

March 2013 Quarterly Report

Highlights

Ghana Gold Exploration

- Julie West Resource increased by 24% to 487,100t @ 4.4 g/t gold for 69,000 ounces following the completion of a maiden resource estimate for the high grade Danyawu deposit that contains 72,100t @ 5.5g/t gold
- RAB drilling at the Bundi Prospect discovered an open ended zone of bedrock gold mineralisation over 1km long. This new gold mineralized zone is 20-60m wide and is completely open to the north and south. Extensional RAB drilling is underway at Bundi and a RC rig has been booked to commence early May
- Wide spaced reconnaissance RAB drilling four kilometres south of Bundi reported a best result of 3m @ 2.02g/t gold from 20m to end of hole
- Option agreements were signed with Merah Resources Limited (ASX:MEH) to acquire Castle's 100% interest in the Antubia and Kong gold Projects located in Ghana

Under the key terms of the agreements, Merah must issue up to 6 million Merah shares to Castle for each project and make staged cash payments totalling \$270,000 and commit to spending a minimum \$350,000 per annum on exploration

- Two circular geophysical pipes drilled were found to be of ultramafic composition with multi element analyses placing them in the range for kimberlites
- +40,000m drill program underway testing 26 of more than 60 gold targets identified within the larger Wa Project area
- 1,019 RAB holes were drilled for 17,020 metres during the March quarter using Castles own drill rig

Corporate

- End of quarter cash position of \$1.70m

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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

