

CASTLE MINERALS LIMITED

ABN 83 116 095 802

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2017

These half-year financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the Annual Financial Statements for the year ended 30 June 2017 and any public announcements made by Castle Minerals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

CASTLE MINERALS LIMITED

31 DECEMBER 2017

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CASTLE MINERALS LIMITED

31 DECEMBER 2017

DIRECTORS' REPORT

Your directors submit their report on the consolidated entity consisting of Castle Minerals Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

DIRECTORS

The names of the directors who held office during or since the end of the half-year are:

Stephen Stone

Michael Atkins

Ian Hobson

REVIEW AND RESULTS OF OPERATIONS

A summary of consolidated revenues and results for the half-year is set out below:

	2017		2016	
	Revenues	Results	Revenues	Results
	\$	\$	\$	\$
Consolidated entity revenues and (loss)	22,380	(1,232,118)	204,207	(126,822)

During the period, the consolidated entity undertook the following activities:

WESTERN AUSTRALIA

Pilbara Conglomerate-Hosted Gold Projects:

- Secured rights to acquire 80% interests in exploration licence applications at Coolyia Creek and Beasley Creek in Pilbara region, Western Australia (refer ASX releases dated 11 October 2017 and 7 November 2017).
- Undertook orientation programmes at both and a more detailed 10-day reconnaissance programme at Beasley Creek where four key prospect areas identified along a 16km unconformity surface.
- Confirmed that the Projects tick many of the boxes for the discovery of 'Witwatersrand-style', conglomerate-hosted gold mineralisation including presence of both Mt Roe and Hardey Formation basal conglomerates.

Ghana

- Assessed licence portfolio to determine areas for retention and relinquishment.
- Attended to the process of transferring the Julie West prospecting licence to purchaser Azumah Resources Limited which upon completion will release to Castle the final cash consideration of A\$250,000.

New Opportunities

- Generated and reviewed several new project opportunities spanning conglomerate-hosted gold style targets in the Pilbara region, a range of commodities in Western Australia, Australia generally and internationally.

CASTLE MINERALS LIMITED

31 DECEMBER 2017

DIRECTORS' REPORT (continued)

Corporate

- On 18 October 2017 the Company undertook a placement of 35,000,000 shares at \$0.035 per share to raise \$1,225,000 before transaction costs.
- Shareholders approved the issue of 11,829,596 ordinary shares on 14 November 2017 in lieu of director fees totalling \$189,300, as invoiced by the Directors.
- A total of 4,000,000 ordinary shares were issued during the half-year as part-consideration for tenement acquisitions valued at \$140,000, and 600,000 ordinary shares were issued in settlement of consulting fees totalling \$21,000.

SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2017, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of directors.



Stephen Stone
Managing Director
Perth, 14 March 2018

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF CASTLE MINERALS LIMITED

As lead auditor for the review of Castle Minerals Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Castle Minerals Limited and the entities it controlled during the period.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 14 March 2018

CASTLE MINERALS LIMITED

31 DECEMBER 2017

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Note	Half-year 2017 \$	2016 \$
REVENUE		1,511	301
Other income		20,869	203,906
 EXPENDITURE			
Depreciation expense		(1,746)	(4,166)
Salaries and employee benefits expense		(99,483)	(69,800)
Exploration expenses		(362,943)	(44,733)
Corporate expenses		(51,642)	(26,170)
Administration expenses		(88,083)	(52,347)
Finance costs		-	(2,550)
Loss on settlement of liability	3(4)	(650,601)	(71,263)
Share based payment expense		-	(60,000)
 LOSS BEFORE INCOME TAX		(1,232,118)	(126,822)
Income tax (expense)/benefit		-	-
 LOSS AFTER TAX FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF CASTLE MINERALS LIMITED		(1,232,118)	(126,822)
 OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		95	1,608
Other comprehensive income for the period, net of tax		95	1,608
 TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF CASTLE MINERALS LIMITED		(1,232,023)	(125,214)
 Basic and diluted loss per share (cents)		(0.66)	(0.08)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CASTLE MINERALS LIMITED

31 DECEMBER 2017

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Note	31 December 2017 \$	30 June 2017 \$
CURRENT ASSETS			
Cash and cash equivalents		1,100,426	288,516
Trade and other receivables		32,467	6,175
Financial assets at fair value through profit or loss		34,969	14,101
TOTAL CURRENT ASSETS		1,167,862	308,792
NON-CURRENT ASSETS			
Plant and equipment		15,546	34,922
TOTAL NON-CURRENT ASSETS		15,546	34,922
TOTAL ASSETS		1,183,408	343,714
CURRENT LIABILITIES			
Trade and other payables		214,009	324,443
TOTAL CURRENT LIABILITIES		214,009	324,443
TOTAL LIABILITIES		214,009	324,443
NET ASSETS		969,399	19,271
EQUITY			
Contributed equity	3	25,878,754	23,696,603
Reserves		924,133	924,038
Accumulated losses		(25,833,488)	(24,601,370)
TOTAL EQUITY		969,399	19,271

