regional NW striking fault zone that can be traced for over 30km.



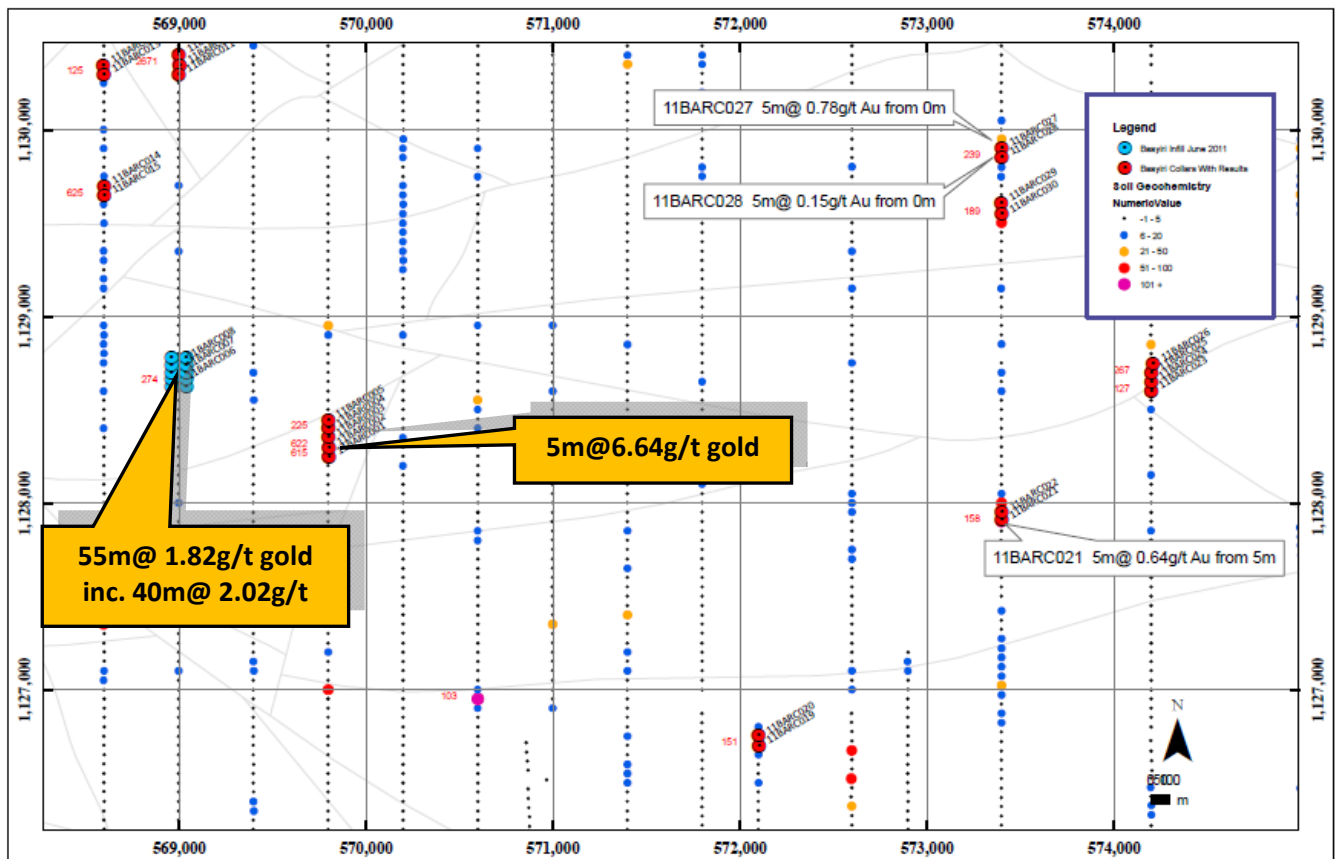
RC drill cross section at Baayiri prospect showing 5m composite gold results and geological interpretation



