



CASTILLO COPPER
LIMITED

ASX Release

31 October 2018

CASTILLO COPPER
LIMITED
ACN 137 606 476

Level 26
140 St Georges Terrace
Perth WA, 6000
Australia

Tel: +61 8 6558 0886
Fax: +61 8 6316 3337

Contact:

Alan Armstrong
Executive Director

E-mail:

info@castillocopper.com

For the latest news:

www.castillocopper.com

Directors / Officers:

Peter Meagher
Alan Armstrong
Peter Smith

Issued Capital:

580.1 million shares
84.5 million options

ASX Symbol:

CCZ

SEPTEMBER QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- Transformational quarter, with excellent assays from the first five drill-holes at Cangai showing results up to **10.25% Cu, 6.04% Zn & 32.5g/t Ag**; the best intercepts comprised:
 - **CC0023R: 11m @ 5.94% Cu; 2.45% Zn & 19.13g/t Ag from 40m including:**
 - **3m @ 8.1% Cu; 2.84% Zn & 23.42g/t Ag from 41m**
 - **1m @ 10.25% Cu; 1.68% Zn & 32.50g/t Ag from 48m**
 - **1m @ 7.53% Cu; 6.04% Zn & 30.60g/t Ag from 50m**
 - **CC0025R: 3m @ 2.66% Cu; 0.50% Zn & 7.38g/t Ag from 90m incl: 1m @ 4.53% Cu; 0.41% Zn & 9.71g/t Ag from 90m**
 - **CC0022R: 2m @ 2.50% Cu; 0.38% Zn & 9.78g/t Ag from 92m incl: 5m @ 1.5% Cu; 0.37% Zn & 6.9g/t Ag from 85m**
- Subsequent to the end of the quarter CCZ signed a Memorandum of Understanding (MOU) with Noble Group to facilitate monetising legacy stockpiles at Cangai Copper Mine

Castillo Copper Limited (“CCZ” or “The Company”) is pleased to present its latest quarterly report for the period 1 July to 30 September 2018.

There were significant operational activities during the period, focused mostly on the NSW projects, which are discussed in more detail below.

Cangai Copper Mine

During the quarter, on 13 July 2018, CCZ commenced the Phase II RC drilling campaign at Cangai Copper Mine (CCM) which comprises of 39 drill holes. On 20 August 2018, the Board was delighted to present shareholders with an overview of the highly encouraging assay results from drill-holes CC0021-25R achieved at CCM.

