25th October 2011

September 2011 Quarterly Report

Highlights

RC Drilling has confirmed the Baayiri gold discovery and also outlined a new zone 4km to the east with significant intercepts including;

15m @ 2.73 g/t gold from 30m (11BARC 052)
inc.10m @ 4.0 g/t gold from 30m and
20m @ 1.08 g/t gold from 20m(11BARC 036)
3m @ 1.86 g/t gold from 0m (eastern zone,11BARC 027)

These results follow up the **55m @1.82/t gold** from 15m, **inc. 40m @ 2.02g/t** and **5m @ 6.64g/t gold** from surface reported in June this year and confirm Baayiri as a major new gold prospect

Bedrock Gold Mineralization Intersected at Wa South

» Maiden aircore drilling outlines coherent gold trend intersecting

26m @ 0.24 g/t gold from 25m to EOH (11SWRB47)
inc.10m @ 0.51g/t gold from 25m and
10m @ 0.54 g/t gold from 25m (11SWRB69)

This drilling represents the first test of the soil and auger geochemical anomalies previously defined at Wa South – a gold prospect interpreted to lie along the Batie West structure

Kandia Prospect

A maiden Resource Estimate will be completed upon receipt of all RC drill assays for the recently discovered Kandia gold mineralisation. The resource estimate is expected to be announced before year end.

Akoko North Resource Grade Increased by 37%

A new Resource Estimate was completed for the Akoko North Project, located 25km south of Tarkwa in south west Ghana.

» New Mineral Resource estimate for the Akoko North deposit of **1.1mt @ 2.2g/t gold for 77,400 ounces**

» Combined Mineral Resource estimate for Akoko North and Akoko South deposits totals **1.7mt @ 1.9g/t gold for 103,300 ounces**

» Four hole diamond drill program completed at Akoko

Corporate

» Michael Ashforth assumed the role of non-executive chairman

» Exploration drill rig purchased

» End of quarter cash position of $6.9m

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

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Applecross
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Fax: (08) 9315 2233
www:securitytransfer.com.au

Capital Structure
Quoted FPO: 113.48 million
Unlisted Options: 3.5m @ 35c
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

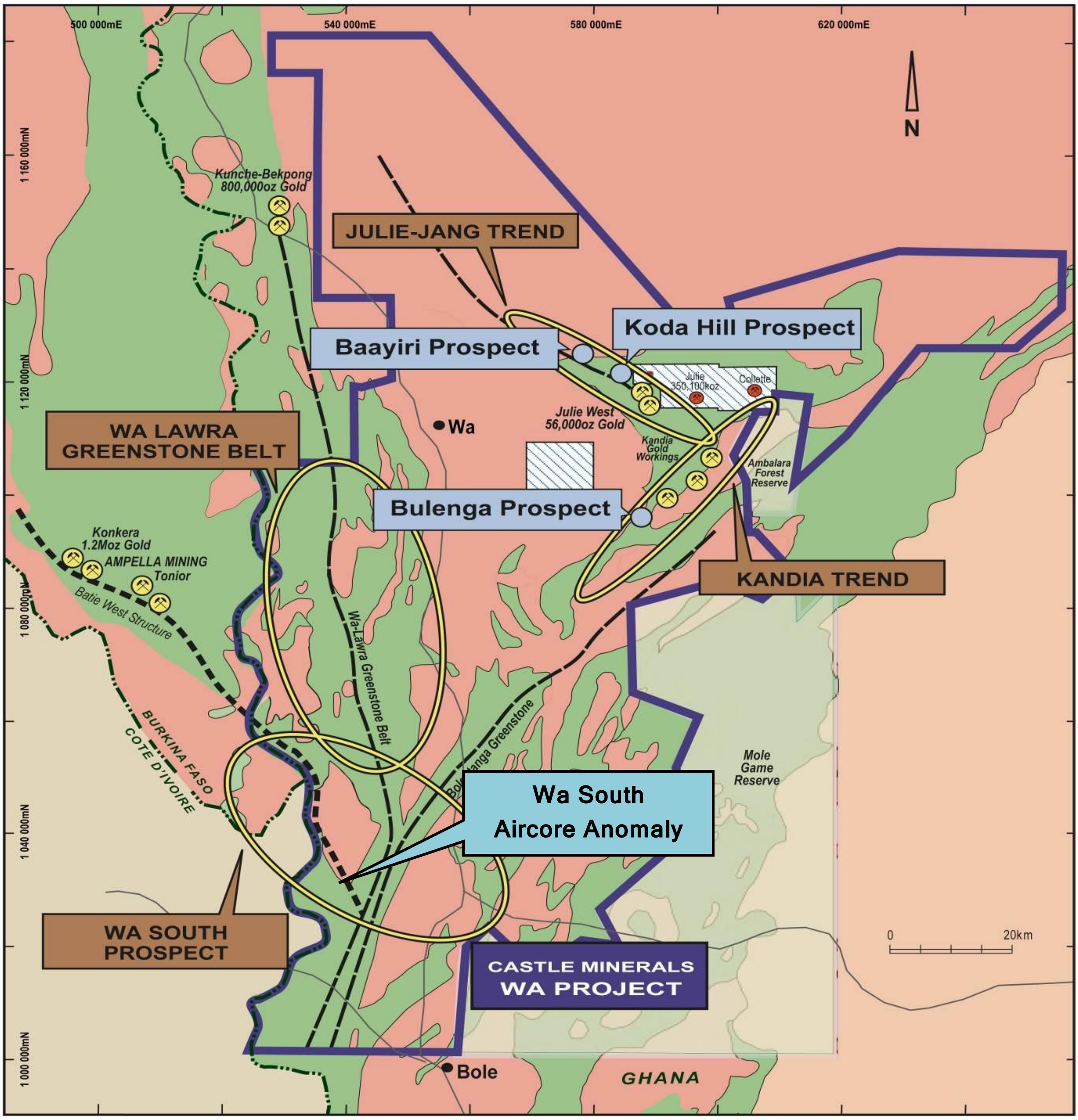
WA PROJECT

(Castle Minerals 100%)

The Wa Project covers approximately 10,000km² in NW Ghana near the border with Burkina Faso and consists of three large Reconnaissance Licences and seventeen 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.

