

December 2011 Quarterly Report



Highlights

Wa Project

- Maiden Mineral Resource estimate for the Kandia prospect announced totalling **3.3mt @ 1.0g/t gold for 107,500 ounces**
- Total Gold Resources in Ghana increased by **68% to 267,000 ounces**
- 2012 northern Ghana field season well underway with:
 - » 6,137 soil samples collected to date testing Baayiri, Funsu and Kandia East prospects
 - » Two auger drill rigs operating on Wa Project as part of an initial 20,000m auger program
 - » Castle's own drill rig along with support vehicles and associated spares has arrived in Ghana and should commence drilling shortly with the aim of drilling continuously until the wet season (July) for approximately 30,000m
 - » 7,000m contract RC drill program to commence shortly testing Wa South, Baayiri, Julie West and Kandia targets
 - » **Two new high grade vein style gold targets** defined at Julie West for immediate RC drill testing with laminated vein rock chips up to **37.3 g/t gold**
 - » Regolith Study completed at Wa South and Baayiri Prospects
 - » Exploration office established in Wa, two additional geologists and two experienced drillers employed along with associated support personnel
 - » Wa Project tenure strengthened with original 3 Reconnaissance Licences covering 10,000km² converted to 18 Prospecting Licences and four new Reconnaissance Licences

Antubia Project

- 723 soil samples taken at Antubia Project in south west Ghana

Akoko Project

- Akoko diamond drilling intercepts coherent gold mineralisation and confirms geological interpretation at Akoko. Project licences renewed

Corporate

- End of quarter cash position of \$5.6m
- Azumah Resources Limited (ASX:AZM) increased Castle shareholding to 15.29%

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Capital Structure
Quoted Shares: 113.7 million
Unlisted Options: 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

Wa Project (Castle Minerals 100%)

Exploration on the extensive Wa Project (10,000km²) is focused on four regional scale highly prospective gold corridors known as;

- Julie-Jang Trend 50km long trend that includes the Baayiri discovery
- Kandia Trend 30km corridor of anomalous gold in soils
- Wa South (Batie West trend) 60km long corridor on intersection of two greenstone belts
- Wa-Lawra Greenstone Belt 80km of untested greenstone belt stratigraphy

2012 Exploration Season Underway

Exploration within the Wa Project commenced in November 2011 as the wet season rains abated and access was re-established. The focus for 2012 will be on the following prospects towards our ultimate goal of defining sufficient standalone gold resources capable of commercial development;

Baayiri: a large previously unexplored area of anomalous soil geochemistry (12 x 6km) only limited by the boundaries of soil sampling that returned several highly encouraging RC intercepts in 2011 including **52m @ 2.02g/t gold¹**.

Julie West: hosts an outcropping high grade vein discovered by Castle that has a resource of 415,000 tonnes @ 4.2g/t gold. RC drilling 4km north intersected **9m@ 22.1 g/t gold²** and recent mapping suggests that the follow up drilling completed last year did not effectively test the extent of this high grade intercept. This area will be a priority for RC drilling along with areas of untested laminated vein subcrop reporting **rock chips up to 37g/t gold³**.

Kandia: A +20km granite sediment contact zone hosting sediment hosted gold mineralisation. In 2011 a maiden Mineral Resource estimate was announced totalling 3.3mt @ 1.0g/t gold for 107,500 ounces⁴. RC and RAB programs are proposed to extend known mineralisation and test parallel and strike extent targets.

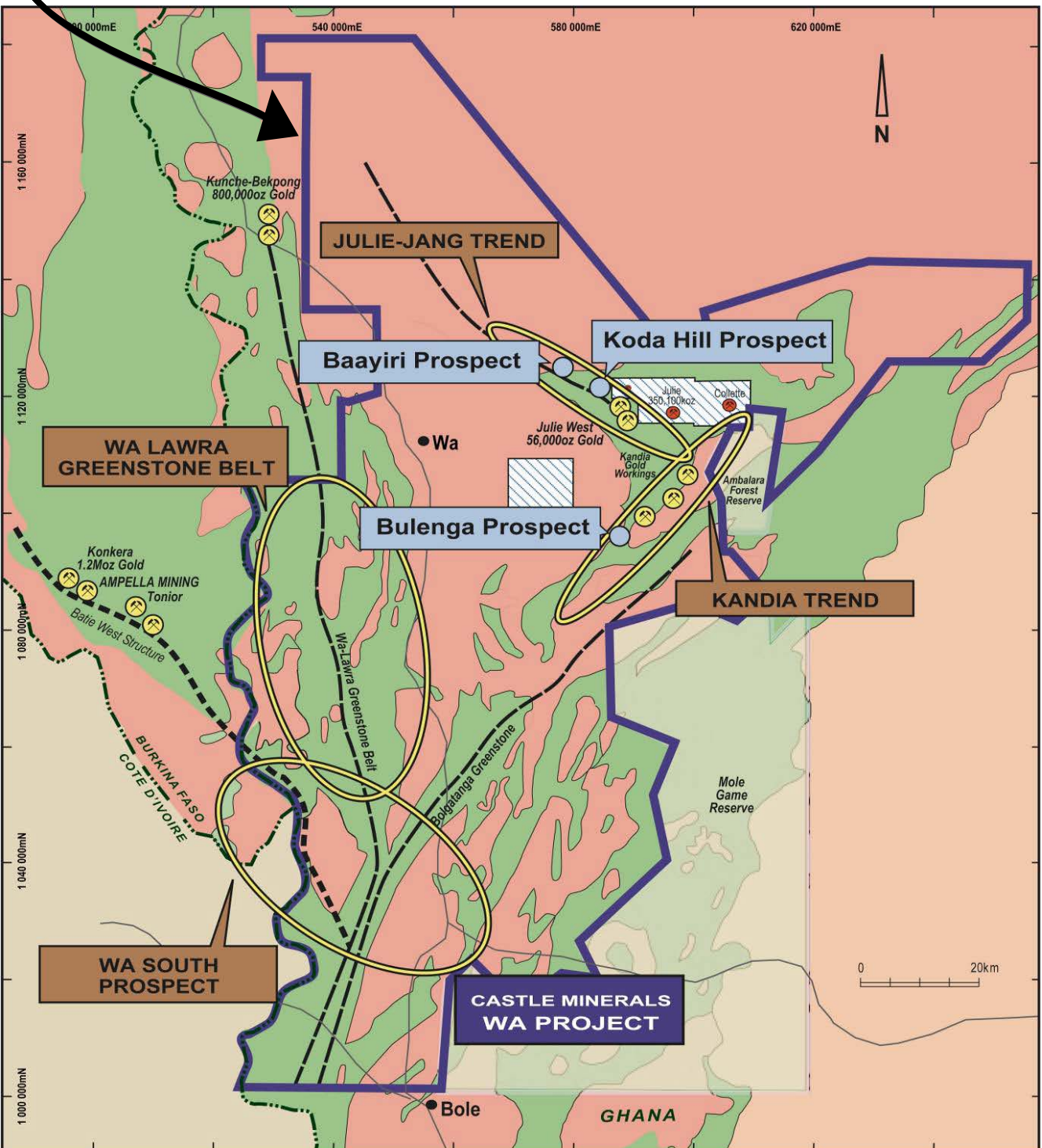
Wa South: a soil covered area that contains the intersection of two greenstone belts and the interpreted extension to the Batie West Shear. Wide spaced aircore drilling reported very promising results including 26m @ 0.24 g/t gold from 25m to EOH and 10m @ 0.54 g/t gold from 25m⁵. RC and RAB drill programs will be undertaken to test the extent of this mineralisation.