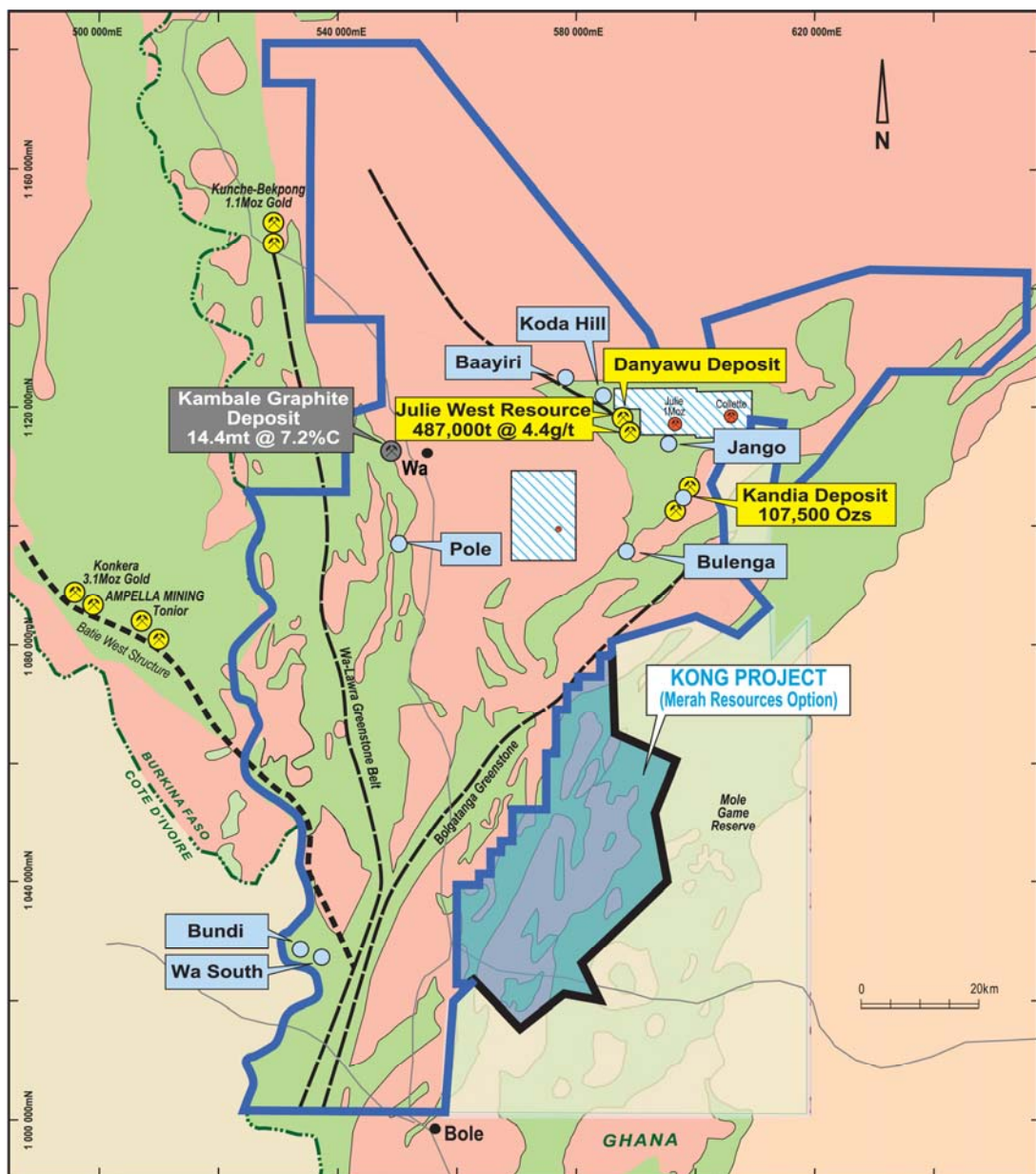
Campbell Ansell
Non Executive Director

Des Kelly
Company Secretary

Wa Project (Castle Minerals 100%)

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 and Pole gold anomaly)



Castle's Wa Gold Project in north-west Ghana

Danyawu Gold Deposit – Julie West Prospect Area

During the quarter the total gold resource for the Julie West Prospect in NW Ghana was increased by 24% to 487,100t @ 4.4 g/t gold for 69,000 ounces.

The increase comes from the completion of a maiden resource estimate for the high grade Danyawu deposit that contains 72,100t @ 5.5g/t gold with 85% of these high grade ounces contained within 50m of the surface.

Definition of this shallow resource was achieved within three months of the RC drilling work being completed. 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.

Gold mineralisation at Danyawu 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.

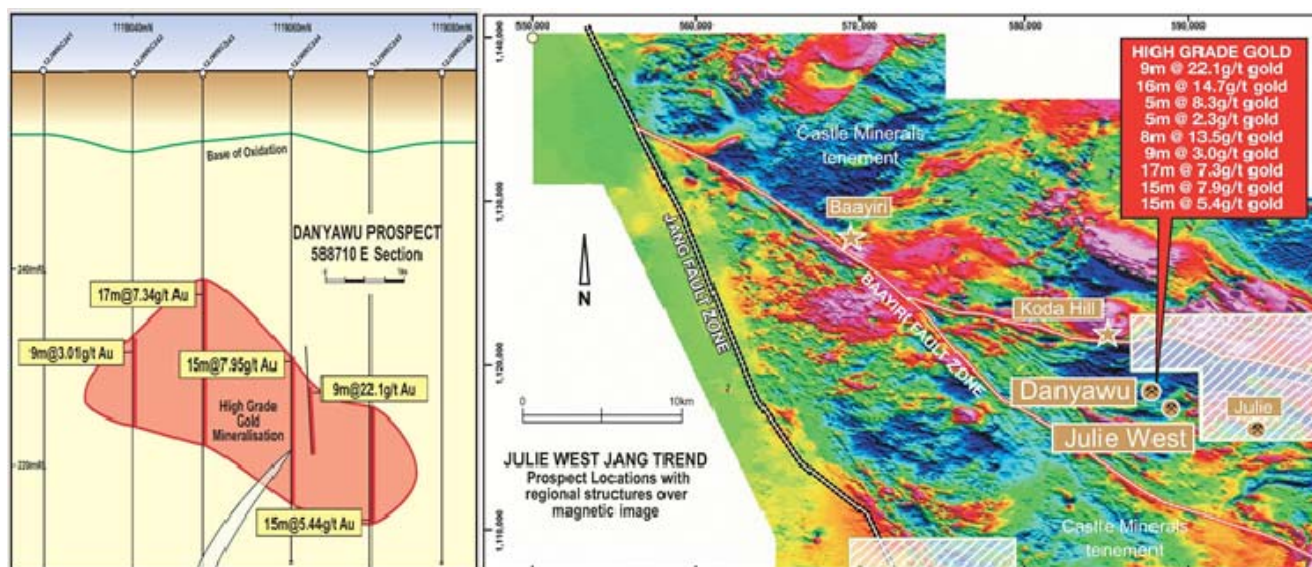
February 2013 Indicated Mineral Resource Estimate (1.0g/t Au Cut-off)

