

High Grade Gold Reef Discovered at Julie West

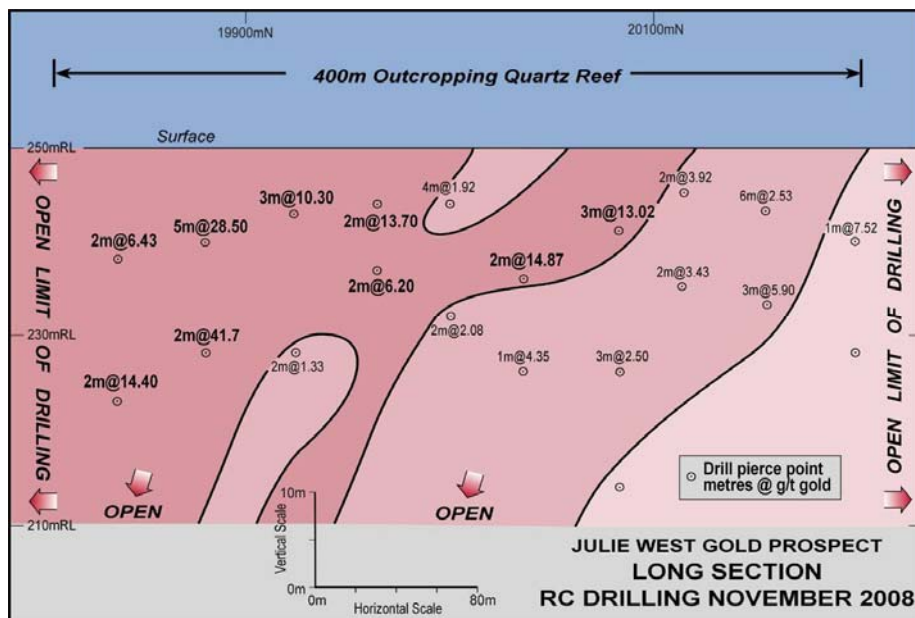
Reverse circulation drilling in November 2008 confirmed the presence of a **laterally continuous high grade quartz vein** at the Julie West gold prospect in northern Ghana.

A total of 21 holes were drilled with 19 reporting gold mineralization from a single quartz reef that outcrops for over 500m.

Intercepts of note include:

5m @ 28.50 g/t gold (JWRC01)
2m @ 41.70 g/t gold (JWRC02)
3m @ 13.02 g/t gold (JWRC 03)
2m @ 14.40 g/t gold (JWRC 07)
3m @ 10.30 g/t gold (JWRC 08)
2m @ 13.70 g/t gold (JWRC 10)
2m @ 14.87 g/t gold (JWRC 14)

A second drill program is planned to commence in February 2009.



Capital Raising Completed

A placement was completed late in 2008 with institutional and sophisticated investors taking up 5,900,000 fully paid ordinary Castle shares to raise a total of \$590,000. The shares were issued at a price of \$0.10 per share.

Castle Minerals Limited
 Level 3, 10 Outram St
 West Perth
 WA 6005

ACN 116 095 802

PO BOX 437
 West Perth
 WA 6872

Tel: +618 9322 7018

Fax: +618 9481 2335

www.castleminerals.com
 Email: info@castleminerals.com

Registered Office
 23 Altona St
 West Perth
 WA 6005

Ghana Office
 PO Box CT9 East Cantonments,
 Near NAFTI
 Accra, Ghana
 Tel: +233 21 771 889

Share Registry Enquiries
 Security Transfer Registrars Pty
 PO Box 535
 Applecross
 WA 6953
 Tel: (08) 9315 2333
 Fax: (08) 9315 2233
www.securitytransfer.com.au

Capital Structure
 Quoted: 54.13 million
 Unlisted Options: 6 million 35c
 1 million 25c

ASX Code: CDT

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

WA PROJECT

(Castle Minerals right to earn 100%)

Julie West Prospect

A program of reverse circulation drilling in November 2008 has confirmed the presence of a **laterally continuous high grade quartz vein** at the Julie West gold prospect in northern Ghana.

The drilling was targeted over an area of high grade rock chip results reported in June 2008.

