



CASTILLO COPPER

CASTILLO COPPER LIMITED

ABN 52 137 606 476

Half-year Financial Report
31 December 2016

CORPORATE DIRECTORY

Directors

Mr. David Wheeler (Non-Executive Director)

Mr. Giuseppe (Joe) Graziano (Non-Executive Director)

Ms. Nicole Fernandes (Non-Executive Director)

Company Secretary

Mr. Tim Slate

Registered Office and Principal Place of Business

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Telephone: + 1300 288 664

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Auditors

HLB Mann Judd

Level 4, 130 Stirling Street,

Perth WA 6000 Australia

Stock Exchange Listing

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

ASX Code: CCZ

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DIRECTORS' REPORT

The directors of Castillo Copper Limited and its subsidiaries ("Castillo", "CCZ" or the "Group") submit the financial report of the Group for the half-year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Ms Nicole Fernandes	Non-Executive Director
Mr David Wheeler	Non-Executive Director
Mr Giuseppe (Joe) Graziano	Non-Executive Director

Results

The loss after tax for the half-year ended 31 December 2016 was \$207,524 (31 December 2015 loss of \$172,156).

Review of Operations

During the financial period, the principal activity was mineral exploration and examination of new resource opportunities. The Group currently holds copper mining concessions in Chile.

Chilean Copper Projects

The Board continued to review of the Company's future strategy and implemented initiatives to reduce costs. As a result of the review, the following key matters took place:

-) Preliminary discussions held with a number of parties regarding future investment opportunities aimed at improving shareholder value; and
-) Rationalisation of tenements to reduce expenditure commitments.

Corporate

Capital Raise

As announced on 7 December 2016, the Company announced it executed a Mandate with CPS Capital Group Pty Ltd (CPS Capital) to raise up to \$500,000 via the issue of up to 25,000,000 fully paid ordinary shares at \$0.02 on a best endeavour basis.

The Mandate also engages CPS to seek to introduce potential assets that CCZ may be interested in acquiring and to provide general ongoing corporate advice.

The Mandate also provides that CPS Capital and/or its Nominee will be issued 15,000,000 Options at a nominal issue price of \$0.0001. upon the completion of any acquisition in the future of an asset introduced to CCZ by CPS Capital.

Company Secretarial Changes

On 12 July 2016, the Company advised Mr Jack James resigned from the position of Joint Company Secretary. Mr Tim Slate continued in the position of Company Secretary.

DIRECTORS' REPORT (continued)

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 3 and forms part of this directors' report for the half-year ended 31 December 2016.

This report is signed in accordance with a resolution of the Board of Directors.



David Wheeler

Director

13 March 2017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Castillo Copper Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

**Perth, Western Australia
13 March 2017**



**L Di Giallonardo
Partner**

Condensed Consolidated Statement of Comprehensive Income
for the half-year ended 31 December 2016

	Note	31 December 2016 \$	31 December 2015 \$
Interest revenue		252	565
Revenue		252	565
Listing and public company expenses		(20,897)	(25,047)
Accounting and audit expenses		(65,743)	(35,478)
Consulting and directors' fees		(97,000)	(61,836)
Impairment of deferred exploration and evaluation expenditure	3	(4,235)	(7,551)
Other expenses		(19,902)	(42,809)
Loss before income tax		(207,525)	(172,156)
Income tax expense		-	-
Loss after income tax		(207,525)	(172,156)
Other comprehensive (loss) / income			
<i>Item that may be reclassified subsequently to profit or (loss)</i>			
Exchange differences on translation of foreign operations		(1,560)	(6,244)
Total comprehensive loss for the half-year		(209,085)	(178,400)
Loss per share attributable to owners of Castillo Copper Limited			
Basic and diluted loss per share (cents per share)		(0.01)	(0.03)

Condensed Consolidated Statement of Financial Position
as at 31 December 2016

	Note	31 December 2016 \$	30 June 2016 \$
Assets			
Current Assets			
Cash and cash equivalents		43,864	216,777
Other receivables		22,054	18,021
Total Current Assets		65,918	234,798
Non-Current Assets			
Deferred exploration and evaluation expenditure	3	-	-
Total Non-Current Assets		-	-
Total Assets		65,918	234,798
Current Liabilities			
Trade and other payables		63,962	23,757
Total Current Liabilities		63,962	23,757
Total Liabilities		63,962	23,757
Net Assets		1,956	211,041
Equity			
Issued capital	4	9,620,254	9,620,254
Reserves		1,644,057	1,645,617
Accumulated losses		(11,262,355)	(11,054,830)
Total Equity		1,956	211,041

