

## June 2013 Quarterly Report

### Highlights

#### Ghana Gold Exploration – Two Discoveries This Quarter

- RC drilling at the **Bundi prospect** has defined a high grade gold and zinc horizon over at least 1100m strike and provides considerable scope for the definition of a high grade gold and or zinc deposit. Significant RC intercepts include;

2m @ 7.87g/t gold and 0.15% Zn from 40m

3m @ 6.01g/t gold and 1.04% Zn from 40m

3m @ 3.19g/t gold and 1.20% Zn from 25m

2m @ 9.11g/t gold and 1.36% Zn from 68m

- RC and RAB drilling at **Kpali** was successful in defining a 650m long continuous zone of near surface gold mineralisation. Significant RAB drill results and RC splits from this work include;

10m @ 1.00 g/t gold from 5m	13SWRB865
10m @ 1.46 g/t gold from 15m (EOH)	13SWRB881
3m @ 1.44 g/t gold from surface	13SWRB926
10m @ 1.19 g/t gold from 5m	13SWRB819
10m @ 1.80 g/t gold from 16m	13SWRB820
2m @ 1.90 g/t gold from 4m	13SWRB822
5m @ 1.12g/t gold from 5m	13SWRB998 and
7m @ 1.20g/t gold from 20m (EOH)	
5m @ 1.32g/t gold from 6m	13SWRB1011
4m @ 2.21 g/t gold from 41m	13SWRC033 and
11m @ 0.87 g/t gold from 56m	
3m @ 1.28 g/t gold from 47m	13SWRC035 and
7m @ 2.11 g/t gold from 64m	
15m @ 1.17 g/t gold from 55m	13SWRC036

RC drilling has only tested the southern 200m of the 650m long Kpali anomaly.

- Merah Resources Limited (Antubia Project Option) completed a VTEM and magnetic survey over the large Boizan gold anomaly
- 857 RAB holes were drilled for 16,902 metres during the June quarter using Castles own drill rig on the Wa Project

#### Corporate

- Rights Issue raises \$0.52m. End of quarter cash position of \$1.6m. Overhead, corporate and exploration cost reductions implemented.

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Capital Structure  
Quoted Shares: 124.2 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

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## Wa Project (Castle Minerals 100%)

Exploration on the Company's Wa Project in north west Ghana was successful, making two new gold discoveries - Bundi and Kpali. Work at the Bundi prospect has defined a high grade gold and zinc horizon over at least 1100m strike that provides significant potential for a gold resource. Kpali is located 4km south of Bundi and drilling has defined a 650m long continuous zone of near surface gold mineralisation.

### Bundi Prospect

RAB and RC drilling was completed at Bundi during the quarter defining a gold/zinc horizon over 1100m of strike. The zone identified may represent the distal portion of a VMS (volcanogenic massive sulphide) horizon and provides considerable scope for the definition of a high grade gold and or zinc deposit.