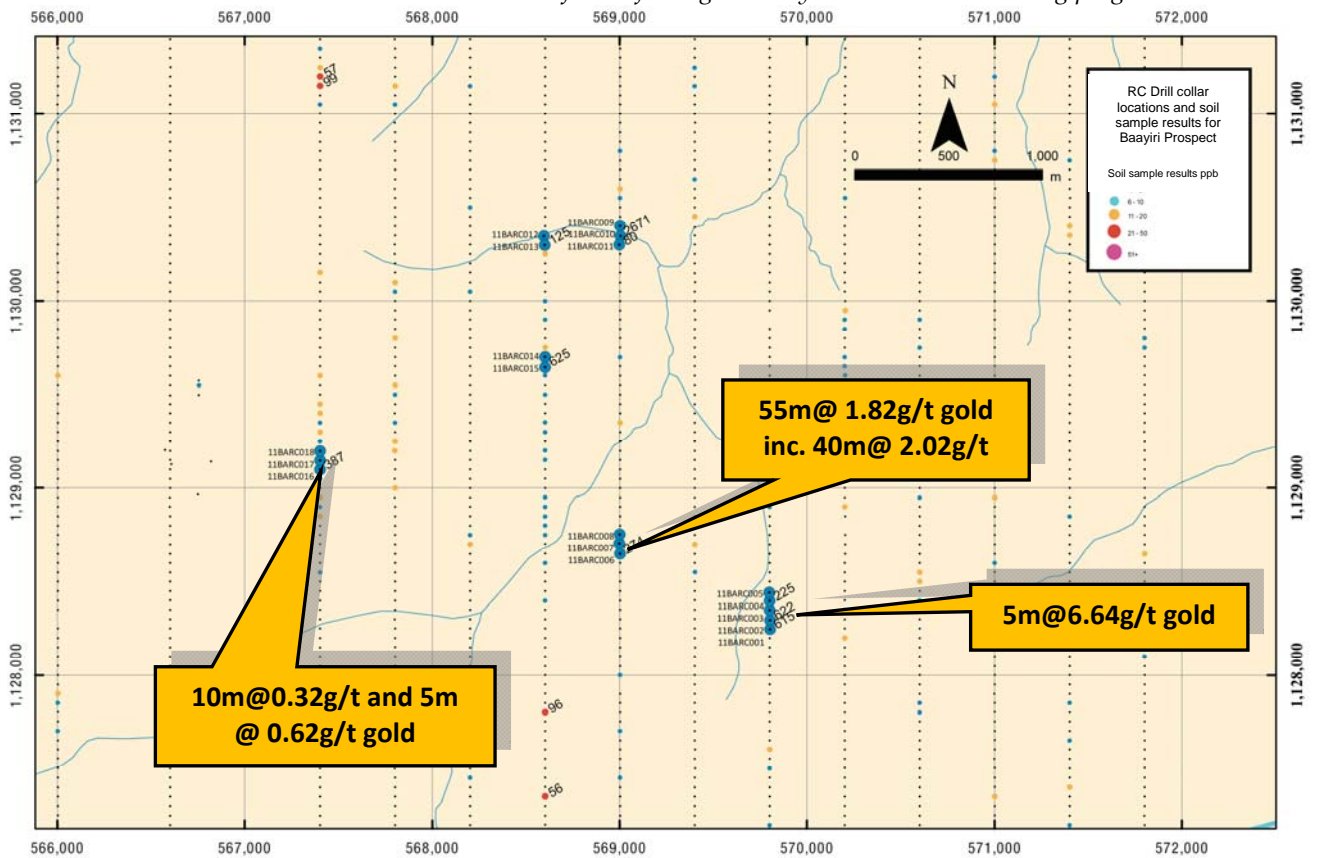
George Ahinakwa at the collar of BARC007



Baayiri prospect is flat and unpopulated



Geochemical gold and RC results at Baayiri prospect. This first phase of drill testing targeted eleven gold anomalies across a 12 x 6km area. This area will be the focus of a large scale systematic aircore drilling program.