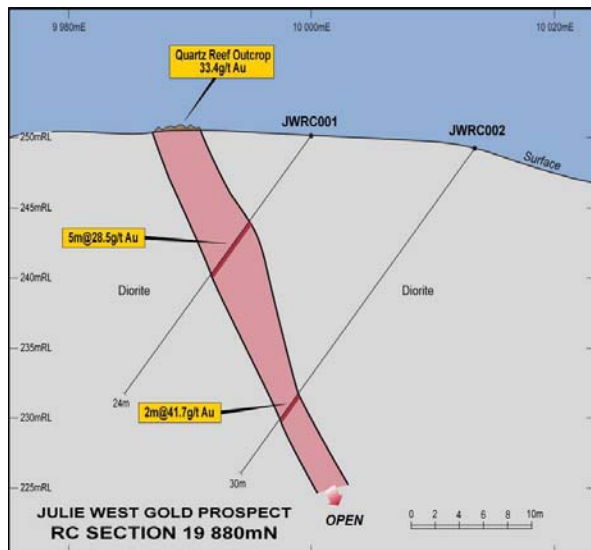
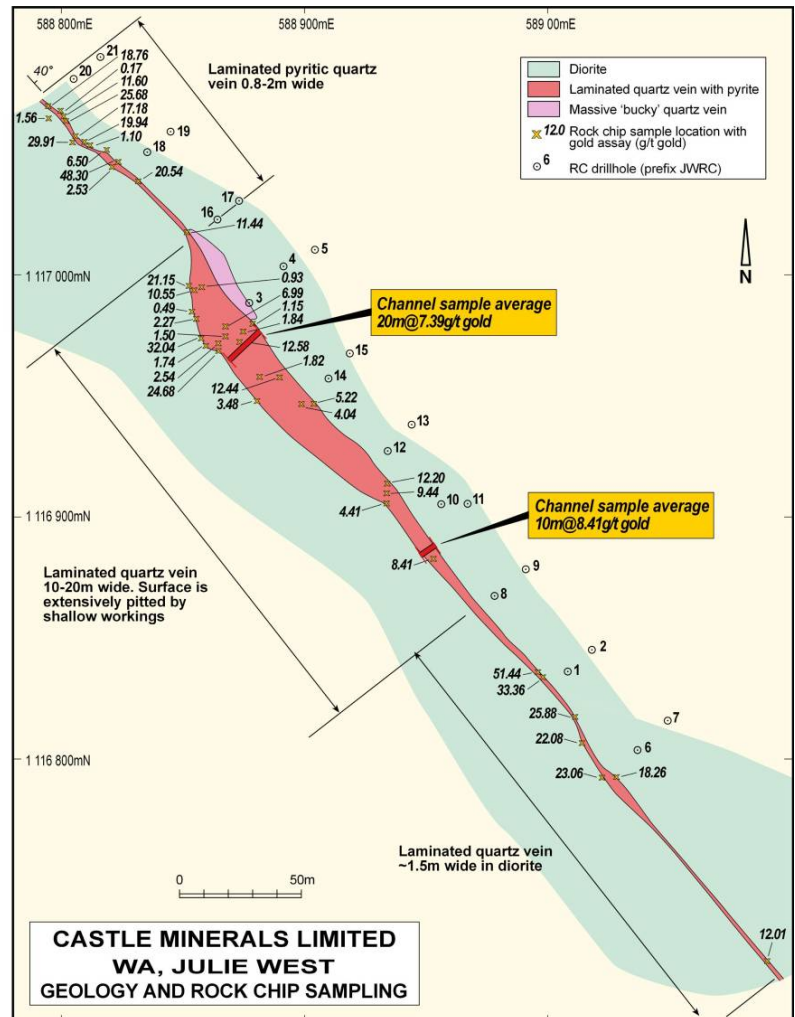
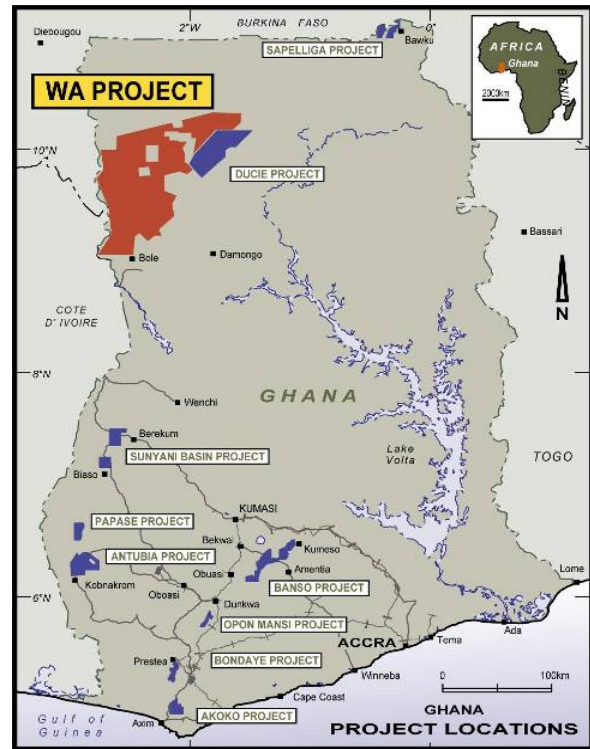
In total 21 RC holes were drilled with 19 reporting gold mineralization from a single quartz reef that outcrops for over 500m.