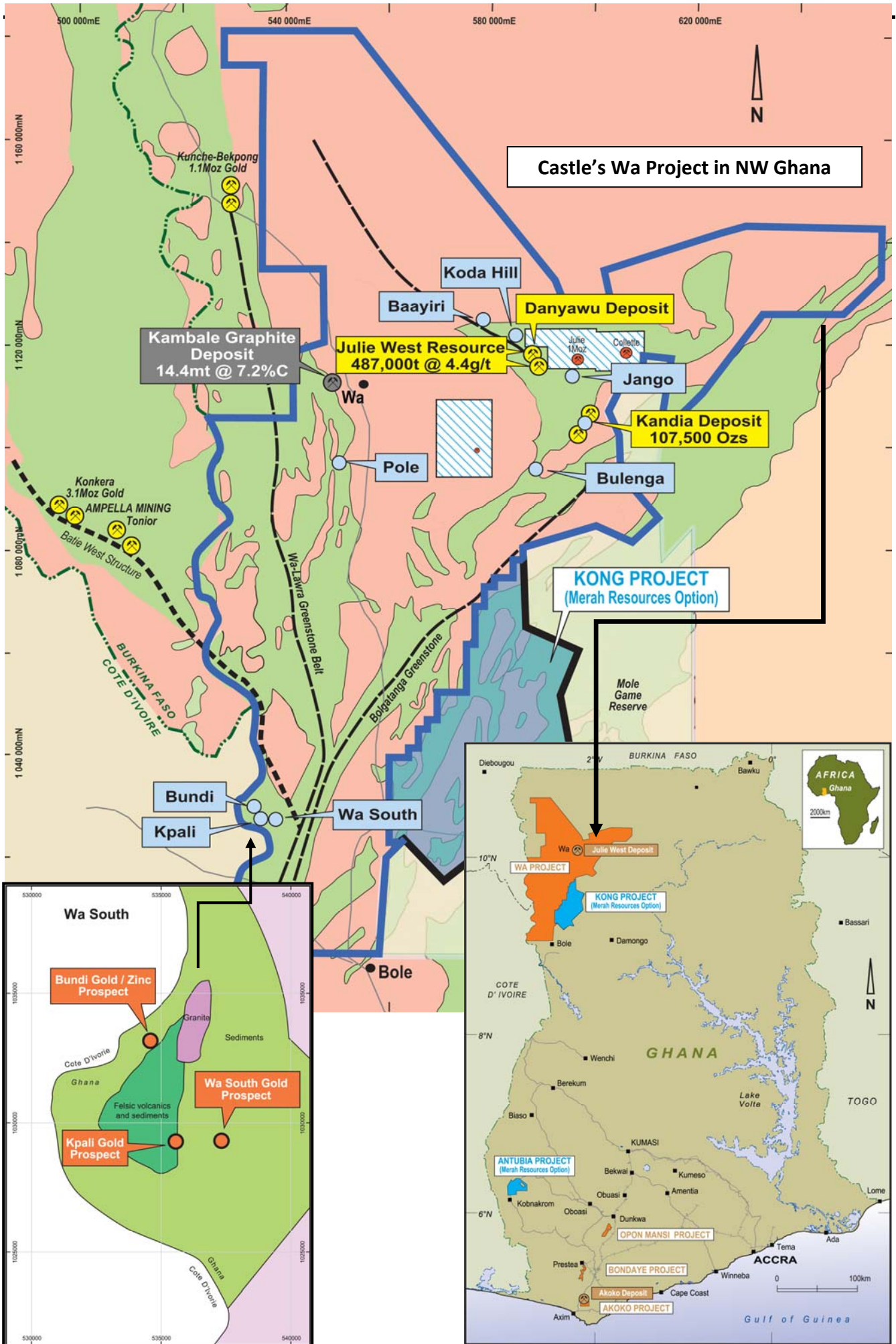
Significant RC intercepts from the gold/zinc horizon at Bundi include;