Progress to date includes:

- 6,137 soil samples collected from Wa Project testing Baayiri, Funsu and Kandia East prospects
- Two auger drill rigs operating on Wa Project as part of an initial 20,000m auger program
- Castle's own drill rig along with support vehicles and associated spares has arrived in Ghana and should commence drilling shortly with the aim of drilling continuously until the wet season (July) for approximately 30,000m
- 7,000m contract RC drill program to commence shortly testing Wa South, Baayiri, Julie West and Kandia targets
- Two new high grade vein style gold targets defined at Julie West for immediate RC drill testing
- Regolith Study completed at Wa South and Baayiri Prospects
- Exploration office established in Wa, two additional geologists and two experienced drillers employed along with associated support personnel
- Wa Project tenure strengthened with original 3 Reconnaissance Licences covering 10,000km² converted to 18 Prospecting Licences and four new reconnaissance licences

WA PROJECT

The Wa Project covers approximately 10,000km² in NW Ghana near the border with Burkina Faso and consists of four Reconnaissance Licences and eighteen 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. In December 2011 a maiden Mineral Resource estimate for the newly discovered Kandia prospect was announced totalling 3.3mt @ 1.0g/t gold for 107,500 ounces. The Baayiri prospect was discovered in 2011 with an RC intercept of 52m @ 2.02g/t gold and is a major exploration target in 2012.



Kandia Mineral Resource Estimate

During the quarter Castle announce a Maiden Mineral Resource Estimate for its Kandia gold prospect of **3.3Mt @ 1.0g/t gold for 107,500 ounces**.

Gold mineralisation was first discovered on this greenfields prospect by Castle in 2010 with the first resource drilling being undertaken in 2011. Since that time Castle has completed extensive soil sampling, airborne geophysical surveys and completed 264 RC drill holes for 19,541m.

The Resource estimate for Kandia was completed for two mineralised zones named the “4000 Zone” and “8000 Zone” that are situated along a regionally mineralised granite/sediment contact termed the Kandia Trend that can be traced for over 20km.

Kandia Deposit
November 2011 ID2 Mineral Resource Estimate

Type	Indicated			Inferred			Total		
	Tonnes t	Au g/t	Au Ounces	Tonnes t	Au g/t	Au Ounces	Tonnes t	Au g/t	Au Ounces
Oxide	131,300	1.0	4,100	51,000	1.3	2,100	183,000	1.1	6,200
Fresh	1,841,500	1.0	58,700	1,327,200	1.0	42,500	3,169,000	1.0	101,200
Total	1,973,000	1.0	62,900	1,379,000	1.0	44,600	3,351,000	1.0	107,500

Table 1: Mineral Resource Summary for the Kandia Gold Prospect

The definition of this shallow gold resource at Kandia is an excellent outcome being achieved less than 10 months since RC drilling first commenced along the Kandia Trend and clearly demonstrates that outcropping gold deposits are still capable of being discovered in Ghana.

It is the fourth greenfields gold occurrence to be discovered by Castle since 2008 within the Wa Project - these deposits are spaced over 40km in different stratigraphic sequences confirming that the Wa Project has been subject to a variety of gold mineralising episodes and styles.

The total gold resource for the Wa Project now totals 163,700 ounces and total gold resources for Castle in Ghana total 267,000 ounces (Table 2). All gold resources have been discovered by Castle after completing geochemical soil programs and following up anomalous areas with RC and/or diamond drilling.

Gold mineralisation at Kandia is hosted within silicified and weakly pyritic sediments (shales and siltstones) and generally forms a regular west dipping zone within a broader sediment package bounded to the east by granite.

