



CASTILLO COPPER
LIMITED

ASX Release

31 October 2017

CASTILLO
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David Wheeler
Alan Armstrong
Neil Hutchison

Issued Capital:

579.7 million shares
62.5 million options

ASX Symbol:
CCZ

SEPT 2017 QUARTERLY ACTIVITIES REPORT

Highlights

- Completed the acquisition of 11 highly-prospective assets in eastern Australia which have been bundled into four project groups: Jackaderry and Broken Hill in NSW; Mt Oxide and Marlborough in QLD
- Exceptional high-grade maiden JORC Inferred Resource at unmined working sections in Cangai Copper Mine within Jackaderry Project: 3.2Mt @ 3.35% Cu implying c.108,000 tonnes of contained copper
- Compared with listed and private peers, the underlying copper grade (3.35%) is among the highest recorded in Australia
- The Jackaderry Project's potential resource size could increase materially as incremental historic assay results across the tenement and the inaugural drilling campaign at Cangai Copper Mine are factored into JORC modelling

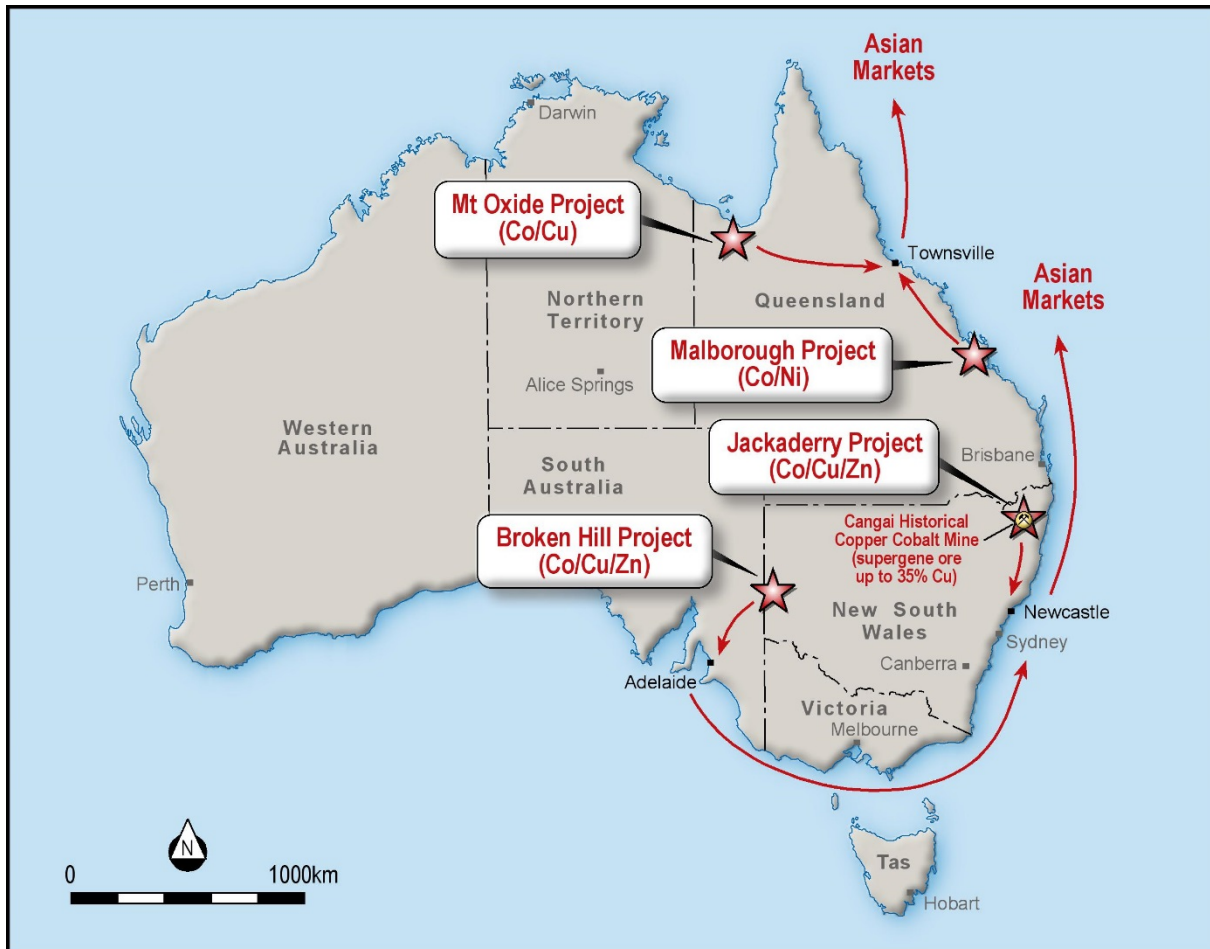
During the quarter, Castillo Copper Limited ("CCZ" or "the Company") completed the acquisitions of QLD Commodities Pty Ltd ("QComm"), Total Minerals Pty Ltd ("Total Minerals") and Total Iron Pty Ltd ("Total Iron") resulting in CCZ owning 11 project areas in four geographic locations across NSW and QLD.