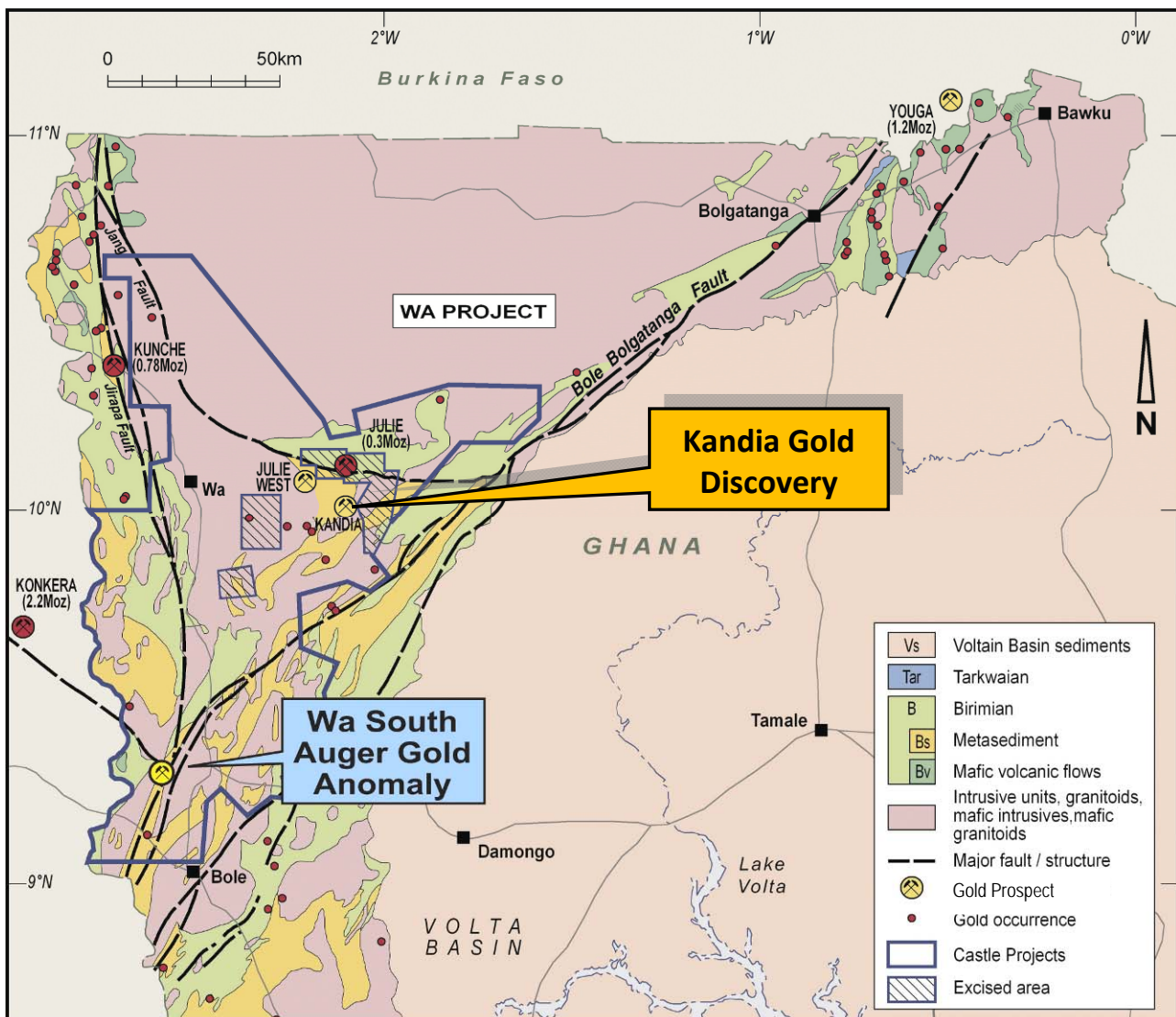
RC collar and geochemistry detail for the area around discovery hole BARC07. It is not clear if the drilling east and west of BARC07 is part of the same structure but certainly confirms a strongly mineralised area. Infill drilling around BARC07 has recently been completed and results submitted for analysis.