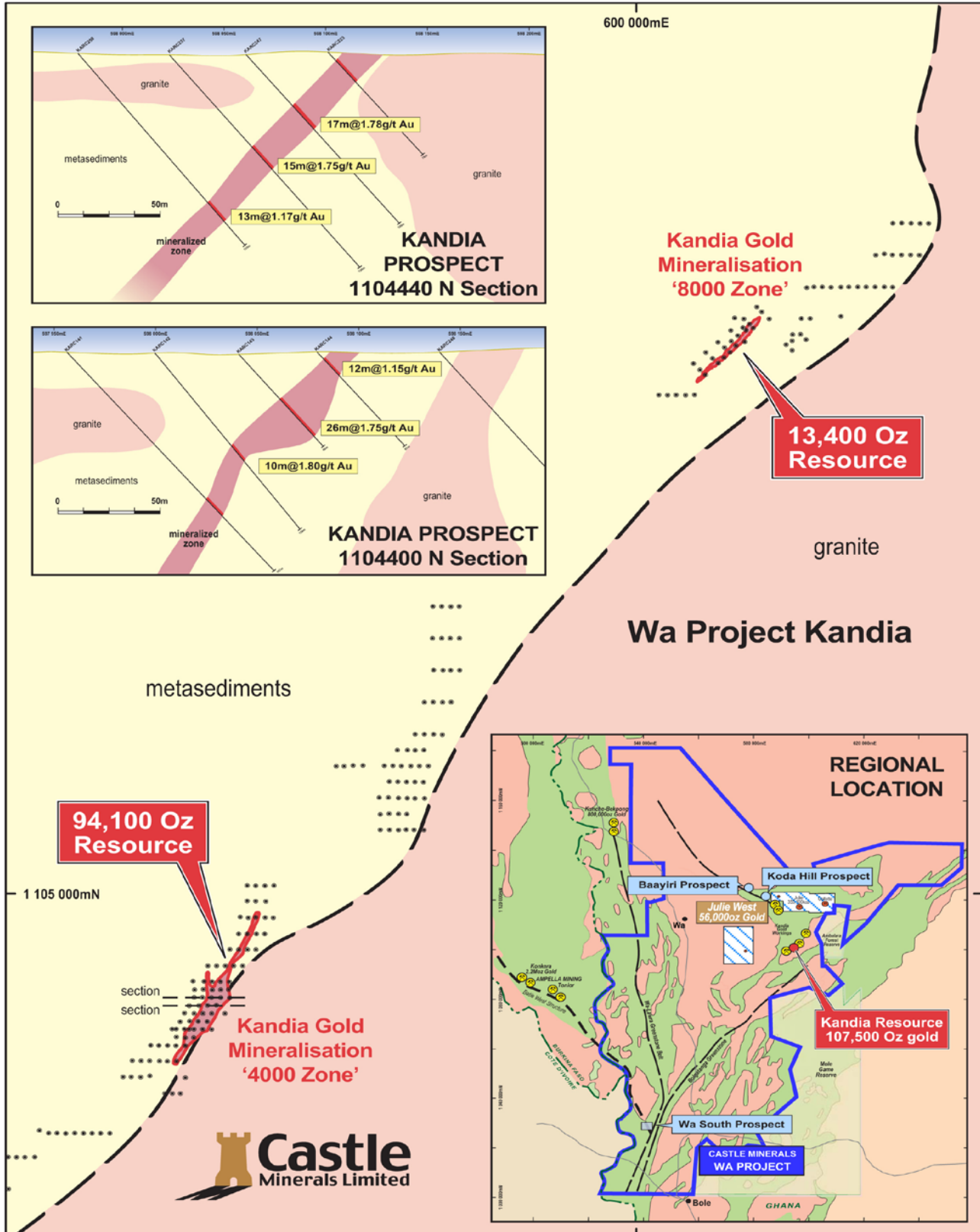
Wa Project	Indicated			Inferred			Total		
	Tonnes t	Au g/t	Au Ounces	Tonnes t	Au g/t	Au Ounces	Tonnes t	Au g/t	Au Ounces
Julie West	383,000	4.2	52,100	32,000	4.0	4,100	415,000	4.2	56,200
Kandia 4000 Zone	1,973,000	1.0	62,900	1,150,000	0.8	31,200	3,123,000	0.9	94,100
Kandia 8000 Zone				229,000	1.8	13,400	229,000	1.8	13,400
Total	2,356,000	1.5	115,000	1,411,000	1.1	48,700	3,767,000	1.4	163,700

Note: A 0.5g/t Au cut-off has been used for the 4000 Zone, and a 1.0g/t Au cut-off has been used for the 8000 Zone

