

September 2011 Quarterly Report

Highlights

RC Drilling has confirmed the Baayiri gold discovery and also outlined a new zone 4km to the east with significant intercepts including:

- 15m @ 2.73 g/t gold from 30m (11BARC 052)
inc.10m @ 4.0 g/t gold from 30m and
- 20m @ 1.08 g/t gold from 20m(11BARC 036)
- 3m @ 1.86 g/t gold from 0m (eastern zone,11BARC 027)

These results follow up the **55m @1.82/t gold** from 15m, **inc. 40m @ 2.02g/t** and **5m @ 6.64g/t gold** from surface reported in June this year and confirm Baayiri as a major new gold prospect

Bedrock Gold Mineralization Intersected at Wa South

- » Maiden aircore drilling outlines coherent gold trend intersecting

- 26m @ 0.24 g/t gold from 25m to EOH (11SWRB47)
inc.10m @ 0.51g/t gold from 25m and
- 10m @ 0.54 g/t gold from 25m (11SWRB69)

This drilling represents the first test of the soil and auger geochemical anomalies previously defined at Wa South – a gold prospect interpreted to lie along the Batie West structure

Kandia Prospect

A maiden Resource Estimate will be completed upon receipt of all RC drill assays for the recently discovered Kandia gold mineralisation. The resource estimate is expected to be announced before year end.

Akoko North Resource Grade Increased by 37%

A new Resource Estimate was completed for the Akoko North Project, located 25km south of Tarkwa in south west Ghana.

- » New Mineral Resource estimate for the Akoko North deposit of **1.1mt @ 2.2g/t gold for 77,400 ounces**
- » Combined Mineral Resource estimate for Akoko North and Akoko South deposits totals **1.7mt @ 1.9g/t gold for 103,300 ounces**
- » Four hole diamond drill program completed at Akoko

Corporate

- » Michael Ashforth assumed the role of non-executive chairman
- » Exploration drill rig purchased
- » End of quarter cash position of \$6.9m
- » Azumah Resources Limited (ASX:AZM) announced an increase in their Castle shareholding to 14.74%

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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 Ashforth
Non Executive Chairman

Michael Ivey
Managing Director & CEO

Campbell Ansell
Non Executive Director

Des Kelly
Company Secretary

Baayiri Prospect (Wa Project)

A second phase of RC Drilling has confirmed the Baayiri gold discovery and also outlined a new zone 4km to the east with significant intercepts including;

- 15m @ 2.73 g/t gold from 30m
- inc.10m @ 4.0g/t gold from 30m and
- 20m @ 1.08 g/t gold from 20m
- 3m @ 1.86g/t gold from 0m (eastern zone)

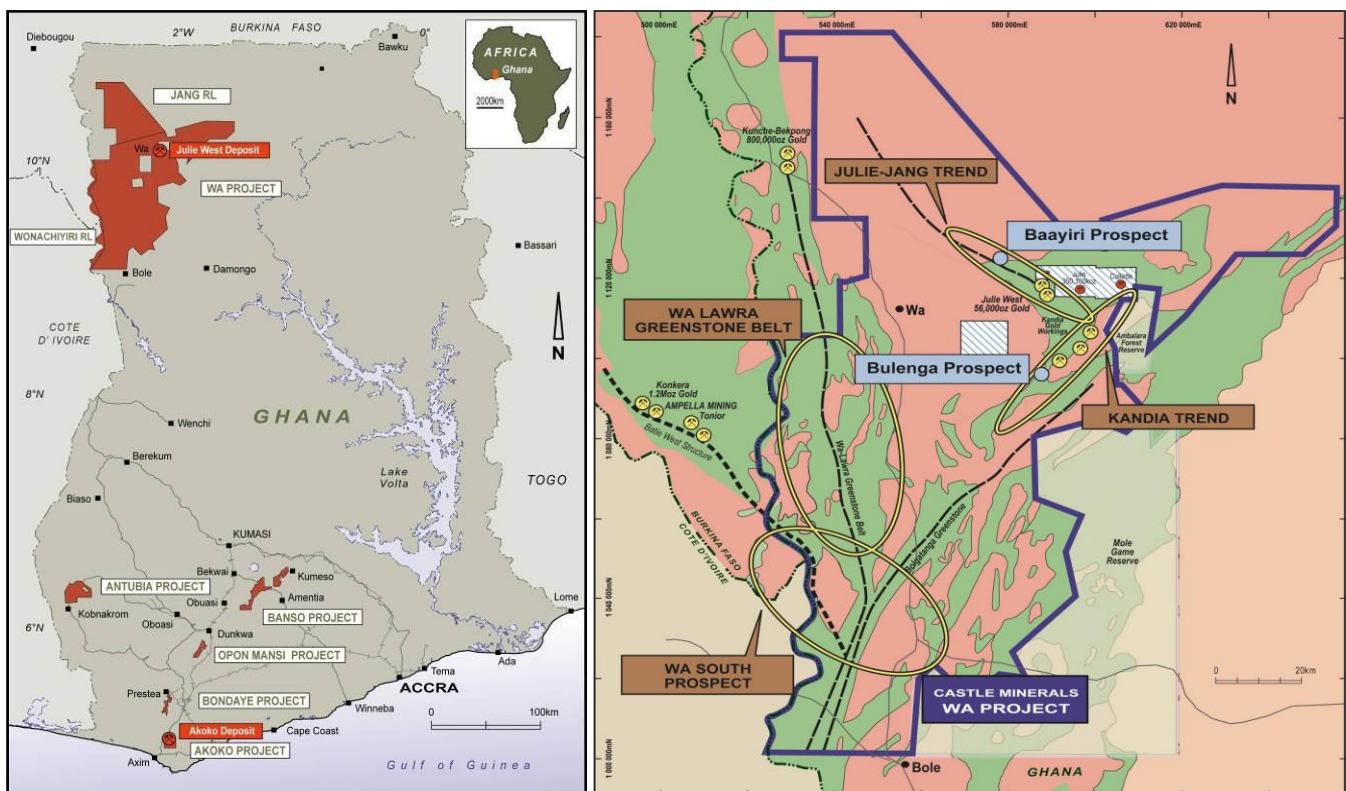
This drilling followed up the recent Baayiri discovery hole intercept of 52m @ 2.02g/t gold and has confirmed a strongly altered NNE striking zone of gold mineralisation. This zone is open in all directions.