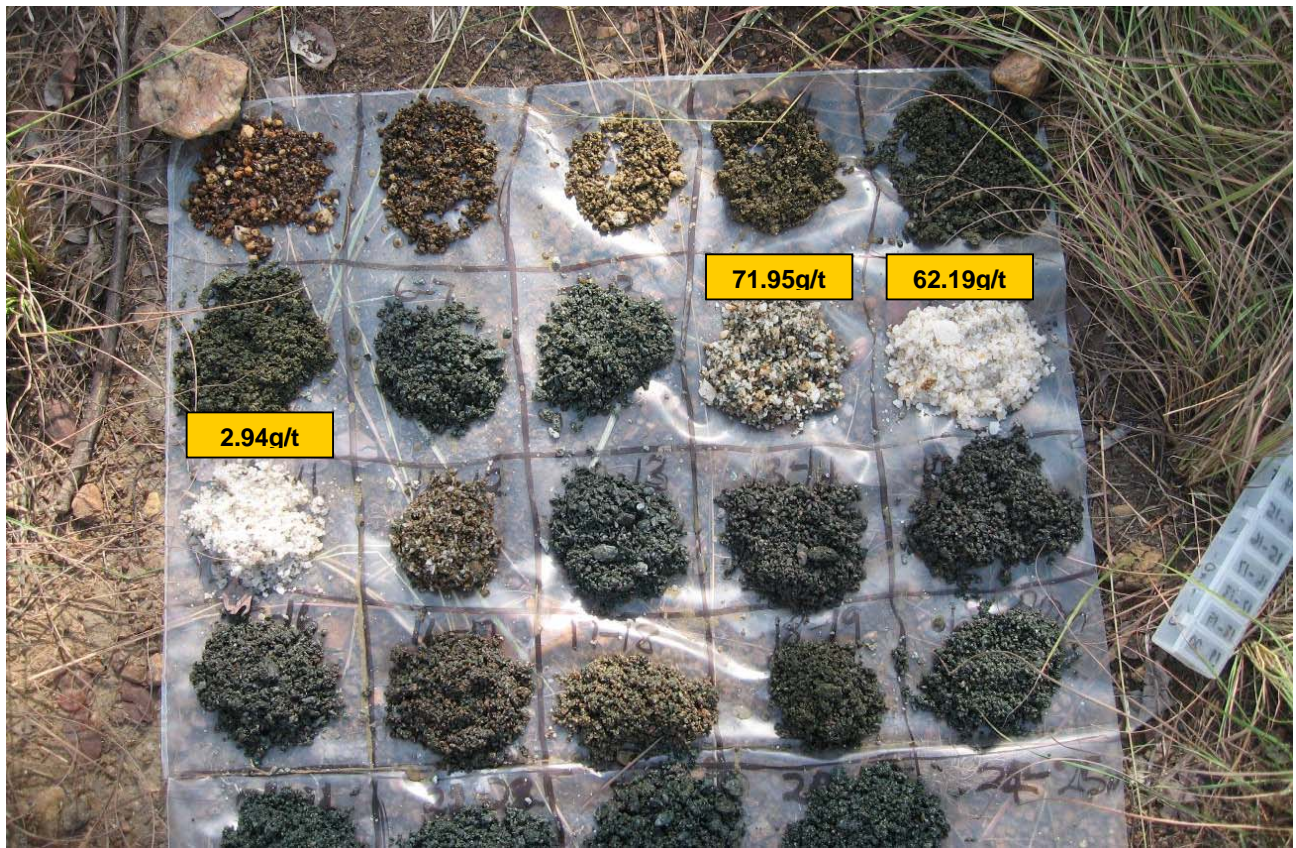
Results from the program include:

- 5m @ 28.50 g/t gold (JWRC01)
- 2m @ 41.70 g/t gold (JWRC02)
- 3m @ 13.02 g/t gold (JWRC 03)
- 2m @ 14.40 g/t gold (JWRC 07)
- 3m @ 10.30 g/t gold (JWRC 08)
- 2m @ 13.70 g/t gold (JWRC 10)
- 2m @ 14.87 g/t gold (JWRC 14)

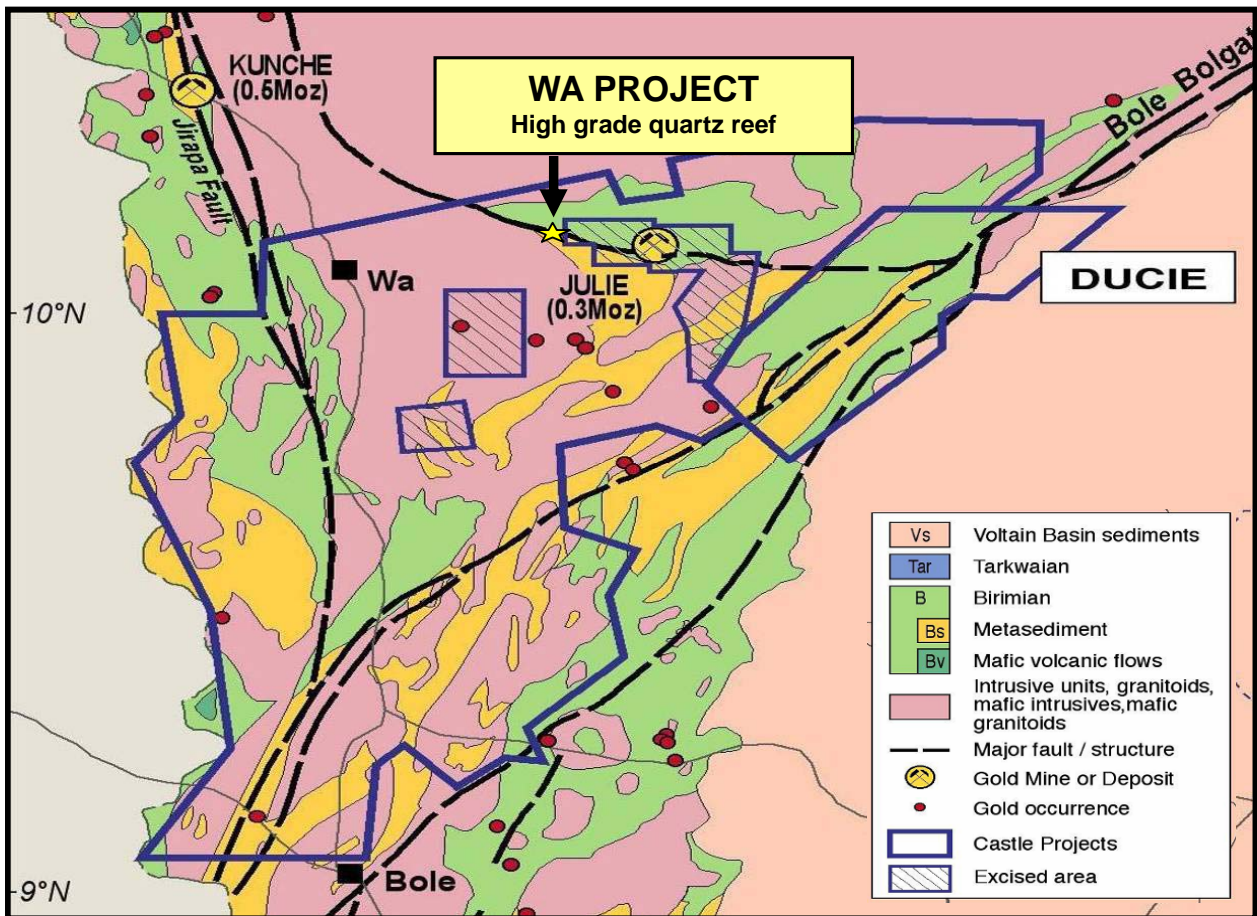
Intercept widths are interpreted to closely represent the true width of the vein and importantly **excellent continuity is evident between the 40m spaced drill fences**.

