

Castle Minerals Limited (CDT)

Date: 3 May 2006

Troy Irvin (08) 9224 6871

Current Share Price **A\$0.31**
Recommendation **SPECULATIVE BUY**

Market Statistics

ASX Code	CDT
Ordinary Shares on Issue	38.3 m
Capitalisation	A\$11.9 m
Cash	A\$3.5 m
Year High	A\$0.35
Year Low	A\$0.30

Directors

Mike Ivey	Executive Chairman / Managing Director
Campbell Ansell	Non-Executive Director
Michael Ashforth	Non-Executive Director

Substantial Shareholders

Mike Ivey	11.5%
Bluestar Resources Limited	10.0%
Bluesky Resources Limited	4.9%
Trailstar Limited	4.9%

Proposed Use of IPO Funds – Castle Prospectus

Project	Proposed Expenditure A\$		
	Year 1	Year 2	Total
Antubia	283,783	281,081	564,864
Banso	581,081	948,648	1,529,729
Sunyar. Basin	287,015	265,540	552,555
Bondary*	57,432	138,513	195,945
Akoko**	48,266	140,540	188,806
Administration Costs	188,637	266,148	454,785
Sub Total	1,446,214	2,040,470	3,486,684
Capital Expenditure	25,000	5,000	30,000
Expenses of the Issue	223,000		223,000
Working Capital			10,316
Sub Total	248,000	5,000	263,316
Total	1,694,214	2,045,470	3,750,000

ELEPHANT HUNTER

- The right prospects - Ashanti and Sefwi gold belts:
 - × highly prospective 'elephant' country – potential 1moz+ gold deposits
 - × the three anchor projects have substantial gold soil anomalies
 - × no known drilling on the Castle tenements
- The right place - Ghana:
 - × established democracy
 - × established mining industry
 - × annual gold production >2.4moz
 - × five international gold producers currently active
- The right people - proven management.
- Tight capital structure:
 - × only 38m fully paid shares on issue
 - × top 20 shareholders hold ~67%

Five 100% owned Ghanaian gold projects



Source: Castle Minerals

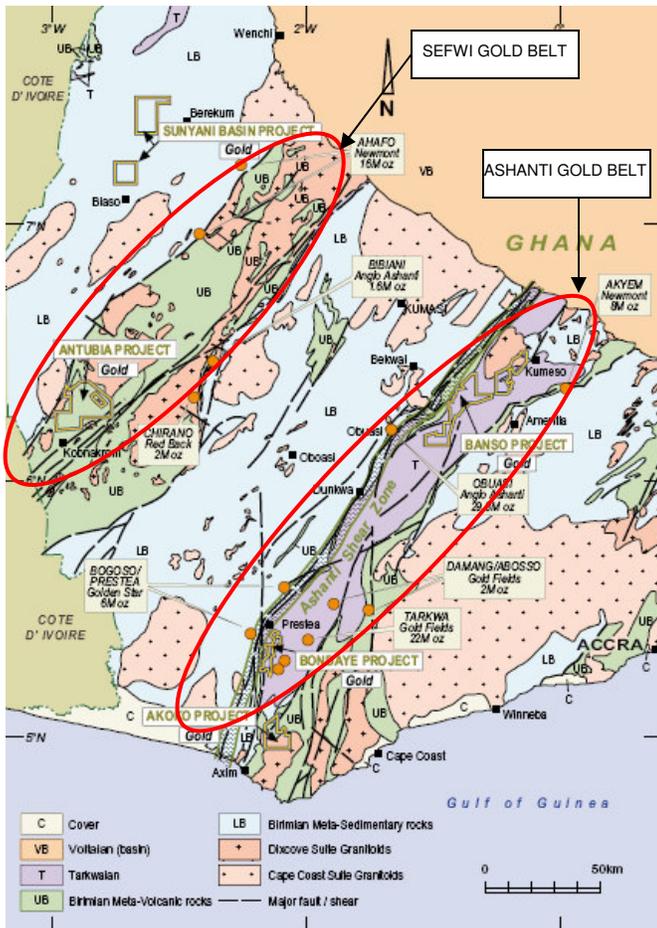
Important Disclosures

Argonaut discloses that it acted as broker to the Castle Minerals Limited IPO in April 2006 to issue 15,000,000 new shares at \$0.25 to raise \$3,750,000 and received fees commensurate with this service. Argonaut discloses that it holds 440,000 unlisted options in Castle. Please refer to page 4 for further important disclosures.