Type	Indicated		Inferred		Total		
	Tonnes t	Au g/t	Tonnes t	Au g/t	Tonnes t	Au g/t	Au Ounces
Oxide	700	2.5	0	0.0	700	2.5	100
Transitional	4,600	3.6	0	0.0	4,600	3.6	500
Fresh	66,800	5.7	0	0.0	66,800	5.7	12,200
Total	72,100	5.5	0	0.0	72,100	5.5	12,800

Mineral Resource Summary for the Danyawu Gold Deposit

Wa Project	Indicated			Inferred		Total		
	Tonnes t	Au g/t	Au Ounces	Tonnes t	Au g/t	Tonnes t	Au g/t	Au Ounces
Julie West	383,000	4.2	52,100	32,000	4.0	415,000	4.2	56,200
Danyawu	72,100	5.5	12,800			72,100	5.5	12,800
Total	455,100	4.4	64,900	32,000	4.0	487,100	4.4	69,000

Mineral Resource Summary for the Julie West Prospect Area



Danyawu RC cross section

Danyawu prospect location on magnetic image

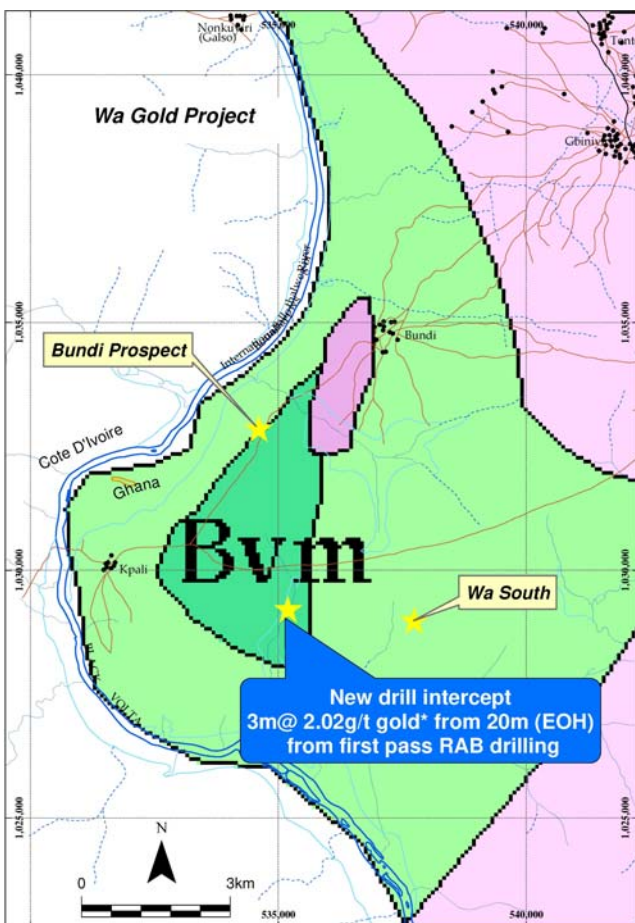
Wa South

RAB drilling at the **Bundi Prospect** discovered an open ended zone of bedrock gold mineralisation over 1km long. This new gold mineralized zone is 20-60m wide and is hosted within altered Birimian metasediments. The zone is completely open to the north and south and extensional drilling is underway to outline the full extent of the zone.

