

## SUMMARY

- **Strong 3km long gold anomaly identified in Ashanti belt at the Akoko Project**
- **Soil samples to 70g/t extend Boizan Gold Zone to +5.5km long and open to the south; trenching program completed**
- **New gold zones identified at Banso project along western contact**
- **Ducie sampling completed – results awaited**
- **Sapelliga trenching completed – results awaited**
- **8,000m drilling program planned to test Boizan, Akoko and Sapelliga targets**
- **\$2.8m raised to fund exploration programs**



*Trenching at Boizan gold prospect*

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Capital Structure  
Quoted: 26.14 million  
Unquoted: 17.19 million  
Total: 43.33 million  
Unlisted 35c Options  
6.9 million

ASX Code: CDT

Board Members  
Michael Ivey  
Chairman, MD & CEO  
Campbell Ansell  
Non Executive Director  
Michael Ashforth  
Non Executive Director  
Dennis Wilkins  
Company Secretary

**EXPLORATION ACTIVITIES**

**ANTUBIA PROJECT  
(100% Castle Minerals)**

*Antubia is located approximately 370km west-northwest of Accra, in the Sefwi gold belt and is ~90km southwest of the 16Moz Ahafo gold mine operated by Newmont*

During the quarter further soil sampling at the Boizan prospect **extended the main Boizan target to over 5.5km in length.**

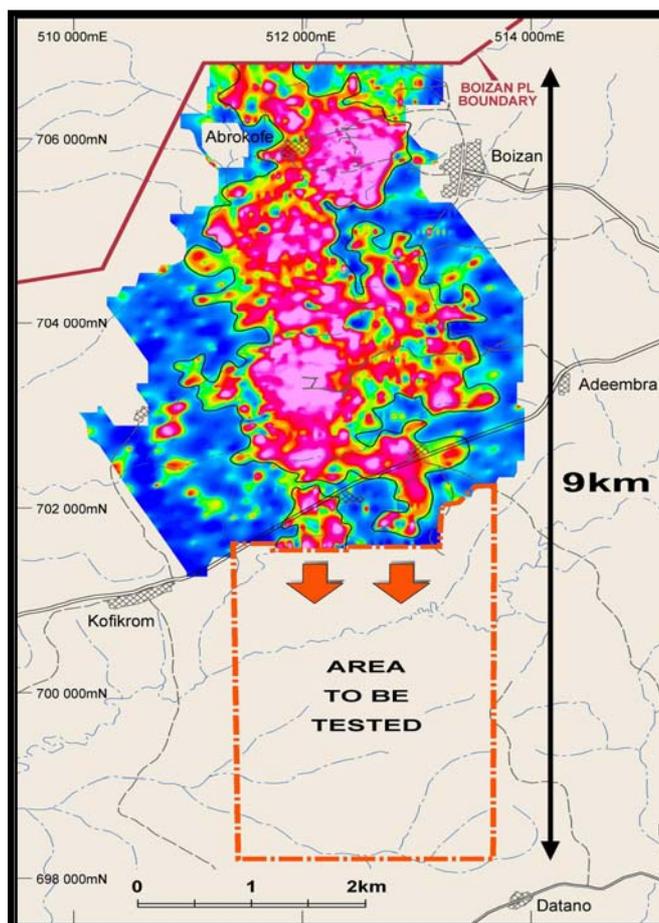
Individual samples from this latest program included values of **70.3g/t, 8.01g/t, 1.5g/t and 1.2g/t gold** that were reported from areas **outside** the previously defined gold corridor at Boizan. These samples appear to be from undisturbed areas of residual soil profile.

Strong gold values were also reported on the southern most traverse completed, highlighting the potential of the 4km long area to the south, that has to date, not been tested.

The Boizan area represents a regional gold anomaly of a scale and tenor that provides strong evidence that a substantial gold deposit could be defined at Boizan. A further 4 kilometres of prospective ground is situated immediately south of the currently defined anomaly and will be tested by soil sampling next quarter.