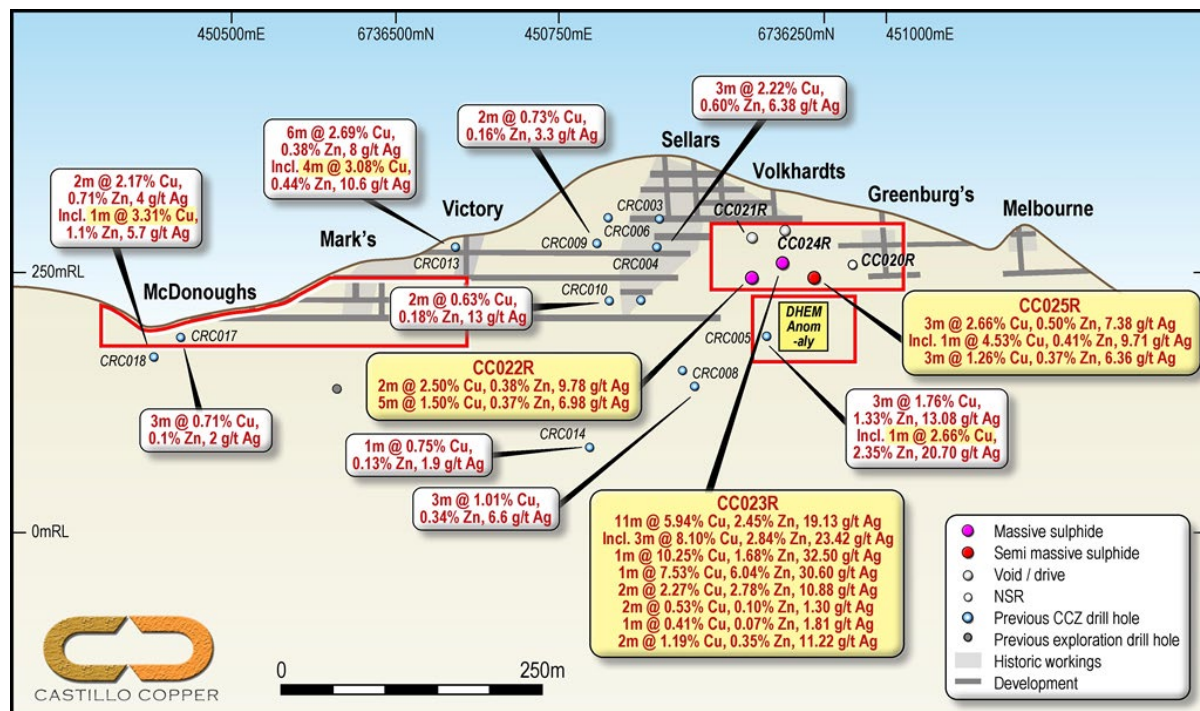
EXCELLENT ASSAY RESULTS

The assay results, announced on 20 August 2018, summarised in Figure 1, confirmed there is extensive massive sulphide mineralisation across most of the drill-holes completed so far in the current drilling campaign at CCM. Moreover, results achieved were up to **10.25% Cu, 6.04% Zn and 32.5g/t Ag** from the first five drill-holes out of an extensive 39-hole campaign.

Notably, a material positive with the standout intersection – **CC0023R: 11m @ 5.94% Cu; 2.45% Zn & 19.13g/t Ag from 40m** – other than high-grades and width, is the shallow depth at which the mineralisation occurs.

The full assay results verify that CCM is a high-grade polymetallic mineralised system. During the quarter, the RC-drilling and DHEM survey team finished work at Volkhardt's lode (Figure 1 and Table 1) and, weather permitting, next steps will be Mark's then finishing up at McDonough's lode in due course.

FIGURE 1: SUMMARY OF KEY MINERALISED INTERCEPTS DRILL-HOLES CC0021-25R⁸



Source: CCZ geology team and refer to Appendix A for full details and cross intersections

TABLE 1: BEST INTERSECTIONS FROM CC0021-25R DRILL-HOLES⁷

Hole ID	meters	From (m)	To (m)	Cu %	Zn %	Ag g/t
CC0021R	1	51	52	0.91	0.21	8.74
CC0022R*	2	92	94	2.50	0.38	9.78
CC0022R*	5	109	114	1.50	0.37	6.90
CC0023R*	11	40	51	5.94	2.45	19.13
inc	3	41	44	8.10	2.84	23.42
inc	1	48	49	10.25	1.68	32.50
inc	1	50	51	7.53	6.04	30.60
CC0023R*	2	56	58	2.27	2.78	10.88
CC0023R*	2	72	74	0.53	0.10	1.30
CC0023R	1	77	78	0.41	0.07	1.81
CC0023R*	2	85	87	1.19	0.35	11.22
CC0025R*	3	90	93	2.66	0.50	7.38
inc	1	90	91	4.53	0.41	9.71
CC0025R	3	103	106	1.26	0.37	6.36