Exploration is focused on four regional scale highly prospective gold corridors known as;

- Julie-Jang Trend — 50km long trend
- Kandia — new 30km corridor of anomalous gold in soils
- Wa South (Batie West trend) — 60km long corridor
- Wa-Lawra Greenstone Belt — 80km of untested greenstone belt stratigraphy



Baayiri Prospect (Wa Project)

A second phase of RC Drilling has confirmed the Baayiri gold discovery and also outlined a new zone 4km to the east with significant intercepts including;

- 15m @ 2.73 g/t gold from 30m
- inc.10m @ 4.0g/t gold from 30m and
- 20m @ 1.08 g/t gold from 20m
- 3m @ 1.86g/t gold from 0m (eastern zone)

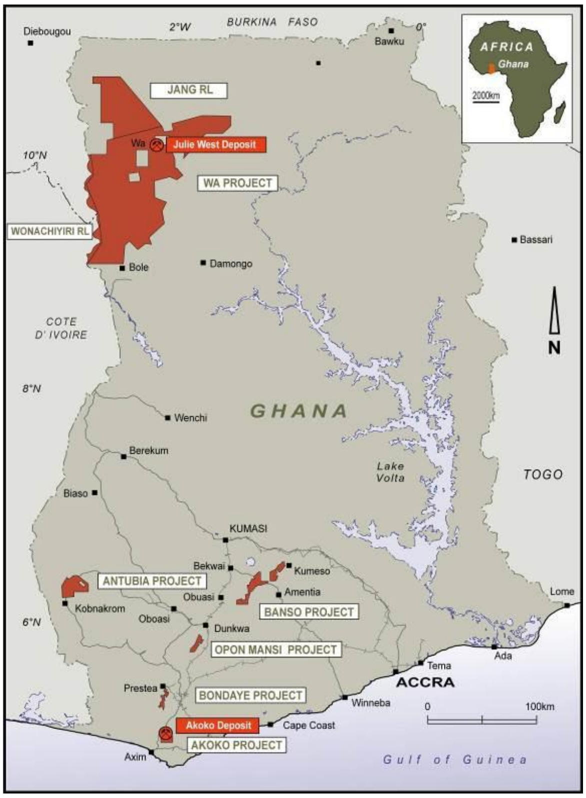
This drilling followed up the recent Baayiri discovery hole intercept of 52m @ 2.02g/t gold and has confirmed a strongly altered NNE striking zone of gold mineralisation. This zone is open in all directions.

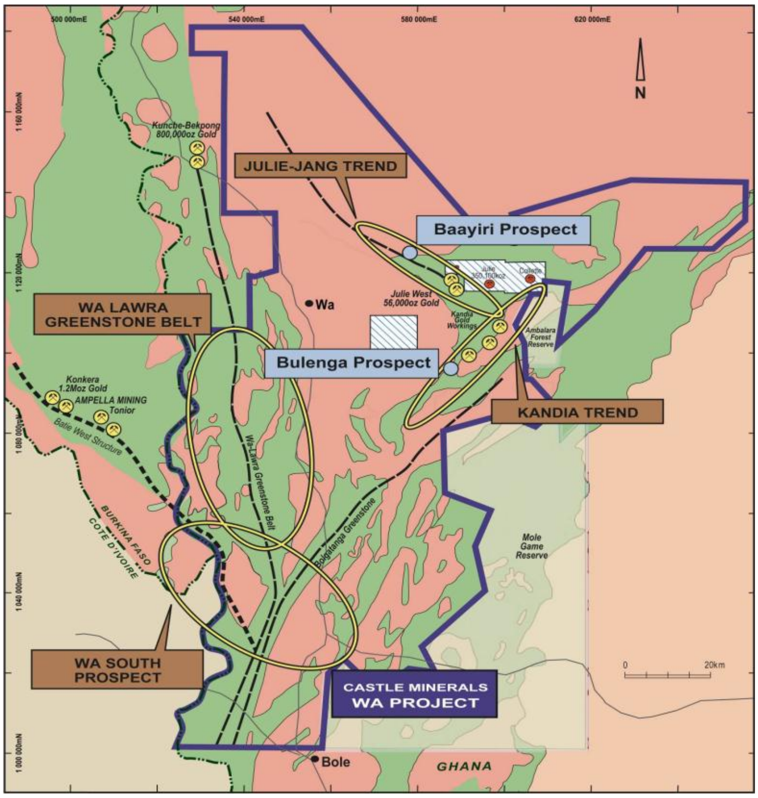
RC drilling has also reported an intercept of 3m @ 1.86g/t gold from an area 4.2km to the east from an RC hole testing a single point soil anomaly.

These results are considered very encouraging and confirm that the Baayiri area is host to widespread gold mineralisation. It now ranks as Castles' number one exploration target and will be the focus of an intensive exploration effort.