A program of trenching was completed in June with six trenches completed for a total of 1,002m. The trenches were designed to test spot high soil anomalies and to provide structural and geological information for the forthcoming drilling program. Reverse circulation drill testing is being planned for August/September to coincide with the end of the wet season.

Soil sampling to the south of the currently defined anomaly is proposed to commence in August and will involve the initial collection of about 600 samples.



*Boizan gold in soil anomaly (red greater than 50ppb gold) and untested southern target*



*Castle has seven active projects in Ghana*

**AKOKO PROJECT**  
(100% Castle Minerals)

The Akoko Project consists of one Prospecting Licence located ~10 km east of Adamus Resources' Salman gold project and 40km south of the 6Moz Prestea gold mine. Adamus has reported a resource of 23mt @ 2.1g/t gold for 1.6Moz for their combined Salman/Anwia resource.

Castle completed the first ever exploration at Akoko during the quarter. This work comprised soil sampling on 400m x 50m spacing in the south west portion of the licence.

Results from this work reported a **strong and continuous gold in soil anomaly over 3km's long**.

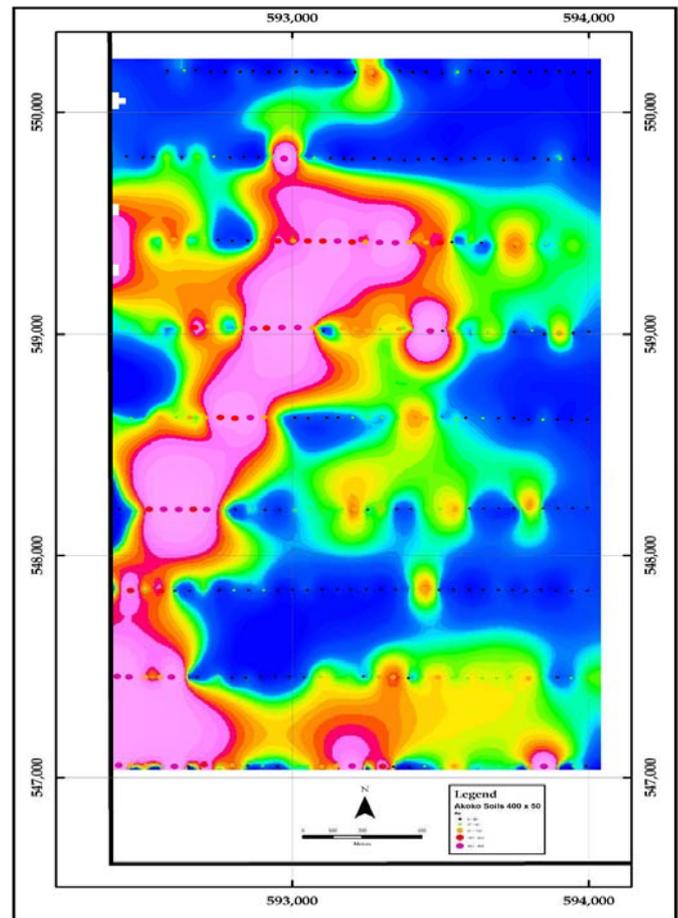
The anomaly occurs along the western contact of an internal granite and significantly, widens to over 500m width at the intersection of the granite contact and a major north east trending cross structure with peak values to 552ppb gold. This intersection point is considered highly prospective.

A site visit to Akoko in June confirmed that the anomaly straddles a granite/mafic contact. Outcrop was very poor however some quartz veined mafic rocks were observed in float specimens coincident with the soil anomaly.