Kandia Prospect (Wa Project)

Drilling continued during the quarter at the Kandia Prospect following up the strong gold results reported in March. This work reported further wide zones of bedrock gold mineralisation at Kandia confirming a continuous zone of sediment hosted gold mineralisation over at least 800m of strike. Significant results returned during the quarter include;

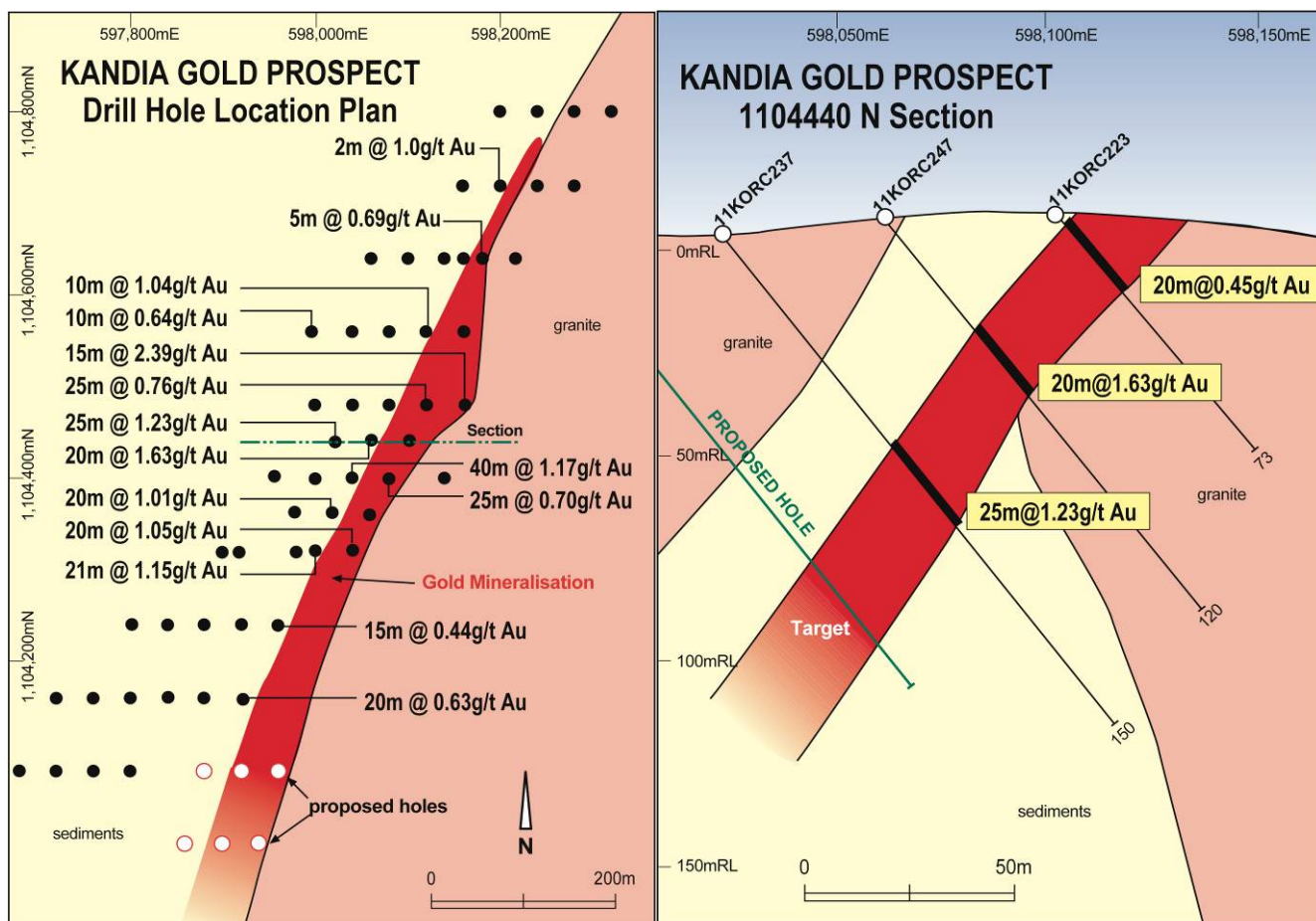
| | | |
|---|------------------|---|
| ▪ | 11KARC204 | 15m @ 2.39 g/t gold from surface |
| ▪ | 11KARC210 | 25m @ 0.87 g/t gold from surface |
| ▪ | inc. | 20m @ 1.05 g/t gold from surface |
| ▪ | 11KARC211 | 21m @ 1.15 g/t gold from 45m |
| ▪ | 11KARC221 | 40m @ 0.63 g/t gold from 25m |
| ▪ | inc. | 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 |