RC drilling has also reported an intercept of 3m @ 1.86g/t gold from an area 4.2km to the east from an RC hole testing a single point soil anomaly.

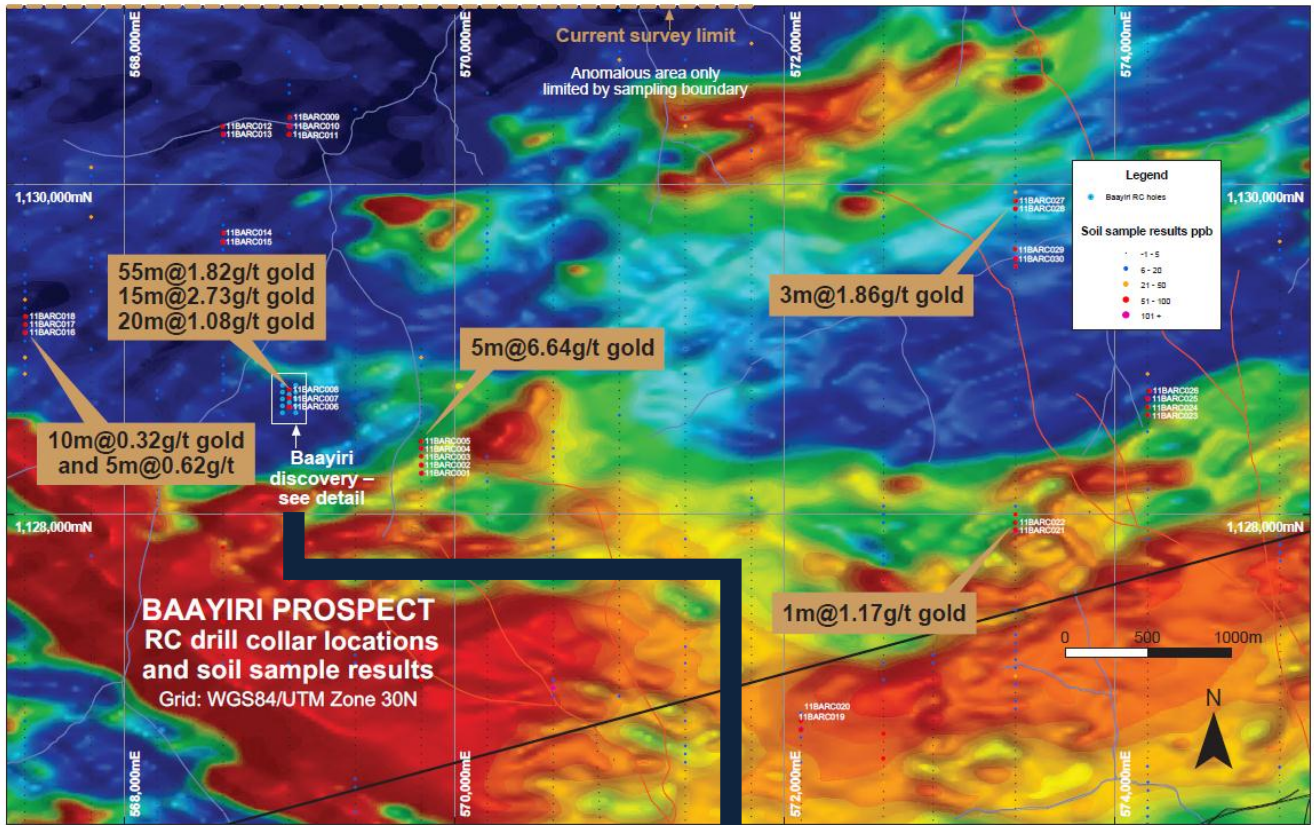
These results are considered very encouraging and confirm that the Baayiri area is host to widespread gold mineralisation. It now ranks as Castles' number one exploration target and will be the focus of an intensive exploration effort.