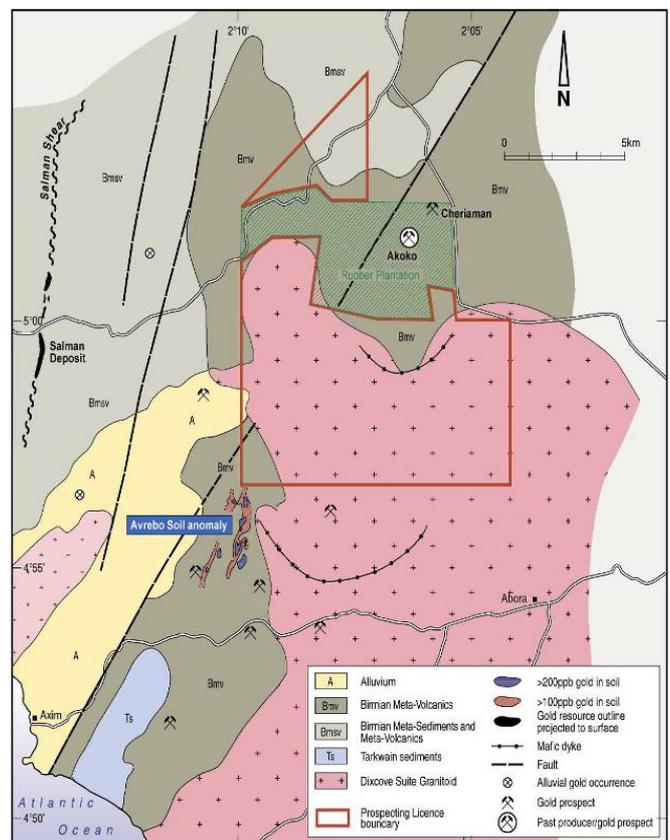
Numerous old workings ("Ashanti pits") were observed in the south west corner of the licence. These workings were approximately 3-6m deep and developed over a 200mx 50m wide area in strongly oxidised mafic rock.

Infill sampling has commenced with results expected in mid August. RC drilling is proposed to commence in August/September following receipt of the infill soil results.

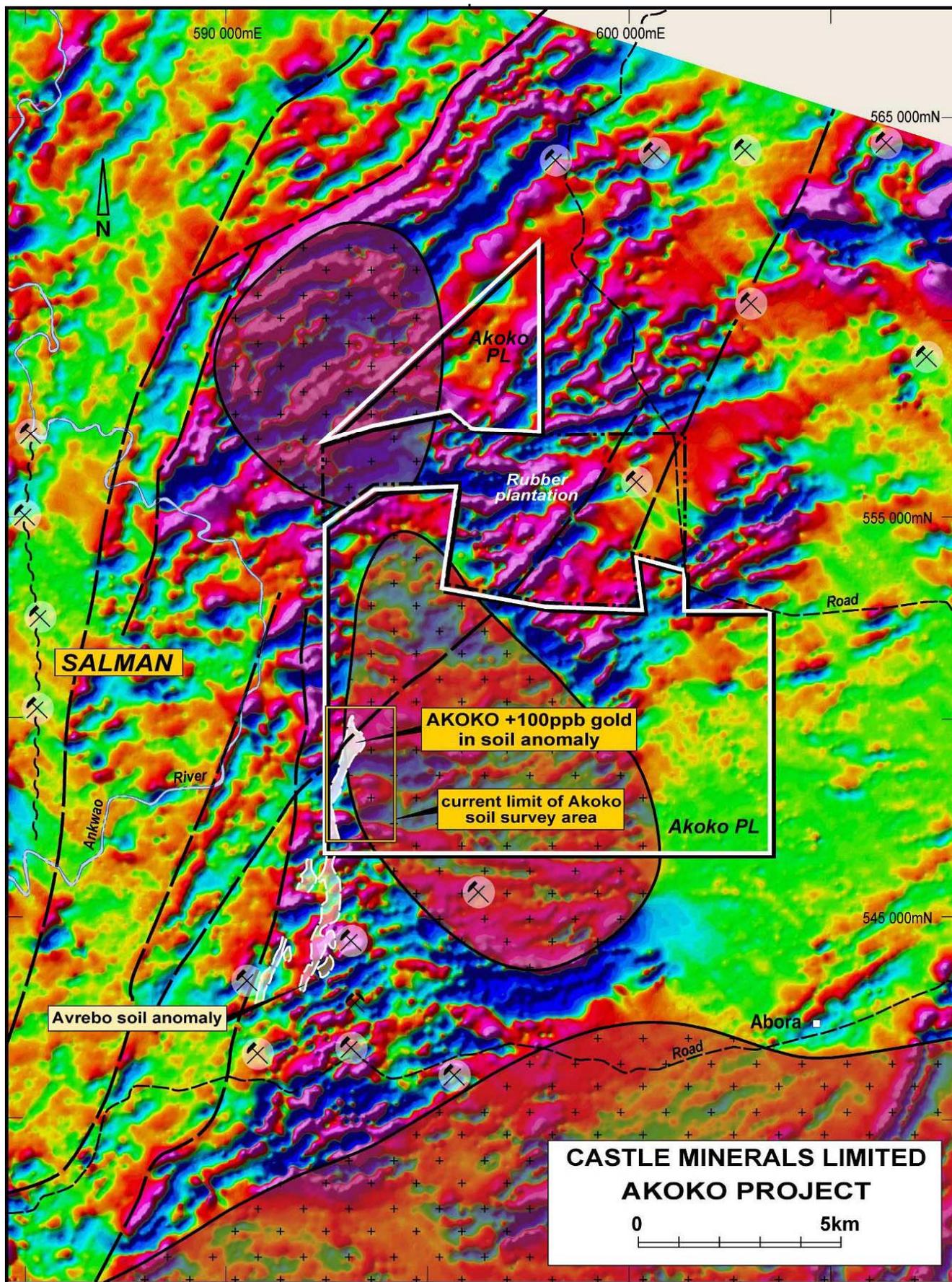
The remaining area of the Akoko licence is now considered highly prospective particularly the margins of the internal granite and along NNE cross structures. Reconnaissance sampling is planned to be undertaken towards the end of 2007.



