

December 2012 Quarterly Report



Highlights

Wa Project

- RC drilling at the Danyawu prospect in north west Ghana has intersected further high grade gold extending the zone of known mineralisation. A maiden resource calculation will now be completed. Significant gold results include;

13m @ 4.48g/t (JWRC253) including 8m@ 6.8g/t fm 49m,

3m @ 5.35g/t from 57m (JWRC254)

9m @ 1.87g/t from 50m (JWRC252)

9m @ 1.58g/t from 49m (JWRC251)

9m @ 1.24g/t from 68m (JWRC260)

- +40,000m drill program underway testing 26 of more than 60 gold targets identified within the larger Wa Project area. Drilling currently testing two parallel trending gold zones and the new 800m long Bundi auger anomaly at Wa South.
- 456 RAB holes were drilled for 6,417m during the December quarter using Castles own drill rig.
- Eight pipe-like geophysical signatures identified on Wa Project were drill tested with mafic intrusive rocks and one felsic intrusive rock intersected. Samples have been delivered to Perth for multi element geochemistry to determine if the rocks have a kimberlite affinity

Project Divestment

- Due diligence being completed on two of Castles Ghana gold exploration projects.

Corporate

- End of quarter cash position of \$2.15m

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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

Castle's goals and objectives for 2013 include:

Wa Project

- Define maiden gold resources for Danyawu and Alpha, Bravo and Charlie mineralisation
- Complete +40,000m of RAB drilling. 60 gold targets identified: 26 targeted for drilling 2013
- Continue regional scale exploration over untested areas
- Complete metallurgy test work on Kambale Graphite Deposit and seek end user/industry participation to advance project development

Akoko Project

- Complete feasibility study on Akoko Resource and submit Mining Lease application
- Undertake exploration on +5km Akoko East Corridor