The Board named the four project groupings: Jackaderry (three prospects); Broken Hill (two); Mt Oxide (three) and Marlborough (three) (Figure 1).

The acquisitions have delivered the following:

- Sizeable mineralised footprint across NSW and QLD, which is highly prospective for copper-zinc-nickel-cobalt;
- Project areas that are near excellent infrastructure and ready access to key ports to ship product to north Asian markets;
- Historic Cangai Copper Mine (within Jackaderry Project) that has a JORC Inferred Resource of 3.2Mt @ 3.35% Cu derived utilising legacy data;
- Evidence of excellent surface mineralisation for zinc and cobalt at the Broken Hill project area uncovered during the desktop review process; and
- Post the reporting period, clear targets for the inaugural drilling program which will focus on unmined working sections and the mineralisation halo within the JORC modelled boundary at Cangai Copper Mine (Cangai)

FIGURE 1: PROJECT AREAS AND ROUTE TO MARKET



NSW PROJECTS

JACKADERRY

On 20 August 2017, CCZ received a preliminary report from geology consultant ROM Resources Pty Ltd ("**ROM Resources**"), which confirmed:

- 1) 3D modelling showed significant mineralisation for copper-zinc-cobalt-gold-silver in unmined areas of Cangai that was open in all directions;
- 2) supergene ore mineralisation is open in all directions;
- 3) discovery of another historic copper mine (Smelter Creek) and several satellite copper deposits within the Jackaderry South project area that enhance exploration upside; and
- 4) progress on Cangai core samples that are undergoing test-work for cobalt mineralisation.

The Board prioritised CCZ's exploration plan and strategic intent with the focus on proving up JORC compliant resources rapidly. Following discussions with ROM Resources, the priority ordering was set to be Cangai and the expanded area within the Jackaderry South prospect and Peak Hill/Total project areas in NSW for copper-zinc-cobalt using legacy data, particularly with copper and zinc prices near 5-year highs.

High-grade JORC Inferred Resource at Cangai Copper Mine Exceeds Expectations

The focus on the Jackaderry South project culminated on 6 September 2017, when CCZ announced a high-grade maiden JORC Inferred Resource for Cangai (Figure 2) in unmined working sections of **3.2Mt @ 3.35% Cu** which implies circa 108,000 tonnes of contained copper.

The overall results achieved from analysing and 3D modelling legacy data for Cangai are exceptional and arguably one of the highest grades in Australia.

Figure 2: JORC Inferred Resource – Cangai Copper Mine

CANGAI COPPER MINE - INFERRED RESOURCE											
	Mass (Tonnes)	Cu (%)	Co (%)	Zn (%)	Au (g/t)	Ag (g/t)	Cu (Tonnes)	Co (Tonnes)	Zn (Tonnes)	Au (Oz)	Ag (Oz)
Oxide	814,267	4.1	0.010	0.63	0.06	27.34	33,391	78	5,165	14,550	715,667
Fresh	2,397,342	3.1	0.003	0.28	0.89	17.74	74,198	75	6,762	68,349	1,367,456
Total	3,211,609	3.35	0.005	0.37	0.8	20.17	107,589	153	11,927	82,899	2,083,123

Note: Totals may not sum exactly due to rounding. Cut-off grade used: 1.0% Cu with top-cut applied: 10.0% Cu.