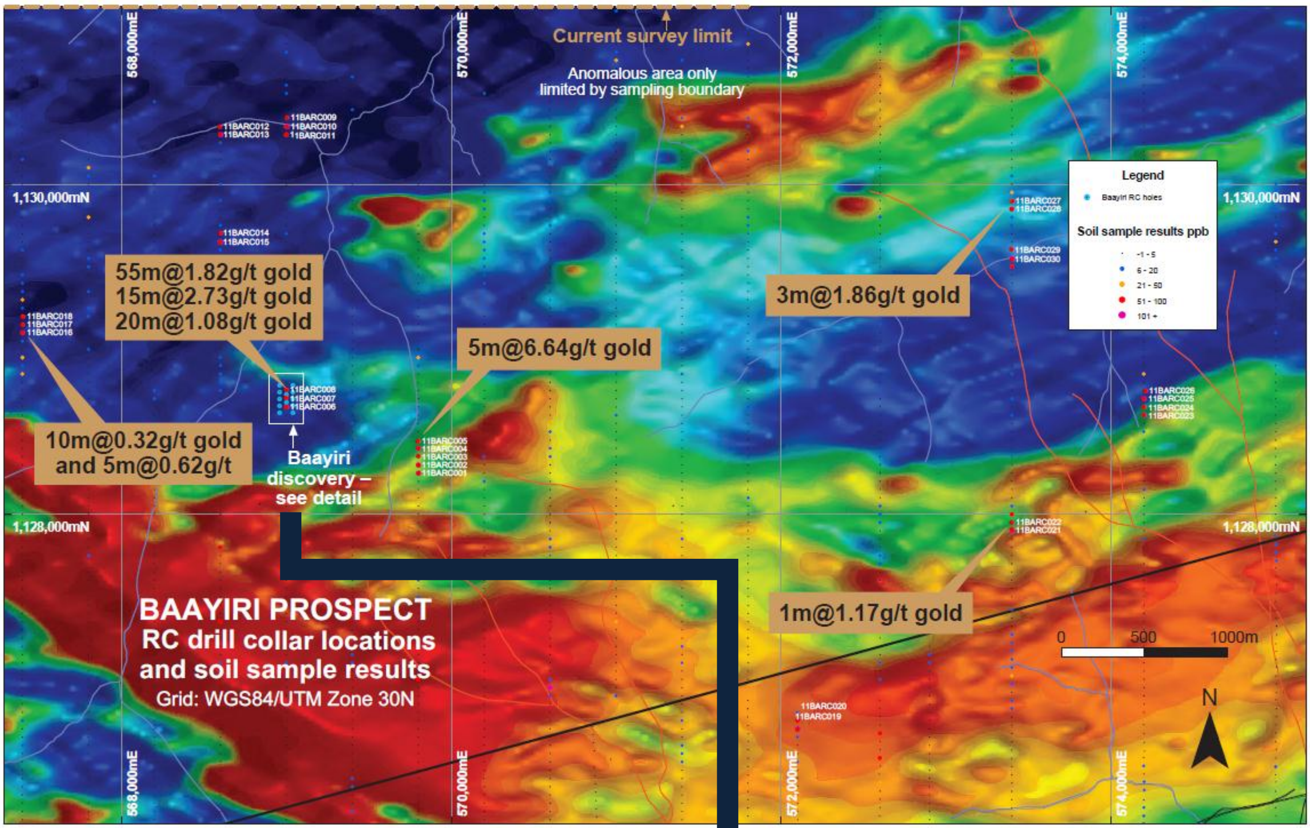
The large Baayiri prospect (12 x 6km) is only limited by the boundaries of our sampling and more gold mineralization is expected to be discovered and new targets generated as exploration progresses.

Baayiri is the third greenfields gold discovery made by Castle on its Wa Project in the last six months and represents a major vindication of the Company's Ghana exploration strategy.





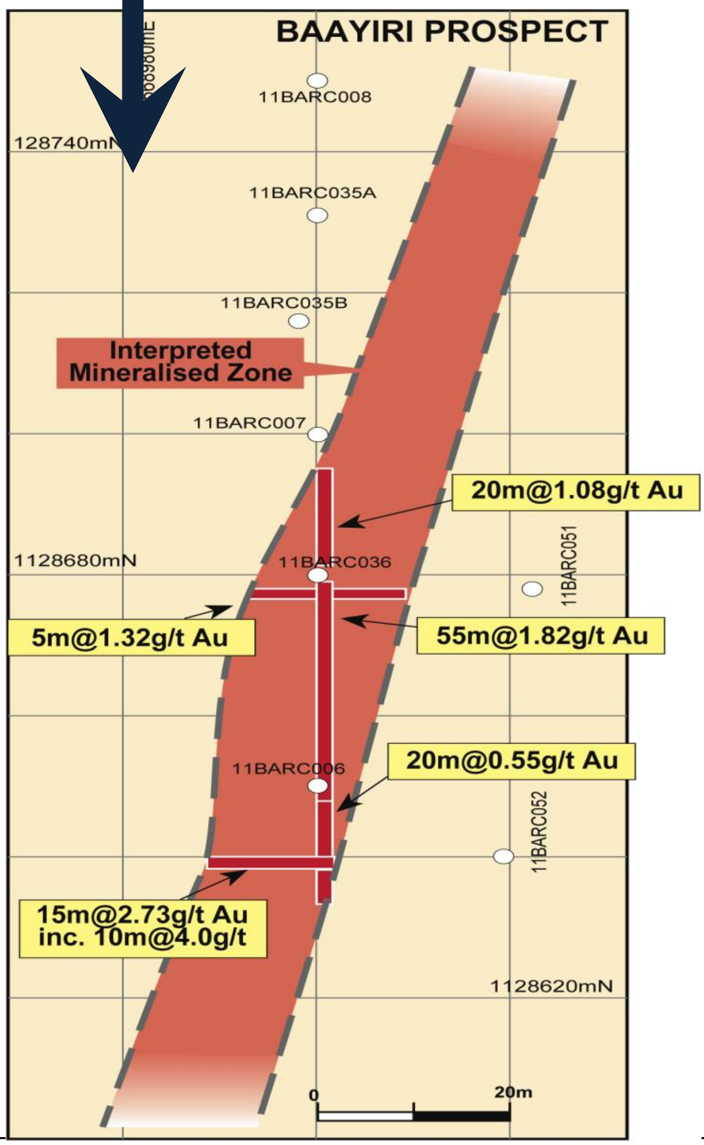
Castle's Wa Project in north-west Ghana covers over 10,000km² where exploration is focussing on four regional scale prospect corridors. The Baayiri prospect is within the Julie–Jang Trend, a gold corridor that has never previously been explored.