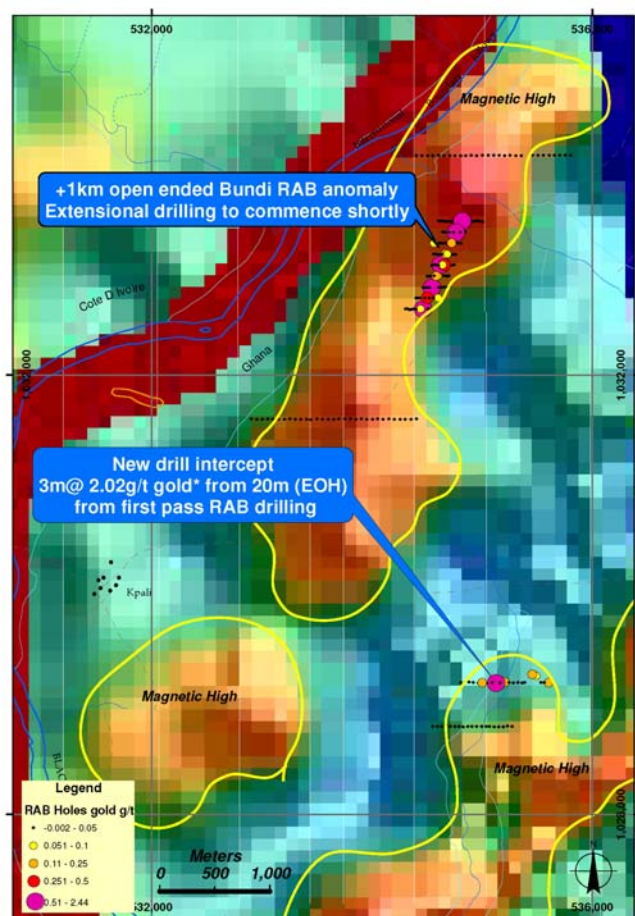
This is one of the strongest bedrock gold targets generated by the Company to date with the gold mineralisation discovered beneath a shallow veneer of alluvial cover. Auger drilling by Castle produced a single point anomaly that was subsequently followed up.

Bundi is a compelling target for RC drilling and an RC rig has been booked for early May to test this target. Drilling was conducted using Castle's own RAB drill rig with holes completed to blade refusal averaging 12m down hole depth within the mineralised zone. Most holes ended in mineralisation with significant results including:

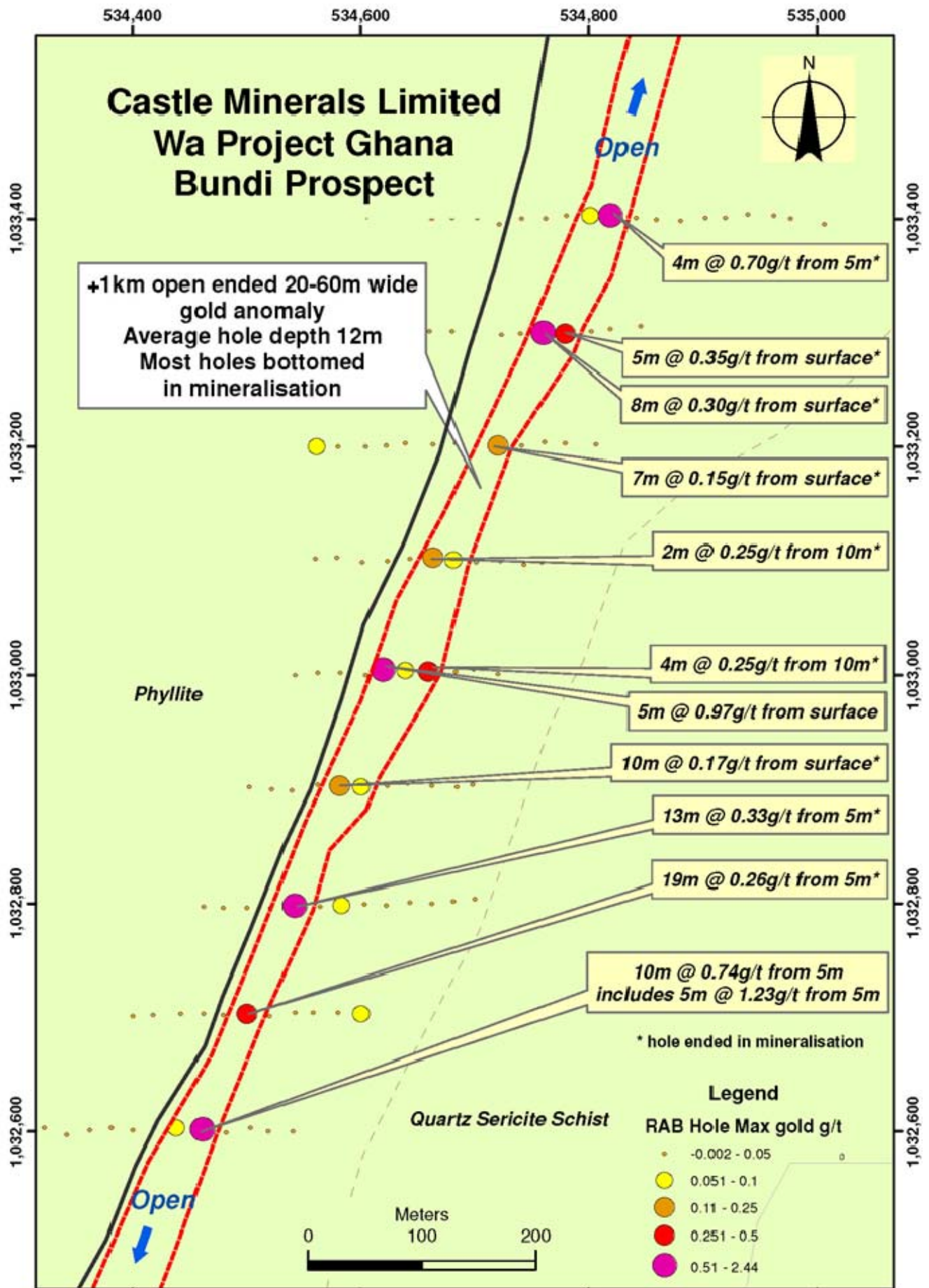
SWRB316	4m @ 0.70 g/t gold from 5m
SWRB331	5m @ 0.35 g/t gold from surface
SWRB332	8m @ 0.30 g/t gold from surface
SWRB367	4m @ 0.28 g/t gold from 10m
SWRB369	5m @ 0.97 g/t gold from surface
SWRB393	13m @ 0.33 g/t gold from 5m
SWRB403	19m @ 0.26 g/t gold from 5m
SWRB413	10m @ 0.74 g/t gold from 5m Incl. 5m @ 1.23g/t gold from 5m



