FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Castle Resources Inc. ("**Castle**" or the "**Company**")
20 Victoria Street, Suite 800
Toronto, ON M5C 2N8

Item 2. Date of Material Change

August 20, 2012

Item 3. News Release

Press release issued by the Company on August 20, 2012 via a Canadian news wire service, a copy of which has been filed via SEDAR.

Item 4. Summary of Material Change

The Company announced that it has entered into an agreement with a syndicate of agents to raise up to $6.5 million through a marketed offering.

Item 5. Full Description of Material Change

Castle announced that it has entered into an agreement with a syndicate led by Scotia Capital Inc. and including Paradigm Capital Inc., Cormark Securities Inc., Haywood Securities Inc., D&D Securities Inc. and Mackie Research Capital Corporation (together the "**Agents**"), whereby the Agents will raise up to $6,500,000 (the "**Offering**") in a combination of common shares (the "**Common Shares**") and flow-through shares (the "**Flow-Through Shares**") from Castle, including up to C$5,000,000 of Common Shares and up to C$1,500,000 of Flow-Through Shares in a marketed offering. Final pricing and determination of the number of Common Shares and Flow-Through Shares will be determined in the context of the market.

The Agents shall also have the option (the "**Agents' Option**") to sell up to an additional C$750,000 of Common Shares and up to an additional C$225,000 of Flow-Through Shares pursuant to the Offering.

The Offering will take place by way of a marketed private placement, to qualified investors in such provinces of Canada as the Agents may designate, and otherwise in those jurisdictions where the Offering can lawfully be made, including but not limited to the United States (with respect to the Common Shares only) under applicable private placement exemptions. The securities to be issued under the Offering will have a hold period of four months and one day from closing.

The proceeds raised from the sale of the Common Shares will be used by the Company to continue the redevelopment of its 100%-owned, past-producing Granduc Copper Mine, and for working capital purposes. The proceeds raised from the sale of Flow-Through Shares will be used by the Company to finance qualified Canadian exploration expenditures on its Canadian resource properties.

The Offering is expected to close on or about September 5th, 2012.

In consideration for their services, the Agents will receive a cash commission equal to 5.0% of the gross proceeds of the Offering, and non-transferable compensation options (the **"Compensation Options"**) equal to 5.0% of the aggregate number of Common Shares and Flow-Through Shares issued pursuant to the Offering.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from the registration requirements. The August 20, 2012 press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

Item 6. Reliance on Subsection 7.1(2) of National Instrument 51-102

Not Applicable.

Item 7. Omitted Information

No information has been omitted from this material change report.

Item 8. Senior Officer

The following senior officer of the Company is knowledgeable about the material change and the Material Change Report, and may be contacted by the Commission as follows:

Michel G. Sylvestre, President and CEO
Telephone: 416-366-4100
Facsimile: 416-366-4101
Internet: www.castleresources.com

Item 9. Date of Report

August 30, 2012