OVERVIEW

- Castle Minerals (CDT) is an exploration company with five gold projects covering 1,029 square kilometers in Ghana (Figure 1).

Figure 1: Location of Projects



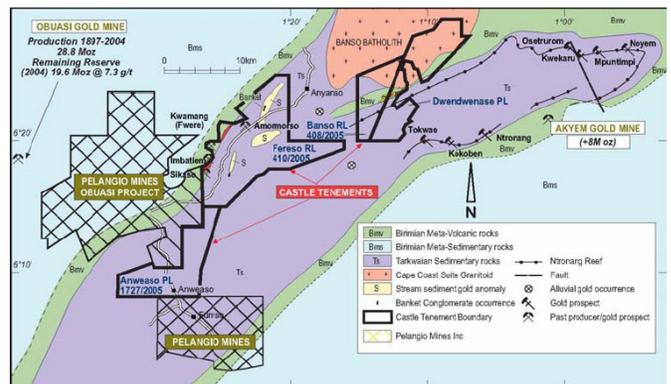
All figures and tables are sourced from CDT

- Castle listed on the ASX in May 2006 after issuing 15m shares at 25c each to raise \$3.75m.
- Corporate objectives are:
 - × exploration and development of the five projects in Ghana
 - × acquisition and exploration of other mineral resource opportunities, particularly in West Africa
- All projects are 100% owned (subject to Ghanaian Government right to a free-carried 10% interest).
- The three 'anchor' projects are Banso, Antubia and Sunyani Basin. These all have granted tenure.

BANSO

- Located approximately 180km northwest of Accra, in the Ashanti gold belt. Banso is ~20km west of the 8moz Akyem gold mine (Newmont), and ~10km east of the 30moz Obuasi gold mine (Anglogold Ashanti).
- CDT have confirmed and extended a 4km long, 200-500m wide soil anomaly with +50ppb gold. Trench results from the anomaly include:
 - × 10m @ 9.2 g/t Au
 - × 8m @ 4.3 g/t Au
 - × 13m @ 1.6 g/t Au
 - × 23m @ 2.3 g/t Au
- Four mineral concessions bordering the Banso project (Figure 2) have recently been acquired by the Canadian Company Pelangio Mines. The deal values the Pelangio tenements at over A\$20m. No gold resources are known on these tenements but they are considered highly prospective.