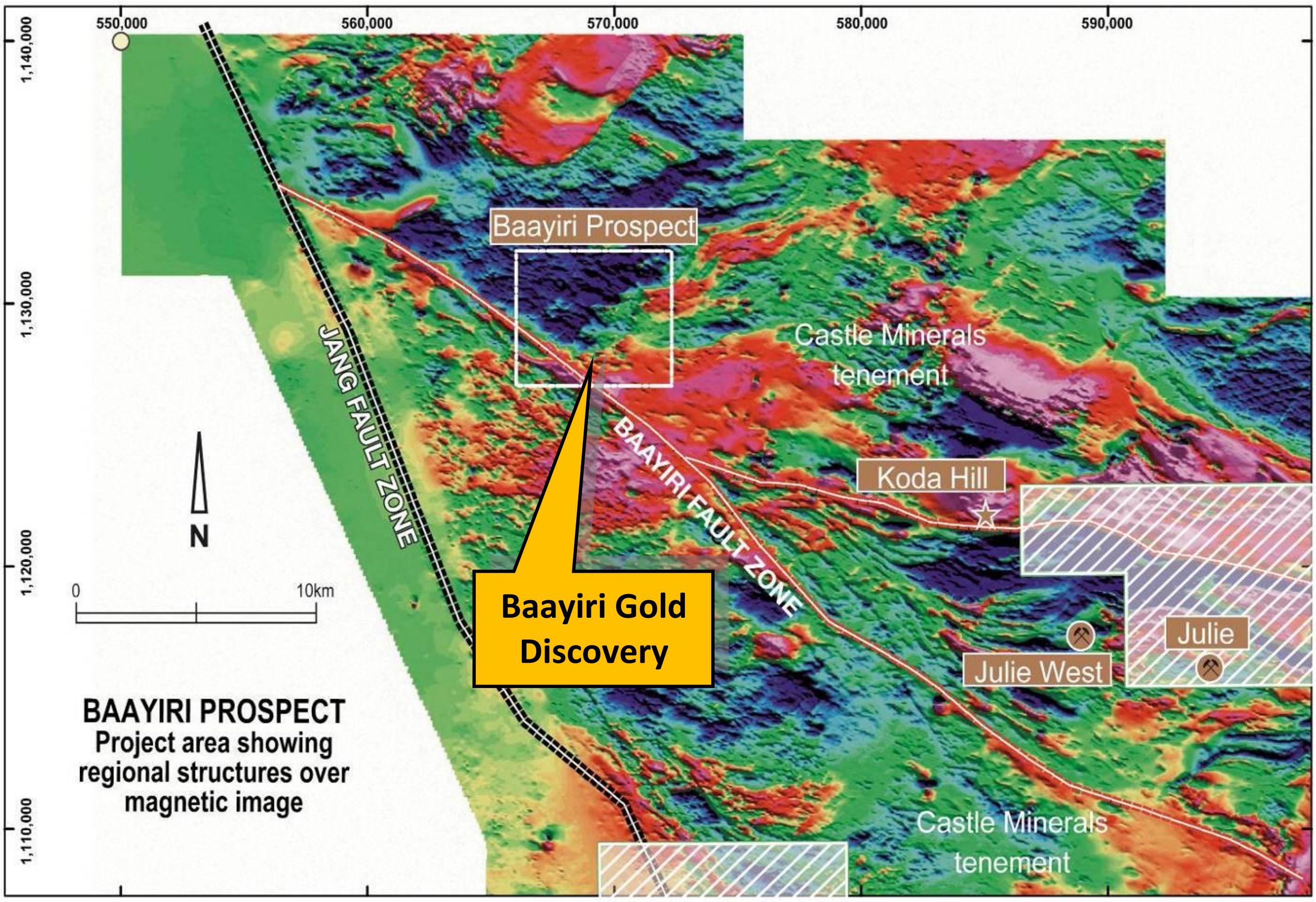


Baayiri drill hole location plan and aeromagnetic image (above) showing results from widespread RC drilling completed to date. These RC holes tested spot high geochemical targets and reported widespread gold mineralisation.

The Baayiri area is only limited by the boundaries of geochemical sampling completed so far, with this trend completely open to the north, west and east. It is expected that more gold mineralization will be discovered and new targets generated as exploration progresses.

Drill hole detail for the Baayiri discovery (right) shows a NNE trending zone of mineralisation that is open in all directions.





Aeromagnetic image showing the Baayiri prospect to occupy a structurally complex area where NE trending and E-W trending rocks intersect a regional NW striking fault zone that can be traced for over 30km.