- Extensional and deeper RC drilling has been completed and results are awaited



The drilling at Kandia intersected gold mineralisation within silicified and pyritic shales along a granite contact, with initial five-metre composite assays reporting wide zones of near surface gold mineralisation.

This discovery is situated 3.5km south of the area of artisanal workings discovered in May 2010 and has had no historic mining activity. 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.



Kandia prospect drill hole plan and cross section



Photo the Kandia prospect showing RC drill collars at the site of the recent gold discovery. The area is sparsely populated and subject to low density subsistence farming. No artisanal workings are present.

Wa South-Batie West Trend (Wa Project)

An ongoing auger drilling program defined a widespread zone of open ended gold anomalism over a 5km x 3km area at the Wa South Prospect. 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 an aircore program commenced as a first test of this large anomaly. Three 400m spaced drill traverses were completed testing the interpreted core 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 variable amounts of shearing, silicification and quartz veining.

Samples have been submitted for analysis and results are awaited.

The auger drilling followed a large, but wide spaced, conventional soil sampling program that tested Birimian greenstone sequences along the Bolgatanga and Wa-Lawra greenstone belts and the interpreted intersection point of the Batie West shear zone. This work defined several strong zones of gold in soils but was considered only partially effective due to the mixed regolith and alluvial material that covers a large part of the prospect area.