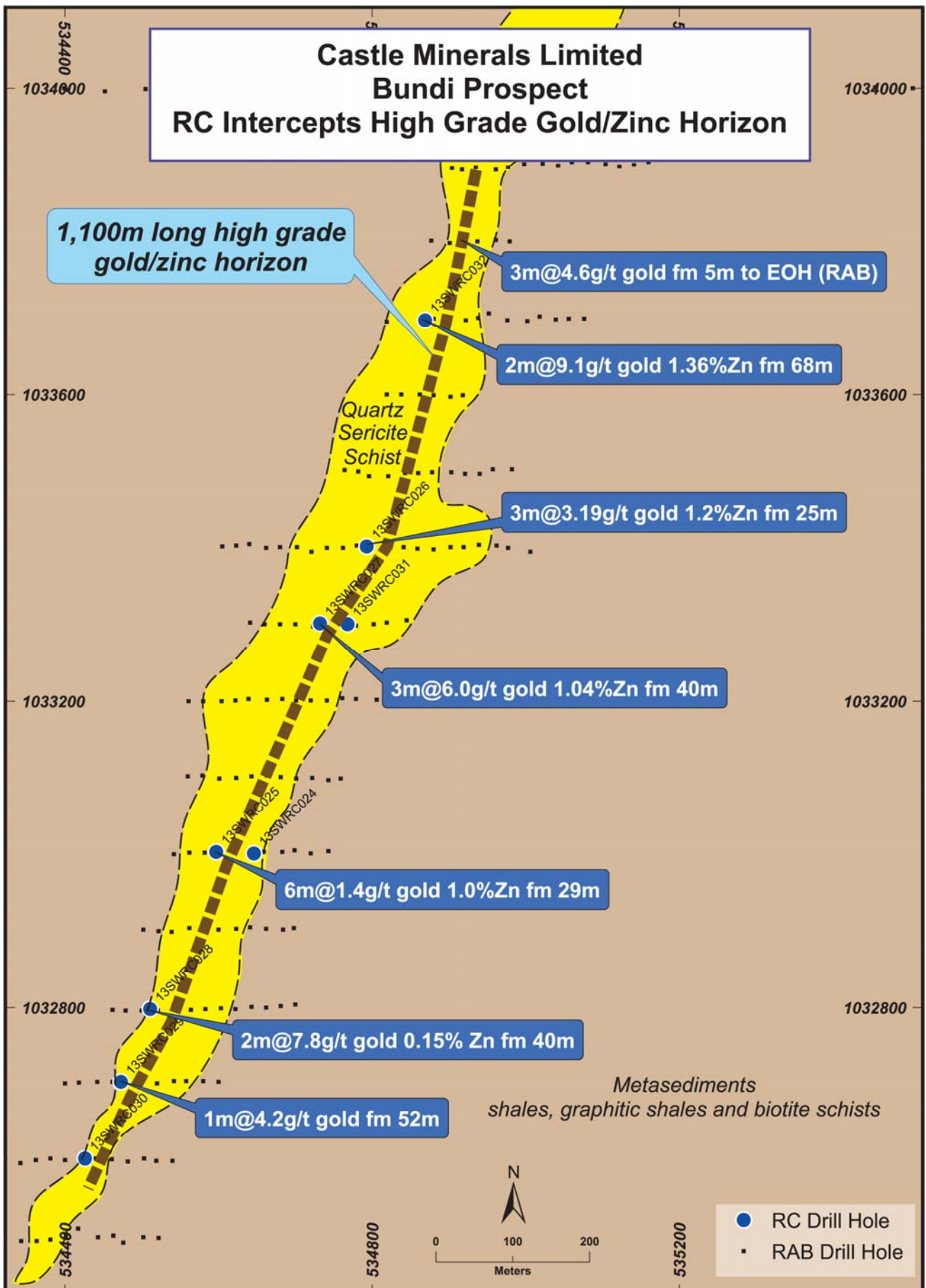
**2m @ 7.87g/t gold and 0.15% Zn from 40m 13SWRC028**  
**3m @ 6.01g/t gold and 1.04% Zn from 40m 13SWRC027**  
**3m @ 3.19g/t gold and 1.20% Zn from 25m 13SWRC026**  
**2m @ 9.11g/t gold and 1.36% Zn from 68m 13SWRC032**

Key observations from the mineralisation intersected to date include:

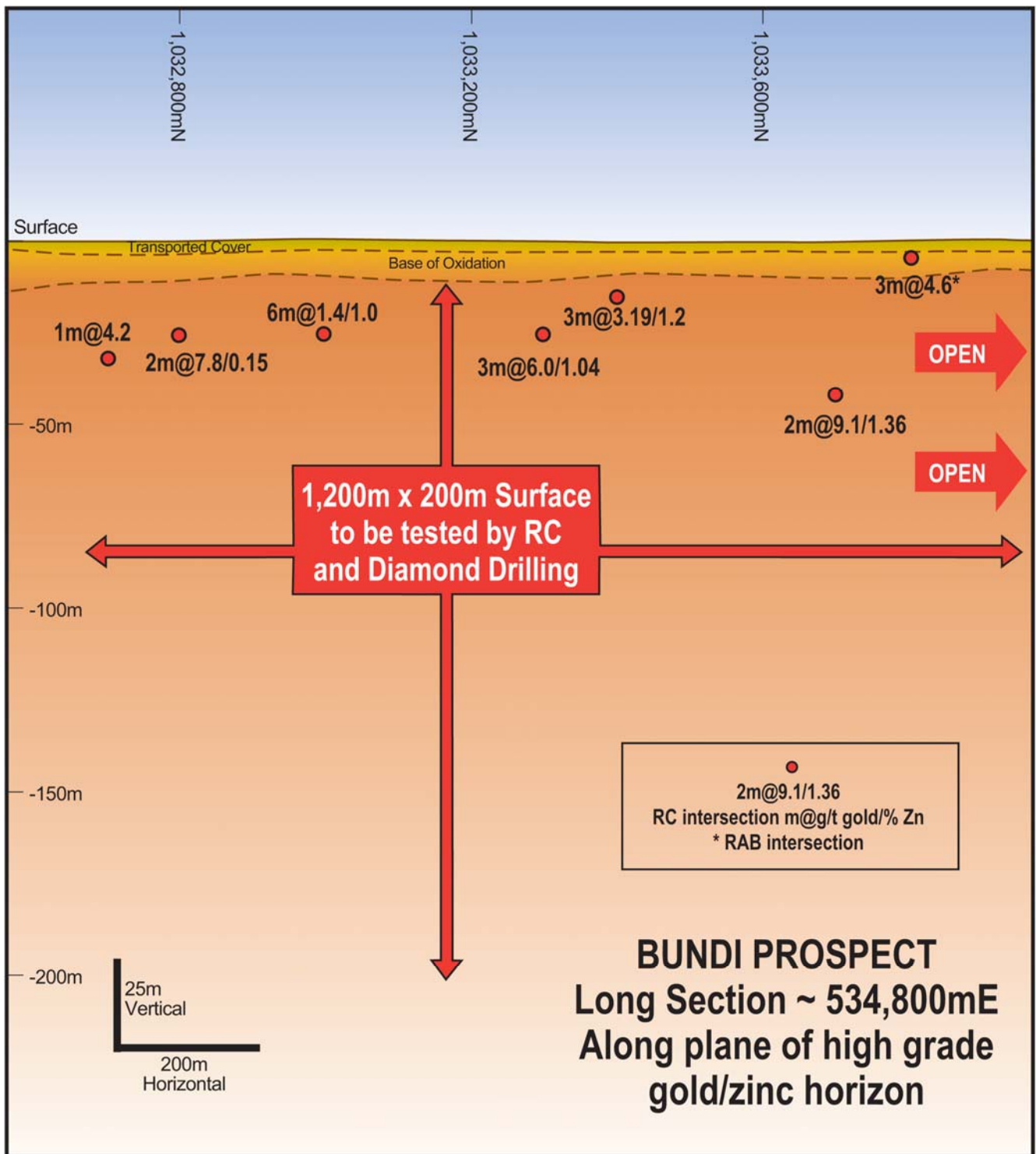
- Host rock is a quartz-sericite schist (metamorphosed felsic volcanic?) within a sequence of Birimian metasediments
- Linear, continuous vertically dipping zone that may represent the distal portion of a volcanogenic massive sulphide horizon
- Sulphide assemblage is represented by fine to coarse grained disseminated and banded pyrite-pyrrhotite-sphalerite. Pyrrhotite is magnetic providing a useful exploration targeting tool
- Strong gold zinc correlation. Low in copper and arsenic
- The mineralisation may represent a new style of gold/zinc sulphide deposit for the Birimian of West Africa
- Bundi is a virgin discovery made by Castle in an area concealed by a thin veneer of transported sediments
- Castle is the sole landholder in the area as part of its 10,000km<sup>2</sup> Wa Project. The area is flat and sparsely populated and is easily accessed from the regional town of Bole 40km south east

The gold/zinc metal association is unusual for Birimian rocks in West Africa and the geological model will be refined as the project advances. Castle is now planning geophysical surveys to test for the occurrence of massive sulphides and extensions to the gold mineralisation at Bundi. Bundi is a grassroots gold discovery in a previously unexplored area. RAB drilling is still ongoing in the area and results will be reported upon receipt.





Drill detail showing location of gold and zinc mineralisation from RC drilling defining a high grade gold/zinc horizon.



Bundi long section showing RC intercepts that define a high grade gold and zinc horizon.

This surface may represent the distal portion of a VMS (volcanogenic massive sulphide) horizon and provides considerable scope for the definition of a high grade gold and or zinc deposit.

Drilling is proposed to test this zone over 1200m strike to a depth of approximately 200m. Geophysical surveys will be undertaken towards identifying possible massive sulphide mineralisation.

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## Kpali Prospect

RC and RAB drilling at the Company's newly discovered Kpali prospect in north-west Ghana intersected significant gold mineralisation extending the zone of known gold mineralisation to approximately 650m strike.