Gold mineralization is almost exclusively confined to the quartz reef with only subordinate grades being reported in the host diorite. Depth of weathering appears to be shallow being limited to about 10m below surface.





Reverse circulation chip samples with gold grades in the quartz reef (JWRC001)



OPON MANSI PROJECT

(Application)

The Opon Mansi Project consists of one Prospecting Licence application located ~120 km north of the port city of Takoradi in south west Ghana.

In March 2008 Castle lodged an application over the Opon Mansi lateritic iron ore deposit in south west Ghana. The Opon Mansi iron deposits are located on the top of a range of hills that extend from Opon Valley in the south towards Dunkwa in the north.

Test pitting commenced during the quarter aimed at collecting bulk samples towards determining the potential for high grading and/or beneficiation of the iron and ultimately its commercial value. The pitting program was unable to penetrate beyond about 1m below surface and an alternate excavation technique is being investigated.

CAPITAL RAISING

In December 2008 a placement was made to institutional and sophisticated investors for the issue of 5,900,000 fully paid ordinary shares to raise a total of \$590,000. The shares were issued at a price of \$0.10 per share.

Key investors included the Metals and Energy Capital Division of Macquarie Bank Limited (Australia). Macquarie acquired an interest of approximately 9.1% in Castle following completion of the issue.

The placement was completed using Castle's ability to issue up to 15% of its capital within a 12 month period without the need for shareholder approval. Castle shares on issue post completion will total 54.63 million.

Additional to the placement, a letter agreement has been signed with a private company to provide drilling services in exchange for Castle scrip at a price of \$0.10 per share. A maximum of 1,400,000 Castle shares is proposed to be issued upon satisfactory completion of drilling to the maximum value of \$A140,000.

CORPORATE

Castle Minerals Limited is a gold exploration Company with ten projects in Ghana covering more than 10,000km². Castle maintains a very active in-country exploration program, aggressively exploring its gold properties with the aim of discovering and developing a world class gold deposit.

Exploration activities for the March quarter will focus on;

- Phase two drilling of the high grade Julie West prospect
- New project generation

Castle is mindful of the current difficult financial markets and commodity prices and has responded by reducing key executive salaries and is undertaking a strategic review of all property holdings.

Castle Minerals Limited has 54.63 million fully paid shares, 6 million 35c options and 1 million 25c options on issue as at the date of lodgement of this report. Cash reserves at 31 December 2008 were \$1.2 million.

For further information please contact:

Michael Ivey
Managing Director & CEO
+61(8) 9322 7018
+61(0)419 868 787
www.castleminerals.com