Results and forward plans

By all measures, Cangai is clearly a high-grade deposit (see Figure 3 ore example) that delivers CCZ significant exploration upside and the potential to increase the mineral resource size within Cangai and holistically across the Jackaderry Project.

FIGURE 3: HIGH GRADE COPPER ORE FROM THE CANGAI MINE



For the Cangai resource specifically, there are several near-term plans that the Board will undertake as a matter of priority:

- Target extensions to higher grade lenses as potential direct shipping ore material;
- Focus on proving up and extending the positions / boundaries of the defined supergene ore lodes within the resource using legacy data and an inaugural drilling program;
- Undertake a preliminary assessment of having an open pit mine, given the resource is relatively shallow and this is the most economic way to extract the ore;
- Expedite re-assaying legacy core samples for cobalt given that builds in additional upside; and
- Progress desktop work identifying other mineralised anomalous zones within the Jackaderry Project to expand the overall resource size.

BROKEN HILL

Cobalt mineralisation discovered

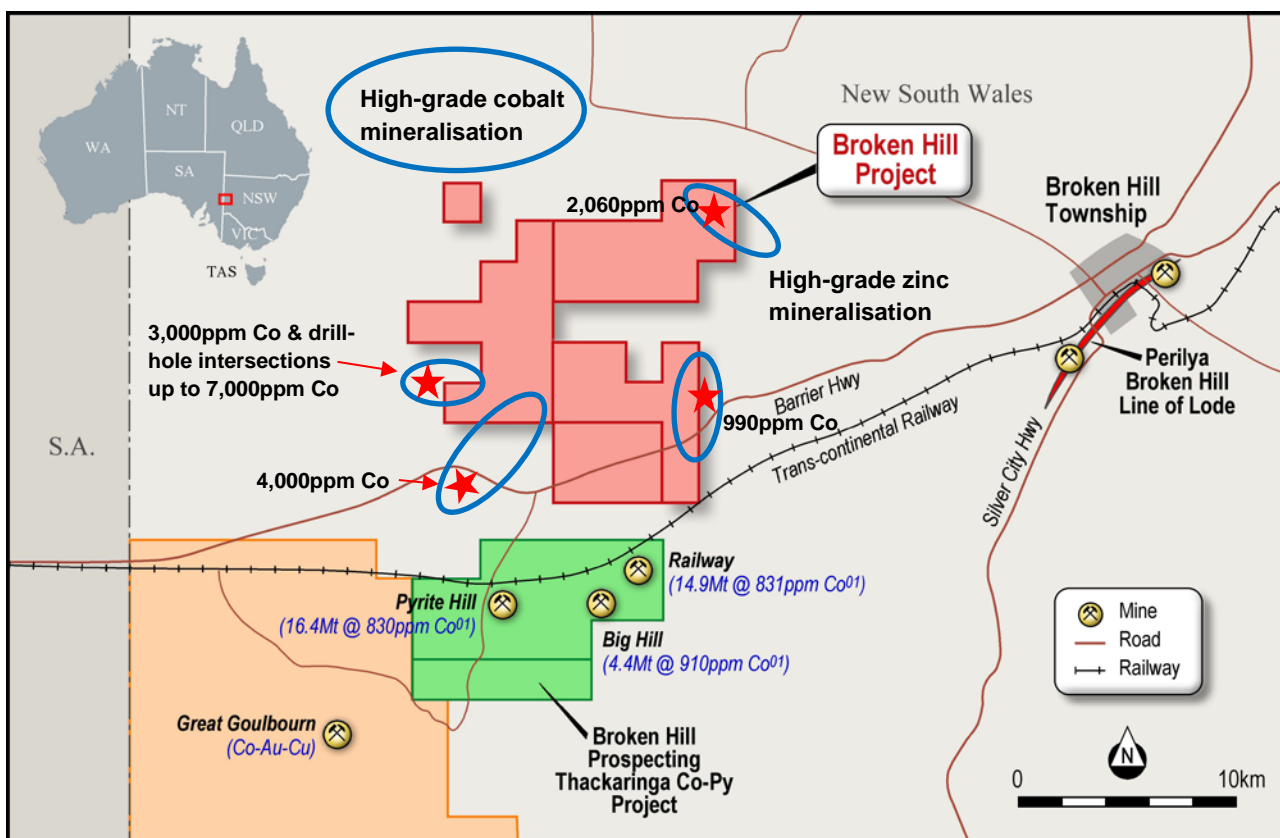
On 20 September 2017, CCZ advised it had progressed desktop research into legacy data on the Broken Hill Project, which uncovered four highly prospective anomalous zones on the eastern and southwestern boundaries that are contiguous with neighbouring tenure (Figure 4).