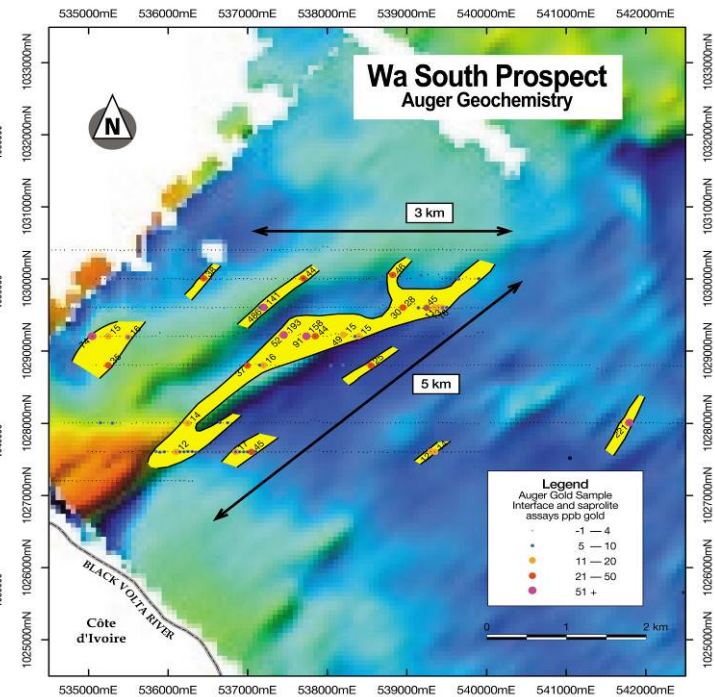
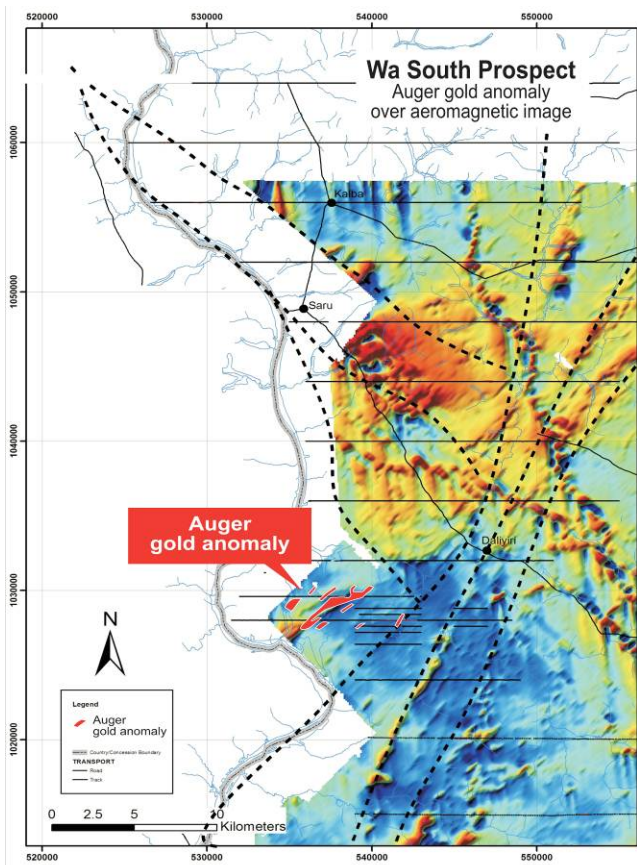
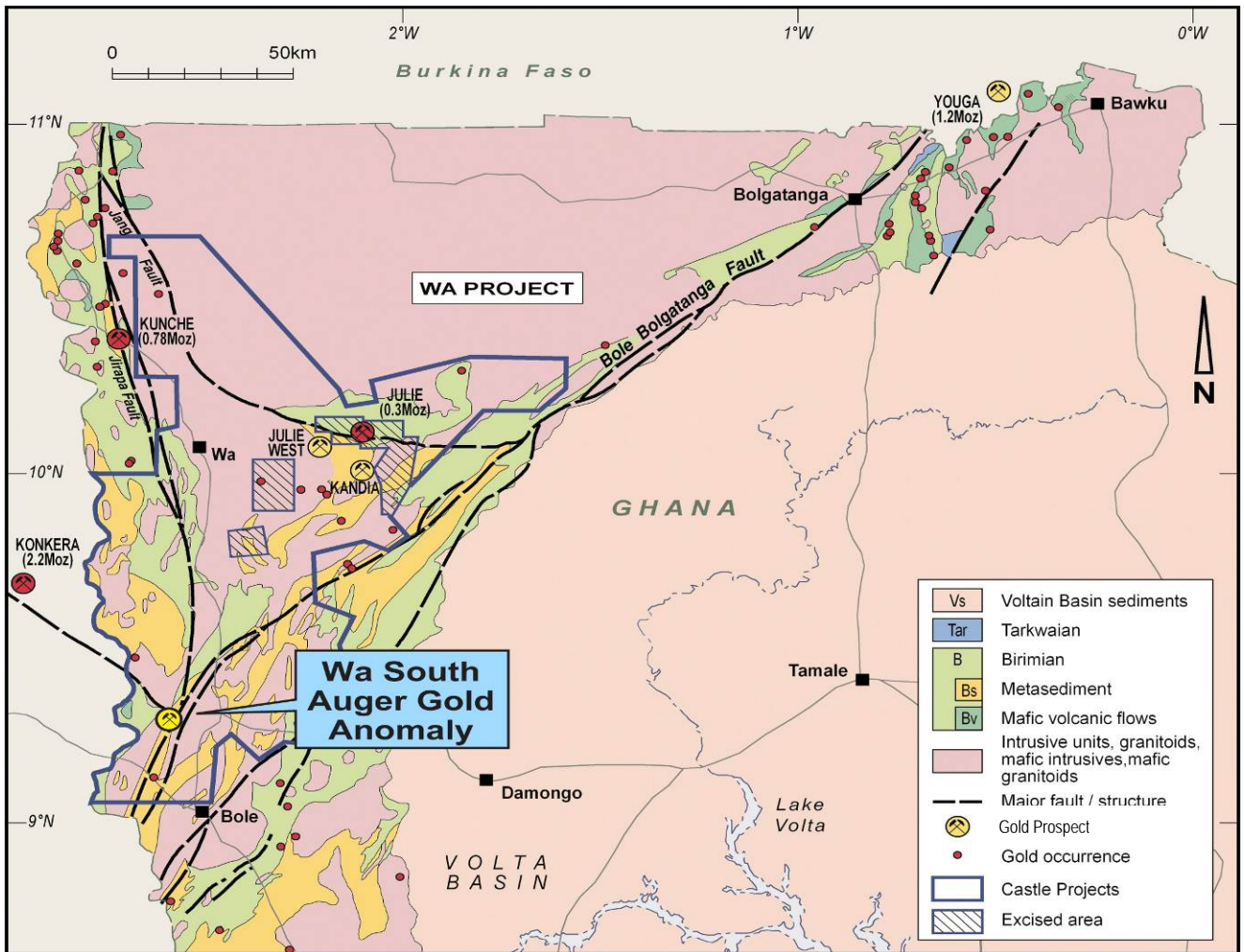
A 20,000m auger program commenced in 2011 with the aim of defining areas of bedrock gold mineralisation. This program is continuing including extensional and infill auger drilling.



