



**Castle Silver Resources Inc.**  
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**EXCELLENT SILVER- COBALT RECOVERIES AND CONCENTRATE GRADES IN FIRST STAGE BENCH-SCALE METALLURGICAL TESTING OF BEAVER MINE MINERALIZED MATERIAL SAMPLES AND TAILINGS SAMPLES FROM BOTH BEAVER AND CASTLE MINES**

January 31, 2017 – Castle Silver Resources Inc. (TSXV:CSR, OTC:TAKRF, FRANKFURT:4T9B) (the “Company” or “Castle”) today announced preliminary results from bench-scale metallurgical flotation and gravity test work carried out at SGS Canada laboratories in Quebec City, Canada. The test program is aimed at evaluating the potential recovery of silver and cobalt from mineralized-material surface rock samples and tailings collected at the former historic producing Beaver Mine in Cobalt, Ontario and tailings from Castle Mine in Gowganda, Ontario.

**Highlights include the following:**

Silver and cobalt recoveries of 98.5 percent and 70.5 percent respectively produced an extremely high concentrate grade of 11,876 grams per tonne silver and 10.5 percent cobalt using a simple flotation process. The mineralized-material surface rock sample was a composite collected from the waste pile assaying 2,064 grams per tonne silver and 5.62 percent cobalt at the Beaver Mine.

Silver and cobalt concentrate grades produced from the Beaver and Castle Mines tailings were 1,379 grams per tonne and 0.04 percent and 308 grams per tonne and 0.08 percent respectively using a simple gravity process. Head assays were 108 grams per tonne with 0.02 percent and 123 grams per tonne with 0.01 percent respectively.

“Preliminary test results are excellent, particularly from the waste rock collected from the Beaver Mine, and assay and gravity tests that indicate mining at Castle and Beaver in the 1900s left behind potentially recoverable amounts of silver and cobalt in the tailings and that may now be extracted using modern metallurgical methods,” said Frank Basa, President and CEO.

The metallurgical tests were conducted at SGS Canada Inc. laboratories in Quebec City using about 100 kilograms of tailings and mineralized rock samples. Tailings samples from Castle and Beaver were tested using a gravity separation process. Beaver mineralized material samples were tested using a flotation process.

“We are very encouraged by these metallurgical results. We plan to undertake additional metallurgical testing for the optimization of grind and reagents,” Mr. Basa stated.

“Developments in mobile phone use and renewable energy, including solar and electric car batteries, are strongly supportive of demand and pricing for cobalt and silver. This opens up an opportunity to re-evaluate former silver-cobalt producing mine sites with positive results. Mining at Beaver and Castle took place in the early 1900s and at Castle again in the 1980s when extraction processes were not as

advanced as they are today. It may now be economically viable to extract silver and cobalt from what was left behind, including old mine tailings and waste and other rock piles on the surface, as a first phase of production at the properties,” Mr. Basa added.

These latest test results support previous test findings at the Castle and Beaver mine sites. In 2013, a hand-cobbed 20 kg geological test sample from the historic waste pile at the Beaver Silver Mine had an average calculated assay of 7.98% cobalt, 3.98% nickel and 1,246 grams (g/t) silver. Details were reported when Granada Gold Mine Inc. (formerly Gold Bullion Development Corp.) owned the property in a news release February 14, 2013 which can be accessed via the following link: <http://www.goldbulliondevelopmentcorp.com/Files/2013-02-14-Press-Release.pdf>

In addition, the Company received encouraging assay test results in November 2016 for tailings grab samples collected at Castle and Beaver. Highlights of the assay results include: 134.78 g/t silver and 1.124 g/t gold at the Beaver Silver Mine; and 91.36 g/t silver at the Castle Silver Mine. Details of the assay results were reported in the November 29, 2016 news release which can be accessed via the following link: <http://www.castlesilverresources.com/wp-content/uploads/2016/08/CSR-NR-Castle-metallurgy-Nov-29-16.pdf>

The samples of these metallurgical tests may not be representative of the mineralization hosted in the waste and tailings and further work will be undertaken.

Castle owns a 100% interest in the 20-acre Beaver Silver Mine property near Cobalt, Ontario. The mine operated from 1907 to 1940 and produced 7.1 million ounces (oz) of silver and 139,000 lbs of cobalt. The Beaver property is adjacent to the historic Temiskaming Silver Mine which was operated until 1989.

Castle’s wholly-owned subsidiary, Castle Silver Mines Inc., owns a 100% interest in the 33 sq. km Castle Property which includes three mine shafts. The high-grade silver mine, near Gowganda, Ontario, has operated at various times between 1917 and 1989 and produced more than 9.5 million oz of silver and 300,000 lbs of cobalt.

Details of the production history and recent exploration activity at Castle are available in a report entitled Takara Resources Inc. Castle Silver Property Gowganda, Ontario, Canada, NI 43-101 Technical Report effective date July 9, 2015, report date August 21, 2015, prepared by Claude Duplessis, Eng., of GoldMinds Geoservices Inc. and an independent qualified person in accordance with NI 43-101. The report can be viewed via the following link: <http://www.castlesilverresources.com/wp-content/uploads/2016/11/Castle-Silver-43-101-Report-Effective-Aug-21-15.pdf>

The results of diamond drilling conducted on the property were initially published in a news release dated August 25, 2011 that can be accessed via the following link: [http://www.goldbulliondevelopmentcorp.com/documents/press-releases/20110825PressReleaselogo\\_1aca6.pdf](http://www.goldbulliondevelopmentcorp.com/documents/press-releases/20110825PressReleaselogo_1aca6.pdf)

#### QA/QC

For QA/QC for the metallurgical testing, the Company relies on internal QA/QC procedures of SGS Canada Inc., which conducted the testing.

#### *Qualified Person*

The technical information in this news release was prepared under the supervision of Mr. Frank J. Basa, P. Eng., Castle's President and CEO, who is a member of the Professional Engineers Ontario and a qualified person in accordance with National Instrument 43-101.

*About Castle Silver Resources Inc.*

Castle Silver Resources Inc. (formerly Takara Resources Inc.) is a TSX Venture-listed junior natural resource company focusing on the exploration and development of former silver and cobalt mine properties in Northern Ontario including the Castle Silver Mine near Gowganda, Ontario and the Beaver and Violet mines near Cobalt, Ontario. Additional information on the Company's properties is available by visiting its website at [www.castlesilverresources.com](http://www.castlesilverresources.com).

"Frank J. Basa"

Frank J. Basa P. Eng.  
President and Chief Executive Officer

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