In the northeast quadrant of the tenure, surface mineralisation up to 2,060ppm Co was recorded on a strike trending southeast within CCZ's tenure. Further to the south, along the eastern boundary, significant surface mineralisation trending into the tenure is apparent with up to 990ppm Co in the mix.

Just outside the western boundary but striking into the project area, surface mineralisation up to 3,000ppm Co has been found. Within the same anomalous zone, legacy drill-holes had intersections that contained 7,000ppm Co. Southwest of the project area but on a contiguous system, surface mineralisation of up to 4,000ppm was recorded.

Generating these high-grade Co results – within and on anomalous zones that run into the project area – is extremely encouraging and highlights CCZ's material exploration upside. Notably, CCZ's results are of strong interest when compared with Cobalt Blue Holdings Limited's (ASX: COB, **Cobalt Blue**) global Mineral Resource inventory at Thackaringa is recorded at 54.9Mt @ 910ppm Co¹.

FIGURE 4: DEMONSTRABLE COBALT MINERALISATION



¹ 1 Refer to Cobalt Blue (ASX:COB) Announcement "Significant resource upgrade for the Thackaringa Cobalt Project" dated 5 June 2017. 12% of JORC Compliant Resource is in the Indicated Category with the balance Inferred.

Incremental high-grade zinc mineralisation found

CCZ announced that ROM Resources had discovered significant Zn mineralisation (refer ASX Announcement – 30 August 2017) in the southern part of the tenure, leveraging legacy data. Since then further desktop work has found drill-holes with up to 1.1% Zn and 24g/t Ag within this area and three incremental zones with high-grade Zn mineralisation (Figure 4).

Slightly to the north of the tenure, legacy drill-holes with up to 2% Zn were recorded on a strike that is open in all directions into CCZ's project area. However, further work needs to be undertaken to determine the extent of Zn mineralisation into CCZ's tenure.

On the western boundary, there are two areas where legacy drill-holes have Zn recorded up to 2.1% and 3% respectively. The legacy data may be sufficient to generate a modest mineral resource on the western most area.

With some 1,400 drill-holes now encoded, management believes it has now determined the extent of high-grade Zn mineralisation across the Broken Hill Project. The next phase is to generate models for the most promising sections and highlight key targets for the inaugural drilling program, which will commence post the Cangai campaign.

QLD PROJECTS

CCZ continued to progress with the application process of the QLD tenements acquired. The tenement areas are set out in Figure 5 and Figure 6 below.