The large Baayiri prospect (12 x 6km) is only limited by the boundaries of our sampling and more gold mineralization is expected to be discovered and new targets generated as exploration progresses.

Baayiri is the third greenfields gold discovery made by Castle on its Wa Project in the last six months and represents a major vindication of the Company's Ghana exploration strategy.



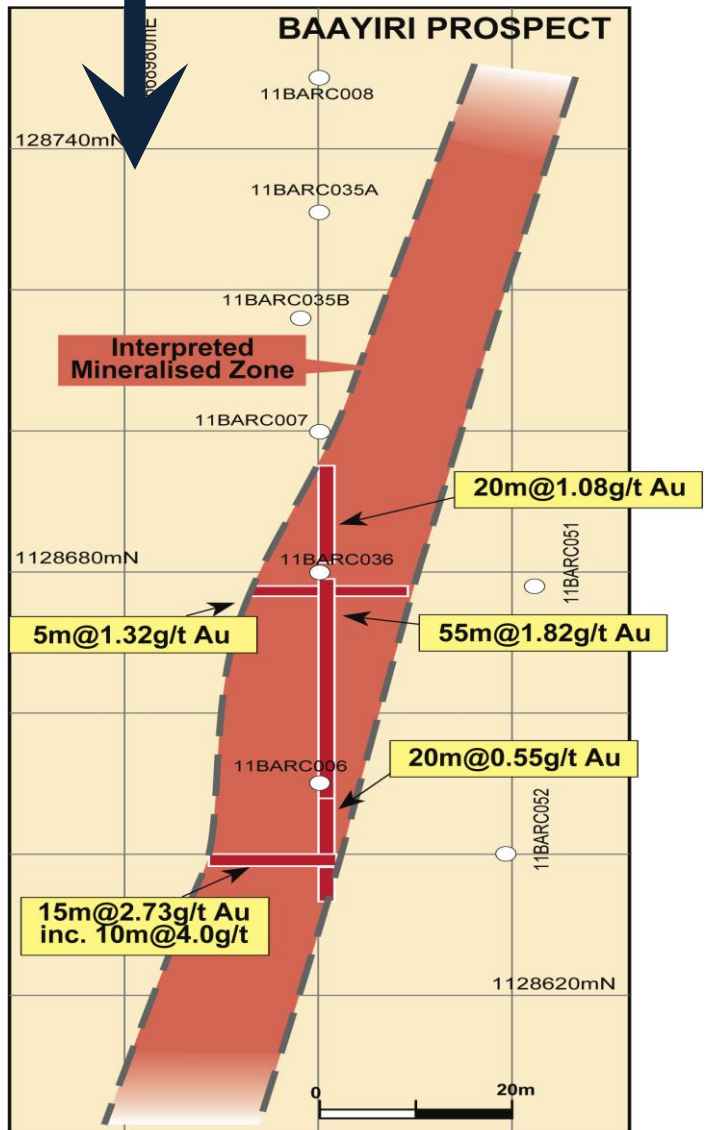
Castle's Wa Project in north-west Ghana covers over 10,000km² where exploration is focussing on four regional scale prospect corridors. The Baayiri prospect is within the Julie-Jang Trend, a gold corridor that has never previously been explored.

