CASTLE RESOURCES INC.

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE THREE AND SIX MONTHS PERIOD ENDED MARCH 31, 2013

(Prepared by Management on May 15, 2013)

INTRODUCTION

The following discussion and analysis is a review of the operations, current financial position and outlook for Castle Resources Inc. (the "Company" or "Castle") and should be read in conjunction with the condensed interim consolidated financial statements for the three and six months period ended March 31, 2013 and related notes thereto. The discussion covers the period-end up to the date of the filing of this MD&A. The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars. Those condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standings ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Readers are encouraged to read the Company's public information filings on Sedar at www.sedar.com

FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such forward-looking statements relate to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration of the Company's exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievement of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made.

DESCRIPTION OF THE BUSINESS

Overview

Castle Resources Inc. is a Toronto based junior resource company focused on high-quality advanced exploration or development projects in British Columbia. The Company's focus is on the Granduc Project. Management's goal is to seek additional opportunities to continue to add value for shareholders.

MINERAL EXPLORATION ACTIVITIES

Granduc Copper Mine ("Granduc Project"), British Columbia, Canada

On October 15, 2010, the Company acquired a 100% interest in the Granduc Claims ("The Granduc property"). The acquisition supersedes the option agreement dated July 16, 2010. Pursuant to the agreement, the Company paid Bell Copper an additional $2,000,000 and issued an additional 2,750,000 common shares (issued in October 2010 with a value of $1,375,000) of the Company for an aggregate acquisition price of $4,500,000 and 3,000,000 common shares of the Company.

The Granduc property is subject to a 2% Net Smelter Royalty ("NSR") in respect to the B2 Gold Corp. mineral claims, payable B2 Gold Corp. The NSR can be purchased by the Company for $500,000 for the first one percent (1%) and $1 million for the remaining one percent (1%), based on their ownership percentages.

MINERAL EXPLORATION ACTIVITIES (continued)

The Granduc property is also subject to a 1.5% NSR in respect to the Teuton mineral claims and the Bell Mineral claims, payable to Teuton Resources Corporation ("Teuton"). The Company will also make annual payments of $25,000 and $25,000 worth of common shares (based on the average price of the shares over the previous 10 trading days prior to issuance) to Teuton, with respect to the amounts owed to Teuton, until the Teuton mineral claims cease or are put into commercial production. The Company paid $75,000 cash and 220,069 common shares.

In 2010, the Company successfully completed over 8,000 metres of diamond drilling on the Granduc.

On February 28, 2011, the company released results of the resource estimate prepared by SRK Consulting from Vancouver B.C. on the 2010 drilling as well as the historic drilling.

- Indicated resources are 3.75 million tonnes grading 1.59% Cu containing 131.4 million pounds of copper based on an 0.8% Cu cut-off grade
- Inferred resources are 15.8 million tonnes grading 1.36% containing 471.5 million pounds of copper based on an 0.8% Cu cut-off grade
- Exploration potential estimated to contain an additional 17 to 23 million tonnes grading between 1.3 to 1.6% Cu

The Company completed just over 30,000 metres of drilling in 54 holes by early October 2011. Highlights of the 2011 drilling results:

Hole		Start (m)	End (m)	Width (m)	% Cu	Au (g/t)	Ag (g/t)	%Fe
GD11-16		682	690	**8**	**3.17**	0.37	7.5	**11.98**
	inc	686	690	**4**	**5.4**	0.65	13	**16.4**
GD11-21		351	373	**22**	**1.38**	0.17	9.78	**18.28**
	inc	363	373	**10**	**2.07**	0.23	14.2	**16.53**
GD11-25		412	430	**18**	**1.9**	0.26	19.28	**11.74**
GD11-33		345	360	**15**	**1.91**	0.23	21.15	**11.58**
	inc	355	360	**5**	**2.42**	0.22	24.66	**10.32**
GD11-31		359.95	371.92	**11.97**	**1.82**	0.18	13.44	**20.93**
	inc.	365	370.9	**5.9**	**2.85**	0.15	13.29	**16.85**
GD11-39		416	434	**18**	**1.58**	0.2	12.97	**25.97**
GD11-36		142	148	**6**	**0.64**	0.08	2.7	**11.91**
	and	152	162	**10**	**0.76**	0.1	3.89	**14**
	and	180	189	**9**	**0.85**	0.1	3.7	**7.92**
	and	241.68	261	**19.32**	**2.73**	0.19	8.53	**15.71**
	inc.	241.68	246	**4.32**	**3.38**	0.26	12.35	**14.99**
	inc.	248	253	**5**	**3.47**	0.23	10.84	**18.47**
	and	323	341	**18**	**1.4**	0.15	12.05	**29.61**
	inc.	324	332	**8**	**1.83**	0.19	18.88	**28**
	and	352	366	**14**	**0.84**	0.13	8.6	**33.29**
	inc.	357	362	**5**	**1.15**	0.16	10.34	**39.24**
	and	371	386.28	**15.28**	**1.61**	0.19	17.57	**9.45**

MINERAL EXPLORATION ACTIVITIES (continued)

On February 21, 2012, the company released results of an updated resource estimate prepared by SRK Consulting from Vancouver B.C. including the 2011 drilling

- Indicated resources are 10.4 million tonnes grading 1.25% Cu containing 286 million pounds of copper, 47,000 ounces of gold and 3.5 million ounces of silver (C$40 NSR cut-off)
- Inferred resources are 36.6 million tonnes grading 1.26% containing 1.013 billion pounds of copper 155,000 ounces of gold and 11.4 million ounces of silver (C$40 NSR cut-off)
- Exploration potential estimated to contain an additional 15 to 25 million tonnes grading between 1.2 and 1.5% Copper (C$40 NSR cut-off)

The Company completed just over 22,000 metres of drilling in 40 holes testing the southern extension of the Main Zone as well as expanding the North Zone

In addition to exploration work, the Company has begun preliminary environmental monitoring (water quality sampling, wild life and fish habitat evaluation) towards initiating an application for Environmental Assessment.

Highlights of the 2012 drilling results:

Hole		Start (m)	End (m)	Width (m)	% Cu	Au (g/t)	Ag (g/t)	%Fe
GD12-01		262	279.8	**17.8**	**1.28**	0.12	5.77	**19.76**
	inc	271.62	277	**5.38**	**1.83**	0.2	8.8	**36.09**
	and	289.5	315	**25.5**	**1.81**	0.23	7.13	**13.99**
	inc	295.49	311	**15.51**	**2.13**	0.29	9.07	**16.07**
	and	397	421.46	**24.46**	**1.40**	0.17	10.21	**10.2**
GD12-02		550.5	558	**7.5**	**1.97**	0.20	23.61	**9.36**
GD12-03		508	529	**21**	**1.47**	0.14	2.08	**18.11**
	inc	515.5	523	**7.5**	**1.94**	0.18	2.09	**15.86**
GD12-6		68.84	77.24	**8.4**	**2.56**	0.27	23.91	**28.64**

The Company has received the statutory right of way from the British Columbia Ministry of Forests, Lands and Natural Resource Operations for the 17 kilometre long Granduc Tunnel. The tunnel connects the underground mine site to the Granduc road which leads directly to year round port facilities in Stewart, B.C.

MINERAL EXPLORATION ACTIVITIES (continued)

In December 2012, an updated resource estimate was published by Tetra Tech.

The results are as follows:

Category	Tonnes (Mt)	Copper (M lb)	Gold (K oz)	Silver (M oz)	Cu (%)	Au (g/t)	Ag (g/t)
Measured	**5.16**	**179.6**	**28.2**	**2.27**	**1.58**	**0.17**	**13.7**
Indicated	**6.16**	**188.2**	**33.2**	**2.25**	**1.39**	**0.17**	**11.4**
M&I	**11.32**	**367.7**	**61.4**	**4.52**	**1.47**	**0.17**	**12.4**
Inferred	**44.63**	**1,404.70**	**267**	**15.4**	**1.43**	**0.19**	**10.7**