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CASTLE MINERALS LIMITED

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Contributed Equity	Share-Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2016	23,394,210	614,736	270,250	(24,610,281)	(331,085)
Loss for the period	-	-	-	(126,822)	(126,822)
OTHER COMPREHENSIVE INCOME					
Exchange differences on translation of foreign operations	-	-	1,608	-	1,608
TOTAL COMPREHENSIVE INCOME/(LOSS)	-	-	1,608	(126,822)	(125,214)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the period	302,393	-	-	-	302,393
Share-based payments expense	-	60,000	-	-	60,000
BALANCE AT 31 DECEMBER 2016	23,696,603	674,736	271,858	(24,737,103)	(93,906)
BALANCE AT 1 JULY 2017	23,696,603	674,736	249,302	(24,601,370)	19,271
Loss for the period	-	-	-	(1,232,118)	(1,232,118)
OTHER COMPREHENSIVE INCOME					
Exchange differences on translation of foreign operations	-	-	95	-	95
TOTAL COMPREHENSIVE INCOME/(LOSS)	-	-	95	(1,232,118)	(1,232,023)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the period	2,225,901	-	-	-	2,225,901
Share issue transaction costs	(43,750)	-	-	-	(43,750)
BALANCE AT 31 DECEMBER 2017	25,878,754	674,736	249,397	(25,833,488)	969,399

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CASTLE MINERALS LIMITED

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Half-year	
	2017	2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenditure on mining interests	(216,190)	(288,616)
Payments to suppliers and employees	(154,174)	(162,300)
Interest received	1,511	301
Net cash (outflow) from operating activities	(368,853)	(450,615)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposit received on sale of subsidiary, net of cash classified as held for sale	-	195,881
Net cash inflow from investing activities	-	195,881
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,225,000	100,000
Payments of share issue transaction costs	(43,750)	-
Proceeds from related party borrowings	-	250,000
Repayment of related party borrowings	-	(196,856)
Net cash inflow from financing activities	1,181,250	153,144
Net increase/(decrease) in cash and cash equivalents	812,397	(101,590)
Cash and cash equivalents at the beginning of the half-year	288,516	184,809
Effects of exchange rate changes on cash and cash equivalents	(487)	992
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	1,100,426	84,211

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CASTLE MINERALS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This consolidated interim financial report for the half-year reporting period ended 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Castle Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period unless otherwise stated.

New and amended standards adopted by the Group

The Group has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the interim reporting period.

Impact of standards issued but not yet applied by the Group

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2017. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

NOTE 2: SEGMENT INFORMATION

For management purposes, the Group has identified two reportable segments being: exploration activities undertaken in Australia (new segment this reporting period); and, exploration activities undertaken in Ghana, West Africa. These segments include activities associated with the determination and assessment of the existence of commercial economic reserves, from the Group's mineral assets in the respective geographic location.

Segment performance is evaluated based on the operating profit or loss and cash flows and is measured in accordance with the Group's accounting policies.

	Half-year	
	2017	2016
	\$	\$
Exploration Segments		
Segment revenue – Australia	-	-
Segment revenue – Ghana	-	196,856
Segment revenue – Total	-	196,856
Reconciliation of segment revenue to total revenue before tax:		
Interest revenue	1,511	301
Other revenue and income	20,869	7,050
Total revenue and other income	22,380	204,207

CASTLE MINERALS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2: SEGMENT INFORMATION (continued)

	Half-year	
	2017	2016
	\$	\$
Exploration Segments		
Segment results – Australia	(356,242)	-
Segment results – Ghana	(6,699)	152,587
Segment results – Total	(362,941)	152,587
Reconciliation of segment result to loss before tax:		
Corporate depreciation	(1,746)	(4,136)
Finance costs	-	(2,550)
Loss on settlement of liability (refer note 3(4))	(650,601)	(71,263)
Other corporate and administration	(216,830)	(201,460)
Loss before tax	(1,232,118)	(126,822)
	31 December	30 June 2017
	2017	
	\$	\$
Segment operating assets – Australia	-	-
Segment operating assets – Ghana	-	29,364
Segment operating assets – Total	-	29,364
Reconciliation of segment operating assets to total assets:		
Other corporate and administration assets	1,183,408	314,350
Total assets	1,183,408	343,714
Segment operating liabilities – Australia	21,486	-
Segment operating liabilities – Ghana	34,355	70,673
Segment operating liabilities – Total	55,841	70,673
Reconciliation of Ghana segment operating liabilities to total liabilities:		
Other corporate and administration liabilities	158,168	253,770
Total liabilities	214,009	324,443