Significant RAB drill results and RC splits from this work include;

10m @ 1.00 g/t gold from 5m	13SWRB865
10m @ 1.46 g/t gold from 15m (EOH)	13SWRB881
3m @ 1.44 g/t gold from surface	13SWRB926
10m @ 1.19 g/t gold from 5m	13SWRB819
10m @ 1.80 g/t gold from 16m	13SWRB820
2m @ 1.90 g/t gold from 4m	13SWRB822
5m @ 1.12g/t gold from 5m	13SWRB998 and
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5m @ 1.32g/t gold from 6m	13SWRB1011
4m @ 2.21 g/t gold from 41m	13SWRC033 and
11m @ 0.87 g/t gold from 56m	
3m @ 1.28 g/t gold from 47m	13SWRC035 and
7m @ 2.11 g/t gold from 64m	
15m @ 1.17 g/t gold from 55m	13SWRC036

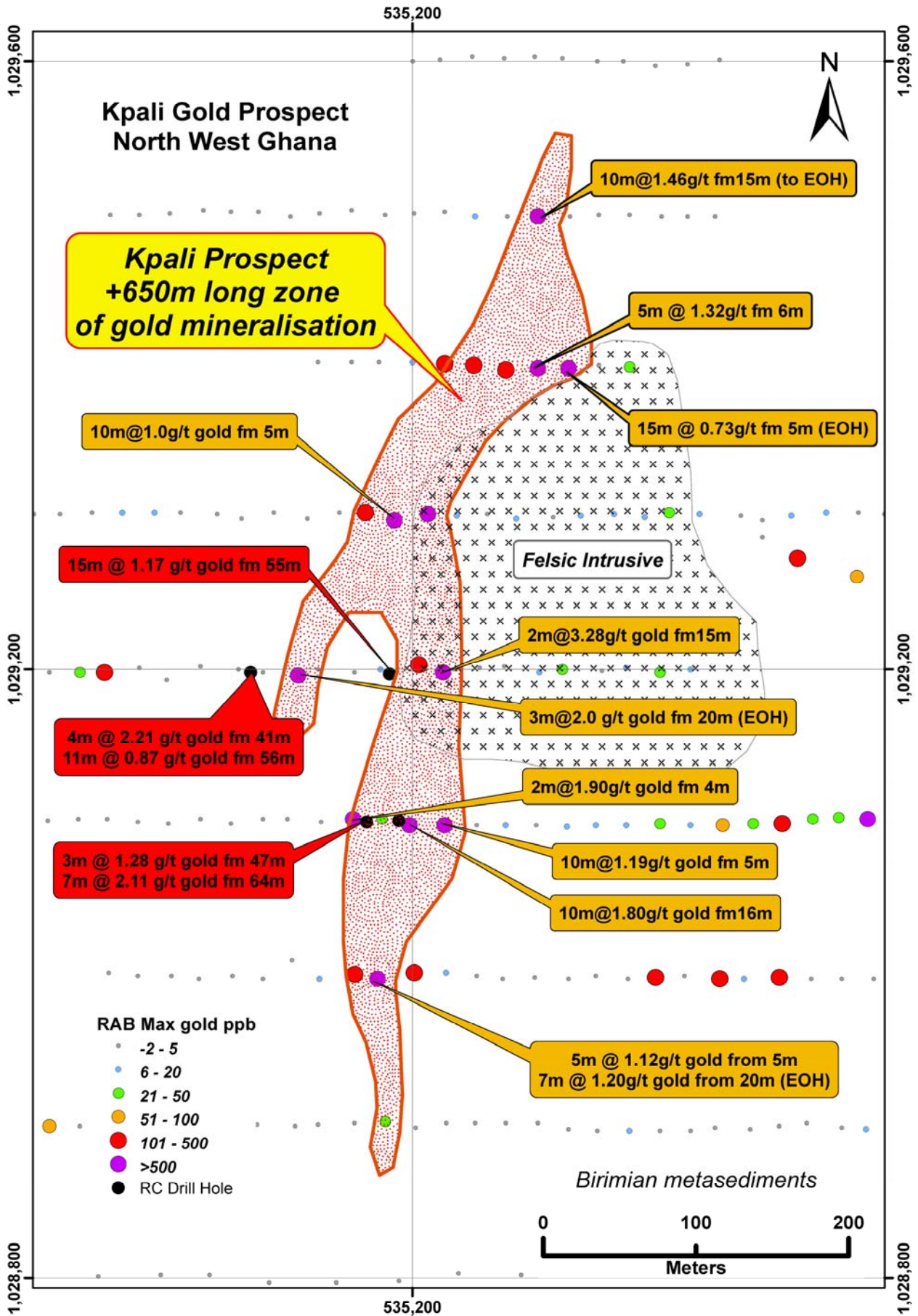
RC drilling has only tested the southern 200m of the 650m long anomaly.

