

# US\$11.7 Million Farm-Out Agreement

## Degbiwu and Gbiniyiri Licences, Ghana



**ASX & Media  
Release**

**ASX Code: CDT**

**14 August 2019**

Castle Minerals Limited (ASX: CDT) (“Castle” or the “Company”) advises that its wholly owned Ghana-based subsidiary, Carlie Mining Limited (“Carlie”) has executed a binding term sheet with private Ghana company, Iguana Resources Limited (“Iguana”), whereby Iguana may earn up to an 80% interest in Carlie’s Degbiwu and Gbiniyiri licences (“Licences”)(Fig 1) in Ghana’s Upper West region by spending a total of **US\$11.7 million in three stages over five years.**

**Castle Managing Director, Stephen Stone said: “This US\$11.7 million, three-staged farm-out deal on the Degbiwu and Gbiniyiri licences with Ghana-based Iguana Resources will see an acceleration in exploration activity on these prospective licences and in particular the Kpali target, where Castle has previously outlined an open-ended 107,200oz gold Inferred Mineral Resource, and at the intriguing Bundi gold-zinc prospect.”**

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### Key Terms

The key terms of the Binding Term Sheet between Carlie and Iguana are as follows:

- Execution Payments:** A non-refundable Execution Payment of **US\$15,000** (since paid) and a non-refundable Satisfaction Payment of **US\$15,000** upon, amongst other things, approval of the Transaction by the Ghana Minister of Lands and Natural Resources.
- Phase 1:** Iguana may earn an initial 51% in the Licences by sole funding a minimum **US\$4.72 million** on exploration over a three-year period with a minimum spend in the first year of US\$1.22 million on the Degbiwu licence and US\$0.5 million on the Gbiniyiri licence.  
  
Iguana must also spend a minimum of **US\$250,000** before it can withdraw from the Agreement.
- Phase 2:** Iguana may earn an additional 14% (total 65%) by sole funding an additional **US\$1.50 million** on exploration over the next 12 months.
- Phase 3:** Iguana may earn an additional 15% (total 80%) by sole funding an additional **US\$5.50 million** on exploration over the next 12 months.
- Joint Venture:** If at the end of any Phase Iguana decides not to sole fund the next phase of exploration, the Parties will enter into a Joint Venture Agreement (“JVA”) to co-fund exploration. The JVA will contain standard industry terms typical of such an arrangement including a dilution formula, should any party not wish to contribute, whereby the non-contributing party’s interest will dilute based on the accumulated and deemed expenditures of the Parties.
- Operator:** Iguana will be the operator of the project whilst it is sole funding and the majority interest holder.

**Board:**

**Michael Atkins**  
Chairman

**Stephen Stone**  
Managing Director

**James Guy**  
Non-Executive Director

**Company Secretary:**

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**Capital Structure:**

Ordinary Shares: 223.8M  
3c Options: 6.0M

### About Iguana

Iguana is a Ghanaian-owned and based exploration company focused on the early stage exploration of its growing portfolio of Ghanaian mineral interests. Its owners and management team comprise seasoned geological, mining and management executives from the Ghana exploration and mining industry.

## Exploration History

The licences are located in the Upper West region of Ghana and, along with several other contiguous licences, have been explored by Carlie principally for gold. Carlie's Ghana licences are adjacent to and largely surround the Wa Gold Project of Azumah Resources Limited ('Azumah') which has in similar geological terrain discovered and delineated 2.8Moz Mineral Resources, reported an Ore Reserve of 1Moz and is well advanced in completing a Feasibility Study for the establishment of a long life, multi-open pit based mining operation ([www.azumahresources.com.au](http://www.azumahresources.com.au)). Importantly, this will see the establishment of a regional processing facility whereby third party material could, subject to a number of technical and commercial factors, be treated.

Azumah holds a 12.4% interest in the issued capital of Castle and is its largest individual shareholder.

## Degbiwu Licence:

The 150km<sup>2</sup> Degbiwu Prospecting Licence (PL 10/26) in North West Ghana is host to the Kpali gold and Bundi gold - zinc prospects and is located at the confluence of three major regional-scale structures:

### Kpali Prospect

The Kpali prospect is one of five prospects outlined by Castle on the Degbiwu licence in 2013 and is considered the most prospective target. It lies beneath a thin veneer of alluvial cover. No previous gold occurrence or artisanal workings were known. RC drilling over a 600m strike identified an open-ended gold zone. Gold mineralisation appears as hydrothermal lode style (pyrite-sericite-silica) hosted by Birimian sediments. Castle has reported a JORC Code 2012 Inferred Mineral Resource estimate of 107,200oz Au for Kpali (2.9Mt at 1.1g/t Au)(refer ASX release 2 July 2014).