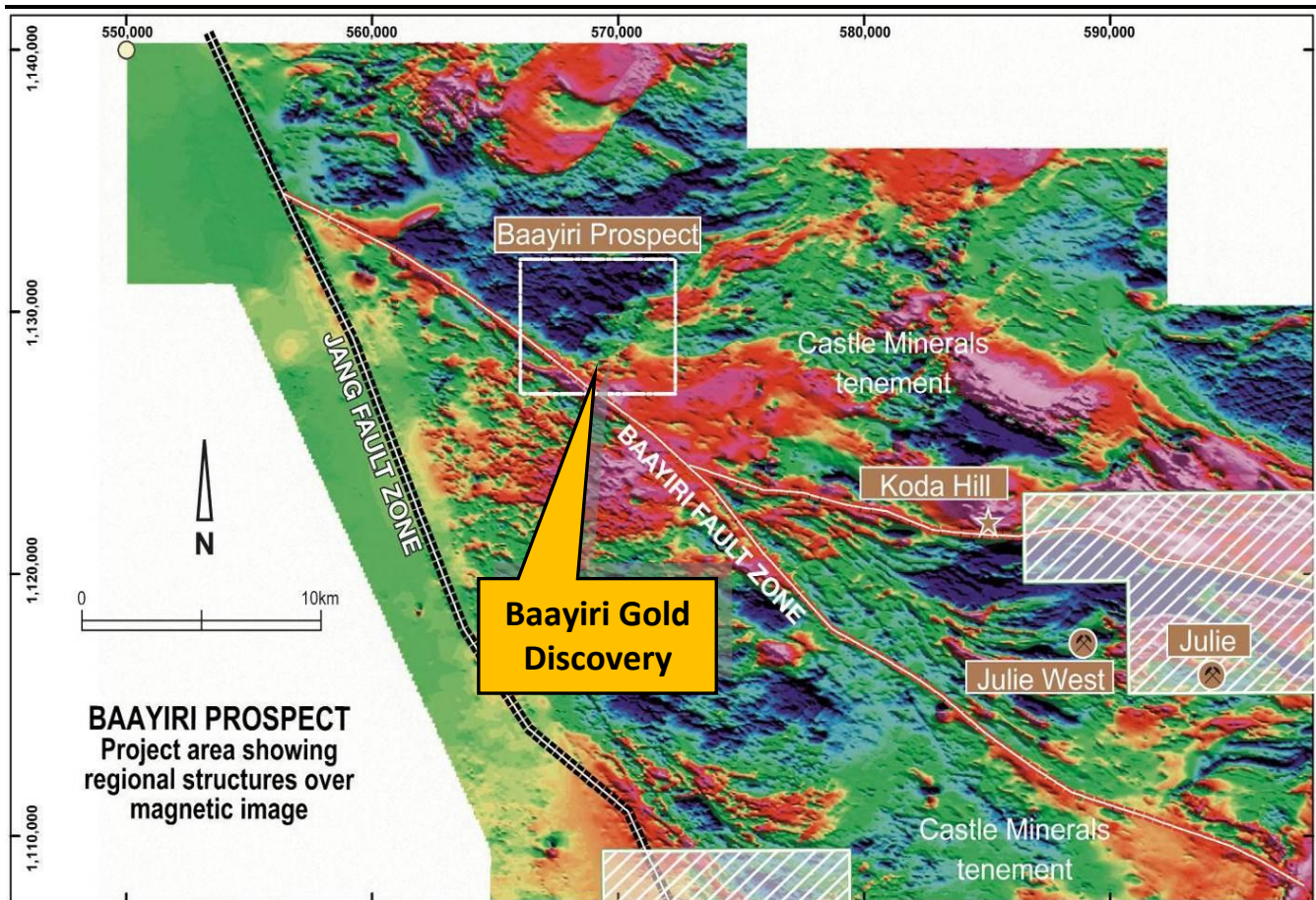


Baayiri drill hole location plan and aeromagnetic image (above) showing results from widespread RC drilling completed to date. These RC holes tested spot high geochemical targets and reported widespread gold mineralisation.

The Baayiri area is only limited by the boundaries of geochemical sampling completed so far, with this trend completely open to the north, west and east. It is expected that more gold mineralization will be discovered and new targets generated as exploration progresses.

Drill hole detail for the Baayiri discovery (right) shows a NNE trending zone of mineralisation that is open in all directions.





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.

Wa South-Batie West Trend (Wa Project)

Bedrock Gold Mineralization Intersected at Wa South

Gold results were received for the maiden aircore drilling program completed at the Wa South prospect earlier this year. This drilling represents the first test of the soil and auger geochemical anomalies previously defined at Wa South – a gold prospect interpreted to lie along the Batie West structure that to the north-west hosts over 2.2m Ozs gold¹.