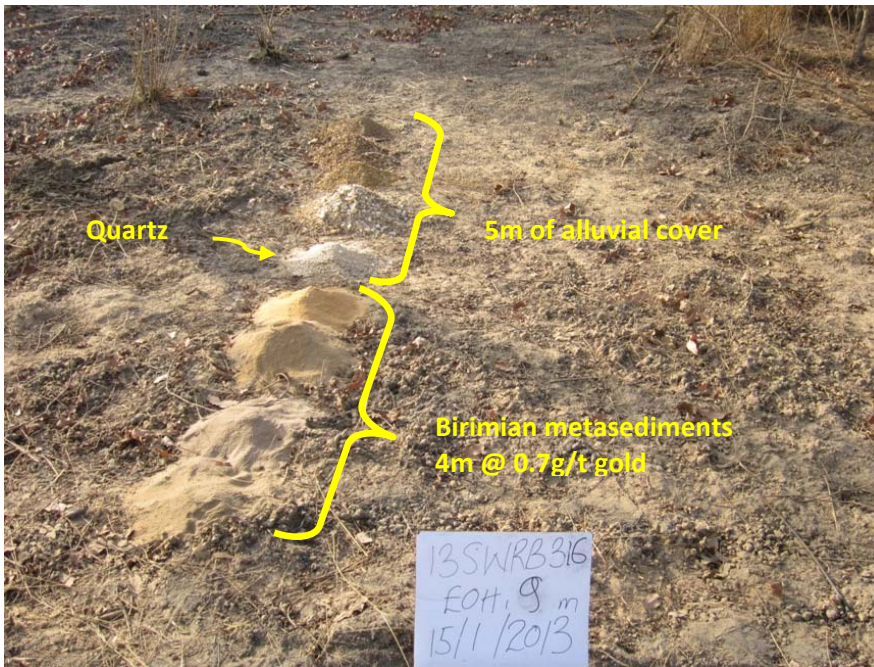
Regional geology over the Wa South prospect area



Magnetic image over Bundi showing the open ended anomaly trending towards the margin of a magnetic high coincident with a change in orientation.