Figure 2: Banso – Tenements, Geology and Soil Anomalies

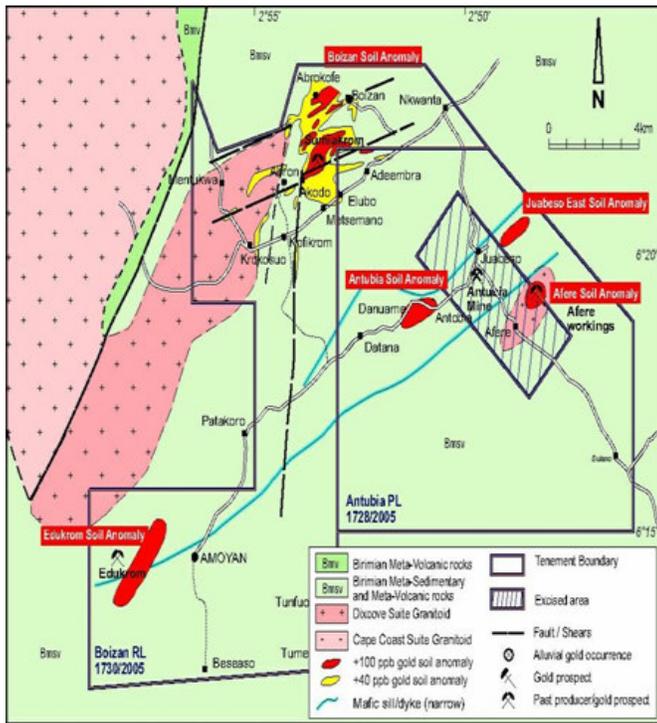


- Infill and extensional soil sampling is currently being conducted to prioritise trenching and drilling targets. An RC rig has been booked for ~2,500m drilling commencing August 2006.

ANTUBIA

- Located approximately 370km west-northwest of Accra, in the Sefwi gold belt. Antubia is ~65km southwest of the 16moz Ahafo gold mine (Newmont).
- Comprises two contiguous licenses – Antubia and Boizan with five untested gold soil anomalies (Figure 3).

Figure 3: Antubia – License and Prospect Areas

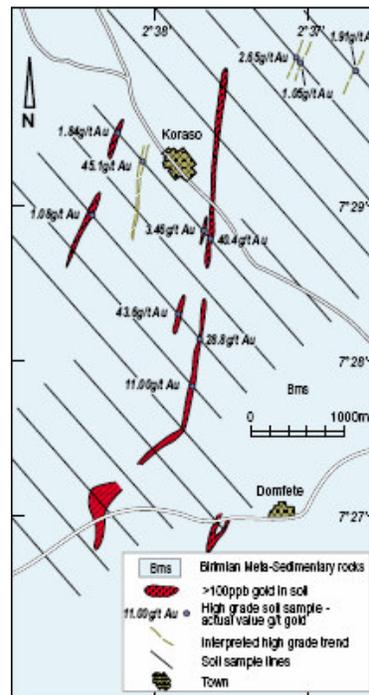


- The Antubia mine is one of the few historic gold mines in Ghana to have produced over 18koz. Artisanal miners continue to operate in the excised (hatched) area shown in Figure 3.
- CDT is planning to conduct infill and extensional soil sampling to enable the prioritisation of trenching and drilling targets.

SUNYANI BASIN

- Located approximately 400km northwest of Accra, in the Sefwi gold belt. Sunyani Basin is ~40km west of the Ahafo mine.
- Very limited, mostly colonial and ancient artisanal mining activity has occurred at the project. Limited modern exploration (soil sampling) was completed in the late 1990's.
- The Koraso soil anomaly (Figure 4) is over 3km long with localised results up to 43 g/t gold.

Figure 4: Koraso – Soil Anomaly



- CDT is planning to conduct mapping and infill soil sampling.

OTHER PROJECTS

Two other projects are located in the southwest part of the Ashanti gold belt. Licenses for these projects are currently under application.

Akoko

- The tenement is located ~40km south of Golden Star's world class 6moz Prestea mine.
- The Southern Ashanti gold project (Adamus Resources) is 10km west of Akoko. Southern Ashanti has a resource of 22mt @ 2.1g/t for 1.5moz.
- Castle proposes to test interpreted extensions to Adamus's Avrebo soil anomaly over 12km of potential strike.

Bondaye

- Located ~5km south of the Prestea mine.
- Subject to only very limited exploration.
- Substantial artisanal gold production has occurred in the region. Production of 41koz is recorded from historical dredging operations within the proposed licence area.
- Part of the project covers a regional fault that may represent a southerly extension to that which controls mineralisation at Prestea. Upon granting of the licence, Castle proposes to commence reconnaissance soil sampling on an 800m by 100m pattern.