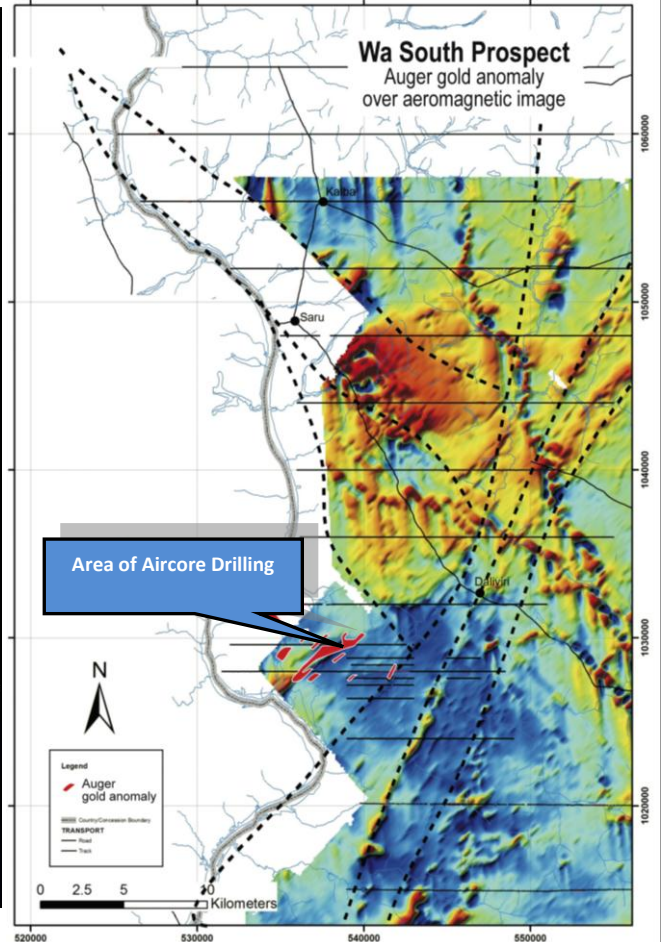
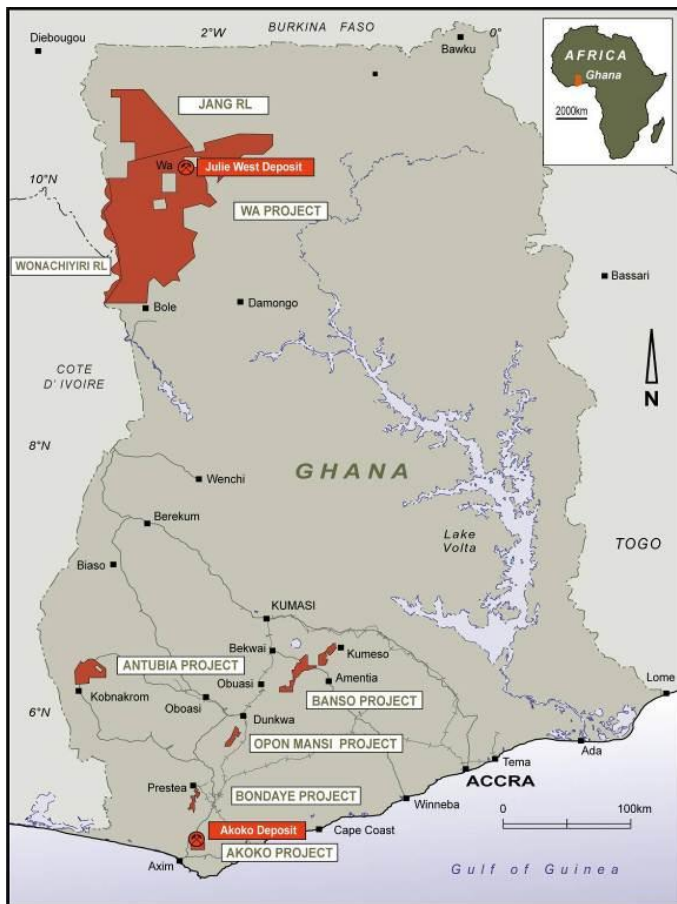
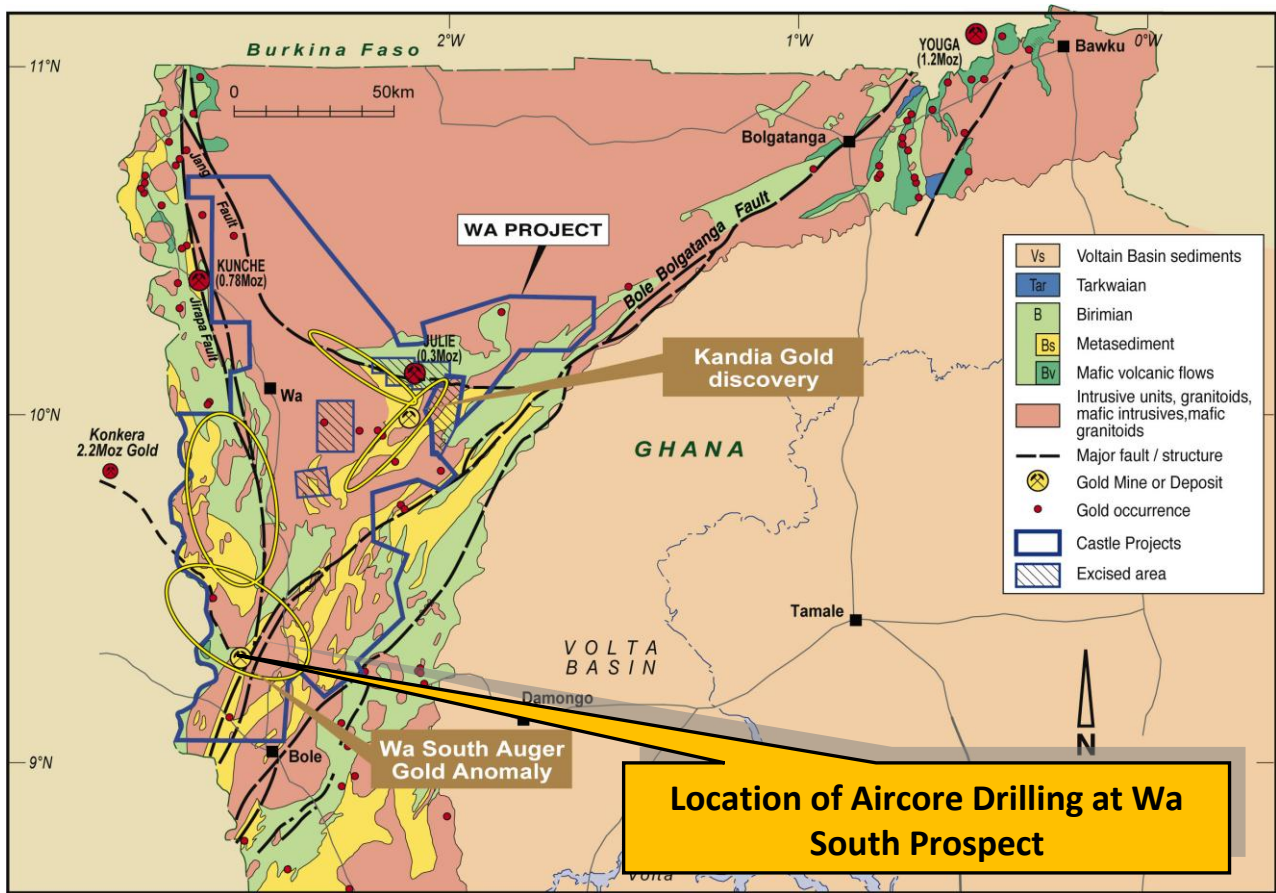
Three, 400m spaced lines of aircore drilling were completed successfully intersecting shale and mafic volcanic hosted, bedrock mineralisation. Significant results* include;