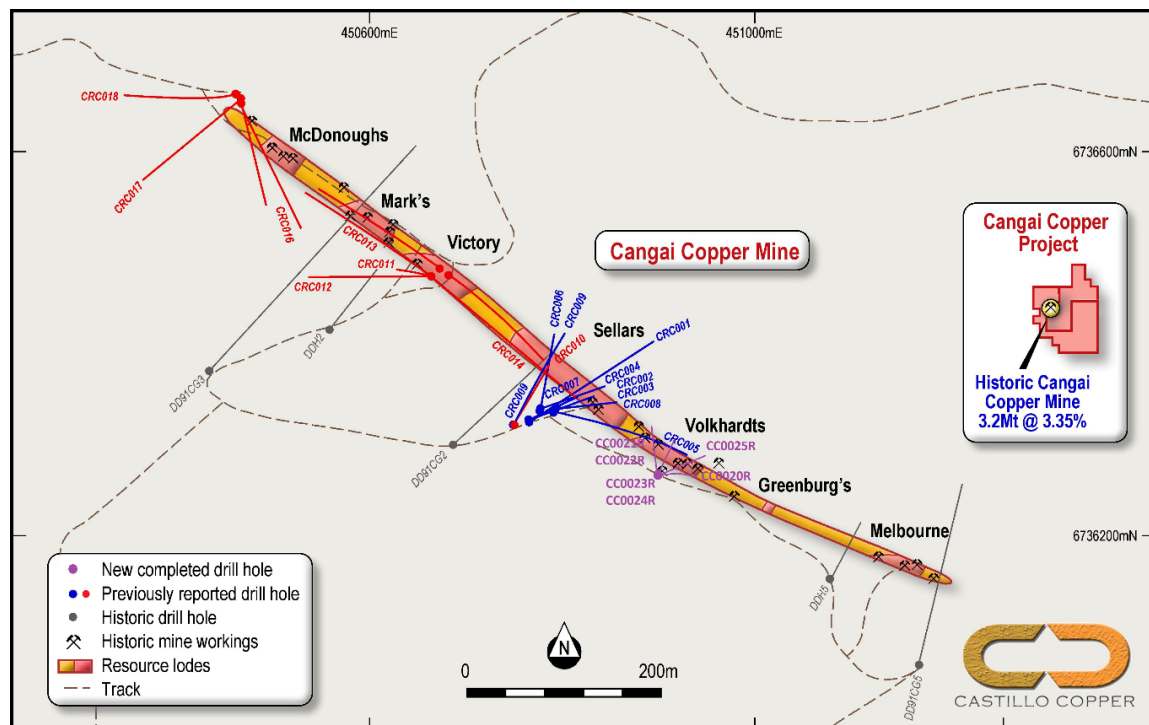
Notes: Minimum criteria = 0.4% Cu or 0.2% Zn or 2 g/t Ag; * Weighted Average

Source: ALS

A long way to go

So far, having only received assay results from five drill-holes of a pre-determined 39-hole drilling campaign (Figure 2), there is arguably significant incremental exploration upside and potential to expand the ore body size as the program progresses. The geology team believe the newly found semi-massive and massive sulphides validate that there may be significant incremental mineralisation to be discovered as the drilling campaign progresses.

FIGURE 2: DRILL-HOLES COMPLETED ALONG THE LINE OF LODE⁶



Source: CCZ geology team

Factoring in the encouraging results, the Board agreed to the geology team's recommendation to ramp up the campaign and implement the following:

- Leveraging technology and to build in the flexibility to refine the drilling program's trajectory as results come to hand, contract a down-hole electromagnetic (DHEM) survey team. This will enable the geology team to determine potential extensions to newly discovered mineralisation more efficiently.
- Mobilise a diamond drill rig to site to undertake critical infill work along the line of lode and aid expediting the drilling campaign.

SIGNIFICANT MASSIVE SULPHIDE MINERALISATION INTERSECTED

The second drilling campaign, which commenced at the Volkhardt's lode, has intersected significant sulphide mineralisation after completing only five drill-holes from relatively shallow depths – this is a significant milestone to achieve (Table 2). Notably, the standout drill-hole is CC0023R which intersected 10m massive sulphides from 41m and 2m massive sulphides from 56m.

The massive sulphides intersected in CC0023R have extensive visible chalcopyrite, sphalerite, pyrite and pyrrhotite present which is consistent with historic mine reports.