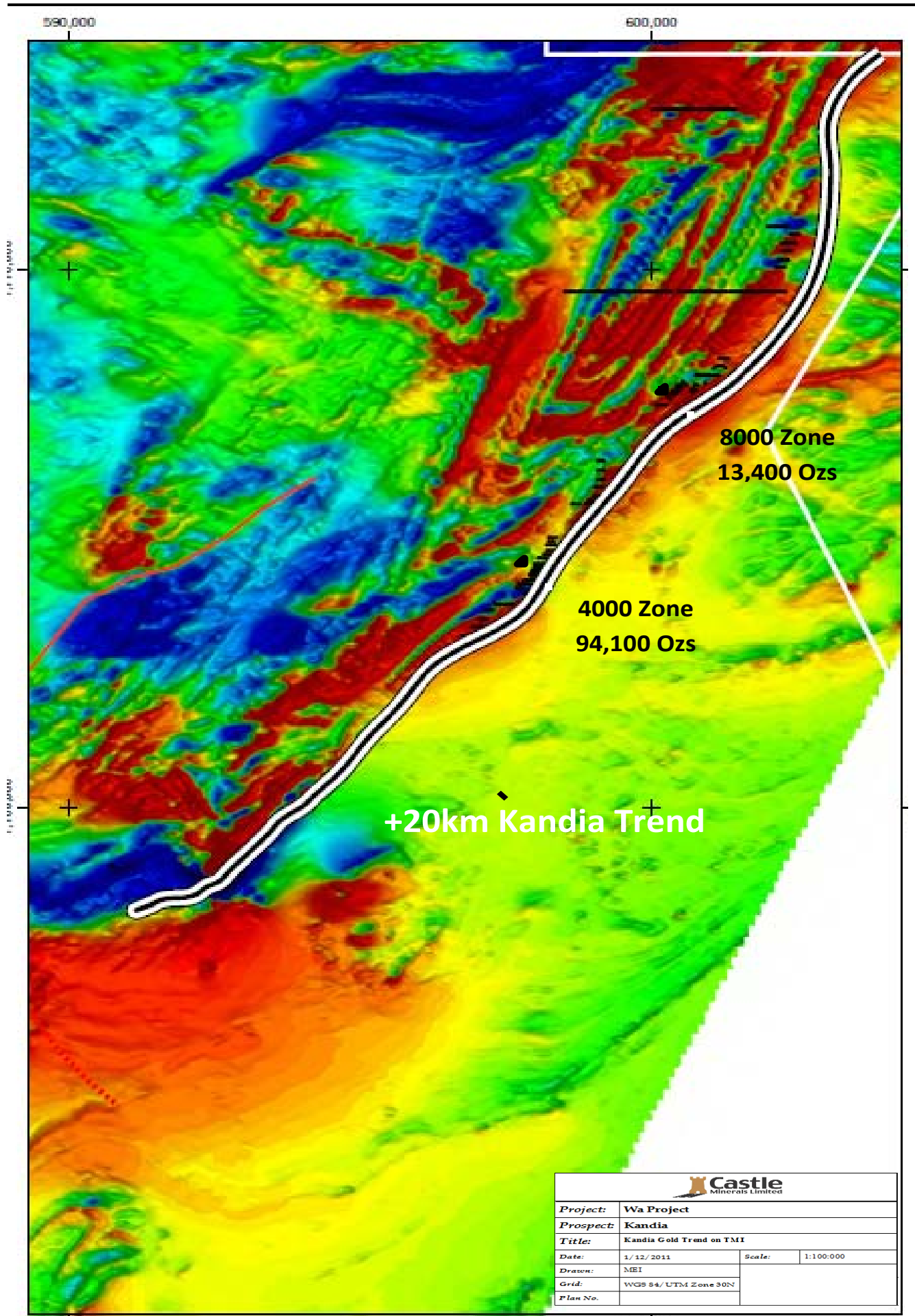
Akoko Project	Indicated			Inferred			Total		
	Tonnes t	Au g/t	Au Ounces	Tonnes t	Au g/t	Au Ounces	Tonnes t	Au g/t	Au Ounces
Akoko South				610,300	1.3	25,900	610,300	1.3	25,900
Akoko North	525,000	1.6	27,007	578,000	2.7	50,174	1,103,000	2.2	77,400
Total	525,000	1.6	27,007	1,188,300	2.0	76,074	1,713,300	1.9	103,300

Total	Indicated			Inferred			Total		
	Tonnes t	Au g/t	Au Ounces	Tonnes t	Au g/t	Au Ounces	Tonnes t	Au g/t	Au Ounces
Wa Project	2,356,000	1.5	115,000	1,411,000	1.1	48,700	3,767,000	1.4	163,700
Akoko Project	525,000	1.6	27,007	1,188,300	2.0	76,074	1,713,300	1.9	103,300
Total	2,881,000	1.5	142,007	2,599,300	1.5	124,774	5,480,300	1.5	267,000

