

TORONTO, ONTARIO--(Marketwired - May 2, 2016) - [Castle Resources Inc.](#) (CSE:CRI) ("Castle" or the "Company") is pleased to announce that it has entered into a debt conversion agreement with Drake Private Investments, LLC ("Drake"), a "control person" of the Company, as such term is defined in the *Securities Act* (Ontario).

Pursuant to a debt facility assigned to Drake as announced on April 29, 2015, Castle owes Drake an aggregate principal amount of \$2,275,000. As at March 15, 2016, a total of \$1,333,836 in interest was outstanding under the debt facility.

In order to improve the working capital of Castle, Drake has agreed to settle the issued and outstanding interest balance as at March 15, 2016 in consideration for the issuance of 74,102,000 special warrants (the "Special Warrants") at a price of \$0.018 per Special Warrant. The Special Warrants will be exercised automatically at any time after the Company completes a consolidation of its common shares of least one (1) new common share for every four (4) (maximum) existing common shares. The transaction is expected to close on or before May 31, 2016, and is subject to regulatory approval.

Drake, of 954 Lexington Avenue, #149, New York, NY 10021, currently owns 3,109,660 common shares of the Company, debentures convertible into 4,000,000 common shares (excluding conversion of interest on the debentures), and 3,666,667 common share purchase warrants, representing approximately 37.1% of the issued and outstanding common shares of the Company on a non-diluted, pre-consolidation basis, and approximately 67.1% on a partially-diluted basis (assuming exercise of Drake's convertible securities, and excluding conversion of interest on the debentures). It is a condition of the debentures and the warrants that no conversion to common shares may occur until the Company has completed a consolidation of its shares on the basis of one (1) (new) share for every 2.5 (old) (minimum) shares outstanding. On closing of the debt settlement, Drake will acquire 74,102,000 Special Warrants at a deemed price of \$0.018 per Special Warrant. The Special Warrants will be exercised automatically at any time after the Company completes a consolidation of its common shares of least one (1) new common share for every four (4) (maximum) existing common shares. As a result of the debt conversion, Drake will own common shares representing approximately 37.1% of the issued and outstanding common shares of the Company on a non-diluted, pre-consolidation basis, and approximately 94.1% on a partially-diluted basis (assuming exercise of Drake's convertible securities, and excluding conversion of interest on the debentures). Drake will acquire the Special Warrants for investment purposes, and has no current intention to increase its beneficial ownership of, or control or direction over, securities of the Company. These investments will be reviewed on a continuing basis and holdings may be increased or decreased in the future.

Certain of the transactions described in this news release between the Company and Drake constitute or will constitute "related party transactions" within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Shareholders in Special Transactions* ("MI 61-101"). In the absence of exemptions, the Company would be required to obtain a formal valuation for, and minority shareholder approval of, the "related party transaction". For these transactions the Company intends to rely on the exemption from the formal valuation requirements of MI 61-101 contained in section 5.5(b) of MI 61-101 on the basis that no securities of the Company are listed on a specified market set out in such section, and the Company intends to rely on the exemption from the minority shareholder approval requirements of MI 61-101 contained in Section 5.7(1)(e) of MI 61-101 on the basis of meeting the financial hardship exemption requirements. In particular, the Company is in serious financial difficulty and the debt conversion is designed to improve the financial condition of the Company. The board of directors of the Company comprised of Messrs. Scott Riley, Robert Bruggeman and Vikram Rao, of which Robert Bruggeman and Vikram Rao are independent of Drake, have determined, acting in good faith, that given the Company's present circumstances, the terms of the debt conversion are reasonable and the Company is eligible for the minority approval exemption of MI 61-101.

About Castle Resources

Castle is a Toronto-based junior mineral development company focusing on high-quality, advanced projects. The Company is the 100% owner of the past producing Granduc Copper Mine in Stewart, British Columbia. For more information please visit the Castle Resources' website at www.castleresources.com.

Disclaimer

No stock or securities regulatory authority accepts responsibility for the adequacy or accuracy of this press release. This press release includes certain "forward looking statements" which are not comprised of historical facts. Forward-looking statements include estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Although these statements are based on information currently available to the Company, the Company provides no assurance that actual results will meet management's expectations. Risks, uncertainties and other factors involved with forward-looking statements could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this press release include, but are not limited to, those relating to the Company's objectives, goals, future plans and exploration and mine development plans. Factors that could cause actual results to differ materially from such forward-looking statements include, but are not limited to, failure to identify mineral resources, failure to convert estimated mineral resources to reserves, the inability to complete a feasibility study which recommends a production decision, the preliminary nature of metallurgical test results, delays in obtaining or failures to obtain required governmental, environmental or other project approvals or regulatory approvals, political risks, inability to fulfill the duty to accommodate First Nations and other indigenous peoples, uncertainties relating to the

availability and costs of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects, capital and operating costs varying significantly from estimates, other risks involved in the mineral exploration and development industry, and those risks set out in the Company's public disclosure documents filed on SEDAR. Although the Company believes that the assumptions and factors used in preparing the forward-looking statements in this press release are reasonable, including that the Company will be able to execute on its exploration and development plans, undue reliance should not be placed on such statements, which only apply as of the date of this press release, and no assurance can be given that such events will occur in the disclosed time frames or at all. The Company disclaims any intention or obligation to update or revise any forward-looking statements made herein, whether as a result of new information, future events or otherwise, other than as required by applicable securities laws.

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