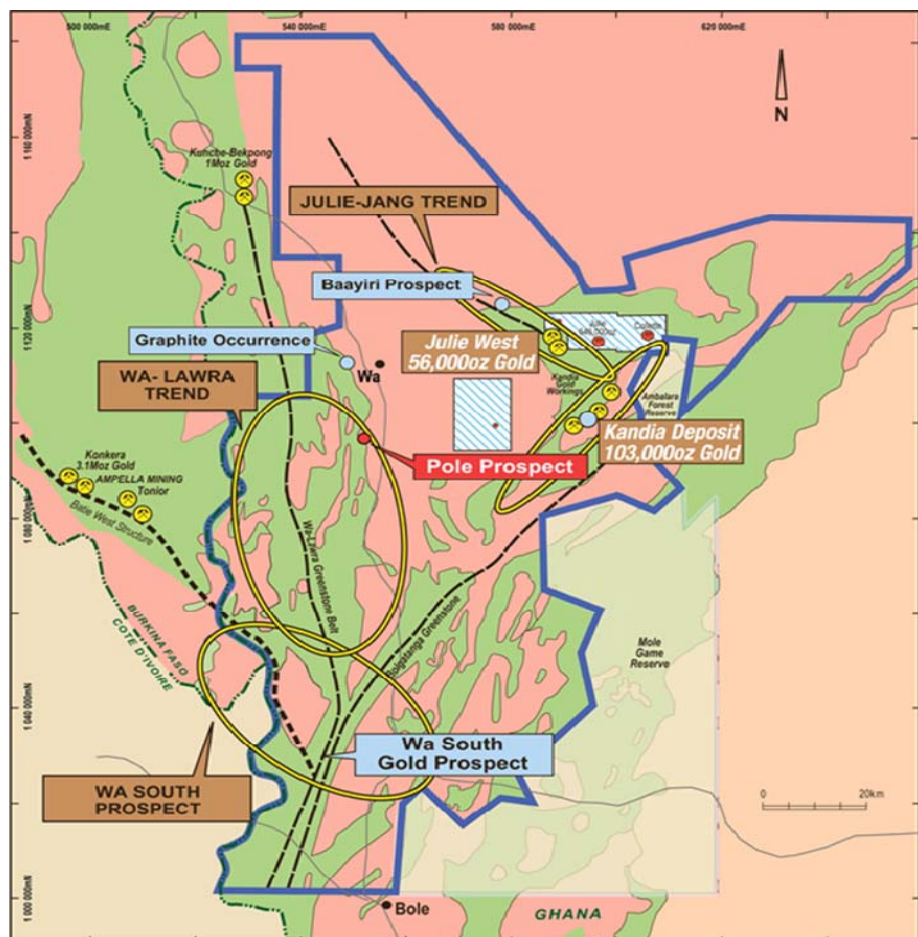
Antubia Project

- Test gold targets through JV or Farm-in arrangements.

Wa Project (Castle Minerals 100%)

Quarterly exploration activities at the Company's extensive Wa Project (10,000km²) in north west Ghana concentrated 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 (includes Kambale graphite deposit)



Quarterly exploration activities focussed on the Wa Project in NW Ghana

Danyawu Gold Prospect

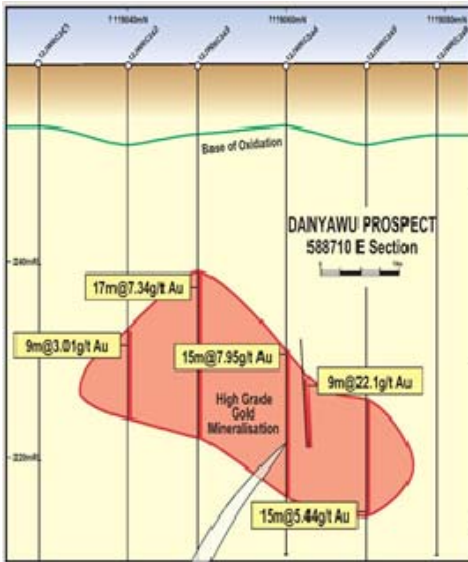
RC drilling at the Danyawu prospect intersected further high grade gold extending the zone of known mineralisation. The results together with previously reported intercepts will enable the completion of a maiden gold resource for this near surface high grade deposit.

Significant gold results include; 13m @ 4.48g/t (JWRC253) including 8m@ 6.8g/t from 49m, 3m @ 5.35g/t from 57m (JWRC254), 9m@ 1.87g/t from 50m (JWRC252), 9m @ 1.58g/t from 49m (JWRC251) and 9m @ 1.24g/t from 68m (JWRC260). Results are from fire assay analysis of 1m RC drill samples.

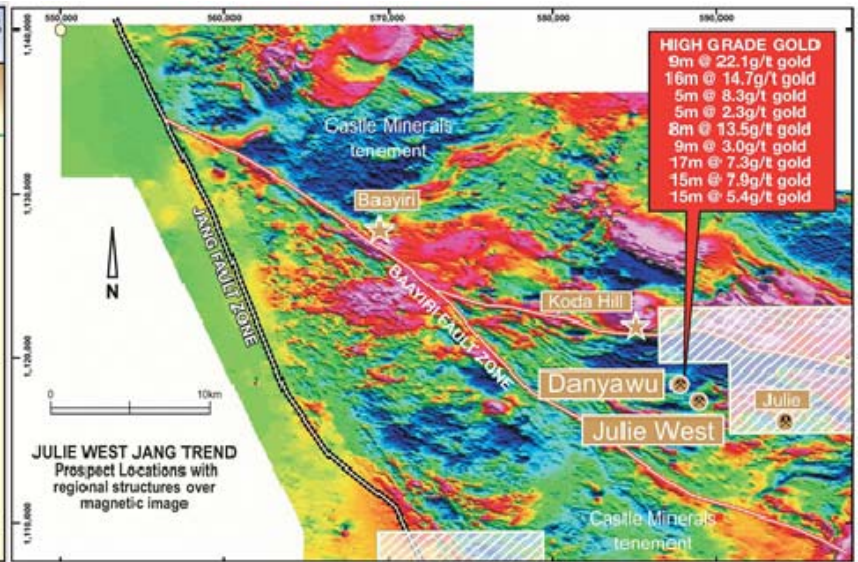
Mineralisation remains open down plunge and occurs within a laminated quartz reef that has intruded granodiorite and mafic host rocks. It is considered geologically similar to Castles' Julie West Gold deposit (415,000t @ 4.2g/t gold) located 2km to the south. Initial bottle roll leach tests on RC samples indicate that the mineralisation is likely to be free milling with high recoveries via conventional crushing and cyanidation.