Table 2: Castle Minerals Ghana Mineral Resource Estimate



Kandia Project Location



Kandia Trend on TMI Magnetic Image

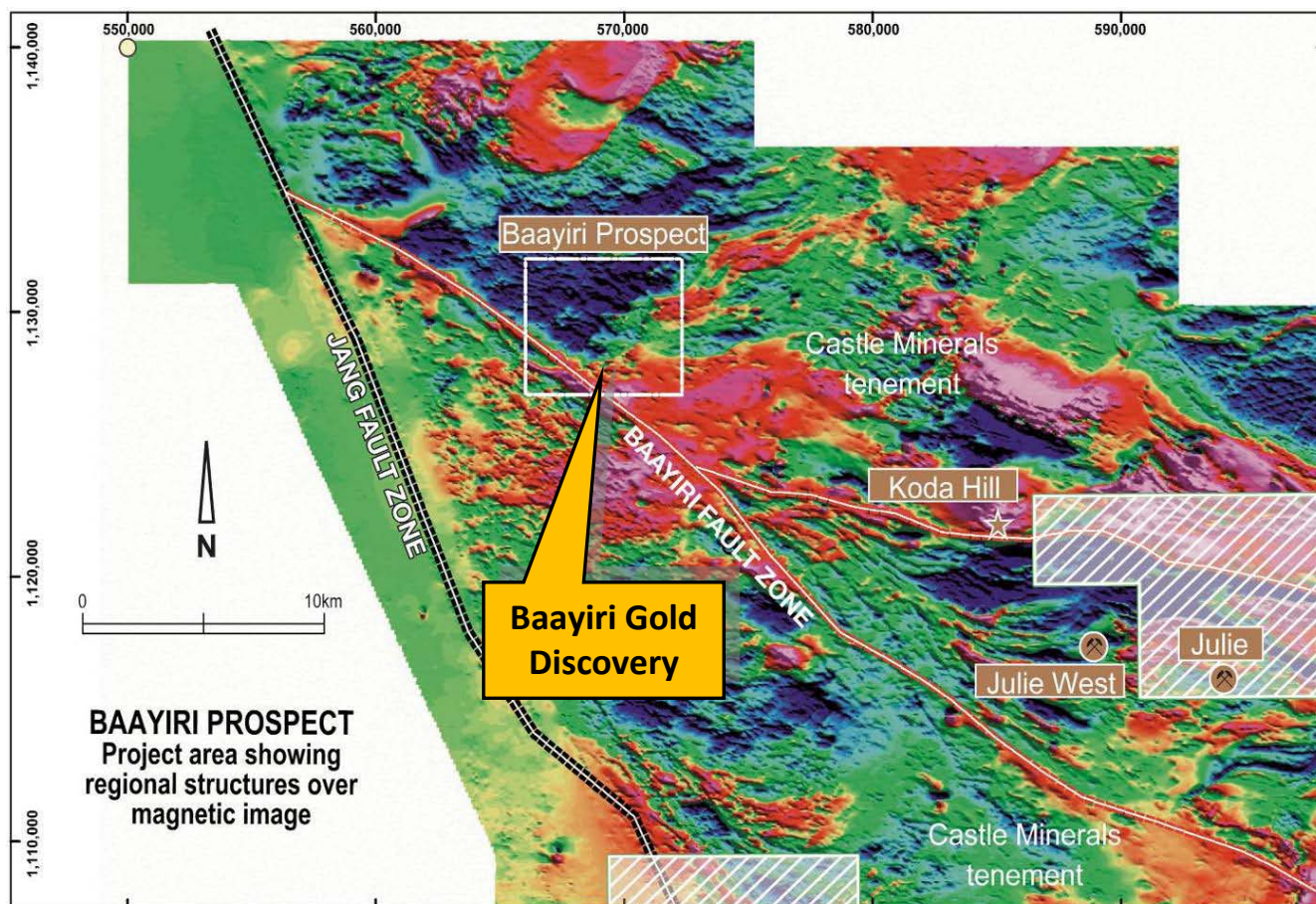
Koda Hill Prospect (Wa Project)

Koda Hill forms part of the 50km long Julie – Jang Trend in north-west Ghana within the larger Wa Gold Project where little or no previous exploration has been undertaken. Koda Hill was initially defined by soil geochemical sampling in 2011.

Infill and extensional RC drilling was completed at the Koda Hill prospect during 2011 with wide zones of low grade mineralisation reported from composite RC drill samples. Individual 1m split results have now been received after lengthy assay delays confirming the widespread but low tenor mineralisation hosted by distinctive quartz veined porphyry that has intruded a sequence of shales and siltstones. Significant 1m split results from the RC drilling include:

- 11KORC021 12m @ 0.41 g/t gold from 7m
- 11KORC026 9m @ 0.58 g/t gold from 21m
- 11KORC027 12m @ 0.56 g/t gold from 0m
21m @ 0.68 g/t gold from 31m
- 11KORC030 19m @ 0.35 g/t gold from 72m
- 11KORC032 28m @ 0.36 g/t gold from 33m
- 11KORC035 37m @ 0.25 g/t gold from 25m
2m @ 1.00 g/t gold from 71m
4m @ 1.00 g/t gold from 80m
- 11KORC043 2m @ 1.24 g/t gold from 0m

Koda Hill mineralisation is, so far, unique to the area and this style of mineralisation is capable of hosting bulk tonnage gold deposits. Ongoing work at Koda Hill will aim at determining the ultimate size of the porphyry discovered and explore for similar systems in the area.



Detailed magnetic image showing prospects within the Julie- Jang Trend

AKOKO PROJECT

(Castle Minerals 100%)

The Akoko Project is located in the Ashanti Gold Belt 25km south of Tarkwa and hosts a Mineral Resource estimate for Akoko North and Akoko South deposits of 1.7mt @ 1.9g/t gold for 103,300 ounces.

During the quarter diamond drilling and soil sampling programs were completed⁶.

Diamond Drilling

Four diamond holes were completed for a total of 687.1m targeting the known oxide resource and testing for sulphide gold mineralisation at depth. The holes were cored from surface and oxide gold intercepts correlated very well with the historic RC drilling as well as providing important geotechnical and structural data.

Significant results from this work included

12m @ 2.68 g/t gold from 24m (11ANDD02) and
11.8m @ 3.24 g/t gold from 0.7m (11ANDD03)