Site photos of Wa South prospect showing area of auger anomaly; note the grey alluvial soil cover



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



5 x 3km bedrock auger anomaly at Wa South prospect.

Koda Hill Prospect (Wa Project)

Infill and extensional RC drilling was completed at the Koda Hill discovery during the quarter to follow-up the wide zones of gold mineralisation reported last quarter. The Koda Hill gold mineralisation is hosted within a distinct porphyry lithology that has intruded the surrounding sedimentary sequence and appears to be preferentially mineralised with strongly developed sheeted quartz veins and pyrite carbonate alteration.

Samples have been submitted for analysis and results are awaited.

Bulenga Prospect (Wa Project)

Fourteen RC holes were drilled at the Bulenga prospect testing a zone of bedrock gold mineralisation within sheared and quartz veined meta-sediments where trenching reported an intercept of 19m @ 1.14g/t gold from 10m.

Mapping showed the sediments in this area to be close to a granite contact and both the sediments and the granite-sediment contact were targeted by the drilling. No significant results were reported however only a very small portion of the Bulenga trend was drilled and further work is proposed.

Corporate

- During the quarter a share placement was completed raising \$4.8 million (before costs) through the issue of 13.88 million fully paid ordinary shares at \$0.35c per share. Key participants included existing long term Castle shareholders and new shareholder, Resource Capital Funds, the highly credentialed mining-focused Denver based private equity firm, which has taken a 4.3% interest in Castle.
- Two senior executive appointments were completed with Mr Haydn Hadlow joining the company as Exploration Manager and Mr Des Kelly as Company Secretary.
- Publicly listed Azumah Resources Limited became a substantial shareholder of Castle Minerals Limited on 29 May 2011 with 11.1% shareholding in CDT and on 10 June increased their interest to 15,223,654 shares representing a 13.41% interest in the company.
- At Quarter end Castle had total issued capital of 113,502,677 shares and 4.55 million options on issue. Cash reserves at quarter end were \$8.7 million.

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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.

Significant intersections for 11BARC001 to 11BARC033.

| HoleID | Northing | Easting | RL | Azm | Dip | Depth | Intersections |
|-----------|-----------|---------|-----|-----|-----|-------|-----------------------------|
| 11BARC002 | 1,128,298 | 569,801 | 286 | 180 | -50 | 80 | 5m @ 6.64g/t gold from 0m |
| 11BARC006 | 1,128,652 | 569,001 | 275 | 180 | -50 | 73 | 20m @ 0.55g/t gold from 10m |
| 11BARC007 | 1,128,706 | 568,997 | 270 | 180 | -50 | 80 | 55m @ 1.82g/t gold from 15m |
| 11BARC010 | 1,130,348 | 569,003 | 266 | 180 | -50 | 88 | 5m @ 0.18g/t gold from 85m |
| 11BARC012 | 1,130,348 | 568,595 | 275 | 180 | -50 | 80 | 5m @ 0.18g/t gold from 15m |
| 11BARC016 | 1,129,100 | 567,399 | 291 | 180 | -50 | 80 | 5m @ 0.60g/t gold from 25m |
| 11BARC017 | 1,129,149 | 567,399 | 290 | 180 | -50 | 80 | 10m @ 0.32g/t gold from 30m |
| 11BARC021 | 1,127,900 | 573,400 | 302 | 180 | -50 | 80 | 5m @ 0.64g/t gold from 5m |
| 11BARC027 | 1,129,900 | 573,400 | 277 | 180 | -50 | 87 | 5m @ 0.78g/t gold from 0m |
| 11BARC028 | 1,129,850 | 573,400 | 275 | 180 | -50 | 82 | 5m @ 0.15g/t gold from 0m |