TABLE 2: SUMMARY OF KEY MINERALISED INTERCEPTS - DRILL-HOLES CC0021-25R⁶

Drillhole	Intercept(m)	from(m)	to(m)	sulphide type	sulphide mineral percentage of rock	notes on sulphide
CC0021R	Void/Mined	31.5	33			
CC0022R	8	92	100	includes		Full width of mineralised interval: Massive sulphide
	1	92	93	massive	10-15% Chalcopyrite, 10-15% Pyrite, 5-10% pyrrhotite	
	4	110	114	semi-massive	5% Chalcopyrite, < 5% sphalerite, 5% Pyrite, 5% pyrrhotite	
CC0023R	18	40	58	includes		Full width of mineralised interval: Massive sulphide
	10	41	51	massive	15-30% Chalcopyrite, <5% sphalerite, 10-20% Pyrite, 10-20% pyrrhotite	
	2	56	58	massive	5-10% Chalcopyrite, <5% sphalerite, 10-15% pyrite, <5% pyrrhotite	
CC0024R	Void/Mined	31	33			
CC0025R	8	86	94	includes		Full width of mineralised interval: Semi-massive sulphide
	3	90	93	semi-massive	5-10% Chalcopyrite, < 5% sphalerite, 5% Pyrite, 5% pyrrhotite	
	2	104	106	disseminated	<5% Chalcopyrite, <5% Pyrite, < 5% pyrrhotite	

Note: Disseminated sulphides > 5%-10% sulphides; semi-massive 10% - 30% sulphides; and massive over 30% sulphides

Source: CCZ geology team and refer to Appendix A for Collar table

SIZEABLE MASSIVE SULPHIDE CONDUCTORS IDENTIFIED

Subsequent to quarter end on 8 October 2018, the Board advised the preliminary interpretations from the DHEM surveys undertaken at Volkhardts lode confirmed the presence of several sizeable conductors that are likely to comprise accumulations of massive sulphide mineralisation. More significantly, all readings to date indicate that there has been no conductive source material other than massive sulphides identified. Moreover, another notable positive is the massive sulphides intersected in CC0023R, which provide a reliable baseline, delivered excellent DHEM responses in-hole and from several adjacent drill-holes.

Further refinement and optimisation work must be undertaken by the geophysicist team before the interpretations can be finalised. However, from the preliminary work, the team have identified a priority massive sulphide conductor target for the diamond drill team to work on this week, weather permitting.

Scalable project

Demonstrating CCM's potential scale, several off-hole conductors that are not associated with known massive sulphide mineralisation have been identified. To gain a greater understanding of these anomalies the DHEM survey team will re-open and test several drill-holes from the Phase I campaign.

Another key target the DHEM survey team will investigate is an off-hole conductor plate associated with Anomaly B, which was identified when the fixed loop electromagnetic program was carried out earlier in the year. The key facts about Anomaly B are that it is sizeable, 250m in strike along the line of lode's western end and potentially highly mineralised.

By applying today's modern exploration techniques, especially DHEM survey, there is a significant opportunity to expedite broadening the geology team's understanding of the underlying high-grade ore body apparent at Cangai Copper Mine.