- 26m @ 0.24 g/t gold from 25m to EOH (11SWRB47)
inc.10m @ 0.51 g/t gold from 25m and
- 10m @ 0.54 g/t gold from 25m (11SWRB69)
- 5m @ 0.10 g/t gold from 25m (11SWRB84)
- 5m @ 0.16 g/t gold from 20m (11SWRB103)
- 5m @ 0.17 g/t gold from 30m (11SWRB105)
- 5m @ 0.12 g/t gold from 25m (11SWRB107)

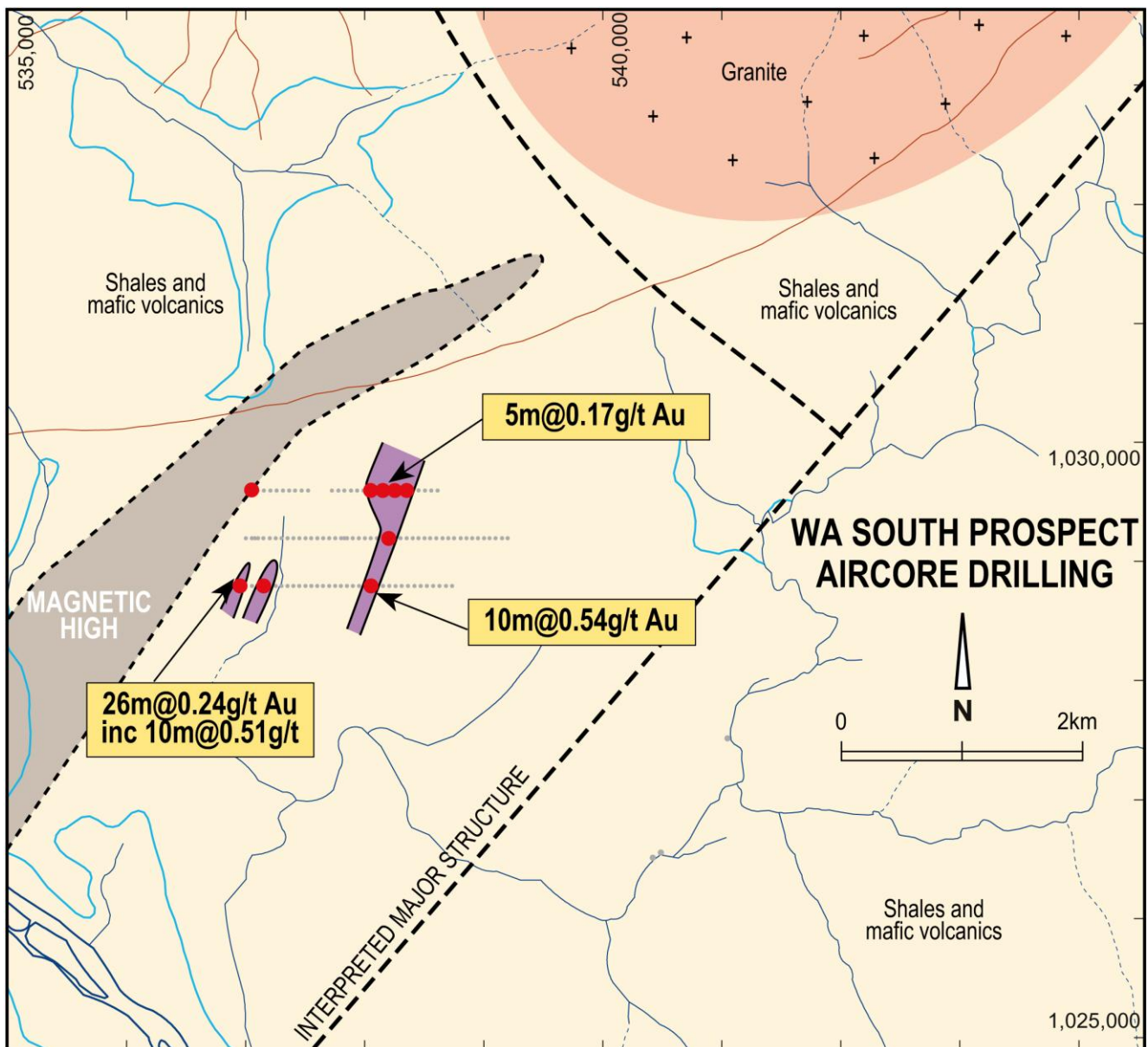
These results are considered very significant and whilst of modest tenor, should not be underestimated as they confirm bedrock gold mineralisation from first pass regional exploration in an area never before explored. This is a successful first pass test of the surface gold anomalism and now with the confidence of bedrock mineralisation we are planning a comprehensive drill campaign to test the intercepts generated and other anomalies in this very large but as yet unexplored area.