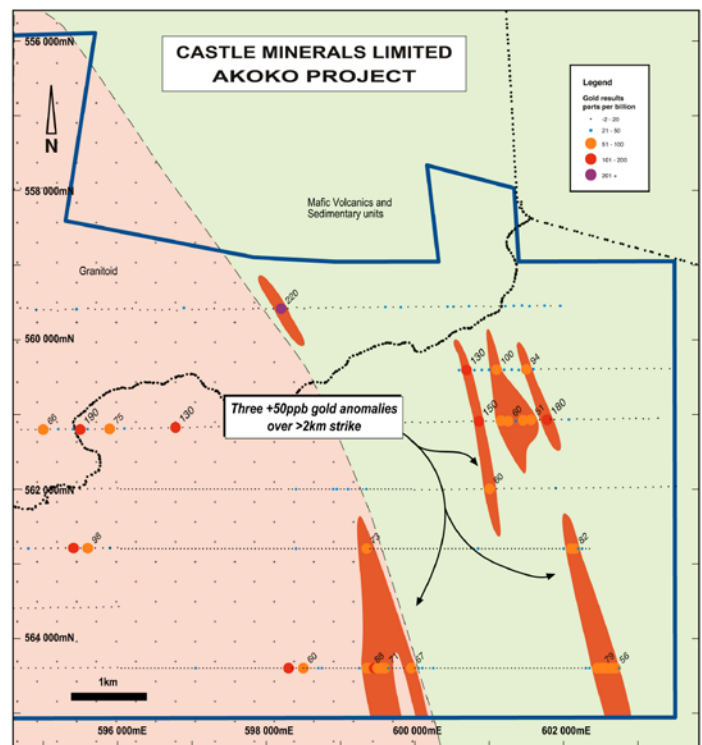
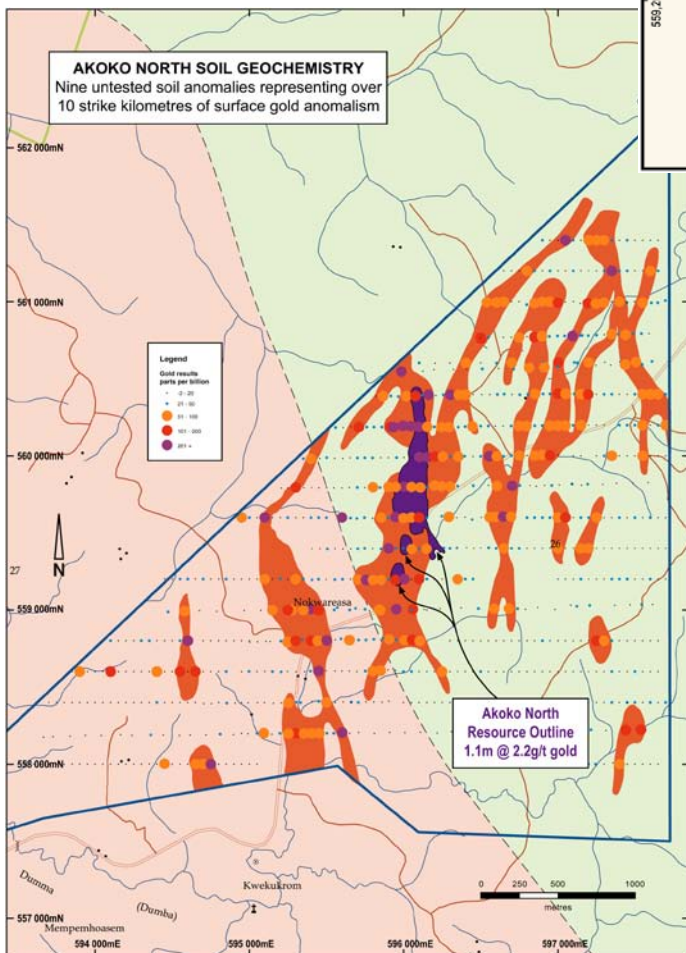
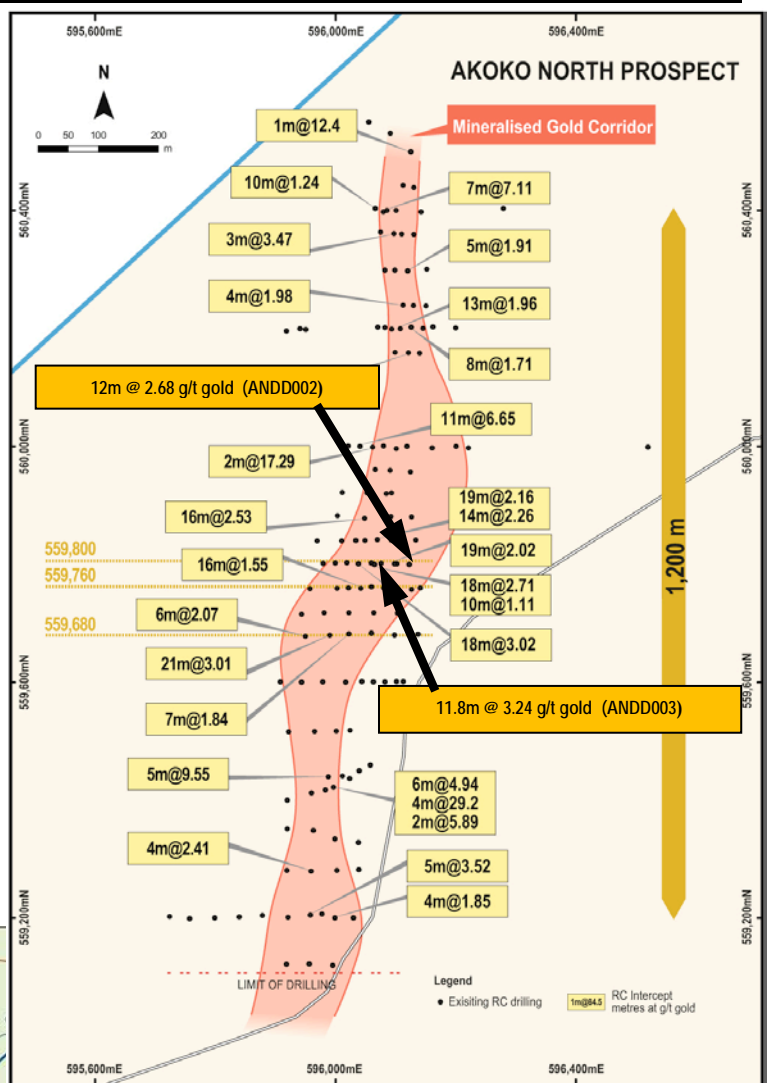
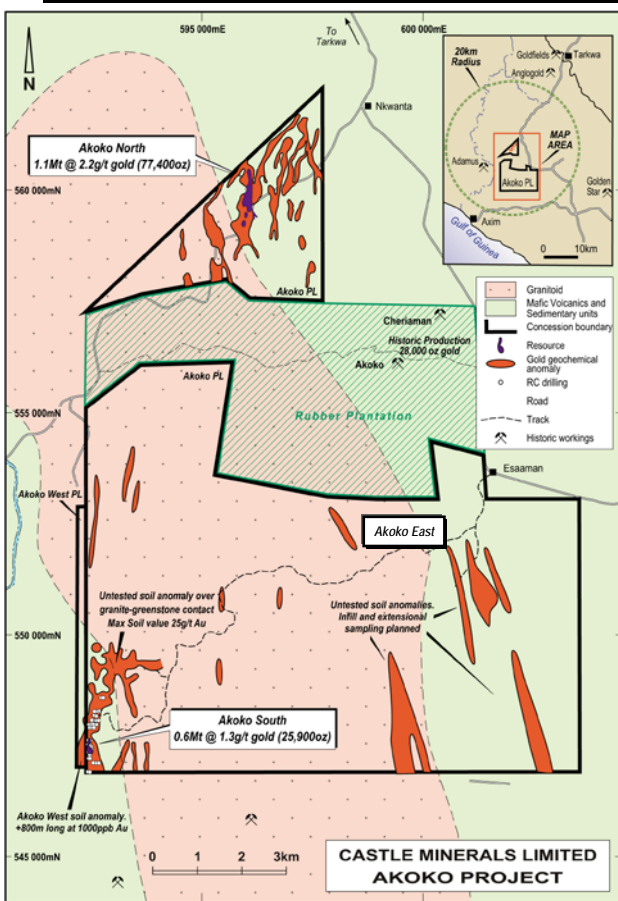
This data is consistent with the interpretation that the oxide gold mineralisation at Akoko North is part of a flat lying supergene enriched zone. The mineralised zones are strongly weathered offering excellent physical mining characteristics and low cost, high recovery processing options. The resource interpretations and RC drilling completed to date are consistent with this model. Castle has previously reported an Indicated and Inferred resource of 1.1mt @ 2.2g/t gold for 77,000 ounces at Akoko North.