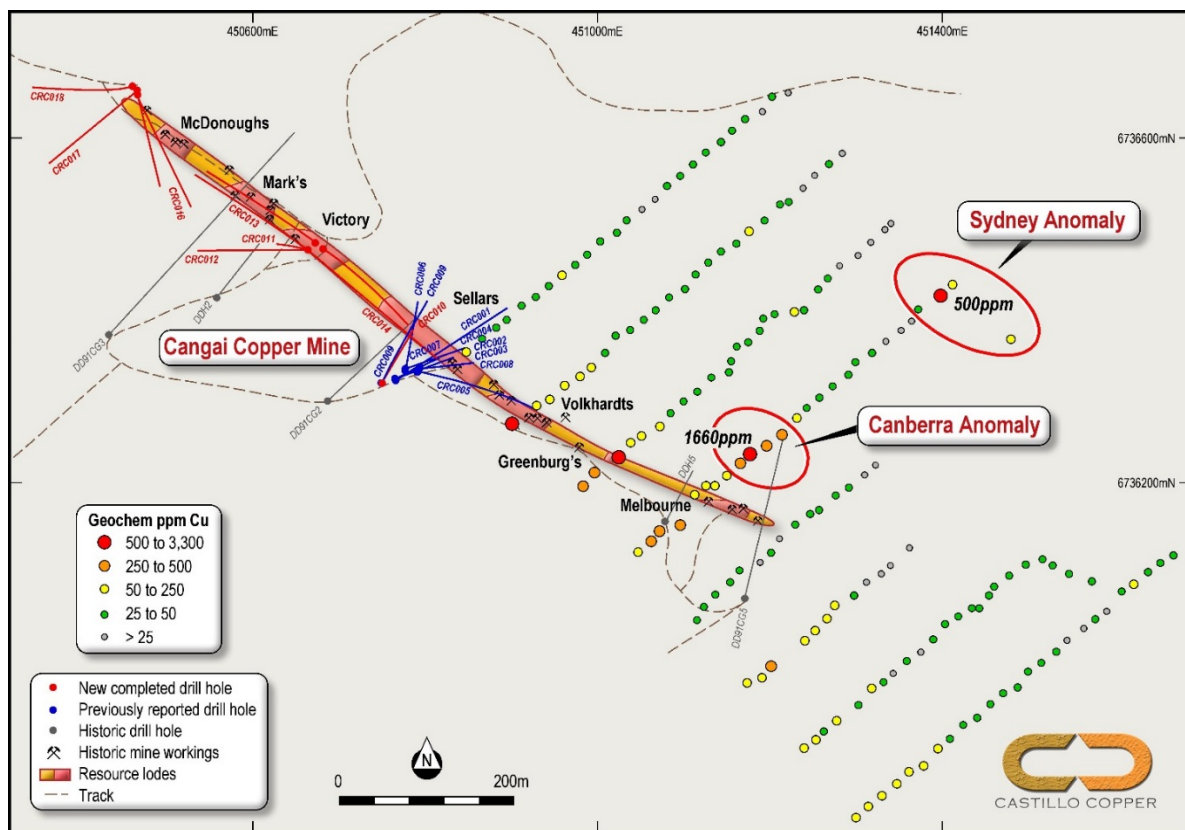
NORTH-EAST MINERALISED EXTENSION

An eastern front

Significant soil and rock-chip sampling work by the geology team uncovered a potential high-grade extension to known mineralisation at the eastern end of the line of lode. The team discovered two anomalies, named Canberra and Sydney, which had assay results from surface soil sampling at 1,660ppm Cu and 500ppm Cu respectively (Figure 3). Of these, the reading from the Canberra anomaly is a significant potential indicator of sub-surface mineralisation and will be prioritised for the next broader infill sampling program.

Incrementally, while mapping historic workings – including shafts, adits and trenches across the eastern portion of Cangai – several rock-chip samples were collected from mine tailings that were mineralised or gossanous. These were assayed and returned excellent readings up to 23.9% Cu and 55.5g/t Ag, which provides further supporting evidence there is a potential extension to the known mineralised footprint.