¹ Refer Ampella Resources (ASX : AMX) website www.ampellaresources.com.au

* 5m composite samples of aircore drill chips



The Wa South prospect has never previously been explored and is interpreted to lie close to the intersection point of two greenstone belts and the Batié West structure that hosts the Konkera gold resource.



Aircore drilling locations as Wa South showing anomalous holes (red) defining a number of open ended bedrock gold anomalies. The significance of these results, whilst of modest tenor, should not be underestimated as they confirm bedrock gold mineralisation from first pass regional exploration in an area never before explored.

Kandia Prospect (Wa Project)

Final assays for the RC drilling at the Kandia discovery are still awaited and upon receipt of these a maiden resource estimate will be completed. It is hoped that this can be announced before year end.

Koda Hill Prospect (Wa Project)

Infill and extensional RC drilling has been completed at the Koda Hill prospect. 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 gold analysis and results are awaited however turnaround times from the laboratories has worsened and results still remain outstanding.

AKOKO PROJECT

(Castle Minerals 100%)

Akoko North Resource Grade Increased by 37%

During the quarter a new JORC compliant Resource Estimate was completed for the 100% owned Akoko North Project, located 25km south of Tarkwa in south west Ghana.

The new resource estimate was completed following positive results of reverse circulation drilling completed in 2011 and has seen the grade increase by 37% - a result of the new drilling intersecting zones of higher grade gold mineralisation in both oxide and fresh domains.

Highlights of the new resource estimate included:

- New JORC Mineral Resource estimate for the Akoko North deposit of;
1.1mt @ 2.2g/t gold for 77,400 ounces
- Combined JORC Mineral Resource estimate for Akoko North and Akoko South deposits totals **1.7mt @ 1.9g/t gold for 103,300 ounces**
- Resource grade at Akoko North has increased by 37% due to higher grade mineralisation being intersected in new RC drilling (reported earlier this year)
- Pit optimisation scoping studies at Akoko North captures 1.07mt @ 2.0g/t gold (68,000 ounces) at a cash cost of US\$575/ounce
- At a gold price of US\$1,750/ounce the study indicates that the deposit could generate an operating surplus of ~US\$70M
- Shallow gold mineralisation with 80% of the resource above 50m
- Deposit is open to the south, west and east
- Strong potential to host additional shallow gold resources

The combination of increased grade and increasing gold price has added very significant value to the Akoko North deposit. Currently a number of gold companies are reviewing the Akoko North data that may result in a transaction leading to development and/or sale of the resource.