Kpali is an exciting new gold discovery for Castle with the strong expectation that a significant gold resource will be defined following further drilling.

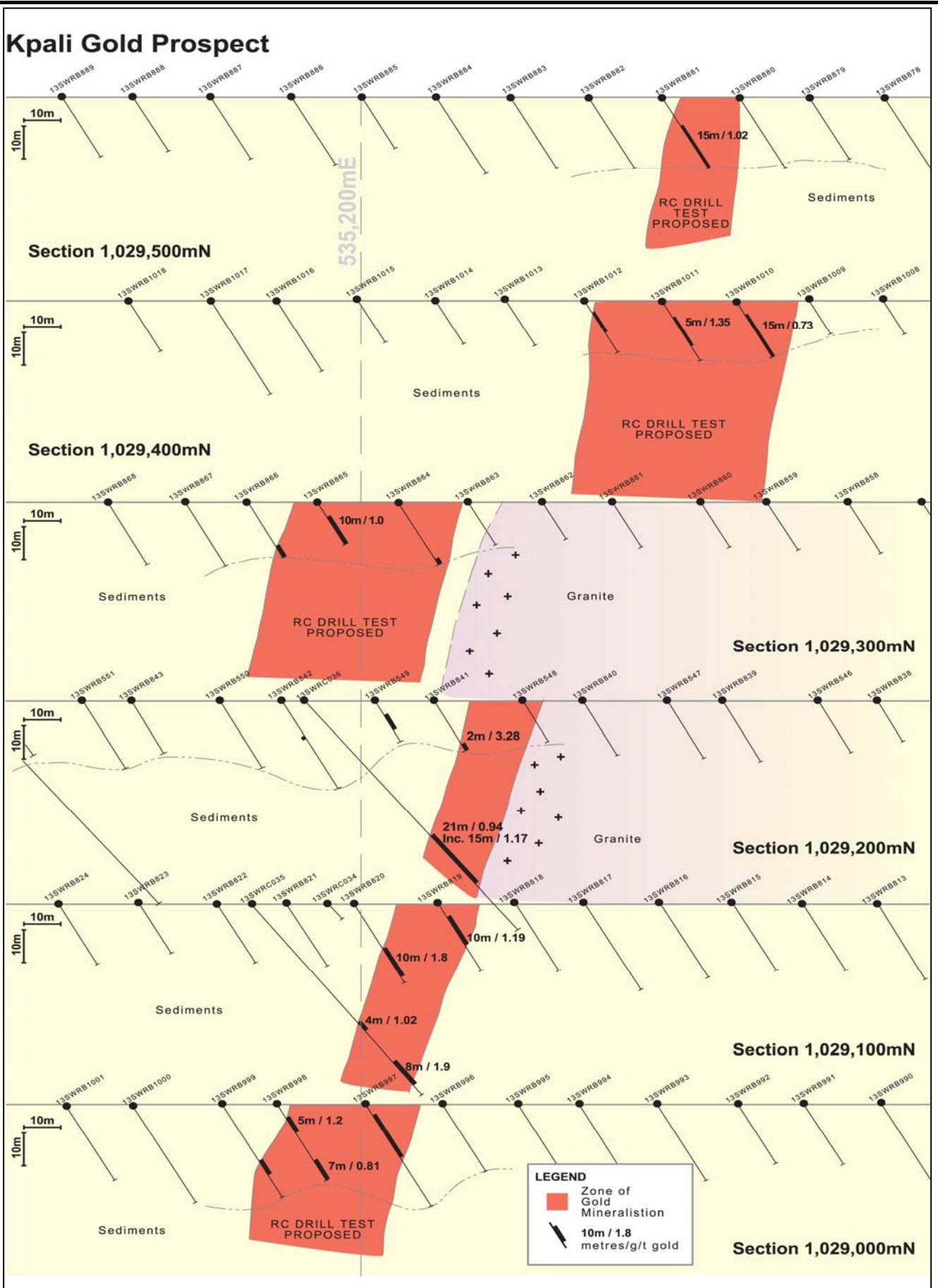
Kpali will be included in the proposed geophysical survey for this area that will also test the Bundi prospect. Kpali is 4km south of Bundi and is hosted within similar host rocks but does not display the high zinc and base metals association seen at Bundi. Alteration at Kpali is observed as predominantly pyrite-silica-sericite. Kpali is a grassroots gold discovery in a previously unexplored area. Proposed next steps include, airborne geophysical surveys followed by extensive RC drill testing.