FIGURE 3: SYDNEY & CANBERRA ANOMALIES AT CANGAI EAST⁸



Source: CCZ geology team and refer to Appendix A for full details

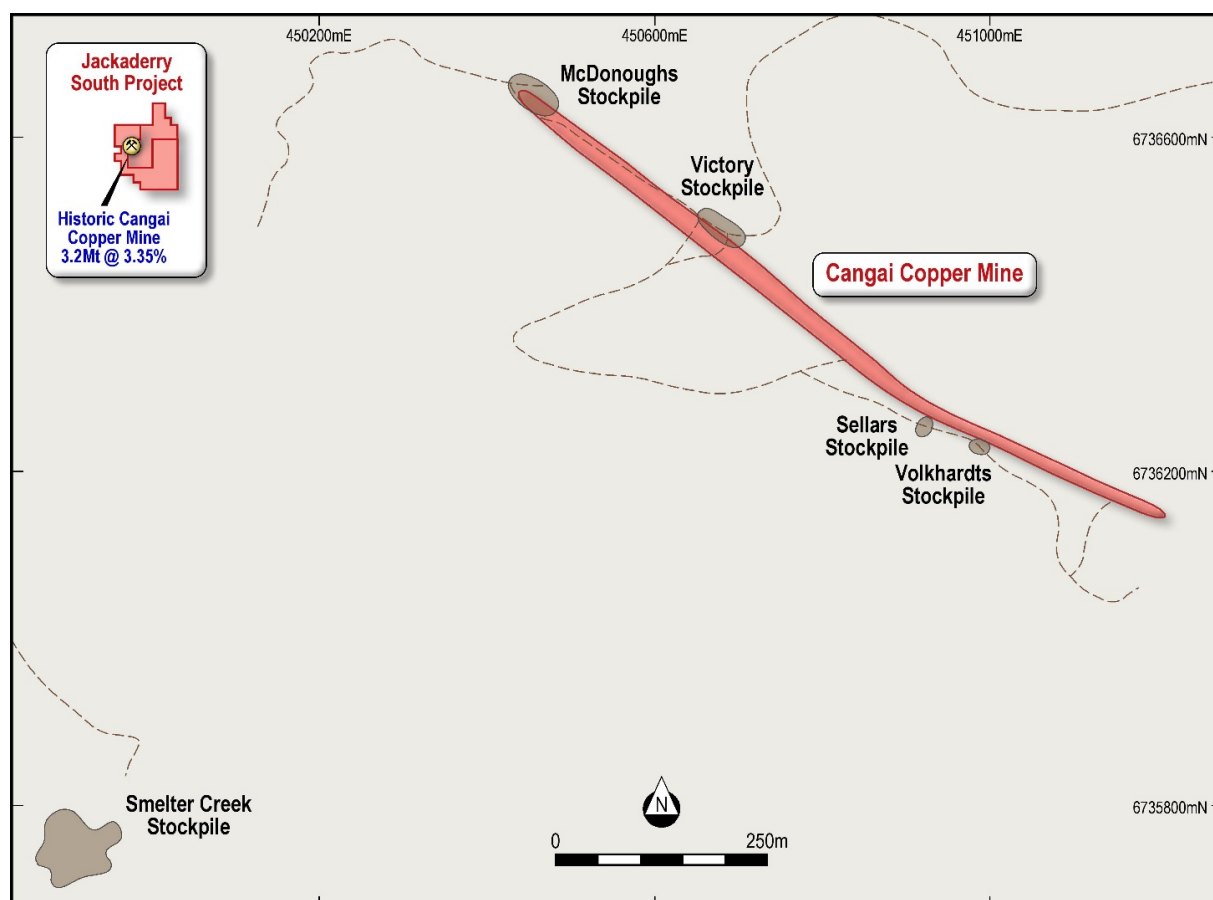
EXISTING STOCKPILES

During the quarter, on 2 August 2018, metallurgical test-work was carried out on ore from two separate McDonoughs stockpiles along the line of lode. Two composites formed from bulk samples taken from McDonoughs Portal and Shaft stockpiles along the line of lode were the focal point of metallurgical test-work in recent months.

Pleasingly, the test-work demonstrated the ore has beneficiated materially. Furthermore, results to date have confirmed solid copper concentrate recoveries that exceeded 80%, while the grade was up to 22% Cu and Co 300ppm.

Moving forward, CCZ is optimistic the copper concentrate recovery rates and grades may improve as further metallurgical test-work is conducted. More significantly, these results provide a key insight on copper recoveries and grades for the other historic stockpiles at CCM (Figure 4) yet to be analysed.

FIGURE 4: LEGACY STOCKPILES AT CANGAI COPPER MINE¹⁵



Source: CCZ geology team

Monetising legacy stockpiles

The geology team have approached the regulator for guidance on how to effectively and efficiently remove the stockpiles from site, so the economic benefits can be captured. The clear options are third party processing locally or a direct shipping ore product once regulatory clearance is secured.

Subsequent to the end of the quarter, as announced on 25 October 2018, CCZ signed a Memorandum of Understanding (MOU) with Noble Group to facilitate monetising legacy stockpiles at Cangai Copper Mine

Broken Hill

FORMULATING “AREA 1” DRILLING PROGRAM

New findings from initial field trip

During the field trip announced 28 June 2018, the geology team collected rock-chip samples from outcropping Himalaya Formation within “Area 1” which were sent to the laboratory for follow up analysis. On 31 July 2018, the Company advised, new elevated results up to 291ppm Co were confirmed, which is a clear significant indicator of underlying mineralisation.