Condensed Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2016

	Issued Capital \$	Share-Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
Balance as at 1 July 2016	9,620,254	1,773,742	(128,125)	(11,054,830)	211,041
Total comprehensive loss for the half-year					
Loss for the half-year	-	-	-	(207,525)	(207,525)
Other comprehensive loss	-	-	(1,560)	-	(1,560)
Total comprehensive loss for the half-year	-	-	(1,560)	(207,525)	(209,085)
Transactions with owners in their capacity as owners					
Ordinary shares issued	-	-	-	-	-
Share issue costs	-	-	-	-	-
Balance at 31 December 2016	9,620,254	1,773,742	(129,685)	(11,262,355)	1,956
Balance as at 1 July 2015	8,836,027	1,773,742	(128,900)	(10,620,539)	(139,670)
Total comprehensive loss for the half-year					
Loss for the half-year	-	-	-	(172,156)	(172,156)
Other comprehensive income	-	-	(6,244)	-	(6,244)
Total comprehensive loss for the half-year	-	-	(6,244)	(172,156)	(178,400)
Transactions with owners in their capacity as owners					
Ordinary shares issued	845,995	-	-	-	845,995
Share issue costs	(61,557)	-	-	-	(61,557)
Balance at 31 December 2015	9,620,465	1,773,742	(135,144)	(10,792,695)	466,368

Condensed Consolidated Statement of Cash Flows

for the half-year ended 31 December 2016

	31 December 2016	31 December 2015
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(166,828)	(443,477)
Interest received	252	565
Net cash outflow from operating activities	(166,576)	(442,912)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(5,867)	(7,779)
Net cash outflow from investing activities	(5,867)	(7,779)
Cash flows from financing activities		
Proceeds from issue of shares	-	845,995
Share issue costs paid	-	(61,557)
Net cash inflow / (outflow) from financing activities	-	784,438
Net increase / (decrease) in cash and cash equivalents	(172,443)	333,747
Cash and cash equivalents at 1 July 2016	216,777	37,565
Effect of exchange rate fluctuations on cash held	(470)	-
Cash and cash equivalents at 31 December 2016	43,864	371,312

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

This general purpose half-year financial report of Castillo Copper Limited and its subsidiaries (the Group) for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 13 March 2017.

Castillo Copper Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

Basis of Preparation

This financial report for the half-year ended 31 December 2016 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with AASB 134 ensures compliance with IAS 43 'Interim Financial Reporting'.

These half-year financial statements do not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements.

It is recommended that the half-year financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2016 and considered together with any public announcements made by Castillo Copper Limited during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX listing rules.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period. The accounting policies and methods of computation adopted are consistent with those of the previous financial year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The consolidated financial statements have been prepared on the basis of historical cost.

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss after tax for the half-year ended 31 December 2016 of \$207,525 and experienced net cash outflows from operating activities of \$166,576 and net cash outflows from investing activities of \$5,867. At 31 December 2016, the Group had a net current asset position of \$1,956. The cash and cash equivalents balance at the date of issuing this report is \$43,864. The Directors recognise the need to raise additional funds via equity raisings for future activities.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In considering the above, the Directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will be successful in securing additional funds through an equity issue.

Should the Group not obtain sufficient funds through an equity issue, there is a material uncertainty that may cast significant doubt whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

New and amending Accounting Standards and Interpretations

In the half-year ended 31 December 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2016.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to the Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to the Group accounting policies.

NOTE 2: SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information.

The Board of Directors reviews internal management reports on a monthly basis that are consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2016

NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	6 months to 31 December 2016 \$	Year ended 30 June 2016 \$
Opening balance	-	-
Exploration expenditure during the period	4,235	11,976
Impairment ¹	(4,235)	(11,976)
Closing balance	<u>-</u>	<u>-</u>

The ultimate recoupment of costs carried forward as exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

¹ The impairment loss relates to the withdrawal from various tenements held on which the Group has made a decision to not continue exploration work and accordingly wrote down the carrying value to nil.

NOTE 4: ISSUED CAPITAL

	31 December 2016 \$	30 June 2016 \$
Issued and paid up capital		
Issued and fully paid	<u>9,620,254</u>	<u>9,620,254</u>

	6 months to 31 December 2016		Year ended 30 June 2016	
	Number of shares	\$	Number of shares	\$
Movements in issued capital				
Opening balance	211,498,885	9,620,254	422,997,732	8,836,027
Share issued during the period	-	-	422,997,732	845,995
Consolidation on a one (1) for four (4) basis	-	-	(634,496,579)	-
Transaction costs of share issue	-	-	-	(61,768)
Closing balance	<u>211,498,885</u>	<u>9,620,254</u>	<u>211,498,885</u>	<u>9,620,254</u>

NOTE 5: DIVIDENDS

No dividends have been paid or provided for during the half-year (2015: nil).

NOTE 6: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2016

NOTE 7: SUBSEQUENT EVENTS

There have been no known significant events subsequent to the end of the period.

NOTE 8: FINANCIAL INSTRUMENTS

The Directors consider that the carrying values of the financial assets and financial liabilities recognised in the condensed consolidated financial position represent their fair values.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Castillo Copper Limited (the 'Company'), the directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 11, are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



David Wheeler

Non-Executive Director

13 March 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Castillo Copper Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Castillo Copper Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Castillo Copper Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 1 to the financial statements which indicates that the ability of the Group to continue as a going concern is dependent on the ability to raise funds through an equity issue.

Should the Group not be able to raise sufficient funds through an equity issue, there is a material uncertainty that may cast significant doubt whether the Group will continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business.

HLB Mann Judd

**HLB Mann Judd
Chartered Accountants**

L Di Giallonardo

**L Di Giallonardo
Partner**

**Perth, Western Australia
13 March 2017**