|
 Wa Project – Julie West Prospect - December 2008 RC Drill Results

Significant Reverse Circulation Drilling Intercepts

Grid:	Local						
Prospect:	Julie West						
Project:	Wa						
Hole Number	Northing	Easting	mRL	Grid Az.	Dip	Hole Depth	Intercept
JWRC001	19880	10000	249	270	-50	24	5m @ 28.49 g/t gold from 8m Includes 1m @ 71.95 g/t gold from 8m And 1m @ 62.19 g/t gold from 9m
JWRC002	19881	10013	247	270	-50	30	3m @ 28.70 g/t gold from 22m Includes 1m @ 80.93 g/t gold from 23m
JWRC003	20081	9997	248	270	-50	24	8m @ 6.42 g/t gold from 1m Includes 3m @ 13.02 g/t gold from 6m Includes 1m @ 30.91 g/t gold from 7m
JWRC004	20083	10017	246	2701	-50		3m @ 2.58 g/t gold from 19m
JWRC006	19837	10002	248	270	-50	24	2m @ 6.43 g/t gold from 12m Includes 1m @ 10.61 g/t gold from 12m
JWRC007	19839	10019	246	270	-50	30	2m @ 14.47 g/t gold from 26m Includes 1m @ 20.19 g/t gold from 27m
JWRC008	19923	9997	248	270	-50	33	8m @ 4.63 g/t gold from 0m Includes 3m @ 10.3 g/t gold from 5m Includes 1m @ 21.57 g/t gold from 6m
JWRC009	19923	10014	247	270	-50	30	2m @ 1.33 g/t gold from 19m
JWRC010	19966	10004	250	270	-50	24	2m @ 13.7 g/t gold from 6m Includes 1m @ 25.53 g/t gold from 6m
JWRC011	19959	10013	250	270	-50	24	2m @ 6.23 g/t gold from 14m
JWRC012	19997	10002	252	270	-50	24	4m @ 1.92 g/t gold from 2m
JWRC013	19999	10016	252	270	-50	24	2m @ 2.08 g/t gold from 11m
JWRC014	20036	10001	253	270	-50	24	2m @ 14.88 g/t gold from 10m Includes 1m @ 21.75 g/t gold from 11m
JWRC015	20038	10015	253	270	-50	30	1m @ 4.35 g/t gold from 14m
JWRC016	20115	10009	253	270	-50	22	2m @ 3.93 g/t gold from 4m
JWRC017	20115	10021	252	270	-50	30	2m @ 3.43 g/t gold from 13m
JWRC018	20155	10005	252	270	-50	24	6m @ 2.53 g/t gold from 3m
JWRC019	20155	10018	251	270	-50	24	3m @ 5.90 g/t gold from 14m Includes 1m @ 10.09 g/t gold from 16m
JWRC020	20198	10002	247	270	-50	24	1m @ 7.52 g/t gold from 11m

Notes: Minimum Intersection Length = 1m, Interval Top Cut = None, Interval Bottom Cut = 0.50 ppm Au, Maximum Internal Dilution = 2m,

Final assay results from 1m RC drill samples riffle split on site.

Assay results from Transworld Laboratories Tarkwa, Ghana. Analysis for gold by 50 gram Fire Assay.

Reference samples, duplicates and blanks were routinely submitted and reported results were within acceptable limits.

Drill hole collars were surveyed by handheld GPS to an average accuracy of +/-5m

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")

31 December 2008

CONSOLIDATED STATEMENT OF CASH FLOWS

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(360) - - (25)	(631) - - (163)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	12	34
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	(373)	(760)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
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	-	-
1.13 Total operating and investing cash flows (carried forward)	(373)	(760)

1.13	Total operating and investing cash flows (brought forward)	(373)	(760)
Cash flows related to financing activities			
1.14	Proceeds/(over subscription) from issues of shares, options, etc.	540	540
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) Share issue transaction costs	-	-
Net financing cash flows		540	540
Net increase (decrease) in cash held		(167)	(220)
1.20	Cash at beginning of quarter/year to date	1,018	1,405
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,185	1,185

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

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	300
4.2 Development	-
Total	300

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	585	218
5.2 Deposits at call	600	800
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,185	1,018

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

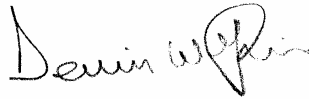
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	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 <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	54,135,005	54,135,005		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	5,400,000	5,400,000		
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	1,000,000 75,000 6,050,000	- - -	Exercise price 25 cents 30 cents 35 cents	Expiry date 31 March 2011 20 August 2012 31 March 2011
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

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:

(Company secretary)

. Date: **28 January 2009**

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.

== == == == ==