RAB drilling at Bundi prospect showing +1km long, 20-60m wide open ended bedrock gold anomaly. Most holes finished in gold mineralisation



RAB sample piles for hole SWRB316 showing 5m of alluvial cover including a quartz rich lag horizon at the base.

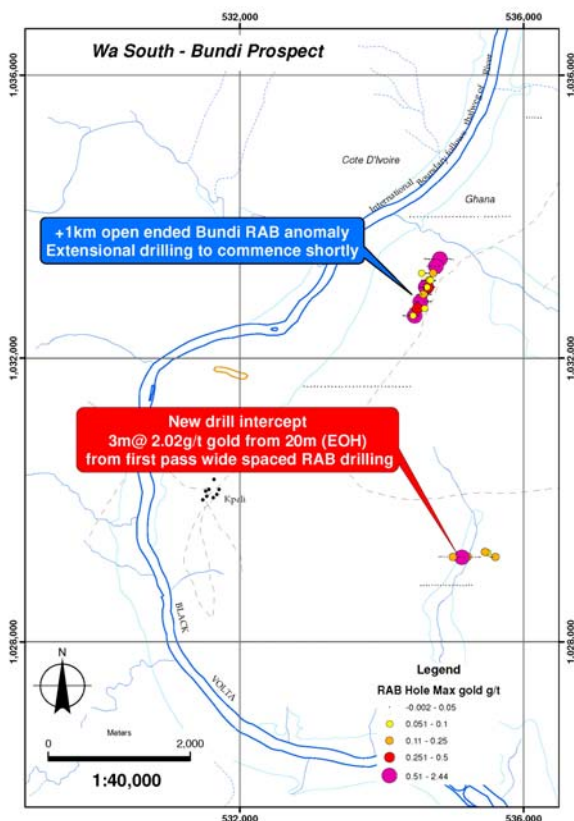
Gold mineralised altered Birimian metasediments were intersected beneath this cover sequence.

RAB drilling is currently underway to fully define the extent of the Bundi anomaly.

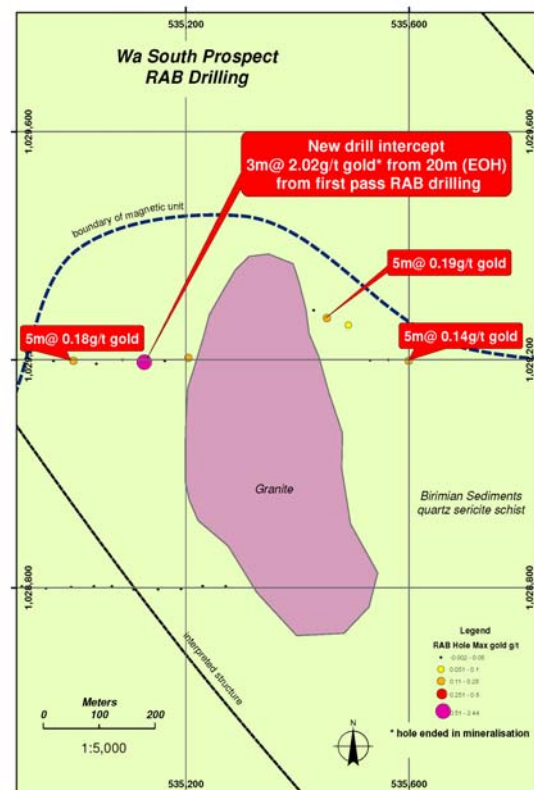
A contract RC rig has been booked to commence early May.

Wide spaced reconnaissance RAB drilling four kilometres south of the Bundi gold mineralisation was also completed during the quarter and reported a best result of **3m @ 2.02g/t gold from 20m to end of hole**.

This new zone of bedrock gold within Birimian sediments similar to Bundi being hosted by altered quartz-sericite schists. Infill and extensional RAB drilling is underway in preparation for RC drilling testing in May.