Wa South-Batie West Trend (Wa Project)

Bedrock Gold Mineralization Intersected at Wa South

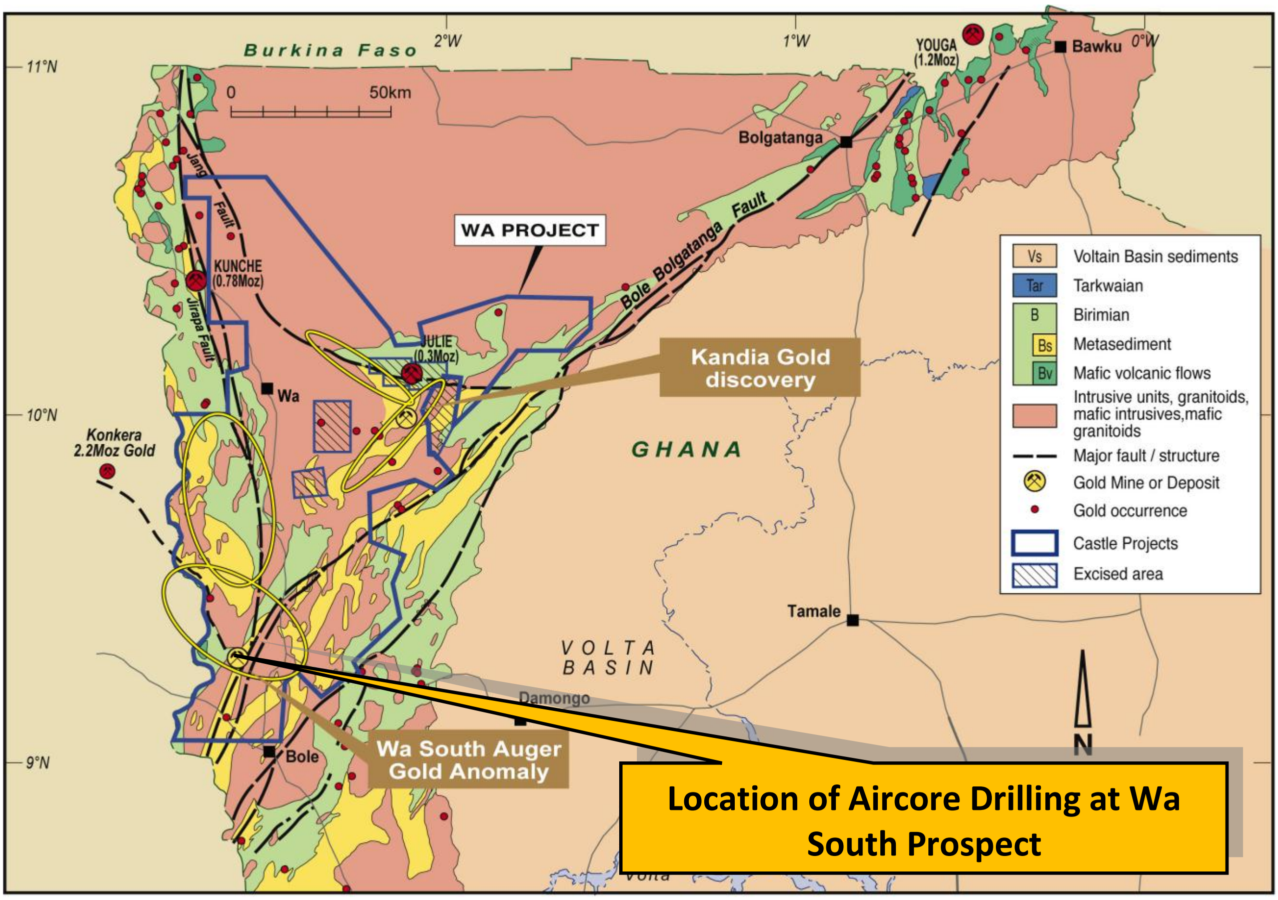
Gold results were received for the maiden aircore drilling program completed at the Wa South prospect earlier this year. This drilling represents the first test of the soil and auger geochemical anomalies previously defined at Wa South – a gold prospect interpreted to lie along the Batie West structure that to the north-west hosts over 2.2m Ozs gold[1].

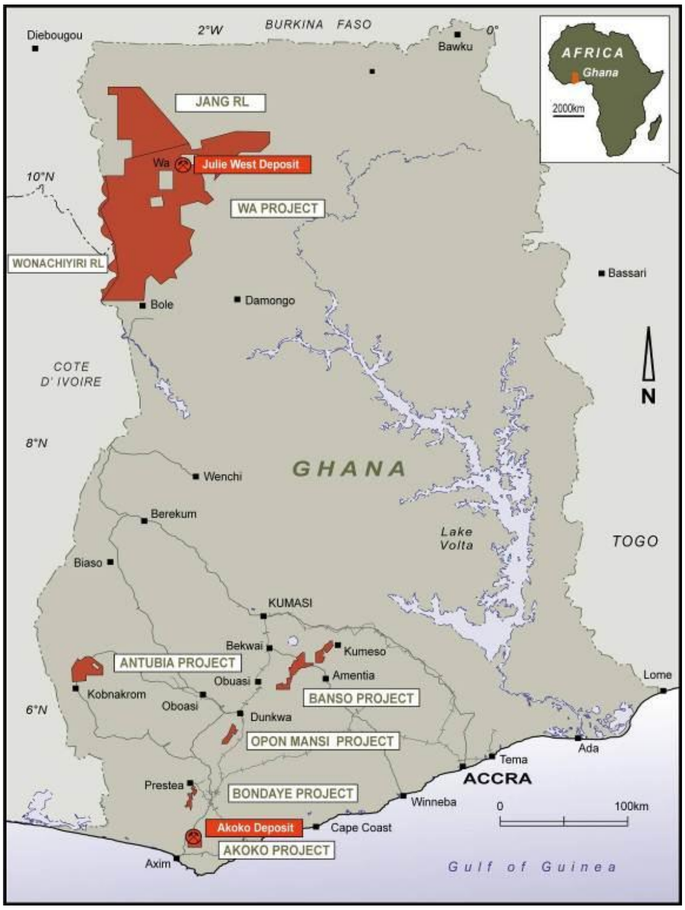
Three, 400m spaced lines of aircore drilling were completed successfully intersecting shale and mafic volcanic hosted, bedrock mineralisation. Significant results* include;