Danyawu drill hole location plan with significant RC drilling intercepts



Danyawu RC cross section



Danyawu prospect location on magnetic image

New Artisanal Mining at Bulenga Prospect

A new artisanal mining area has recently developed north of Bulenga village (~20km south west of Castle's Kandia Deposit) after gold was discovered whilst excavating foundations for a building in November. Up to 500 artisanal miners have been working the area developing shafts on several gold bearing quartz veins.

The significance of this occurrence is yet to be determined however it is situated within a 3,500m long corridor of anomalous soil geochemistry that is now proposed to be drill tested.

Mapping and sampling is currently underway.



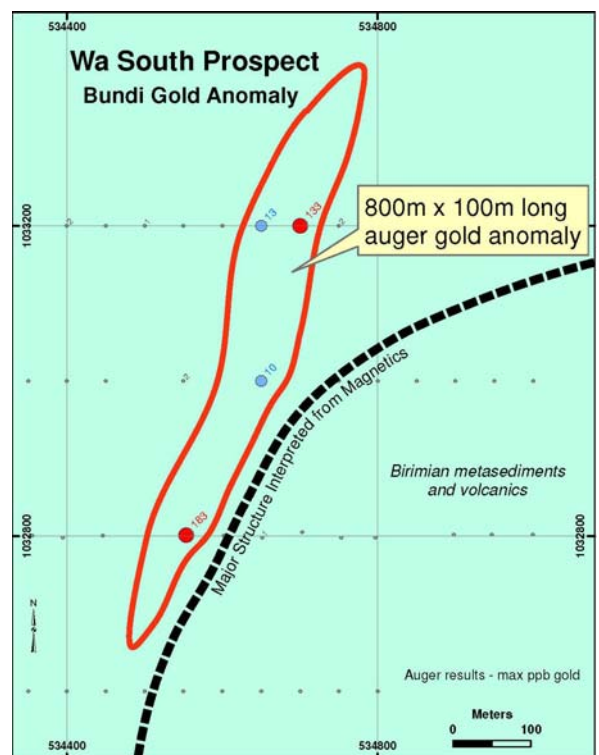
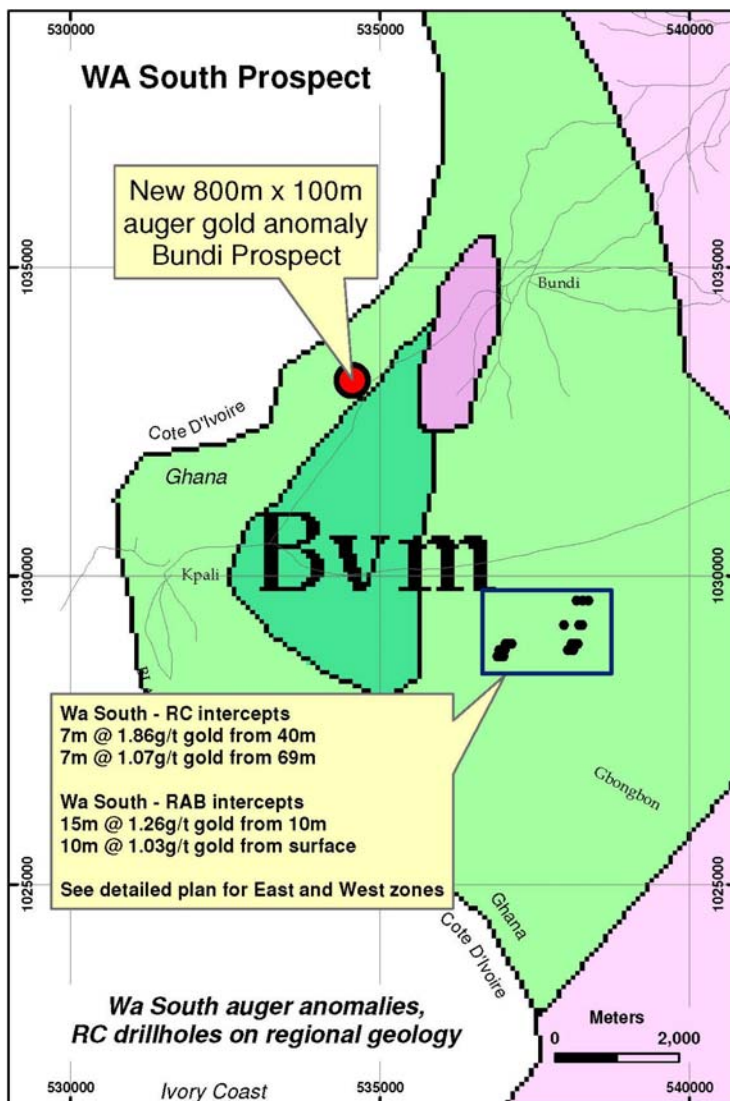
Artisanal mining activity at the new Bulenga galemsay site