Drill plan for Wa South showing new RAB intercept 4km south of Bundi



Detail of new RAB drilling 4km south of Bundi



RAB drilling at Wa South – the area is largely masked by a veneer of alluvial sand and gravels

Castle Signs Option Agreements with Merah Resources

Option agreements were executed during the quarter with Merah Resources Limited (ASX:MEH) to acquire Castle's 100% interest in the Antubia and Kong gold Projects located in Ghana.

Under the key terms of the agreements, Merah must (subject to statutory approvals) issue up to 6 million Merah shares to Castle for each project in three equal tranches based on (i) tenement grant and/or ministerial consent; (ii) definition of a JORC resource and (iii) completion of a PFS and mining lease grant.

Merah must also make staged cash payments to Castle totalling \$270,000 and commit to spending a minimum \$350,000 per annum on exploration.

The agreements with Merah will allow renewed exploration activity over the Antubia and Kong projects whilst providing significant upside for Castle shareholders through a substantial equity position in Merah.

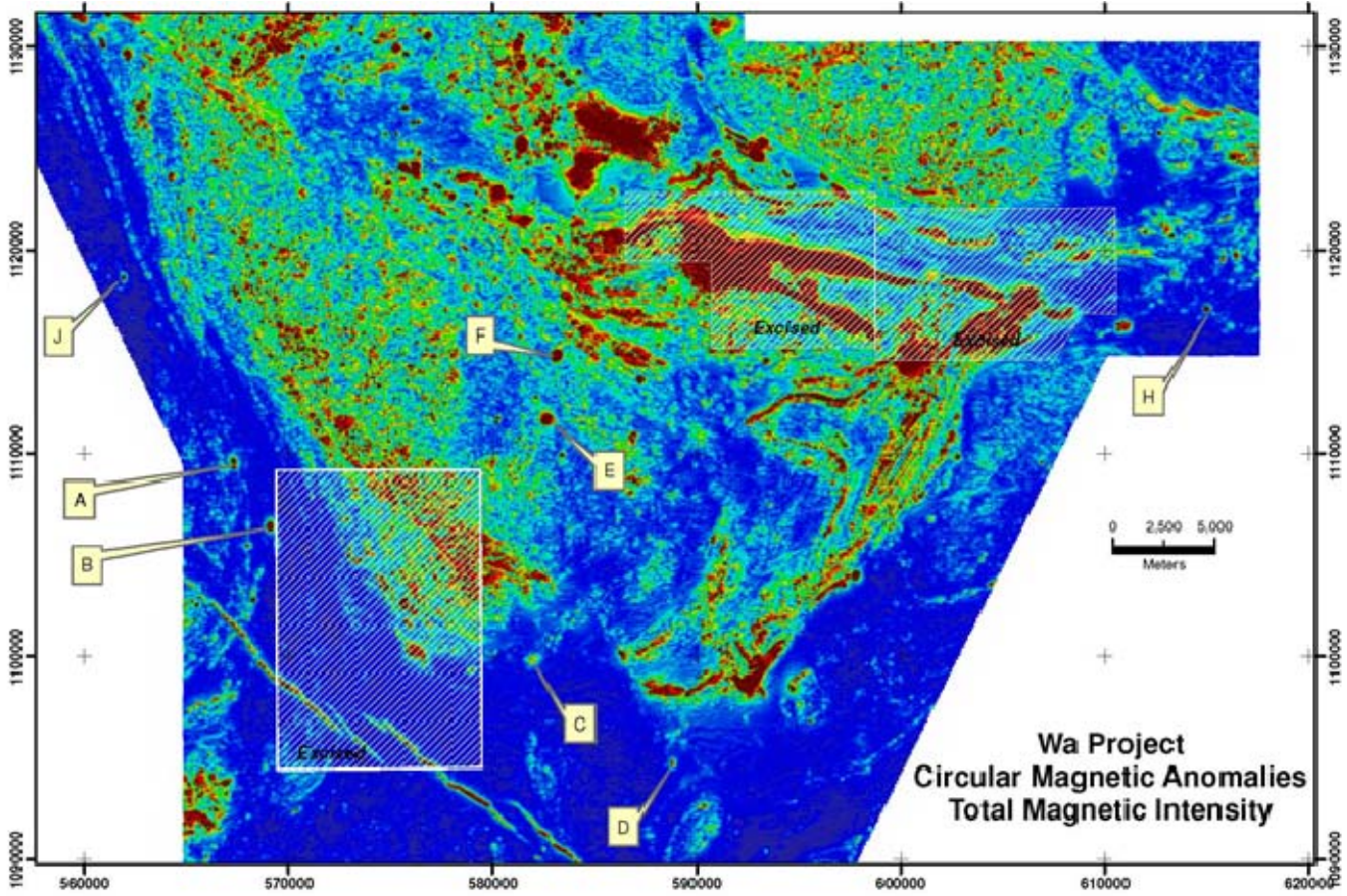
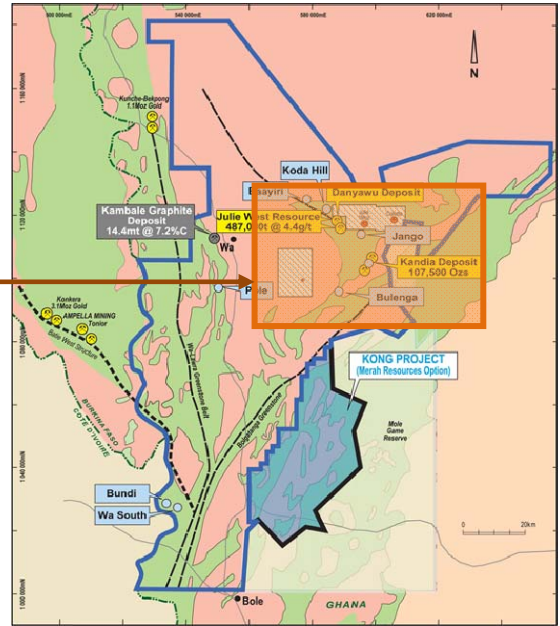