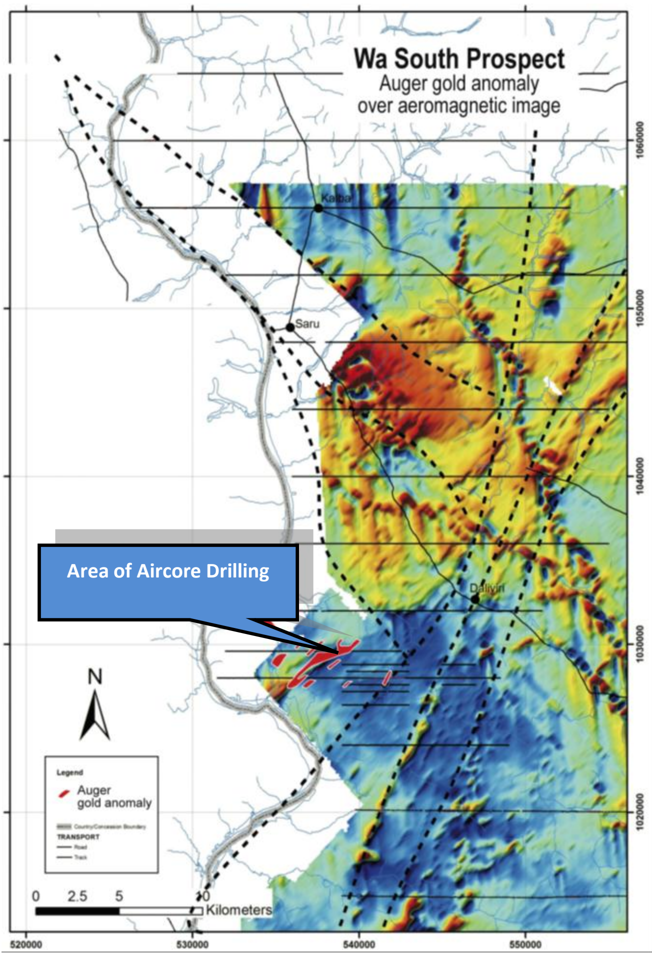
- 26m @ 0.24 g/t gold from 25m to EOH (11SWRB47)
  inc.10m @ 0.51 g/t gold from 25m and
- 10m @ 0.54 g/t gold from 25m (11SWRB69)
- 5m @ 0.10 g/t gold from 25m (11SWRB84)
- 5m @ 0.16 g/t gold from 20m (11SWRB103)
- 5m @ 0.17 g/t gold from 30m (11SWRB105)
- 5m @ 0.12 g/t gold from 25m (11SWRB107)

These results are considered very significant and whilst of modest tenor, should not be underestimated as they confirm bedrock gold mineralisation from first pass regional exploration in an area never before explored. This is a successful first pass test of the surface gold anomalism and now with the confidence of bedrock mineralisation we are planning a comprehensive drill campaign to test the intercepts generated and other anomalies in this very large but as yet unexplored area.

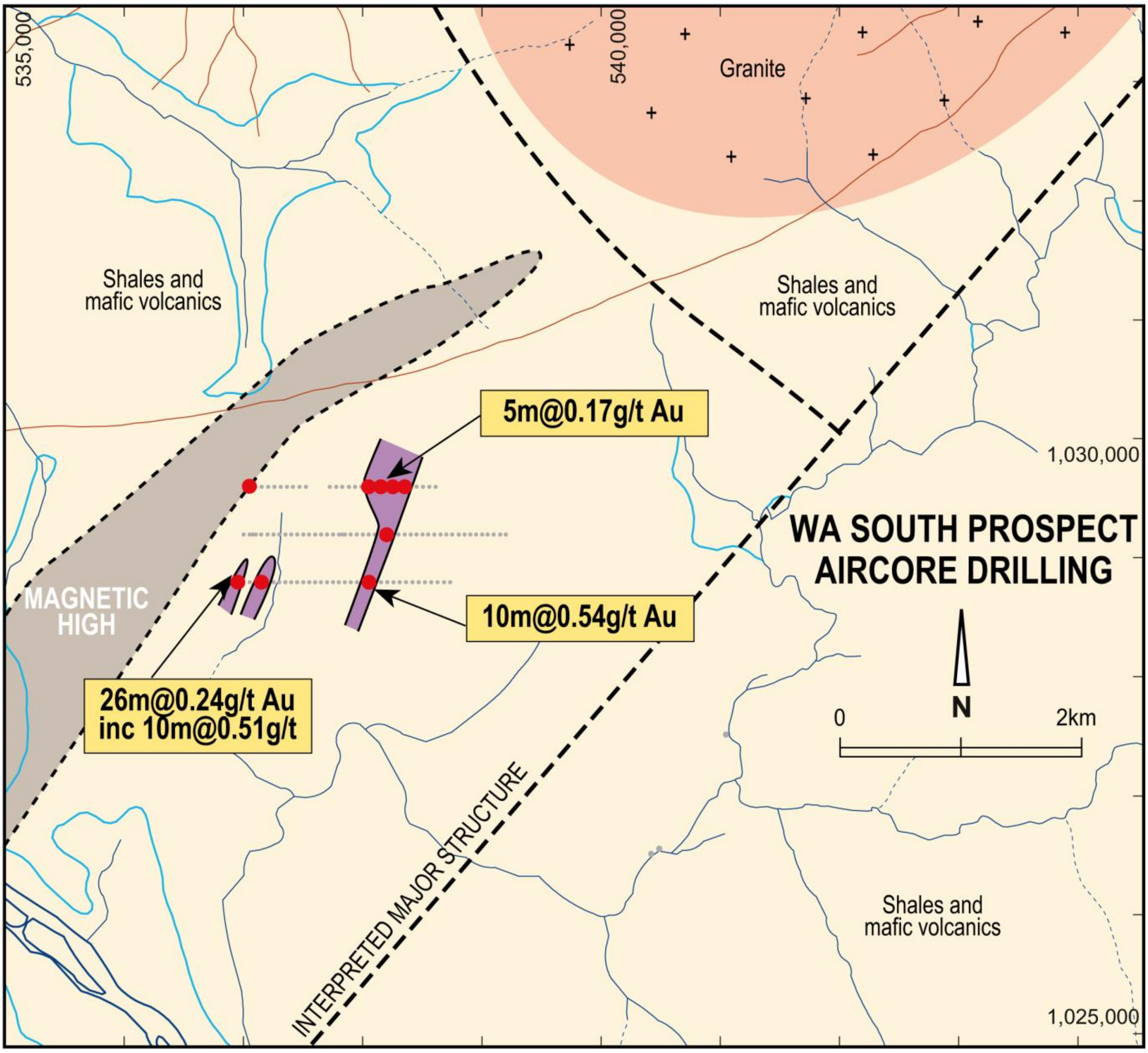
[1] Refer Ampella Resources (ASX : AMX) website www.ampellaresources.com.au
* 5m composite samples of aircore drill chips