Note: based on a CuEq Cut-off of 0.8%

On February 28, 2013, the Company published a Preliminary Economic Assessment of the Granduc Copper Project (see PR Feb 28, 2013). The PEA was filed on SEDAR on April 15, 2013

Highlights are as follows:

- Base Case (defined below) initial estimated CAPEX of $494 million including a 16.3% contingency of $69 million with estimated sustaining capital of $239 million over a 15 year mine life
- Base Case pre-tax NDV 8% from a discounting start date of Q1 2016 is $489 million with a pre-tax IRR of 20.9%; post-tax NDV 8% of $319 million with a post-tax IRR of 17.8%. Changing the discounting start date to Q1 2013 results in a NPV 8% of $388 million pre-tax and $253 million post-tax, but does not impact the IRR.
- Life of Mine average operating cash flow is $142 million per year; Peak Life of Mine (Years 2-8 inclusive) is $164 million per year
- The project evaluation assumes flat long term metal prices equal to the rolling three year average of $3.65/lb Cu, $28/oz Ag and $1480/oz Au. The benchmark magnetite prices used is $122/tonne. The assumed exchange rate is C$1.00 = US$0.99.
- The resource used is 11.32 million tonnes in the measured & indicated category grading 1.47% Cu, 0.17 g/t Au and 12.4 g/t Ag and 44.63 million tonnes in the inferred category grading 1.43% Cu, 0.19 g/t Au & 10.7 g/t Ag
- Peak Life of Mine (Years 2 – 8 inclusive) annual payable production is forecasted at 72 million lbs of copper, 811 koz silver, 9.5 koz gold and 251,000 tonnes of magnetite
- 8,500 tonnes/day underground mining operation
- Base Case gross cash operating costs of $2.04/lb payable Cu and net cash costs inclusive of by-product credits) of $1.37/lb payable Cu.

MINERAL EXPLORATION ACTIVITIES (continued)

The Elmtree Gold Project, New Brunswick, Canada

On June 1, 2009, the Company entered into an option agreement with Stratabound Mineral Corp. to acquire up to 70% interest in Stratabound's 100% owned New Brunswick based Elmtree Gold Property ("Elmtree"). The Elmtree Property ("the Property") consisted of 85 claims (1,375 hectares, 3,400 acres) and is situated near the port city of Bathurst, New Brunswick. The Property contains at least three gold-bearing zones; the higher grade West Gabbro Zone (WGZ), original Discovery Zone (DZ) and the larger tonnage, lower grade South Gold Zone (SGZ). A portion of DZ contains significant stringer mineralization with appreciable zinc-lead-antimony-gold-silver-indium values.

In late November 2009, Castle commissioned Micon International Consultants to perform a Preliminary Economic Assessment (PEA) on the possibility of extracting the high grade gold portion of the WGZ. On April 23, 2010, the Company announced the filing of positive preliminary economic assessment ("PEA") on SEDAR for the Elmtree Gold Property. Management commissioned the Micon PEA to determine baseline economics of the Elmtree project. As stated in Castle's news release on March 5, 2010, the PEA indicates a pre-tax IRR of 25% using $900 Au/oz and a pre-tax IRR of 63% using $1,100 Au/oz, based on open pit mining and toll-milling of 1.117 million tonnes with an average gold grade of 2.41 g/t Au, a stripping ratio of 6.3 (W/O), and assumes a 90% Au recovery into a concentrate for sale to a nearby smelter.

In June 2010, the Company commissioned Micon International to initiate a feasibility study on the WGZ and Stantec Consulting to undertake an environmental review towards the permitting process towards mining the WGZ. As of August 8, 2011, the feasibility study is still ongoing but the comprehensive environmental assessment has been put on hold until the feasibility study is completed. Due to unforeseen requirements of the Federal government for additional environmental studies, the environmental assessment was postponed until the full impact of such studies is understood and the feasibility study is completed. The feasibility study was completed in late November and was delivered to Castle for review.

In October 2011, the ground staked mining claims were converted to cell claims as per the Government of New Brunswick's initiative to convert claim staking from physical ground staking to electronic map staking. At the same time, the 3 separate blocks were converted into 1 block with a common anniversary date of December 18. The new claim block number is 3848 and all claims are in good standings until December 18, 2012.