Wa South Prospect

RAB drilling is underway at Wa South testing **two parallel trending gold zones** approximately one kilometre apart.

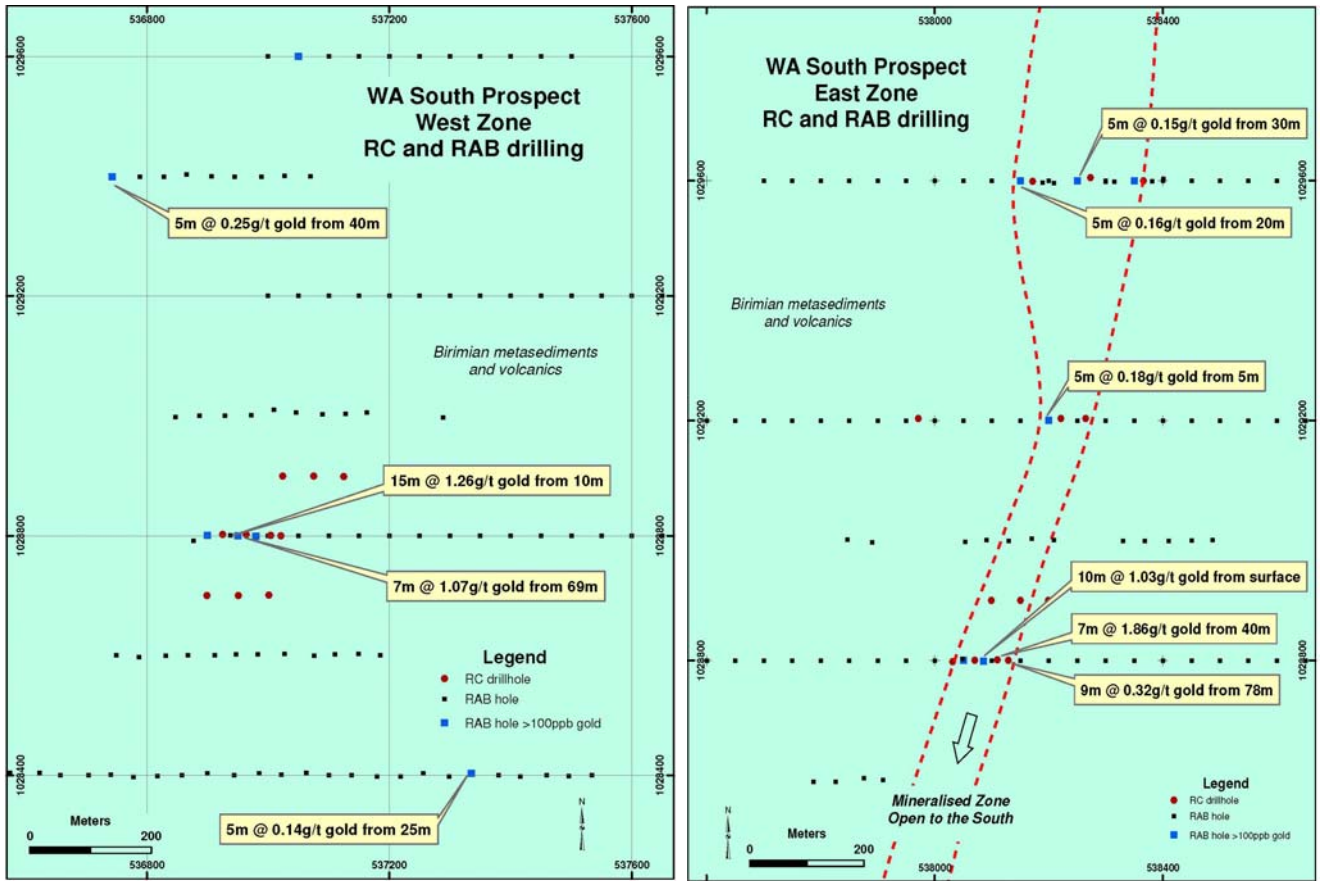
This represents the first known gold mineralisation in the area and was discovered through soil sampling, auger drilling and RAB and RC drill testing. The east mineralised corridor is accompanied by a wide zone of pyrite alteration within the host sediments.