Hand held XRF analysis of RC drill chips at Wa Exploration house in NW Ghana



Kpali RC results in red (individual metre fire assay analysis) and RAB results in yellow (5m composite aqua regia analysis). Kpali represents a significant new gold discovery with excellent resource potential particularly around the flexure on the north side of the granite that is coincident with greater widths of gold mineralisation in the RAB drilling.



Stacked cross sections from the 100m spaced RAB fences at Kpali. Significant potential exists particularly around the flexure on the north side of the granite that is coincident with greater widths of gold mineralisation in the RAB holes

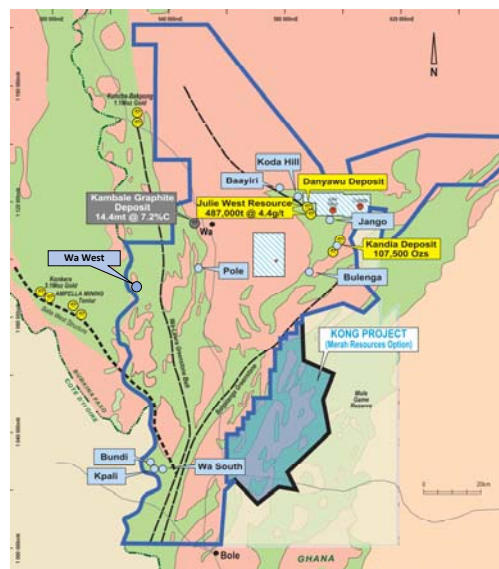


## Jango Prospect

RC drilling tested a 300m long north-east trending zone of quartz veining with coincident artisanal workings that had reported strong rock chip gold results up to 61g/t gold on the Company's Wa Project in north-west Ghana. The RC drilling intersected predominantly granodiorite with minor quartz veining. No significant results were returned.

## Wa West

RAB drilling 30km south-west of Wa was completed testing the western sequence of the Wa-Lawra greenstone belt coincident with a historic BLEG gold anomaly. Low order granodiorite hosted gold mineralisation was intersected in three consecutive RAB lines defining an anomalous zone approximately 40m wide over 200m strike. This zone will be evaluated and ranked against other targets, and prioritised for ongoing work next season. Significant results from 5m composite samples are reported below. Gold was determined by 50 gram aqua regia analysis by Intertek Laboratories, Tarkwa, Ghana.



**WA West RAB Intercepts**

Hole Number	Northing	Easting	mRL	Azimuth	Dip	Hole Depth	Intercept
12WWRB025	1096601	527649	270	270	-60	21	6m @ 0.205 ppm Au from 15m
12WWRB026	1096606	527704	270	270	-60	12	2m @ 0.196 ppm Au from 10m
13WWRB533	1096675	527780	240	270	-60	11	5m @ 0.27 g/t gold from 4m
13WWRB535	1096700	527823	232	270	-60	13	10m @ 0.14 g/t gold from 3m
13WWRB536	1096701	527841	244	270	-60	15	4m @ 0.31 g/t gold from 9m

## Julie West Prospect (Alpha Bravo Charlie)

RAB drilling was completed over the Alpha, Bravo and Charlie gold targets 2km south of Castle's Julie West gold deposit. The area is characterised by a series of NW trending quartz veins, some of which outcrop forming prominent ridges. The area is underlain by granodiorite with the quartz veins varying in width and continuity. Most veins are narrow (<2m) however quartz blows up to 50m down hole have been intersected in RC drilling. Drilling was aimed at defining high grade targets for subsequent RC testing. A number of anomalous gold zones were defined that will be evaluated as part of the 2013/14 field season. Significant results from 5m composite samples are reported below. Gold was determined by 50 gram aqua regia analysis by Intertek Laboratories, Tarkwa, Ghana.