The Company has successfully completed the conditions to satisfy Option one of the agreement with Stratabound and thus acquired a 60% undivided interest in Elmtree.

On June 22, 2012, the Company sold 60% interest in the Elmtree gold property and assigned all of the Company`s right, obligations and interest under the underlying option agreement to CNRP Mining Inc.

Pursuant to a purchase and assignment agreement entered into on April 30, 2012 between the Company and CNRP Mining Inc. ("CNRP') the Company received 18,000,000 common shares of CNRP - as partial consideration. The CNRP Shares were subsequently exchanged for common shares of Winston Resources Inc. ("`WRW") on a one-for-one basis pursuant to reverse take over transaction plan of arrangement involving CNRP and WRW.

In addition to the receipt of WRW common shares, the Company will also receive:

(i) Cash payment of $500,000 over a 12 month period (included in amounts receivable); and
(ii) a 3% NSR interest of the Elmtree Deposit.

MINERAL EXPLORATION ACTIVITIES (continued)

The fair value of the 18,000,000 WRW common shares was $4,500,000 using the quoted market price of WRW on the closing date (June 22, 2012). The investment in WRW is accounted for at fair value through profit and loss.

At September 30, 2012, the Company recorded an unrealized loss of $2,160,000 related to the change in the quoted market value of the WRW common shares to September 30, 2012.

During the six months period ended March 31, 2013, the Company recorded an additional unrealized loss of $2,160,000. As at March 31, 2013, the quoted market value of the WRW common shares was $180,000.

Pursuant to the agreement with CNRP, until the earlier of the completion of the distribution of these common shares to the shareholders of the Company, or June 22, 2014, the Company will:

(i) assign all of its voting rights in and to these common shares to an officer of CNRP; and
(ii) not sell any of these common shares to any third party without the prior consent of CNRP

On April 25, 2013, Winston directors have approved a share consolidation of its common share on the basis of one (1) new common share for twenty (20) common shares effective May 15, 2013. Following consolidation and subject to rounding, Castle will have 900,000 of the 3,303,974 common shares issued and outstanding in Winston Resources Inc.

INTEREST IN MINERAL PROPERTIES

During the six months period ended March 31, 2013, the Company capitalized an additional $2,464,304 in interest in mineral properties. The capitalized cost for each property is detailed in the following table.

The Granduc Project, British Columbia, Canada	
Acquisition costs	$ 6,105,478
Exploration Expenditure	
Assaying	710,020
Drilling	10,705,050
Equipment and rental	4,277,817
Field labour	1,858,774
Fuel and transportation	6,432,802
General expense	550,635
Laboratory	160,545
Mapping	44,871
Professional and consulting fees	11,228,288
Site support and supplies	4,891,840
Technical report	70,181
Travel and accommodations	654,475
Utilities	1,938
Less: refundable exploration tax credit	(5,198,648)
Balance at March31, 2013	$42,494,066

INTEREST IN MINERAL PROPERTIES (continued)

The Elmtree Gold Project, New Brunswick, Canada

Acquisition Costs	$ 215,945
Exploration Expenditure	
Assaying	120,542
Drilling	741,836
Field labour	91,831
Fuel and transportation	29,820
General expense	76,092
Mining duties, permits, fees and taxes	12,380
Professional and consulting fees	1,094,346
Site support and supplies	80,317
Travel and accommodations	53,720
Sales of property	(2,516,829)
Balance at March 31, 2013	$ -
Total interest in mineral properties	**$42,494,066**

RESULTS OF OPERATIONS AND CASH FLOWS

Revenue

For the three months period ended March 31, 2013, the Company generated interest revenue of $13,651 (March 31, 2012 - $179). This is from interest income on receivables due from Winston Resources Inc. The Company is in the development stage and therefore did not have revenues from operations.

Year to date interest revenue was $15,852, reflecting an increase of $5,067 from the same period in 2012.