Soil Geochemical Sampling

Soil sampling at the Akoko North and Akoko East prospects was completed with 1,018 samples collected and analysed for gold. This work generated a number of new anomalies and better defined earlier wide spaced sampling.

The eastern portion of the Akoko Project has been subject to very limited exploration. Soil traverses were completed on mainly 1,600m spacings to extend soil coverage to the eastern limits of the Project area. This work successfully defined a number of new strike extensive gold trends that now require infill sampling and mapping.

At Akoko North nine well defined anomalies that aggregate of over 10 strike kilometres were defined offering immediate targets for drill testing. These anomalies are sub parallel to the 77,000 ounce Akoko gold resource and detailed ground inspection and mapping will now be undertaken.



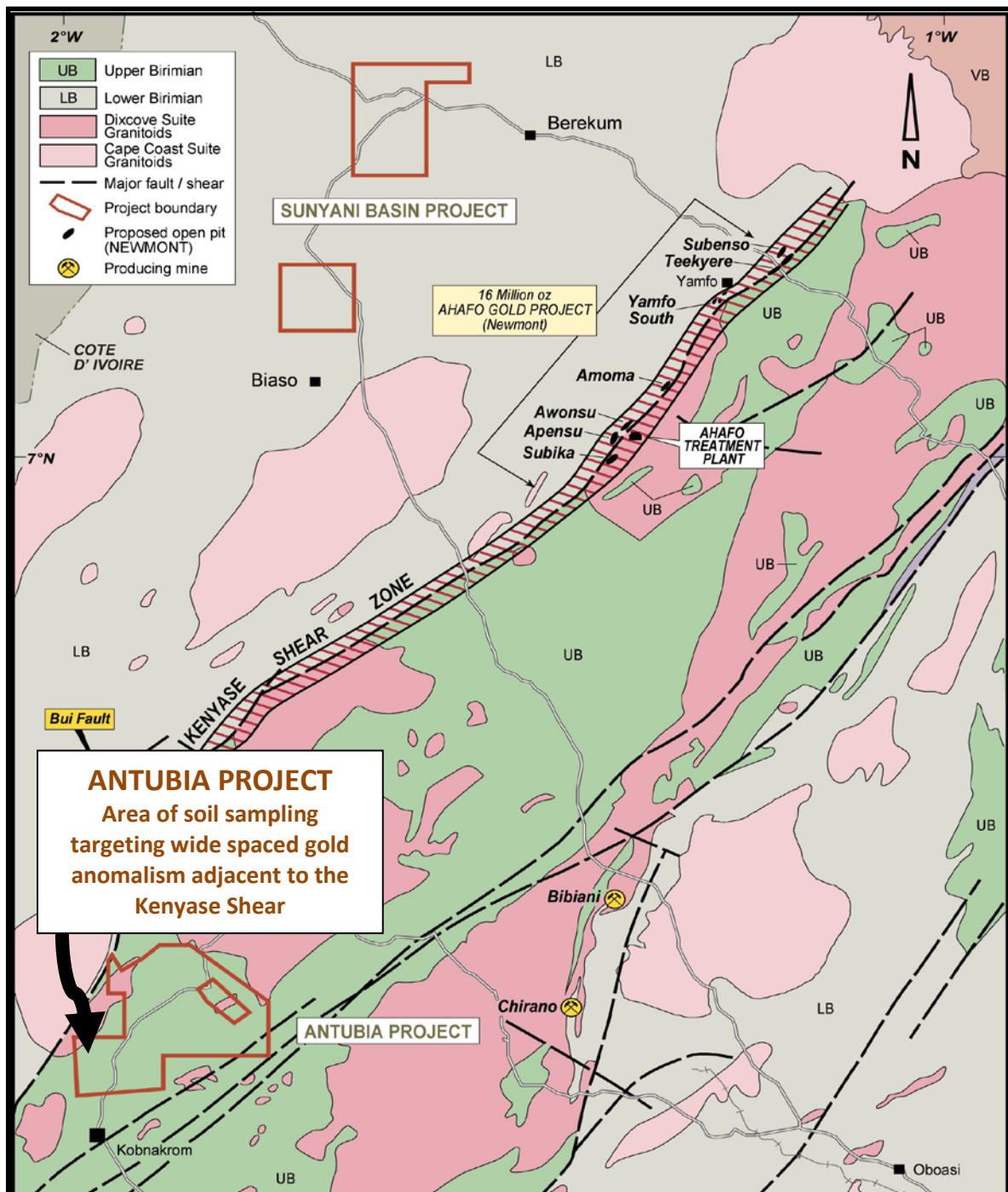
Clockwise from top right; Akoko North location plan, Akoko North drill hole plan, Akoko North soil geochemistry and Akoko East soil geochemistry