Akoko soil sampling (pink/red >100ppb gold)



Akoko licence and regional geology



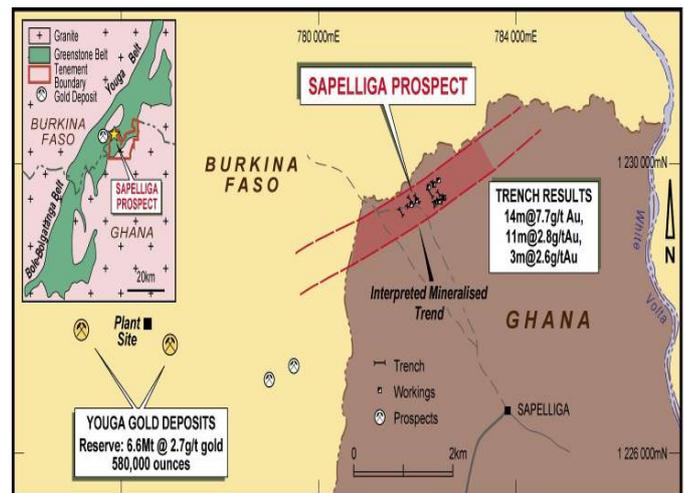
Akoko soil anomaly (white) and magnetic image. The occurrence of strongly anomalous soil values along a granite margin where intersected by NE trending structures is considered highly prospective.