FIGURE 5: MT OXIDE PROJECT GROUP

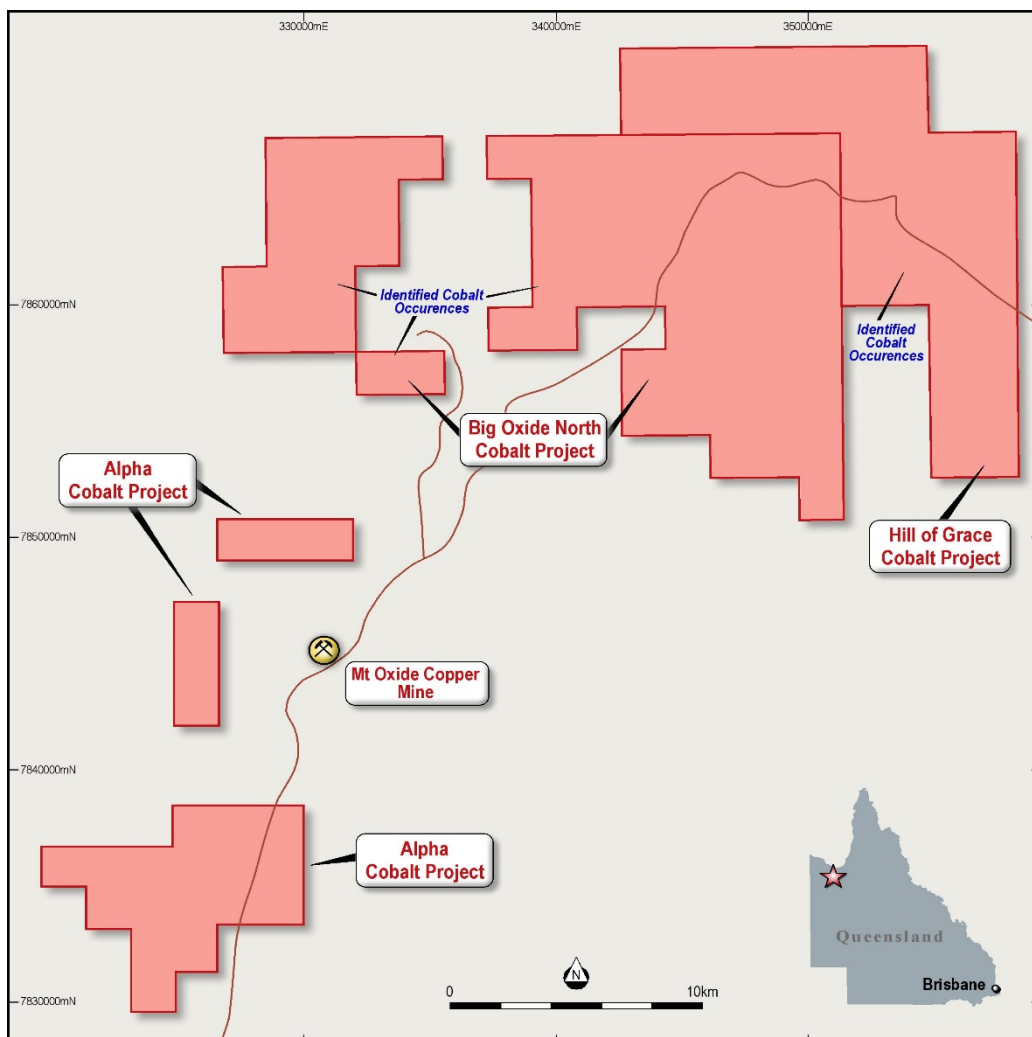
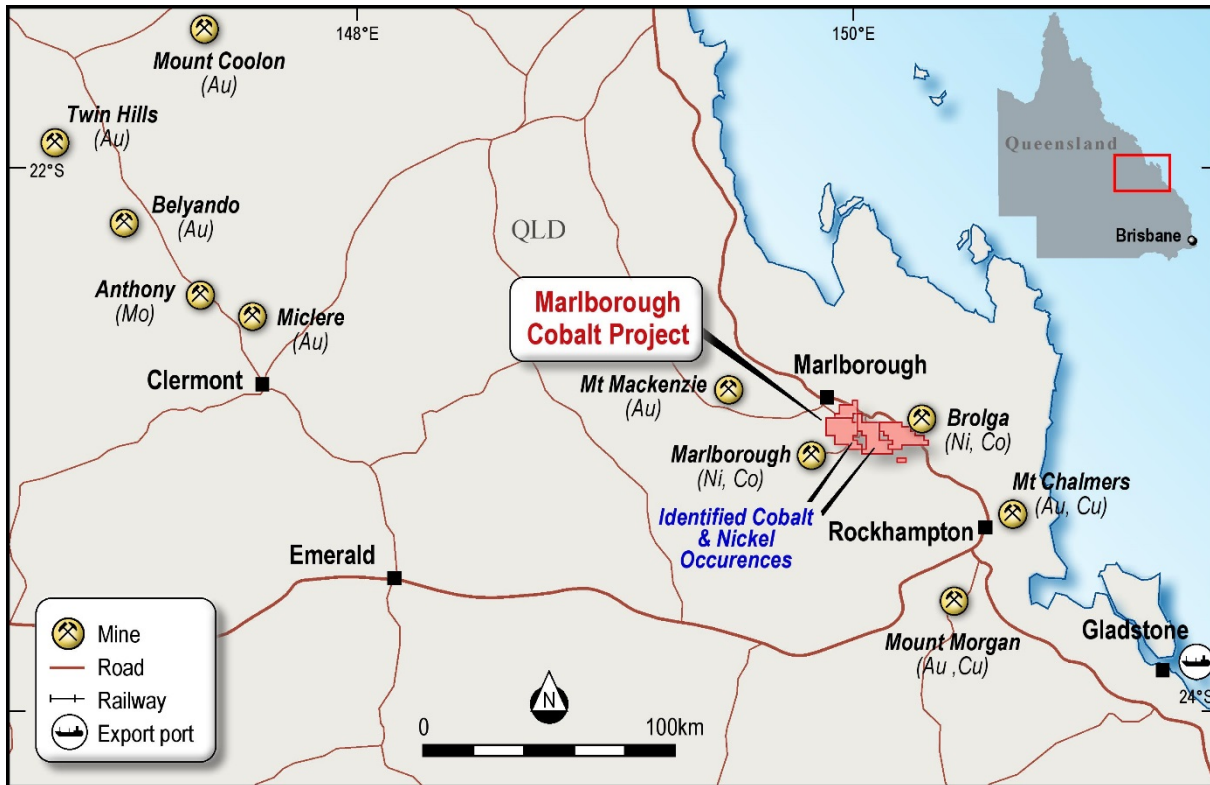