The gold mineralisation was discovered beneath a 2-3m blanket of transported gravels that covers much of the area. Drilling is also testing the **800m long Bundi prospect** that is the strongest auger anomaly reported to date at Wa South.

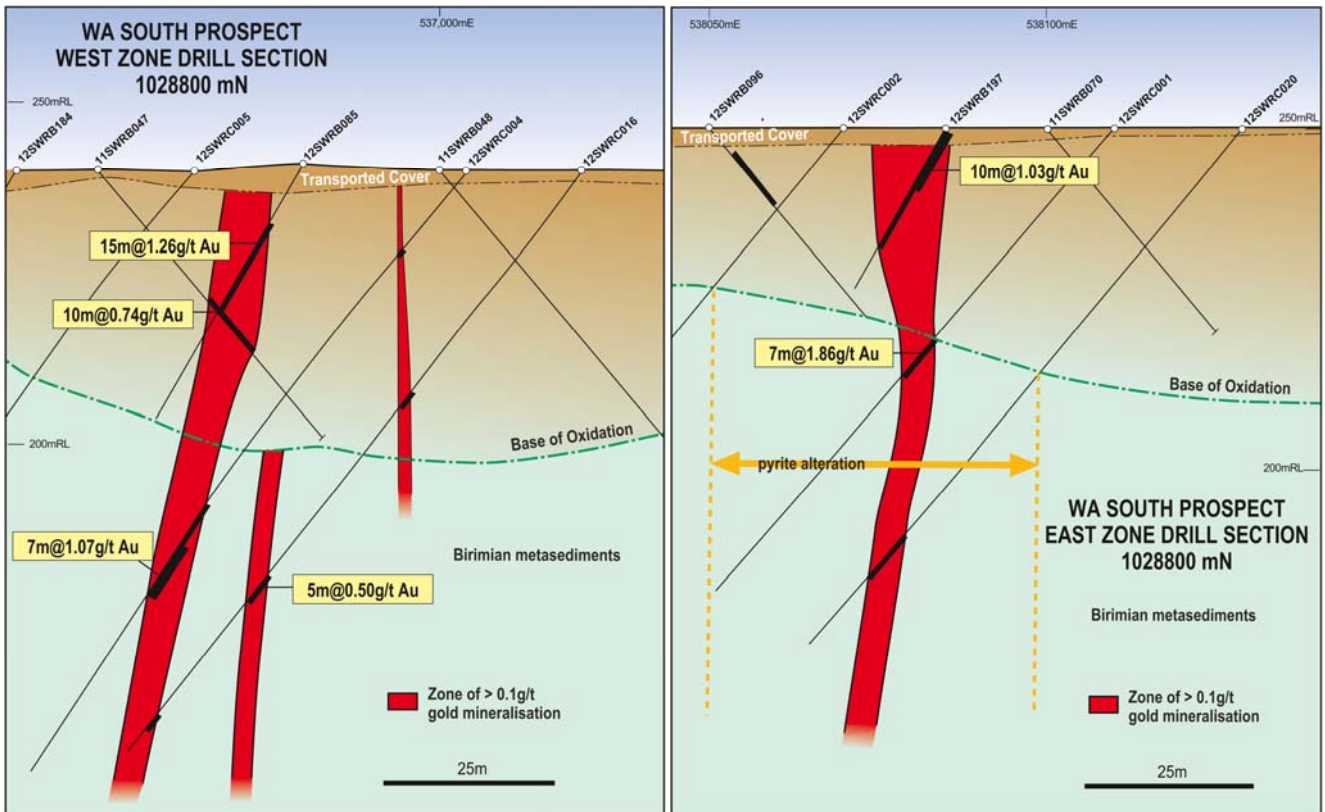


Plan of Wa South prospect showing new Bundi prospect and location of RC drilling that has intersected oxide and primary gold mineralisation in Birimian meta-sediments in two mineralised corridors.