The Wa South prospect has never previously been explored and is interpreted to lie close to the intersection point of two greenstone belts and the Batie West structure that hosts the Konkera gold resource.



Aircore drilling locations as Wa South showing anomalous holes (red) defining a number of open ended bedrock gold anomalies. The significance of these results, whilst of modest tenor, should not be underestimated as they confirm bedrock gold mineralisation from first pass regional exploration in an area never before explored.

Kandia Prospect (Wa Project)

Final assays for the RC drilling at the Kandia discovery are still awaited and upon receipt of these a maiden resource estimate will be completed. It is hoped that this can be announced before year end.

Koda Hill Prospect (Wa Project)

Infill and extensional RC drilling has been completed at the Koda Hill prospect. The Koda Hill gold mineralisation is hosted within a distinct porphyry lithology that has intruded the surrounding sedimentary sequence and appears to be preferentially mineralised with strongly developed sheeted quartz veins and pyrite carbonate alteration. Samples have been submitted for gold analysis and results are awaited however turnaround times from the laboratories has worsened and results still remain outstanding.

AKOKO PROJECT

(Castle Minerals 100%)

Akoko North Resource Grade Increased by 37%

During the quarter a new JORC compliant Resource Estimate was completed for the 100% owned Akoko North Project, located 25km south of Tarkwa in south west Ghana.

The new resource estimate was completed following positive results of reverse circulation drilling completed in 2011 and has seen the grade increase by 37% - a result of the new drilling intersecting zones of higher grade gold mineralisation in both oxide and fresh domains.

Highlights of the new resource estimate included:

- New JORC Mineral Resource estimate for the Akoko North deposit of;
  1.1mt @ 2.2g/t gold for 77,400 ounces
- Combined JORC Mineral Resource estimate for Akoko North and Akoko South deposits totals **1.7mt @ 1.9g/t gold for 103,300 ounces**
- Resource grade at Akoko North has increased by 37% due to higher grade mineralisation being intersected in new RC drilling (reported earlier this year)
- Pit optimisation scoping studies at Akoko North captures 1.07mt @ 2.0g/t gold (68,000 ounces) at a cash cost of US$575/ounce
- At a gold price of US$1,750/ounce the study indicates that the deposit could generate an operating surplus of ~US$70M
- Shallow gold mineralisation with 80% of the resource above 50m
- Deposit is open to the south, west and east
- Strong potential to host additional shallow gold resources

The combination of increased grade and increasing gold price has added very significant value to the Akoko North deposit. Currently a number of gold companies are reviewing the Akoko North data that may result in a transaction leading to development and/or sale of the resource.

Akoko North Deposit
2011 Mineral Resource Estimate 0.8g/t Cut-off

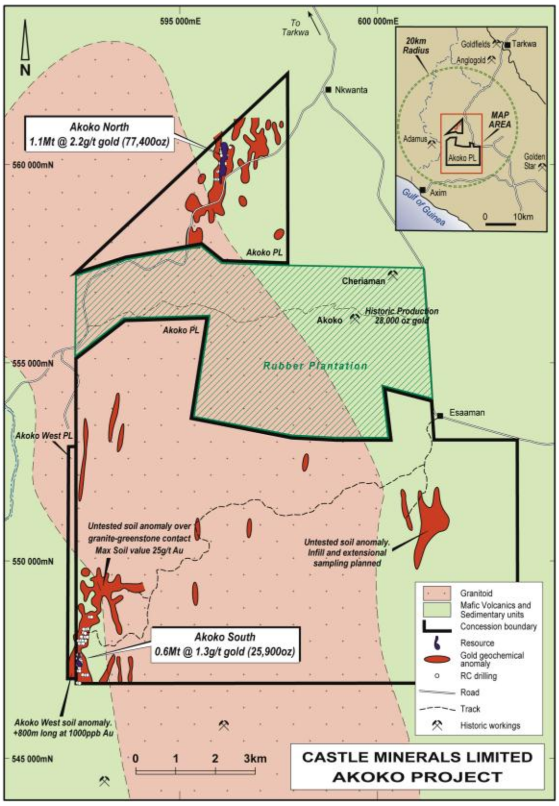
Type	Indicated		Inferred		Total		
	Tonnes t	Gold g/t	Tonnes t	Gold g/t	Tonnes t	Gold g/t	Gold Ounces
Laterite	1,200	2.0	700	1.9	**1,900**	**1.9**	**120**
Oxide	515,700	1.6	351,000	2.1	**866,700**	**1.8**	**50,200**
Transition	8,400	1.2	44,000	1.4	**52,000**	**1.4**	**2,300**
Fresh			183,000	4.2	**183,000**	**4.2**	**24,700**
Total	**525,000**	**1.6**	**578,000**	**2.7**	**1,103,000**	**2.2**	**77,400**