FIGURE 6: MARLBOROUGH PROJECT GROUP



CHILEAN COPPER PROJECTS

CCZ did not perform any material exploration work on these projects.

CORPORATE

Castillo announced it completed the acquisition of 100% of the issued capital of three companies, being:

- QComm which owns three assets targeting high grade copper and cobalt systems in NSW and Queensland, completed 5 July 2017;
- Total Minerals, which owns three cobalt & copper assets in NSW and Queensland (including the historic Cangai Mine in northeast NSW), completed 11 August 2017; and
- Total Iron, which owns five highly prospective cobalt-copper-zinc-nickel project areas – one in NSW and four in QLD, completed 5 September 2017.

On 1 August 2017, CCZ announced that Mr Alan Armstrong and Mr Neil Hutchison were appointed Executive Directors. They will work closely together to progress CCZ’s ambitious business plan.

Subsequent to the end of the quarter, on 19 October 2017, Mr Armstrong and Mr Hutchison (and/or their nominees) were both issued 2,000,000 options exercisable at \$0.03 on or before 30 June 2020 following approval at the General Meeting.

Subsequent to the end of the quarter, CCZ successfully raised \$3.4 million (before costs) via a heavily oversubscribed placement of 106,250,000 fully-paid ordinary shares at a price of \$0.032 per share (“Placement”) on 19 October 2017.

This capital raising and acquisitions were ratified and approved at a General Meeting of Shareholders on 18 October 2017 (“General Meeting”).