CASTLE MINERALS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 3: MOVEMENTS OF EQUITY SECURITIES

Ordinary Share Capital	2017 Shares	2017 \$	2016 Shares	2016 \$
As at 1 July	170,366,380	23,696,603	149,321,731	23,394,210
Issued during the half-year				
Issued for cash @ 3.5 cents per share	35,000,000	1,225,000	-	-
Issued for cash @ 1.0 cents per share	-	-	10,000,000	100,000
Issued as part consideration for tenement acquisitions	4,000,000	140,000	-	-
Issued as consideration for consulting services	600,000	21,000	-	-
Issued in lieu of Directors' fees @ 7.1 cents per share ⁽¹⁾	11,829,596	839,901	-	-
Issued in lieu of Directors' fees @ 1.9 cents per share ⁽²⁾	-	-	9,180,805	174,435
Issued in lieu of Directors' fees @ 1.5 cents per share ⁽³⁾	-	-	1,863,844	27,958
Transaction costs	-	(43,750)	-	-
As at 31 December	221,795,976	25,878,754	170,366,380	23,696,603

- (1) Resolutions were approved by shareholders at the Annual General Meeting of the Company held on 13 November 2017 to issue shares to Directors in lieu of directors' fees for the period 1 October 2016 to 30 September 2017. Fees totalling \$189,300, as invoiced by the Directors, were satisfied by the issue of 11,829,596 ordinary shares on 14 November 2017 utilising these approvals, calculated at the 15-day VWAP at the time the fees accrued, being \$0.0151. The closing price of \$0.071 on the date of the Annual General meeting was the grant date fair value of the shares issued.
- (2) Resolutions were approved by shareholders at the General Meeting of the Company held on 10 August 2016 to issue shares to Directors in lieu of directors' fees for the period 18 January 2016 to 30 June 2016. Fees totalling \$100,730, as invoiced by the Directors, were satisfied by the issue of 9,180,805 ordinary shares on 15 August 2016 utilising these approvals. The closing price of \$0.019 on the date of the General meeting was the grant date fair value of the shares issued.
- (3) Resolutions were approved by shareholders at the Annual General Meeting of the Company held on 22 November 2016 to issue shares to Directors in lieu of directors' fees for the period 1 July 2016 to 30 September 2016. Fees totalling \$30,400, as invoiced by the Directors, were satisfied by the issue of 1,863,844 ordinary shares on 28 November 2016 utilising these approvals. The closing price of \$0.015 on the date of the Annual General meeting was the grant date fair value of the shares issued.

CASTLE MINERALS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 3: MOVEMENTS OF EQUITY SECURITIES (continued)

- (4) The settlement of the above liabilities by the issue of shares has resulted in a net loss for accounting purposes, resulting from the increase in the value of shares issued in respect to directors' fees from the time that the fees accrued to the grant date fair value at the date of issue. This net loss is recognised in the profit or loss for the half-year of \$650,601 (2016: \$71,263), as shown in the table below:

	Half-year	
	2017	2016
	\$	\$
Issue of 11,829,596 shares at \$0.071 per share (fair value)	839,901	-
Directors fees settled	(189,300)	-
Issue of 9,180,805 shares at \$0.019 per share (fair value)	-	174,435
Director fees settled	-	(100,730)
Issue of 1,863,844 shares at \$0.015 per share (fair value)	-	27,958
Directors fees settled	-	(30,400)
Loss on settlement of liability	650,601	71,263

Options

	Number of options	
	2017	2016
As at 1 July	6,000,000	1,050,000
Expired 1 September 2016, exercisable at \$0.40	-	(1,050,000)
Issued, expiring 30 September 2019, exercisable at \$0.03	-	6,000,000
As at 31 December	6,000,000	6,000,000

NOTE 4: CONTINGENCIES

In accordance with a tenement acquisition agreement entered during the half-year, the following deferred consideration may become payable in future periods:

- \$50,000 cash and the issue of 2,000,000 fully paid ordinary shares in the capital of Castle upon settlement of the acquisition following satisfaction of the conditions precedent which include:
 - The vendor being registered as the sole holder of the tenement when it is granted as an Exploration License under the Mining Act;
 - Obtaining approval and consent from the Minister pursuant to section 64 of the Mining Act to transfer an 80% interest from the vendor to Castle;
 - Procuring the withdrawal of an objection in respect of the Yinhawangka People; and
 - Obtaining all necessary approvals for the transfer in respect to all relevant native title interests; and
- 2,000,000 performance rights to vest into fully paid ordinary shares of Castle on the date that Castle submits a Form 5 (in the form specified in the Mining Act) stating that Castle has expended \$500,000 on the tenement.

CASTLE MINERALS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 5: DIVIDENDS

No dividends were paid during the half-year. No recommendation for payment of dividends has been made.

NOTE 6: RELATED PARTY TRANSACTIONS

There has been no material change to related party transactions in the half-year ended 31 December 2017.

NOTE 7: SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2017, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

CASTLE MINERALS LIMITED

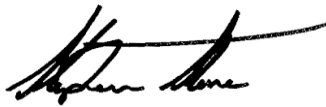
31 DECEMBER 2017

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 6 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Castle Minerals Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Stephen Stone', with a long horizontal flourish extending to the right.

Stephen Stone
Managing Director

Perth, 14 March 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Castle Minerals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Castle Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.



A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', is written over a horizontal line.

Phillip Murdoch

Director

Perth, 14 March 2018