The Bundi anomaly is the strongest auger anomaly reported to date at Wa South and RAB drilling is currently underway.



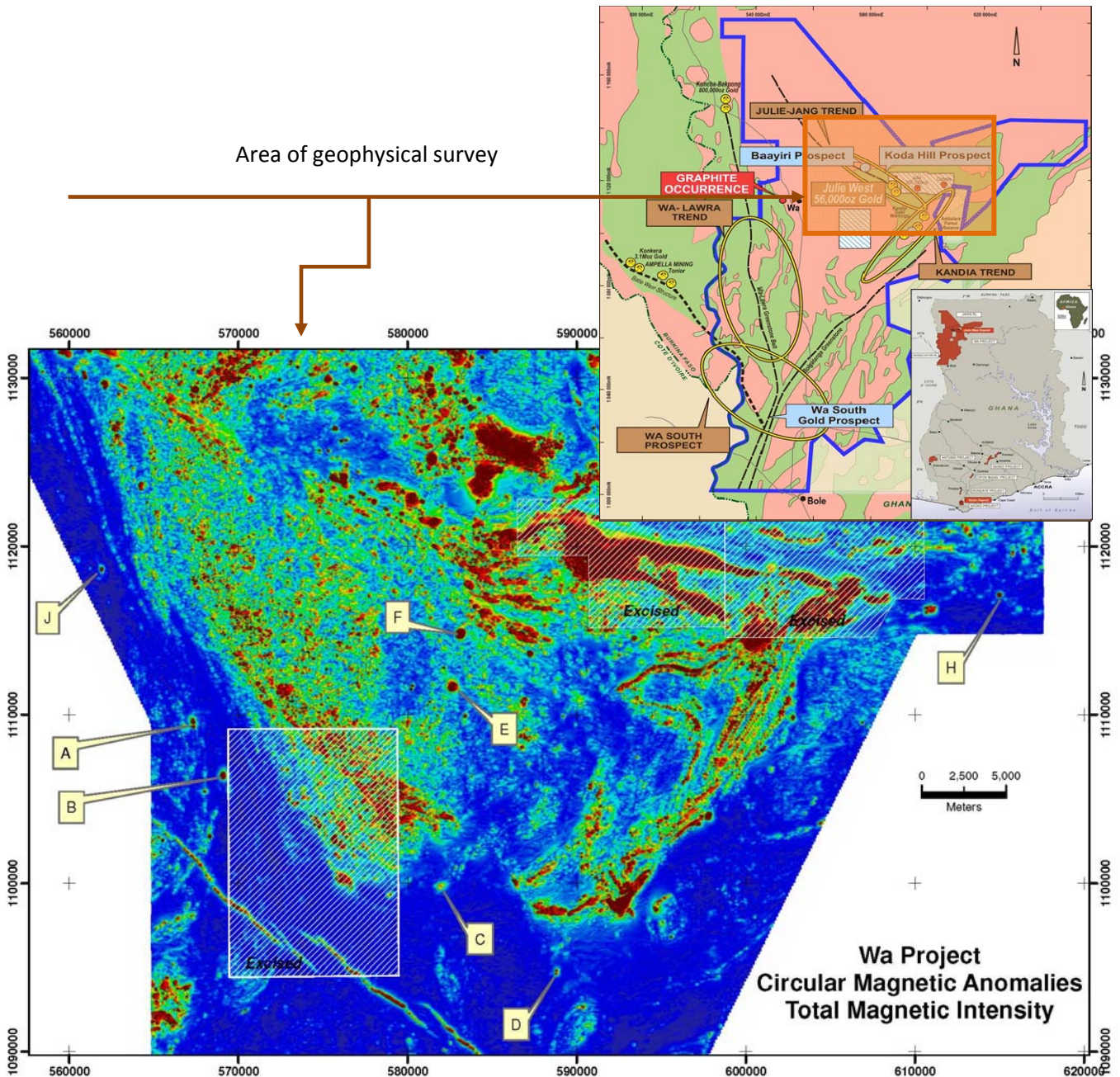
RAB and RC drilling at Wa South testing two parallel gold corridors approximately 1km apart. This represents the first known gold mineralisation in the area and was discovered through soil sampling, auger drilling and RAB and RC drill testing by Castle.