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 review of previous exploration was completed during the quarter highlighting several areas that warranted further investigation.

In the south west corner of the project area 703 soil samples were collected from three areas infilling wider spaced work undertaken by Castle in 2006-7. These areas are close to the Kenyase shear that to the north is associated with the 16Moz Ahafo gold deposit⁷. Results for this work will be reported when assay results are received and compiled.



Antubia Project Location and Geology

Corporate

Cash Position

At Quarter end Castle had total issued capital of 113.7M shares and 1.05 million options on issue. Cash reserves were \$5.6 million.

Asset Purchases

Castle Minerals through its Ghanaian subsidiary companies has purchased of an Aircore/RAB exploration drill rig and associated spares and support vehicles. The rig, vehicles and spares have arrived in Ghana and are expected to clear customs shortly.

Share Register

Azumah Resources Limited (ASX:AZM) announced an increase in their Castle shareholding from 14.74% to 15.29%.

For further information please contact:

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Managing Director & CEO
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www.castleminerals.com

About Castle:

Castle Minerals listed on the Australian Stock Exchange in May 2006 (ASX code 'CDT') and has since acquired the rights to six mineral projects in Ghana, West Africa including Akoko, Antubia, Bansa, Bondaye, Opon Mansi (application) and Wa covering more than 11,000km².

All granted projects are 100% owned by Castle Minerals (subject to Ghanaian Government right to a free-carried 10% interest). Castle's corporate objectives are exploration and development of its six projects in Ghana and the acquisition and exploration of other mineral resource opportunities, particularly in West Africa. The country of Ghana has a long history of gold mining and exploration and is Africa's second largest gold producer behind South Africa.

References/Footnotes

- ¹ Castle ASX Release 25/10/11
- ² Castle ASX Release 08/03/10
- ³ Castle ASX Release 03/09/10
- ⁴ Castle ASX Release 05/12/11
- ⁵ Castle ASX Release 12/10/11
- ⁶ Castle ASX Release 09/11/11
- ⁷ www.newmont.com

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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.

Information in this announcement that relates to the Mineral Resources 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 announcement of the matters based on the information in the form and context in which it appears.

Koda Hill Significant RC Drilling Intercepts

Grid:	UTM						
Prospect:	Koda Hill						
Project:	Wa						
Hole Number	Northing	Easting	mRL	Grid Az.	Dip	Hole Depth	Intercept
11KORC021	1121501	584400	284	180	-50	75	2m @ 0.33 g/t gold from 0m 12m @ 0.41 g/t gold from 7m
11KORC023	1121583	584399	284	180	-50	73	4m @ 0.33 g/t gold from 50m 5m @ 0.14 g/t gold from 55m
11KORC025	1121660	584300	281	180	-50	69	22m @ 0.17 g/t gold from 47m
11KORC026	1121615	584302	282	180	-52	66	5m @ 0.18 g/t gold from 0m 2m @ 0.18 g/t gold from 12m 9m @ 0.58 g/t gold from 21m 5m @ 0.16 g/t gold from 40m 5m @ 1.46 g/t gold from 50m 5m @ 0.42 g/t gold from 60m
11KORC027	1121578	584300	283	180	-51	73	12m @ 0.56 g/t gold from 0m 21m @ 0.68 g/t gold from 31m
11KORC029	1121500	584299	284	180	-48	79	2m @ 0.21 g/t gold from 17m
11KORC030	1121658	584340	280	180	-50	140	19m @ 0.35 g/t gold from 72m 4m @ 0.13 g/t gold from 95m
11KORC031	1121618	584338	276	180	-49	100	23m @ 0.16 g/t gold from 22m 21m @ 0.35 g/t gold from 51m
11KORC032	1121581	584336	280	180	-52	82	4m @ 0.24 g/t gold from 0m 7m @ 0.16 g/t gold from 12m 4m @ 0.16 g/t gold from 23m 28m @ 0.36 g/t gold from 33m
11KORC034	1121661	584263	282	180	-51	140	8m @ 0.31 g/t gold from 51m 15m @ 0.34 g/t gold from 71m 3m @ 0.16 g/t gold from 90m
11KORC035	1121620	584260	277	180	-52	100	37m @ 0.25 g/t gold from 25m 2m @ 1.00 g/t gold from 71m 4m @ 1.00 g/t gold from 80m
11KORC036	1121582	584260	276	180	-51	80	5m @ 0.21 g/t gold from 0m 4m @ 0.41 g/t gold from 9m 3m @ 0.13 g/t gold from 17m 8m @ 0.23 g/t gold from 35m
11KORC037	1121542	584261	271	180	-50	80	4m @ 0.62 g/t gold from 10m 2m @ 0.49 g/t gold from 18m
11KORC043	1121458	584179	284	180	-50	60	2m @ 1.24 g/t gold from 0m

Notes

- Assays reported from 1m split 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.