The Placement was managed by CPS Capital Group Pty Ltd (“CPS”). In addition, on 24 October 2017, CCZ issued CPS (and/or its nominees) 42,500,000 unlisted options exercisable at \$0.065 on or before 24 months from the date of the issue (**Options**).

For and on behalf of Castillo Copper

David Wheeler

Chairman

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Neil Hutchison, a Competent Person who is a Member of the Australian Institute of Geoscientists. Neil Hutchison is an executive director of Castillo Copper Ltd.

Neil Hutchison has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Neil Hutchison consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

ABOUT CASTILLO COPPER

Castillo Copper Limited (ASX: CCZ) is an ASX-listed base metal explorer – primarily focused on copper, cobalt, zinc and nickel – that has the bulk of its core operating assets in eastern Australia.

The Australian assets comprise four tenure groups that collectively hold 11 highly prospective copper-cobalt-zinc-nickel project areas in New South Wales and Queensland, detailed briefly as follows:

- **Jackaderry Project** – comprises three prospects (two in the south that are contiguous) in the New England Orogen in NSW which are highly prospective for copper-cobalt-zinc. Of significance is the historic Cangai Copper Cobalt Mine (within Jackaderry South) as legacy data confirms the presence of supergene ore with up to 35% copper and 10% zinc which implies direct shipping ore is potentially feasible. On 6 September 2017, CCZ announced one of Australia’s highest grade JORC compliant Inferred Resources for copper: 3.2Mt @ 3.35%.
- **Broken Hill Project** – consists of two contiguous tenements that are located within a 20km radius of Broken Hill, NSW, that are prospective for copper-cobalt-zinc. A key feature of the project is an area in the southern part of the tenure, which exhibits significant high-grade zinc mineralisation.
- **Mt Oxide Project** – made up of three prospects (two are contiguous) in the Mt Isa region, northwest Queensland, and are well known for copper-cobalt systems.
- **Marlborough Project** – includes three prospects that are located north-west of Gladstone (adjacent to Queensland Nickel mining leases) in an area, which is made up of proven high-grade cobalt-nickel systems. .

Castillo Copper also holds wholly-owned Chilean assets comprise of six exploration concessions across a total area of 1,800 hectares that are well known for high grade copper-gold projects.

APPENDIX 1: INTEREST IN MINING TENEMENTS HELD

JACKADERRY		
New England Orogen in NSW		
Tenement ID	Ownership at end of Quarter	Change during the Quarter
EL8635	100%	Acquired
EL8625	100%	Acquired
EL8601	100%	Acquired

MARLBOROUGH		
North-west of Gladstone		
Tenement ID	Ownership at end of Quarter	Change during the Quarter
EPM 26513	0%	Application
EPM 26522	0%	Application
EPM 26528	0%	Application

BROKEN HILL		
located within a 20km radius of Broken Hill, NSW		
Tenement ID	Ownership at end of Quarter	Change during the Quarter
EL8599	100%	Acquired
EL8572	100%	Acquired

HUANTA (VICUÑA)		
Chile		
Tenement ID	Ownership at end of Quarter	Change during the Quarter
04015-7483-7	100%	-
04015-7484-5	100%	-
04015-7486-1	100%	-
04015-7487-K	100%	-
04015-7488-8	100%	-
04015-7489-6	100%	-

MT OXIDE		
Mt Isa region, northwest Queensland		
Tenement ID	Ownership at end of Quarter	Change during the Quarter
EPM 26525	0%	Application
EPM 26574	0%	Application
EPM 26462	100%	Acquired

Note: Castillo Copper Limited has a 100% interest in properties owned by Castillo Copper Chile SpA. They were originally granted in 2011, and inscribed as El Profeta 1 to 5, Pachi 1 to 3, Camila 1 to 9 and Homero 1 to 2.

APPENDIX 2: SUMMARY OF EXPLORATION EXPENDITURE INCURRED PER PROJECT

Project	Quarter Cash Spend \$A'000
Jackaderry	25
Broken Hill	31
Mt Oxide North	20
Marlborough	12
Huanta (Vicuna)	1
Total	89