Drill cross section through west and east gold corridors at Wa South

Wa Project Circular Magnetic Anomalies

Initial drilling of highly magnetic circular geophysical targets was completed during the quarter and intersected discrete coarse grained mafic rich rocks and one felsic intrusive rock that are interpreted as the source of the magnetic anomalies. Samples have arrived in Perth and have been submitted for multi element analysis to determine if the rocks have a kimberlite affinity.



Aeromagnetic image showing locations of interpreted intrusive pipes. Initial drill testing was completed in December quarter and results are awaited.

Kambale Graphite Deposit

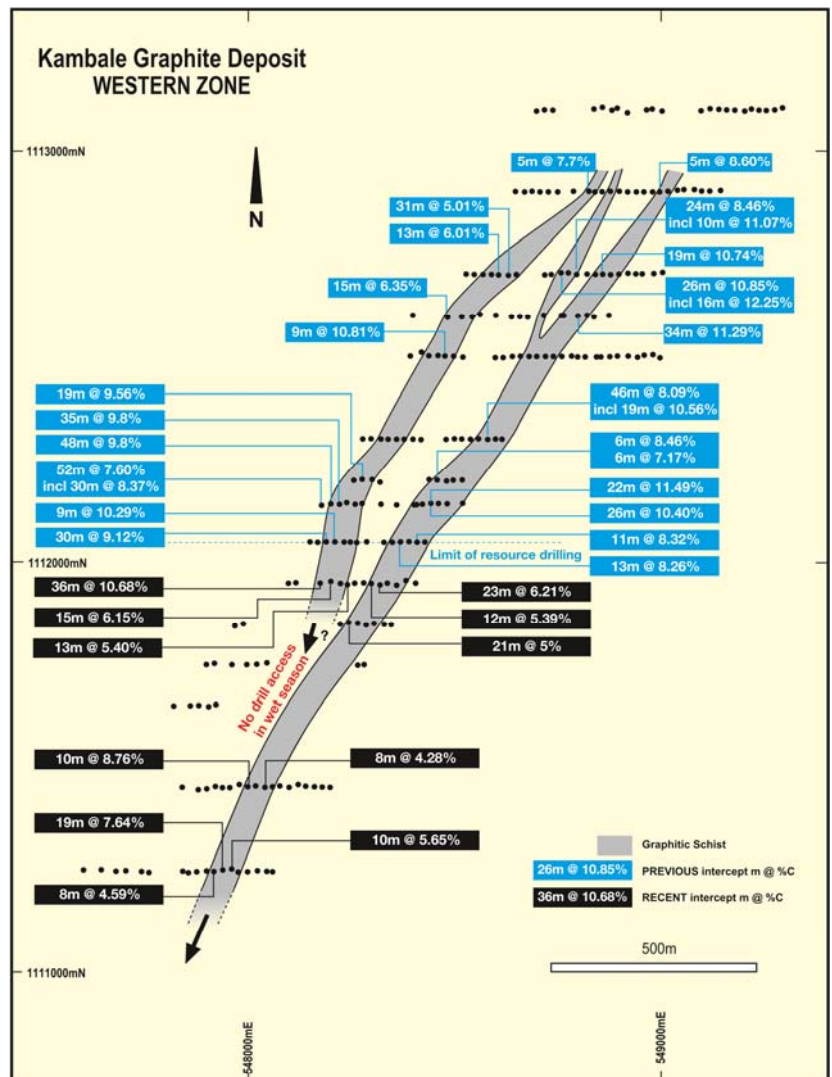
In 2012 Castle announced a maiden resource estimate for its Kambale Graphite of 14.4mt @ 7.2% C (graphitic carbon) for 1.03mt contained graphite (Inferred Resource). Flotation testwork was completed during the quarter from samples conducted on fresh and weathered graphitic schist from the Kambale deposit. Microscopic examination of some flotation concentrates indicated that the graphite flakes were up to 250 microns long.