Expenses

For the three months period ended March 31, 2013, the Company recorded total expenses of $626,840 (March 31, 2012 - $447,273). The reasons for the increase in expenses are as follows:

- Consulting and management fees increased to $292,117 (March 31, 2012 - $164,217). The Company hired a new vice president of environment and permitting since May 2012.

- The professional fees increased to $114,322 (March 31, 2012 - $74,971). This is mainly due to the increase of accounting and audit fees of approximately $20,500 and professional fees paid for certain professional services.

- The interest and financing fees increased to $103,099 (March 31, 2012 - $68,488). This is mainly due to the interest charged on late payment by the vendors approximately of $52,300.

Year to date expenses was $1,019,811, reflecting an increase of $319,359 from the same period in 2012. The largest component of this increase in expenses is consulting and management fees of $452,799 as compared to $227,458 in the comparative period in 2012. The second largest increase is in interest and financing fees of $188,585 as compared to $142,973 in the same period in 2012.

Net loss and comprehensive loss

For the three months period ended March 31, 2013, the Company recorded comprehensive loss of $1,450,866 (March 31, 2012 - $392,843) with basic and diluted loss per share $0.01 (March 31, 2012 - $0.00). The Company recorded unrealized loss on investment $936,000 in the current period.

RESULTS OF OPERATIONS AND CASH FLOWS (continued)

Year to date net loss and comprehensive loss was $2,823,506, reflecting an increase of $2,289,282 from the same period of 2012. The increase in net loss is mainly attributable to increase in unrealized loss on investment of approximately of $2,016,000. Net loss before unrealized loss was $807,506 as compared to $534,224 in the comparative period in 2012.

Cash Flows

Operating Activities

For the three months period ended March 31, 2013, the Company used cash in operating activities of $1,819,398 (March 31, 2012 - $1,385,589). The Company has paid off a significant balance of accounts payable and accrued liabilities upon receiving of financing in October 2012 and March 2013.

Year to date cash used in operating activities was $4,391,928, reflecting an increase of $1,173,834 from the same period in 2012. The Company financed approximately $3,500,000 in working capital as compare to $2,600,000 in the comparative period in 2012.

Investing Activities

For the three months period ended March 31, 2013, the Company used cash in investing activities of $1,178,144 (March 31, 2012 - $1,557,426). The Company has completed 24,000 metre surface drillings program at the Granduc Copper project in early October 2012. In 2013, the Company published its PEA.

Year to date cash used in investing activities was $2,336,755, reflecting a decrease of $4,264,081 from the same period of 2012. The Company has significantly reduced exploration activities on the Granduc project since September 2012.

Financing Activities

For the three months period ended March 31, 2013, the Company generated cash in financing activities of $1,758,489 (March 31, 2012 - $11,011,530). During the current quarter, the Company raised approximately $1,899,907 (March 31, 2012 - $10,000,115) gross proceeds through private placement.

Year to date cash generated in financing activities was $6,905,697, reflecting a decrease of $9,760,412 from the same period of 2012.

SUMMARY OF QUARTERLY RESULTS

Quarter ended	March 31, 2013 $	December 31, 2012 $	September 30, 2012 $	June 30, 2012 $
Net loss and comprehensive loss (income) for the period	1,450,866	1,372,641	4,494,042	(1,373,068)
Basic and diluted loss (income) per share	0.01	0.01	0.03	(0.01)
Expenses	626,840	392,972	350,458	371,845
Exploration and evaluation assets	42,494,066	41,179,825	40,029,762	33,267,734
Working capital (deficiency)	2,958,506	2,989,755	(611,936)	6,441,520
Write-down of exploration and evaluation assets	-	-	-	449,007
Interest income	13,651	2,201	7,420	14,368

Quarter ended	March 31, 2012 $	December 31, 2011 $	September 30, 2011 $	June 30, 2011 $
Net loss and comprehensive loss for the period	392,843	141,380	188,978	244,996
Basic and diluted loss per share	0.00	0.00	0.00	0.00
Expenses	447,273	253,178	234,359	295,672
Exploration and evaluation assets	30,703,245	29,124,873	24,368,649	14,955,265
Working capital	11,338,673	2,811,592	2,428,085	12,055,027
Interest income	179	10,606	29,535	50,675
Share-based compensation	-	-	58,705	-

Note: Net loss per share on a fully diluted basis is the same as net loss per share on an undiluted basis, as all factors which were considered in the calculation are anti-dilutive.