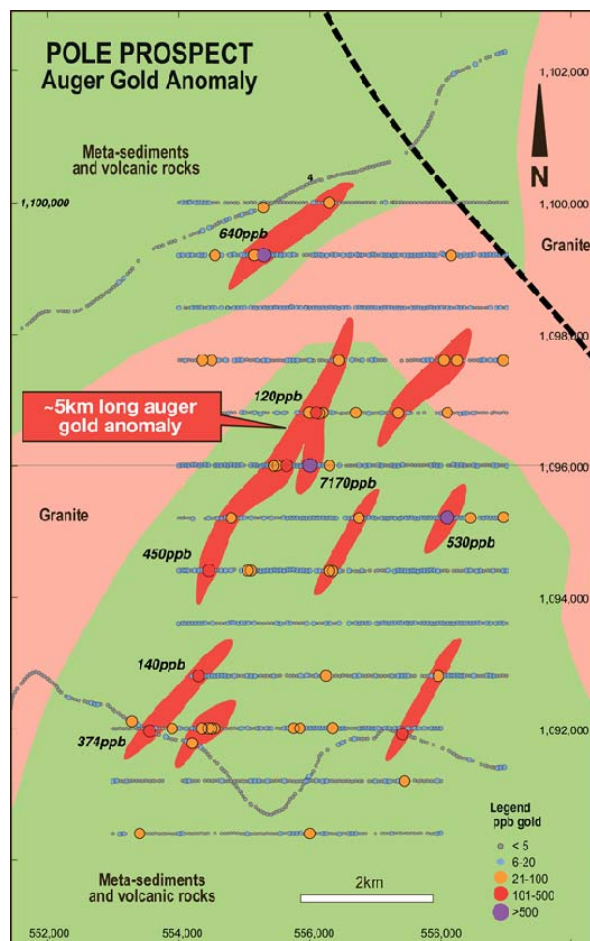
Hole Number	Northing	Easting	mRL	Azimuth	Dip	Hole Depth	Intercept
12JWRB156	1114981	587664	275	180	-60	34	5m @ 0.76 g/t gold from 0m
12JWRB161	1115179	587659	263	180	-60	20	5m @ 0.68 g/t gold from 5m
12JWRB186	1115316	587973	284	180	-60	20	5m @ 0.61 g/t gold from 10m
12JWRB195	1115761	587978	271	180	-60	21	5m @ 0.88 g/t gold from 10m
12JWRB235	1115342	588620	284	180	-60	14	4m @ 0.75 g/t gold from 10m, to EOH
12JWRB295	1114857	589093	274	180	-60	9	4m @ 0.56 g/t gold from 5m, to EOH
13JWRB486	1115401	587908	281	180	-60	29	10m @ 0.54 g/t gold from 15m
13JWRB519	1115361	588224	287	180	-60	25	5m @ 0.63 g/t gold from 15m
13JWRB521	1115432	588220	279	180	-60	29	4m @ 1.62 g/t gold from 25m, to EOH
13JWRB531	1115419	587980	278	180	-60	30	5m @ 1.48 g/t gold from 20m
13JWRB536	1115431	588141	283	180	-60	27	5m @ 0.84 g/t gold from 0m

## Pole Prospect

The Pole prospect is located 15km south of Wa on the eastern margin of the Wa-Lawra greenstone belt. In 2012 auger drilling by Castle on 800m x 50m centres was completed testing a 10km long area with a number of substantial gold anomalies generated from this work. The largest anomaly generated was +5km long (+50 ppb gold) that included a peak auger sample reporting 7,170ppb gold.

Fifteen RAB fences were completed testing the Pole auger targets (three lines were not completed due to wet ground/access issues). The RAB drilling did not support the earlier auger results with the only significant result being 5m @ 0.35 g/t gold from 5m in hole 13PORB086, related to quartz veining in phyllitic sediments.

It is proposed to follow up the result from 13PORB086 and complete the remaining three RAB fences in the 2103/14 season.



## Antubia and Kong Projects

In March 2013 Castle signed option agreements 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.

Merah completed a helicopter mounted VTEM and magnetic survey during the quarter over the large Boizan gold anomaly and are currently processing the survey data.

Licence documents were received for six of the eight prospecting licence applications covering the Kong Project.

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## Corporate

### **Cash Position**

Castle issued 10,529,775 shares during the quarter from the Rights Issue that raised a total of \$0.52m. End of quarter cash position was \$1.64m with a total of 124,247,452 shares on issue.

Overhead, corporate and exploration cost reductions have been implemented including a 50% salary reduction offered by the managing director. These reductions will be continually reviewed by the board and, when market conditions allow, it is anticipated that remuneration levels will revert to existing levels.

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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 11,000km<sup>2</sup>.

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 five 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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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.