**(Castle Minerals right to earn 100%)**

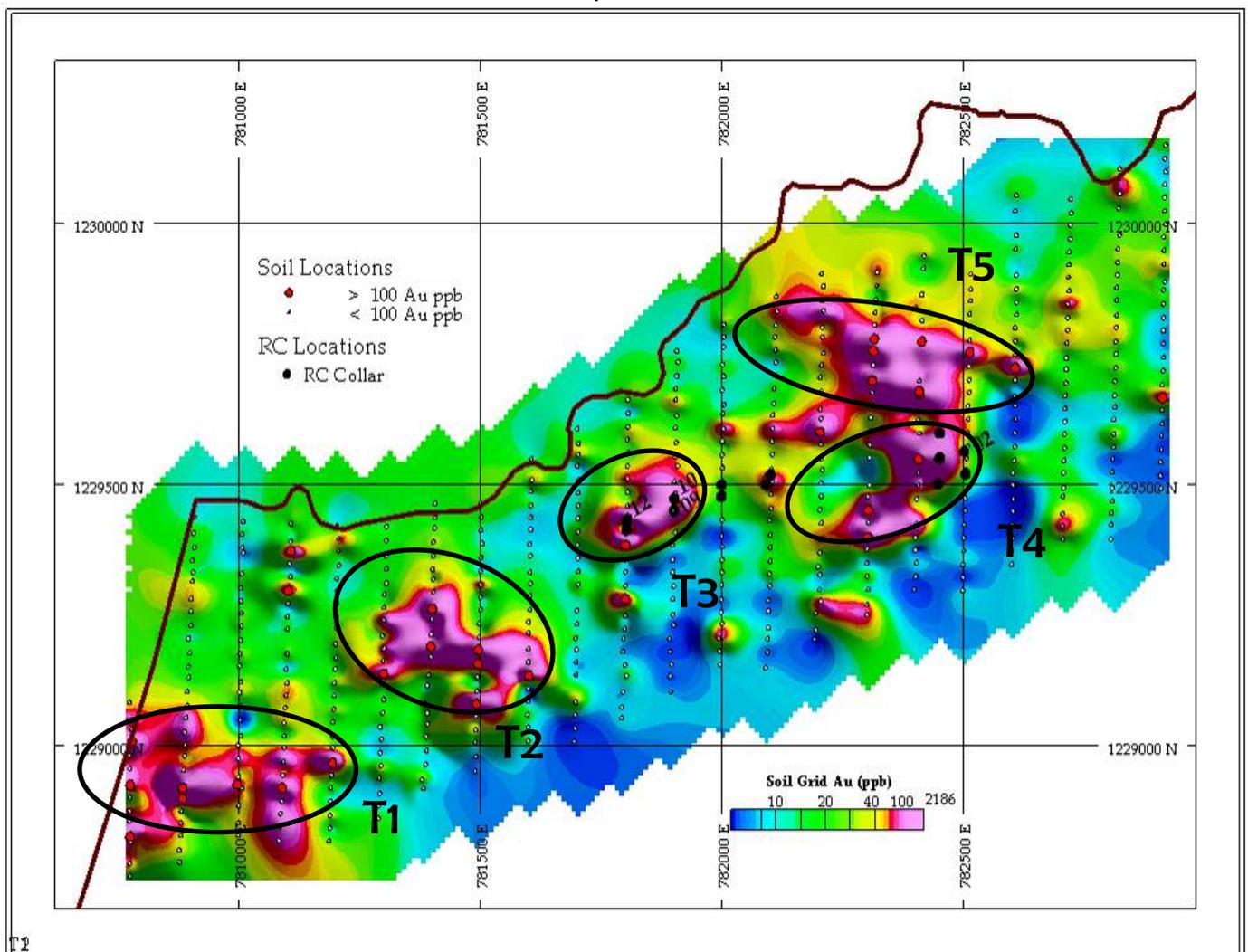
The Sapelliga Project consists of one granted Reconnaissance Licence and One Prospecting Licence situated in NE Ghana near the border with Burkina Faso. Castle has an option to acquire a 100% interest in the project from a local Ghanaian Company. The 1.2Moz Youga Gold Deposit is being developed about 2.5km west of Sapelliga.

During the quarter a program of trenching was completed testing portions of the T1, T2 and T5 soil anomalies (see plan below). Six trenches were excavated for a total 383m of trenching.

The trenching exposed several zones of quartz veined metasediments up to a maximum 15m width. Sampling of each trench has been completed and results are awaited.