LIQUIDITY

At March 31 2013, the Company had cash and cash equivalents of $1,033,499 and working capital of $2,958,506. Included in amounts receivable is $1,864,429 in BC refundable exploration tax credits and approximately $83,267 GST/HST receivable. The Company received the GST/HST refund subsequent to period-end.

FINANCIAL MEASURES

The Company uses the following key financial measures to assess its financial conditions and liquidity.

	March 31, 2013	September 30, 2012
Current Ratio	5.01	0.90
Working Capital (deficiency)	2,958,506	(611,936)
Cash and cash equivalents	1,033,499	856,485

CAPITAL RESOURCES

The following is a summary of the Company's outstanding share, warrant and stock option data as of March 31, 2013 and May 15, 2013.

Common shares

At March 31, 2013, the Company had issued and outstanding 189,132,750 common shares. At May 15, 2013, the Company common shares outstanding are unchanged.

Stock options

At March 31, 2013, a total of 9,180,000 stock options are issued and outstanding with expiry dates ranging from June 1, 2014 through to August 2, 2016. All stock options entitle the holder to purchase common shares of the Company. On April 23, 2013, the Company granted of an aggregate of 7,542,000 incentive stock options to certain employees, consultants, officers and directors of the Company. At May 15, 2013, the Company has 16,722,000 outstanding stock options.

Warrants

At March 31, 2013, a total of 14,902,261 warrants and brokers' warrants were outstanding, with each warrant entitling the holder to purchase one common share of the Company with expiry dates ranging from March 29, 2014 through to September 15, 2014. At May 15, 2013, the Company outstanding warrants are unchanged.

OUTLOOK AND CAPITAL REQUIREMENTS

Castle expects that the cash will be sufficient to pay for the continued exploration and overhead expense for the next 12 months. Depending upon future events, the rate of expenditures and other general and administrative costs could increase or decrease.

RELATED PARTIES TRANSACTIONS

These condensed interim consolidated financial statements include balances and transactions with directors and officers of the Company and corporations related to them. These were incurred in the normal course of business and were measured at the exchange amount, which is the amount agreed between the parties. The Company paid fees for services to certain officers and directors or companies controlled by certain officers and directors during the period that were recorded in the accounts shown below:

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company:

Key Management Compensation

	Six months ended March 31, 2013	Year ended September 30, 2012
Exploration and evaluation assets	$ 302,414	$ 567,723
Consulting fees	431,660	563,229
Directors' fees	15,483	31,365
	$ 749,557	**$ 1,162,317**

COMMITMENTS AND CONTINGENCIES

Management Contracts

The Company is party to certain management and employee contracts. These contracts contain clauses requiring additional payments of up to $2,210,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these condensed interim consolidated financial statements. Minimum management contract commitments remaining under these contracts are approximately $1,010,000, due within one year.

Premise Lease

The Company is subject to a lease commitment and is committed to expenditures approximately of $120,456 in fiscal year 2013.

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Flow-through Spending

Pursuant to the terms of the flow-through share agreements, the Company is in the process of complying with its flow-through contractual obligation with subscribers with respect to the Canadian Federal Income Tax requirements.

In October 2011, the Company raised $5,999,994 through the issuance of flow-through shares and it required to spend such funds on qualified exploration expenditures by December 31, 2012. At December 31, 2012, the Company has met this spending requirement.

In March 2012, the Company raised $6,636,715 through the issuance of flow-through shares and it required to spend such funds on qualified exploration expenditures by December 31, 2013. At December 31, 2012, the Company has met this spending requirement.

In October 2012, the Company raised $1,717,275 through the issuance of flow-through shares and it required to spend such funds on qualified exploration expenditures by December 31, 2013. At March 31, 2013, the Company has met this spending requirement.