Notes

- Assays reported from 5m composite samples from Reverse Circulation drilling.
- No top cut applied.
- Gold analysis by 50g Fire Assay/AAS. Analysis performed by Intertek Laboratories, Tarkwa, Ghana.
- QAQC completed with no issues noted.
- Hole collars picked up by GPS.
- Individual 1m splits have been submitted to the laboratory.
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Significant intersections for Kandia Rc Drilling.

| Hole No. | Northing | Easting | RL | EOH (m) | Azmith | Dip | Intercept | |
|-----------|----------|---------|-----|---------|--------|------|----------------------------------|------------------------------|
| 11KARC141 | 1104400 | 597960 | 300 | 155 | 90 | -50 | 20m @ 0.44 g/t gold from 100m | hole re-entered and deepened |
| 11KARC142 | 1104400 | 598000 | 300 | 120 | 90 | -50 | 20m @ 0.64 g/t gold from 60m | hole re-entered and deepened |
| 11KARC202 | 1104639 | 598182 | 300 | 69 | 90 | -50 | 5m @ 0.68 g/t gold from 30m | |
| 11KARC204 | 1104479 | 598162 | 300 | 83 | 90 | -50 | 15m @ 2.39 g/t gold from surface | |
| 11KARC205 | 1104480 | 598121 | 300 | 73 | 90 | -50 | 25m @ 0.76 g/t gold from 10m | |
| 11KARC207 | 1104480 | 598800 | 300 | | 90 | -50 | 10m @ 0.42 g/t gold from 30m | |
| 11KARC210 | 1104321 | 598041 | 300 | 67 | 90 | -50 | 25m @ 0.87 g/t gold from surface | |
| | | | | | | inc. | 20m @ 1.05 g/t gold from surface | |
| 11KARC211 | 1104320 | 598001 | 300 | 66 | 90 | -50 | 21m @ 1.15 g/t gold from 45m | |
| 11KARC213 | 1104319 | 597918 | 300 | 67 | 90 | -50 | 2m @ 1.24 g/t gold from 65m | end of hole |
| 11KARC219 | 1104158 | 597922 | 300 | 67 | 90 | -50 | 20m @ 0.63 g/t gold from 40m | |
| 11KARC220 | 1104362 | 597978 | 300 | 151 | 90 | -50 | 15m @ 0.69 g/t gold from 75m | |
| 11KARC221 | 1104362 | 598018 | 300 | 110 | 90 | -50 | 40m @ 0.63 g/t gold from 25m | |
| | | | | | | inc. | 20m @ 1.01 g/t gold from 30m | |
| 11KARC222 | 1104360 | 598059 | 300 | 73 | 90 | -50 | 25m @ 0.48 g/t gold from surface | |
| 11KARC223 | 1104441 | 598102 | 300 | 73 | 90 | -50 | 20m @ 0.45 g/t gold from surface | |
| 11KARC237 | 1104440 | 598020 | 300 | 150 | 90 | -50 | 25m @ 1.23 g/t gold from 65m | |
| | | | | | | inc. | 15m @ 1.78 g/t gold from 65m | |
| 11KARC247 | 1104442 | 598061 | 300 | 120 | 90 | -50 | 20m @ 1.63 g/t gold from 35m | |

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

Minimum Intersection Length = 5m, Interval Top Cut = 999.00 ppm Au

Gold analysis performed by Intertek Laboratories Tarkwa Ghana on 5m RC drill samples using 50gm fire assay technique with AAS finish