Wa Project Circular Magnetic Anomalies

Initial drilling of eight out of ten highly magnetic circular geophysical targets intersected magnetic zones which explained the magnetic anomalies. Assay results for multi element analysis were received during the quarter with a summary of the outcomes tabled below. Two of the target pipes drilled (D and F) were found to be of ultramafic composition with multi element analyses placing them in the range for kimberlites.

Magnetic Feature	Description
A	Equigranular magnetic mafic rock
B	Fine grained moderately magnetic intermediate to mafic schist within a granitic host
B1	Fine grained moderately magnetic intermediate to mafic schist within a granitic host
B2	Not drilled due to location within an active farming area
C	Strongly sheared and magnetic schistose rock within granodiorite host
D	Medium to coarse grained and magnetic ultramafic schist, low in Si, and high in Mg. Cr, Ni, Co, Al, K, are within ranges for kimberlites – possibly of kimberlitic affinity , further analysis to be undertaken
E	Strongly magnetic coarse grained intermediate intrusive
F	Medium to coarse grained ultramafic intrusive rock, low in Si, and high in Mg. Cr, Ni, Co, Al, are within ranges for kimberlites – possibly of kimberlitic affinity , further analysis is being undertaken
H	Not drilled due to difficulty of access
J	Coarse grained, magnetic, hornblende-rich meta-mafic rock

Area of geophysical survey



Aeromagnetic image showing locations of interpreted intrusive pipes. Initial drill testing was completed on the labelled pipes except for H due to poor access.

Further investigation and analyses of pipes D and F will be undertaken.

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 has been completed 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.

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 is 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 and has presented data on Kambale to several Chinese graphite producers.

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 \$1.70 million.

Project Divestment

Due diligence is currently being completed on one of Castles Ghana gold exploration projects. The Banso gold project is currently being relinquished following a review of historic exploration and unsuccessful attempts to sell or JV the property.

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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, 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.

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References

<i>Castle Signs Option Agreements with Merah</i>	<i>CDT:ASX Release 04/04/13</i>
<i>Bundi RAB Drilling Intersects New Gold Zone</i>	<i>CDT:ASX Release 19/03/13</i>
<i>Julie West Resource Upgrade</i>	<i>CDT:ASX Release 07/03/13</i>
<i>Bedrock gold Discovered at Bundi Prospect</i>	<i>CDT:ASX Release 05/03/13</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 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.