RIGHT PLACE TO BE

- Ghana is the right place to be in Africa:
 - × established democracy
 - × established mining industry (>100 years of gold production)
 - × annual gold production >2.4moz (10th largest in the world)
 - × 5 international gold producers currently active
 - × highly prospective

PROVEN MANAGEMENT

- Mike Ivey (Executive Chairman and Managing Director) - a Geologist who held various positions including Managing Director during an 18 year career with Croesus. Under his stewardship, Croesus increased its market capitalisation from A\$25m to A\$200m, and increased its annual gold production from 30koz to over 220koz. Mr Ivey resigned from Croesus in November 2004.
- Campbell Ansell (Non-Executive Director) - a Chartered Accountant who is currently a director of Universal

Resources and De Grey Mining, and chairman of Nickel Australia.

- Michael Ashforth (Non-Executive Director) – currently a Managing Director of Gresham Advisory Partners, a member of the Takeovers Panel, a director of Heytesbury and a director of various companies within the Gresham group.

SUMMARY

Castle offers resources investors:

- The right prospects - Ashanti and Sefwi gold belts:
 - × highly prospective 'elephant' country – potential 1moz+ gold deposits
 - × three anchor projects have substantial gold soil anomalies
 - × no known drilling on Castle tenements
- The right place – Ghana.
- The right people - proven management.
- Tight capital structure:
 - × only 38m fully paid shares on issue
 - × top 20 shareholders hold ~67%

SPECULATIVE BUY

Disclosures & Disclaimer

Argonaut was appointed broker the issue of Castle Minerals IPO in April 2006 to raise \$3,750,000 through the issue of 15,000,000 new shares at \$0.25. Argonaut discloses that it received a management fee for managing the issue, was paid a capital raising fee of 4% of the amount raised by it and received 440,000 unlisted options expiring 2 May 2008 and exercisable at \$0.35.

Argonaut principals hold an immaterial interest in Castle shares.

Argonaut may receive brokerage income from clients who wish to buy or sell securities subject to this report.

No assistance has been provided by Castle in producing this report.

This report was produced by Troy Irvin, an employee of Argonaut Securities Pty Limited. Troy Irvin has tertiary qualifications in mining engineering and finance. Troy Irvin has an immaterial interest in Castle shares.

General disclosure and disclaimer.

This research has been prepared by Argonaut Securities Pty Limited (ABN 72 108 330 650) ("ASPL") for the use of the clients of ASPL and its related bodies corporate (the "Argonaut Group") and must not be copied, either in whole or in part, or distributed to any other person. If you are not the intended recipient you must not use or disclose the information in this report in any way. ASPL is a holder of an Australian Financial Services Licence No. 274099 and is a Market Participant of the Australian Stock Exchange Limited.

Nothing in this report should be construed as personal financial product advice for the purposes of Section 766B of the Corporations Act. This report does not consider any of your objectives, financial situation or needs. The report may contain general financial product advice and you should therefore consider the appropriateness of the advice having regard to your situation. We recommend you obtain financial, legal and taxation advice before making any financial investment decision.

This research is based on information obtained from sources believed to be reliable and ASPL has made every effort to ensure the information in this report is accurate, but we do not make any representation or warranty that it is accurate, reliable, complete or up to date. The Argonaut Group accepts no obligation to correct or update the information or the opinions in it. Opinions expressed are subject to change without notice and accurately reflect the analyst(s)' personal views at the time of writing. No member of the Argonaut Group or its respective employees, agents or consultants accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research.

Nothing in this research shall be construed as a solicitation to buy or sell any financial product, or to engage in or refrain from engaging in any transaction. The Argonaut Group and/or its associates, including ASPL, officers or employees may have interests in the financial products or a relationship with the issuer of the financial products referred to in this report by acting in various roles including as investment banker, underwriter or dealer, holder of principal positions, broker, director or adviser. Further, they may buy or sell those securities as principal or agent, and as such may effect transactions which are not consistent with the recommendations (if any) in this research. The Argonaut Group and/or its associates, including ASPL, may receive fees, brokerage or commissions for acting in those capacities and the reader should assume that this is the case.

There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment.

The analyst(s) principally responsible for the preparation of this research may receive compensation based on ASPL's overall revenues.