In March 2013, the Company raised $900,007 through the issuance of flow-through shares and it required to spend such funds on qualified exploration expenditures by December 31, 2014. At March 31, 2013, the Company spent approximately $177,570 of this spending requirement.

SUBSEQUENT EVENT

GreenBank Capital Inc. ("GreenBank")

On April 16, 2013, the Company received 7,003,891 common shares of GreenBank as a result of a transfer of shares to shareholders of Winston Resources Inc. as a dividend in kind under a plan of arrangement effective the same date. The shares ownership represents 27.2% of the issued and outstanding capital of the GreenBank. GreenBank is a corporate finance investment business focusing on investing in Canadian small cap publicly listed companies. GreenBank is listed on the Canadian National Stock Exchange under the ticker symbol GBC. The fair value of Castle`s holdings of GreenBank common shares as at the date of transfer were $700,389.

CNRP

On April 17, 2013, the Company received 562,500 common shares of CNRP as a result of a transfer of shares to shareholders of Winston Resources Inc. as a dividend in kind under a plan of arrangement effective the same date. The shares ownership represents 4% of the issued and outstanding capital of the CNRP. CNRP is a Toronto based mineral company focused on developing its 100% owned Elmtree Gold Project in New Brunswick Canada. CNRP is listed on the Canadian National Stock Exchange under the ticker symbol CND. The fair value of Castle`s holdings of CNRP common shares as at the date of transfer were $337,500.

Stock Options Grant

On April 23, 2013, The Company granted of an aggregate of 7,542,000 incentive stock options to certain employees, consultants, officers and directors of the Company. Of these Options, 5,332,500 Options were granted to members of management of the Company, 540,000 Options were granted to non-executive directors of the Company, and 1,669,500 were granted to certain employees and consultants of the Company. The Options are exercisable on or before April 23, 2018 at an exercise price of $0.11 per share. The granting of the Options is subject to regulatory acceptance of applicable filings.

TRENDS

Mineral exploration is a speculative venture. There is no certainty that the money spent on exploration and development of mineral projects will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be related to the success of its exploration programs, which may be affected by a number of factors that are beyond the control of the Company.

The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and experience. The market price of precious metals and other minerals is volatile and cannot be controlled.

RECENT ACCOUNTING PRONOUNCEMENTS

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 was issued in November 2009. This standard is the first step in the process to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities, which may affect the Company's accounting for its financial assets. The standard is not applicable until October 1, 2015 but is available for early adoption. The Company has yet to assess the full impact of IFRS 9.

IAS 1 Presentation of Other Comprehensive Income

In June 2011, the IASB issued an amendment to IAS 1, "Presentation of Financial Statements" requiring companies to group items presented within Other Comprehensive Income based on whether they may be subsequently reclassified to profit or loss. This amendment to IAS 1 is effective for annual periods beginning on or after July 1, 2012 will full retrospective application. Early adoption is permitted. The Company is assessing the full impact of IAS 1.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the consolidation guidance in IAS 27, and Separate Financial Statements, and SIC-12, Consolidation — Special Purpose Entities, by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee. The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning October 1, 2013. The Company is assessing the full impact of IFRS 10.

IFRS 11 Joint Arrangements

IFRS 11 requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by ventures. The Company is assessing the full impact of IFRS 11.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12") is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint agreements, associates, special purpose vehicles and other off-balance sheet vehicles. The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows. The Company intends to adopt IFRS 12 in its financial statements for the annual period beginning on August 1, 2013. The Company has yet to assess the full impact of IFRS 12.

IFRS 13 Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair disclosures. The Company is assessing the full impact of IFRS 13.

RECENT ACCOUNTING PRONOUNCEMENTS (continued)

IAS 32 Financial Instruments

IAS 32 was amended to clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014 with retrospective application required. Earlier application is permitted. The Company has yet to assess the full impact of the amendments to IAS 32.

USE OF FINANCIAL INSTRUMENTS

The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. There are no off-balance sheet arrangements. The principal financial instruments affecting the Company's financial condition and results of operations is currently its cash and short-term money market investments.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.