**CASTLE MINERALS LIMITED**  
GHANA  
**Sapelliga Prospect**  
**TRENCHES AND WORKINGS**



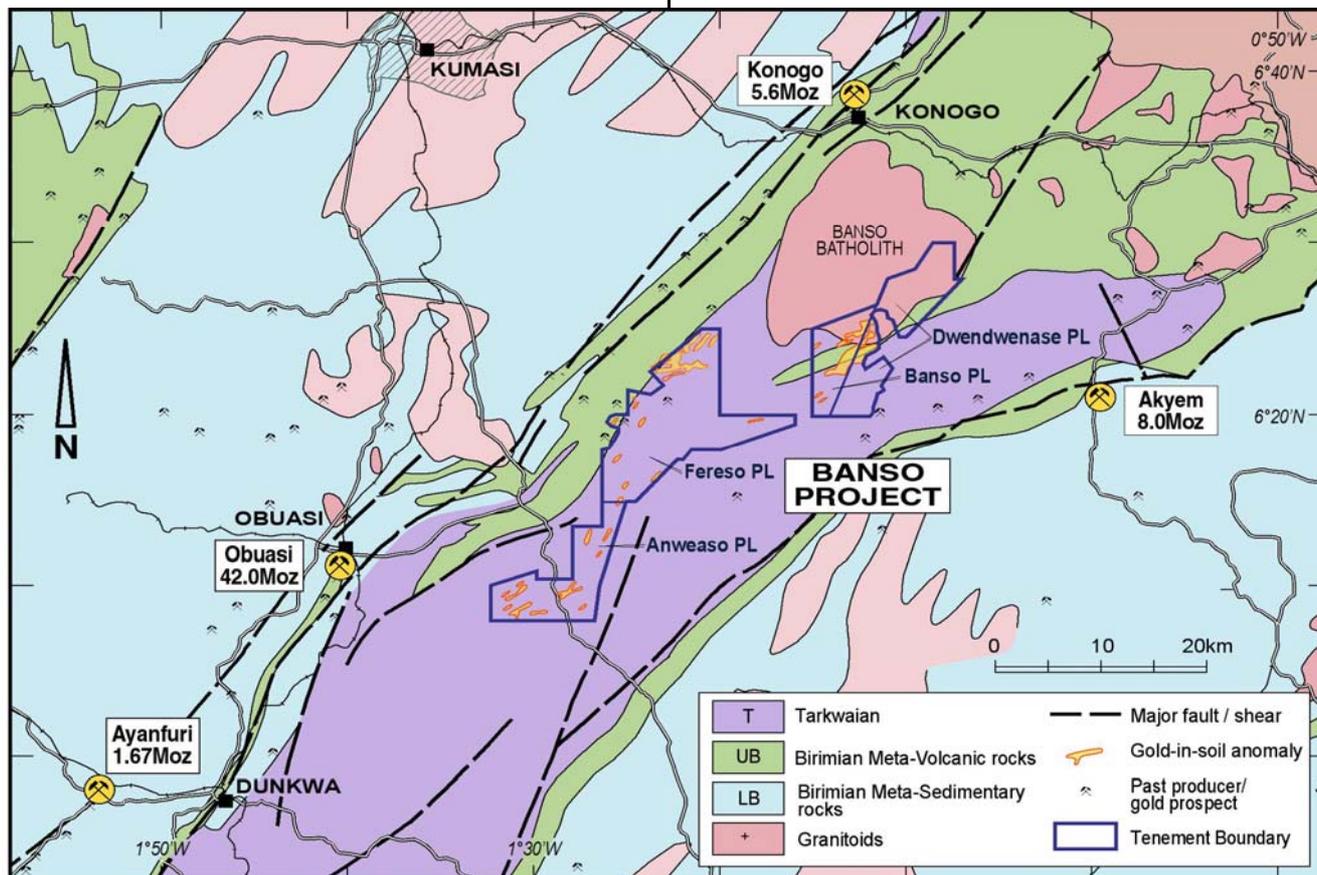
Sapelliga soil anomalies (T1-T5). Trenching has been completed over the T1, T2 and T5 targets

**BANSO PROJECT**  
(100% Castle Minerals)

Banso is located approximately 180km northwest of Accra, in the Ashanti gold belt. It is ~20km west of Newmont's 8Moz Akyem gold mine and ~10km east of AngloGold Ashanti's 50Moz Obuasi gold mine.