Akoko Project Total							
Akoko North and South Deposits							
Deposit	**Indicated**		**Inferred**		**Total**		
	Tonnes t	**Gold g/t**	**Tonnes t**	**Gold g/t**	**Tonnes t**	**Gold g/t**	**Gold Ounces**
Akoko South			610,300	1.3	610,300	1.3	25,900
Akoko North	525,000	1.6	578,000	2.7	1,103,000	2.2	77,400
Total	**525,000**	**1.6**	**1,188,300**	**2.0**	**1,713,300**	**1.9**	**103,300**

Diamond Drilling completed at Akoko North

Four Diamond drill holes were recently completed testing for primary gold mineralisation beneath the oxide gold cap at Akoko North. Maximum hole depth was 250.5m down hole.

The diamond holes intersected a steep dipping basalt and sedimentary sequence that included variable amounts of quartz and carbonate veining with associated disseminated pyrite. Geological logging, geotechnical analysis and density determinations have been completed and the core is now being cut for sampling. Samples will be submitted for gold analysis shortly.



Diamond core from Akoko North (holes 1, 2 and 4) showing areas of quartz and carbonate veining within basalt host rock.

Four Diamond drill holes were recently completed testing for primary gold mineralisation beneath the oxide gold cap at Akoko North.

Corporate

Chairman

Mr Michael Ashforth assumed the role of non-executive Chairman of Castle Minerals in October. Mr Ashforth is an Executive Director of Macquarie Capital and has over 20 year's corporate advisory experience in the resources industry. This change separates the dual roles previously held by Mike Ivey who has acted as Executive Chairman and Managing Director of Castle since the company's formation in 2005.

Cash Position

At Quarter end Castle had total issued capital of 113,502,677 shares and 4.55 million options on issue. Cash reserves were $6.9 million.

Asset Purchases

Castle Minerals through its Ghanaian subsidiary companies has committed to the purchase of an Aircore/RAB exploration drill rig and associated spares and support vehicles. The rig is currently being shipped to Ghana and is expected to be operating in the first week of December.

Share Register

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

Annual General Meeting

The Annual General Meeting of Shareholders Castle Minerals is proposed to be held on Tuesday 22 November 2011 at 10 am at 38 Station Street, Subiaco. A Notice of Meeting and Proxy Form has been mailed to shareholders.

For further information please contact:

Michael Ivey
Managing Director & CEO
+61(8) 9322 7018
www.castleminerals.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.

Baayiri Prospect - Significant RC Drill Results

Hole No.	Northing	Easting	RL	EOH (m)	Azmith	Dip	Intercept
11BARC021	1127909	573400	302	80	180	-50	1m @ 1.77g/t gold from 8m
11BARC027	1129851	573400	275	82	180	-50	3m@ 1.86g/t gold from 0m
11BARC036	1128680	569000	275	103	180	-50	20m @ 1.08 g/t gold from 20m
							inc 15m @ 1.38 g/t gold from 15m
							15m @ 0.42 g/t gold from 50m
11BARC041	1128780	569040	276	111	176	-51	5m @ 0.14 g/t gold from 75m
11BARC042	1128781	568960	274	80	186	-49	5m @ 0.35 g/t gold from 20m
11BARC044	1128660	568960	276	103	182	-49	5m @ 0.20 g/t gold from 70m
11BARC051	1128678	569022	274	47	270	-50	5m @ 1.32 g/t gold from 20m
							15m @ 0.20 g/t gold from 30m
11BARC052	1128640	569019	269	80	270	-50	15m @ 2.73 g/t gold from 30m
							inc. 10m @ 4.0g/t gold from 30m

Notes

- Assays reported from 5m composite samples from Reverse Circulation drilling except holes 11BARC21 and 11BARC27 which have been assayed from 1m splits.
- 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.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Castle Minerals Limited

ABN	Quarter ended ("current quarter")
83 116 095 802	30 September 2011

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(1,409)	(1,409)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(269)	(269)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	67	67
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(1,611)	(1,611)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(127)	(127)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(127)	(127)
1.13	Total operating and investing cash flows (carried forward)	(1,738)	(1,738)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,738)	(1,738)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	(18)	(18)
	Net financing cash flows	(18)	(18)
	Net increase (decrease) in cash held	(1,756)	(1,756)
1.20	Cash at beginning of quarter/year to date	8,772	8,772
1.21	Exchange rate adjustments to item 1.20	(27)	(27)
1.22	**Cash at end of quarter**	6,989	6,989

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	91
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	900
4.2	Development	-
4.3	Production	-
4.4	Administration	100
	Total	**1,000**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter $A'000	Previous quarter $A'000
5.1 Cash on hand and at bank	989	5.634
5.2 Deposits at call	6.000	3.138
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	6.989	8.772

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	113,502,677	113,502,677		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	3,500,000 1,050,000		*Exercise price* 35 cents 40 cents	*Expiry date* 21 December 2011 1 September 2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does /~~does not~~* give a true and fair view of the matters disclosed.

Sign here: Date: • 25 October 2011
(Company secretary)

Print name: **Desmond J Kelly**

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.