Capital Investment

The ability of the Company to continue exploration and development of its property interests will be dependent upon its ability to raise significant additional financing hereafter. There is no assurance that adequate financing will be available to the Company or that the terms of such financing will be favorable. Should the Company not be able to obtain such financing, its properties may be lost entirely.

Government Regulations

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labor standards. For the Company to carry out mining activities, exploitation licenses must be obtained and kept current. There is no guarantee that the Company's exploitation licenses would be extended or that new exploitation licenses would be granted. In addition, such exploitation licenses could be changed and there can be no assurances that any application to renew any existing licenses will be approved. The Company may be required to contribute to the cost of providing the required infrastructure to facilitate the development of its properties. The Company will also have to obtain and comply with permits and licenses which may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to comply with any such conditions.

RISKS AND UNCERTAINTIES (continued)

Market Fluctuation and Commercial Quantities

The market for minerals is influenced by many factors beyond the control of the Company such as changing production costs, the supply and demand for minerals, the rate of inflation, the inventory of mineral producing companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will exist for the profitable sale of such metals. Commercial viability of precious and base metals and other mineral deposits may be affected by other factors that are beyond the Company's control including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors which may affect commercial viability so that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital.

Development Stage Corporation & Exploration Risks

The Company is engaged in the business of exploration and development for precious and base metals in Canada. The properties of the Company have no established reserves. There is no assurance that any of the properties can be mined profitably. Accordingly, it is not assured that the Company will realize any profits in the short to medium term, if at all. Any profitability in the future from the business of the Company will be dependent on developing and commercially mining an economic deposit of minerals, which itself is subject to numerous risk factors. Exploration and development of mineral deposits involves a high degree of financial risk over a significant period of time of which even a combination of careful valuation, experience and knowledge of management may not eliminate. While discovery of ore-bearing structures may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration, development and production programs of the Company will result in profitable commercial mining operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of its exploration and development programs which may be affected by a number of factors. Substantial expenditures would be required to establish reserves sufficient to commercially mine mineral deposits on the Company's properties and to construct complete and install mining and processing facilities in those properties that are actually mined and developed.

Foreign Operations

Some of the Company's property interests is located in Mexico, and is subject to that jurisdiction's laws and regulations. The Company believes the present attitude of Mexico to foreign investment and mining to be favorable but investors should assess the political risks of investing in a foreign country. Variations from the current regulatory, economic and political climate could have an adverse effect on the affairs of the Company.

Environmental Protection

The mining and mineral processing industries are subject to extensive governmental regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety which may adversely affect the Company or require it to expend significant funds.

RISKS AND UNCERTAINTIES (continued)

Mining Risks and Insurance
The Company is subject to the risks normally encountered in the mining industry, such as unusual or unexpected geological formations, cave-ins or flooding. The Company may become subject to liability for pollution, damage to life or property and other hazards of mineral exploration against which it or the operator of its exploration programs cannot insure or against which it or such operator may elect not to insure because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development and would have a material adverse affect on the financial position of the Company.

Insurance Policy
One of the Company's property interest is located in British Columbia. The Company believes they carry adequate insurance prescribed by the British Columbia government.

No History of Profitability
The Company is a development stage company with no history of profitability. There can be no assurance that the operations of the Company will be profitable in the future. The Company has limited financial resources and will require additional financing to further explore, develop, acquire, retain and engage in commercial production on its property interests and, if financing is unavailable for any reason, the Company may become unable to acquire and retain its mineral concessions and carry out its business plan.

Conflicts of Interest
Certain of the directors and officers of the Company may also serve as directors and officers of other companies involved in gold and precious metal or other natural resource exploration and development and consequently, the possibility of conflict exists. Any decisions made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors declare, and refrain from voting on any matters in which such directors may have a conflict of interest.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the condensed interim consolidated financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its internal control procedures at the end of the year covered by this MD&A, management has concluded its internal controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

CHANGES TO INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no significant changes to the Company's internal control over financial reporting that occurred during the most recent period ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the condensed interim consolidated financial statements.

Additional Information

Additional information relating to the Company can also be found on SEDAR at www.sedar.com.