Local spot highs of 445, 364 and 334 ppb gold were reported from the northern anomalies and 99, 89 and 70 ppb highs were reported from the southern anomalies within the Anweaso licence.

Infill sampling and site inspection is planned to determine the significance of these results.



*Banso licences showing regional geology and soil anomalies*

Results were received for soil sampling that was completed on the Anweaso and Fereso Licences testing the south western area of the project close to the Ashanti belt margin. A total of 1,214 soil samples were collected during this program.

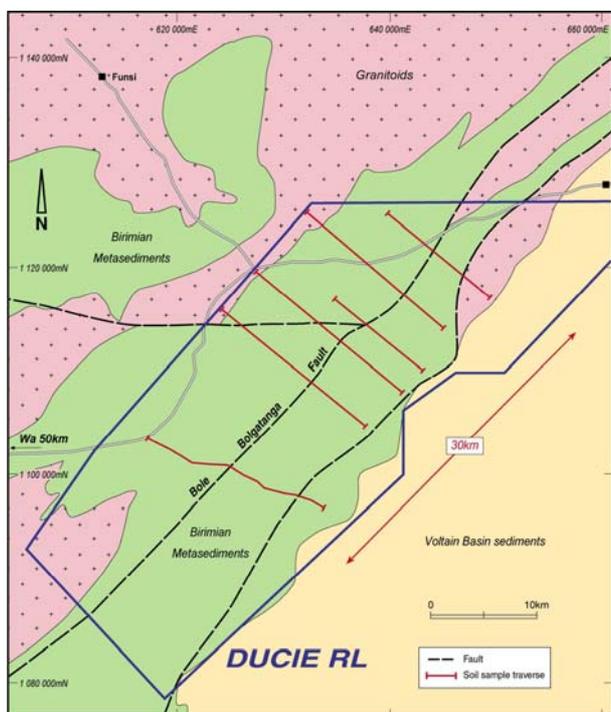
Sampling was generally wide spaced being completed on 800m and 400m line spacing with samples collected every 100m. Assay results have identified three distinct gold anomalies along the western margin of the Banso project area close to the boundary between Birimian metavolcanics and younger Tarkwaian metasediments.

**DUCIE PROJECT**  
(Castle Minerals right to earn 100%)

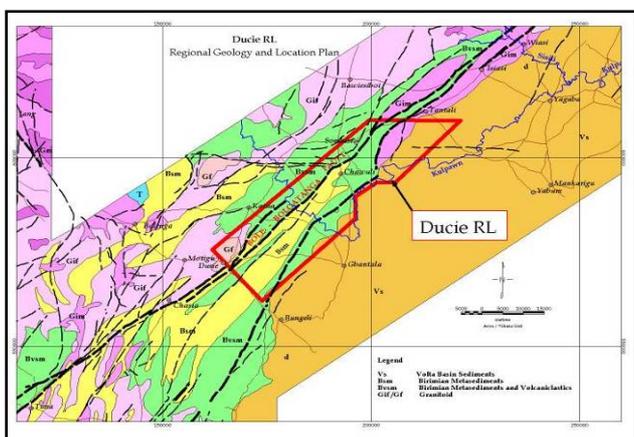
The Ducie Project consists of one large granted Reconnaissance Licence situated in NW Ghana. Castle has an option to acquire a 100% interest in the project from a local Ghanaian Company.

The 1,126km<sup>2</sup> Ducie Licence was granted in February 2007. The project covers 60 kilometres of strike of Birimian metasediments and volcanoclastics along the NE trending Bole-Bolgatanga Fault.