Rougher flotation tests on the fresh and weathered ore samples gave a maximum concentrate grade of over 50% graphite but at low recoveries. In the size fractions coarser than 150 microns, a high proportion of graphite loss to the scavenger tailings was observed. The -150+75 micron size fraction, concentrates 1 and 2 combined, gave a 50% graphite grade at 40% recovery with 30% lost to the final tails. The -75 micron fraction gave the highest recovery (>90%), as expected from a greater degree of graphite liberation from the gangue but grades of less than 30% were achieved. Cleaner and recleaner flotation tests on the -180+75 micron size range failed to improve on these initial rougher tests. A small degree of regrinding of the rougher tail, from 180 to 150 micron top size, improved recovery but did not achieve any significant improvement in graphite grade from the rougher tail.

In order to achieve a high grade of product from the samples supplied, a grind size below 75 microns is recommended. The softness and smearing effect of the graphite on the gangue minerals, drives the need to take small size reduction steps followed by multistage flotation. The sample supplied for testing was RC chips and the RC drilling process itself may increase the smearing effect of graphite over the gangue minerals and any further testwork should be carried out on diamond drill core.

The testwork results from this initial study have shown that an upgrade to just over 50% graphite can be achieved in 1-2 stages of flotation. Further test work would be needed to determine if additional grind-flotation and/or gravity stages could increase the grade to produce a high grade graphite product.

Castle is currently seeking end user/industry participation to advance project development.



Drill hole location plan of Kambale graphite deposit with significant graphite intercepts. Results in blue were used in the July 2012 resource estimate whilst those in black are from new shallow drilling testing the southern strike extension. A majority of the new graphite intercepts bottomed in mineralisation

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 \$2.15 million.

Project Divestment

Due diligence is currently being completed on two of Castles Ghana gold exploration projects towards the possible execution of an exploration joint venture agreement.

For further information please contact:

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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, Banso, 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.

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References

<i>High Grade RC Drilling Extends Danyawu Prospect</i>	<i>CDT:ASX Release 15/01/13</i>
<i>Drilling Confirms Gold Mineralisation at Wa South</i>	<i>CDT:ASX Release 26/09/12</i>
<i>Geophysical Signatures Wa Project</i>	<i>CDT:ASX Release 06/09/12</i>
<i>Kambale Graphite Project</i>	<i>CDT:ASX Release 24/07/12</i>

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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 Gold 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.

Information in this announcement that relates to the Kambale Mineral Resource Estimate is based on information compiled by Aaron Green, Operations Manager WA, Runge Limited. Aaron Green is a full time employee of Runge Limited, a Member of the Australian Institute of Geoscientists (AIG), and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for the Reporting of Mineral Resources and Ore Reserves. Aaron Green consents to the inclusion in the announcement of the matters based on the information in the form and context in which it appears.