Akoko North Deposit 2011 Mineral Resource Estimate 0.8g/t Cut-off

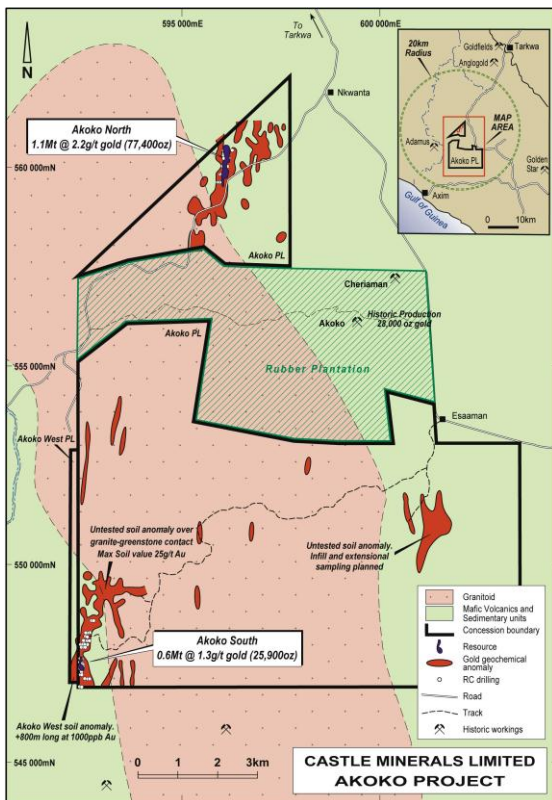
Type	Indicated		Inferred		Total		
	Tonnes t	Gold g/t	Tonnes t	Gold g/t	Tonnes t	Gold g/t	Gold Ounces
Laterite	1,200	2.0	700	1.9	1,900	1.9	120
Oxide	515,700	1.6	351,000	2.1	866,700	1.8	50,200
Transition	8,400	1.2	44,000	1.4	52,000	1.4	2,300
Fresh			183,000	4.2	183,000	4.2	24,700
Total	525,000	1.6	578,000	2.7	1,103,000	2.2	77,400

Akoko Project Total							
Akoko North and South Deposits							
Deposit	Indicated		Inferred		Total		
	Tonnes t	Gold g/t	Tonnes t	Gold g/t	Tonnes t	Gold g/t	Gold Ounces
Akoko South			610,300	1.3	610,300	1.3	25,900
Akoko North	525,000	1.6	578,000	2.7	1,103,000	2.2	77,400
Total	525,000	1.6	1,188,300	2.0	1,713,300	1.9	103,300

Diamond Drilling completed at Akoko North

Four Diamond drill holes were recently completed testing for primary gold mineralisation beneath the oxide gold cap at Akoko North. Maximum hole depth was 250.5m down hole.

The diamond holes intersected a steep dipping basalt and sedimentary sequence that included variable amounts of quartz and carbonate veining with associated disseminated pyrite. Geological logging, geotechnical analysis and density determinations have been completed and the core is now being cut for sampling. Samples will be submitted for gold analysis shortly.



Diamond core from Akoko North (holes 1, 2 and 4) showing areas of quartz and carbonate veining within basalt host rock.

Four Diamond drill holes were recently completed testing for primary gold mineralisation beneath the oxide gold cap at Akoko North.

Corporate

Chairman

Mr Michael Ashforth assumed the role of non-executive Chairman of Castle Minerals in October. Mr Ashforth is an Executive Director of Macquarie Capital and has over 20 year's corporate advisory experience in the resources industry. This change separates the dual roles previously held by Mike Ivey who has acted as Executive Chairman and Managing Director of Castle since the company's formation in 2005.

Cash Position

At Quarter end Castle had total issued capital of 113,502,677 shares and 4.55 million options on issue. Cash reserves were \$6.9 million.

Asset Purchases

Castle Minerals through its Ghanaian subsidiary companies has committed to the purchase of an Aircore/RAB exploration drill rig and associated spares and support vehicles. The rig is currently being shipped to Ghana and is expected to be operating in the first week of December.

Share Register

Azumah Resources Limited (ASX:AZM) announced an increase in their Castle shareholding to 14.74%.

Annual General Meeting

The Annual General Meeting of Shareholders Castle Minerals is proposed to be held on Tuesday 22 November 2011 at 10 am at 38 Station Street, Subiaco. A Notice of Meeting and Proxy Form has been mailed to shareholders.

For further information please contact:

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

Baayiri Prospect - Significant RC Drill Results							
Hole No.	Northing	Easting	RL	EOH (m)	Azmith	Dip	Intercept
11BARC021	1127909	573400	302	80	180	-50	1m @ 1.77g/t gold from 8m
11BARC027	1129851	573400	275	82	180	-50	3m @ 1.86g/t gold from 0m
11BARC036	1128680	569000	275	103	180	-50	20m @ 1.08 g/t gold from 20m inc 15m @ 1.38 g/t gold from 15m 15m @ 0.42 g/t gold from 50m
11BARC041	1128780	569040	276	111	176	-51	5m @ 0.14 g/t gold from 75m
11BARC042	1128781	568960	274	80	186	-49	5m @ 0.35 g/t gold from 20m
11BARC044	1128660	568960	276	103	182	-49	5m @ 0.20 g/t gold from 70m
11BARC051	1128678	569022	274	47	270	-50	5m @ 1.32 g/t gold from 20m 15m @ 0.20 g/t gold from 30m
11BARC052	1128640	569019	269	80	270	-50	15m @ 2.73 g/t gold from 30m inc. 10m @ 4.0g/t gold from 30m

Notes

- Assays reported from 5m composite samples from Reverse Circulation drilling except holes 11BARC21 and 11BARC27 which have been assayed from 1m splits.
- 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.