Line cutting and soil sampling was completed during the quarter with 1003 samples collected from 6 regionally spaced soil traverses. Sample lines were approximately 2-5km apart covering 30km of strike with samples collected every 100m along the lines. Results are expected to be received in August.



Ducie is one of the few areas that seem to have been bypassed by modern exploration in Ghana. The Bole-Bolgatanga Fault which the Licence straddles is host to significant gold mineralisation at Bolgatanga and Youga approximately 150km to the NE. Gold mineralisation was indicated by a Russian mapping project in the 1960's at Ducie and Chasia immediately SW of the licence.



Ducie licence and regional geology

## CORPORATE

In June Castle Minerals Limited agreed to place, to institutional and sophisticated investors, 10 million ordinary shares in Castle at a price of \$0.28 per share raising a total of \$2.8 million (before issue expenses).

The funds will be used to accelerate exploration at Castle's seven gold projects in Ghana and, in particular, advance the drilling of Castle's Antubia and Akoko projects. Strong support for the placement was received from Australian institutional and sophisticated investors including leading resource bank, Investec Bank (Australia) Limited. Broker to the issue Southern Cross Equities advised that the offering was oversubscribed. The placement will be completed in two tranches, with the initial 5,000,000 shares to raise A\$1.4 million (gross) being issued using Castle's ability to issue up to 15% of its capital within a 12 month period without the need for shareholder approval.

The issue of the remaining 5,000,000 shares was approved at a General Meeting of Castle Minerals Limited held 27 July 2007.

Michael Ivey  
Managing Director & CEO

Information in this announcement pertaining to exploration results was compiled by Michael Fowler, Castle Minerals Limited Exploration Manager, who is a Member of The Australasian Institute of Mining and Metallurgy. Michael Fowler 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. Michael Fowler consents to the inclusion in the announcement of the matters based on their information in the form and context in which it appears.

Statements regarding Castle Minerals' plans with respect to its mineral properties are forward-looking statements. There can be no assurance that Castle Minerals' plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Castle Minerals will be able to confirm the presence of additional mineral deposits, that any mineralization will prove to be economic or that a mine will successfully be developed on any of Castle Minerals' mineral properties.

# APPENDIX 5B

## MINING EXPLORATION ENTITY QUARTERLY REPORT

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**Castle Minerals Limited**

ACN

116 095 802

Quarter ended ("current quarter")

30 June 2007

### CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(440) - - (80)	(2,097) - - (353)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	19	144
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	(16)
<b>Net Operating Cash Flows</b>	<b>(501)</b>	<b>(2,322)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (1)	- - (47)
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)	-	-
<b>Net investing cash flows</b>	<b>(1)</b>	<b>(47)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(502)</b>	<b>(2,369)</b>

1.13	Total operating and investing cash flows (brought forward)	(502)	(2,369)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds/(over subscription) from issues of shares, options, etc.	1,400	1,400
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)	-	-
<b>Net financing cash flows</b>		1,400	1,400
<b>Net increase (decrease) in cash held</b>		898	(969)
1.20	Cash at beginning of quarter/year to date	1,474	3,341
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	2,372	2,372

**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	61
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
<p>Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.</p>		

**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.

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- 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.

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## 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	400,000
4.2 Development	-
<b>Total</b>	<b>400,000</b>

## 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	1,467	274
5.2 Deposits at call	905	1,200
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,372</b>	<b>1,474</b>

## 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			* *

\* Option to acquire 100%

## 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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	43,335,005	26,144,725		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	5,000,000	5,000,000	28 cents	28 cents
7.5 <b>*Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	440,000 500,000 6,050,000	- - -	Exercise price 35 cents 25 cents 35 cents	Expiry date 2 May 2008 31 March 2011 31 March 2011
7.8 Issued during quarter	500,000	-	25 cents	31 March 2011
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

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## 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 \(see note 4\)](#).

2 This statement does ~~not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: \_\_\_\_\_  
(Director/Company Secretary)

Date: 27 July 2007

Print name: **Dennis Wilkins**

## 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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.

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