### Bundi Prospect

Bundi is an intriguing gold - zinc prospect defined over 1.1km strike and presents an opportunity for a gold resource to be defined. It was discovered by Castle in 2013 following soil, auger and RAB drilling. RC drilling was undertaken in 2013/14. These holes intersected up to 51g/t Au with 16 of the 20 holes testing the Bundi structure reporting mineralisation (refer ASX release 31 January 2014). The gold mineralisation is associated with zinc sulphides and is open along strike and at depth.

## Gbiniyiri Licence:

The 1,081km<sup>2</sup> Gbiniyiri licence (RL 8/27) is located to the north, south and east of the Degbiwu licence, and presents as a grassroots exploration proposition where historical work by Carlie has identified a series of strong, open-ended auger and RAB anomalies requiring follow-up investigation.

## Exploration Planned by Iguana

Initial exploration by Iguana will focus on five key target areas including the Kpali gold prospect and the Bundi gold-zinc prospect located on the Degbiwu Prospecting Licence. It will include a 4,600m RC drilling programme and is expected to commence later in 2019 after cessation of the current seasonal rains and subject to approval of the Term Sheet by the Government of Ghana.

Iguana has advised that it will work closely with and employ the services of Ghana based exploration and mining consultants, Minecon Resources and Services Limited, to manage exploration activities on the Licences.

### Stephen Stone

Managing Director

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## About Castle Minerals Limited

Castle Minerals is listed on the Australian Stock Exchange (ASX: CDT) and headquartered in Perth, Western Australia. In addition to its interest in the Coolyia Creek and Beasley Creek conglomerate-hosted paleo-placer style gold projects in the Pilbara region of Western Australia, it has a large contiguous tenure position in the Upper West region of Ghana, West Africa, a country with a long history of gold exploration and mining. Its Ghana licence holdings encompass large tracts of highly prospective Birimian geological terrane, the host to many of West Africa's multi-million-ounce gold mines. All of Castle's ground in Western Australia and Ghana, whilst at a relatively early stage of exploration, presents a number of targets offering opportunities for discoveries of gold and other minerals.

## Cautionary Statement

The Coolyia Creek and Beasley Creek Projects are considered to be of early stage, grass roots exploration status. No Competent Person has done sufficient work in accordance with JORC Code 2012 to conclusively determine if gold is present in conglomerates on the licences or to estimate in what quantities but in each case the general integrity of mapping by the GSWA has been confirmed by geologists engaged by the Company. It is possible that following further evaluation and/or exploration work that the confidence in the information used to identify and acquire interests in the areas of interest in the Pilbara may be reduced when reported under JORC Code 2012.

## Competent Persons Statement

The scientific and technical information in this Report that relates to the geology of the deposits and exploration results is based on information compiled by Mr Stephen Stone, who is Managing Director of Castle Minerals Limited. Mr Stone is a Member of the Australian Institute of Mining and Metallurgy and has sufficient experience which 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Stone is the Qualified Person overseeing Castle's exploration projects and has reviewed and approved the disclosure of all scientific or technical information contained in this announcement that relates to the geology of the deposits and exploration results.

## Forward Looking Statement

Statements regarding Castle's plans, forecasts and projections with respect to its mineral properties and programmes are forward-looking statements. There can be no assurance that Castle's plans for development of its mineral properties will proceed as currently expected. There can be no assurance that Castle will be able to confirm the presence of Mineral Resources or Ore Reserves, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of Castle's mineral properties. The performance of Castle may be influenced by a number of factors which are outside the control of the Company, its Directors, staff or contractors.

**Table 1: Kpali Deposit Inferred Mineral Resource Estimate (JORC Code 2012)**

**(0.5g/t Au Cut-Off)**

**(refer ASX Release 2 July 2014)**

Material Type	Tonnes t	Au (Cut) g/t	Au (Uncut) g/t	Au (Cut) Oz	Au (Uncut) Oz
Oxide	365,000	1.0	1.0	11,500	12,200
Fresh	2,549,000	1.2	1.2	95,700	97,500
<b>Total</b>	<b>2,914,000</b>	<b>1.1</b>	<b>1.2</b>	<b>107,200</b>	<b>109,700</b>

NB: All numbers have been rounded

**Figure 1: Location of the Degbiwu and Gbiniyiri Licences and Key Prospects**