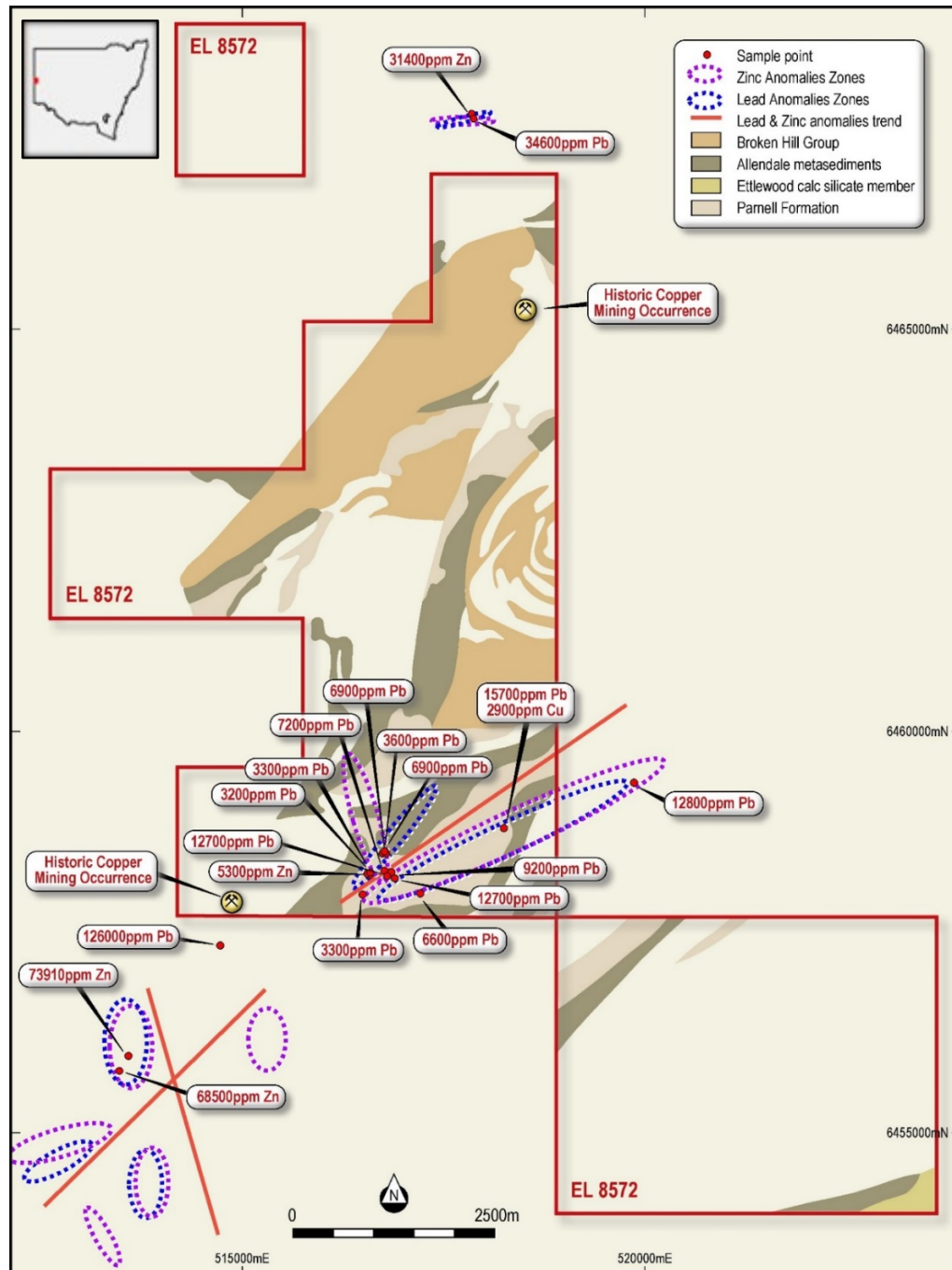
This result is one of the key reasons for formulating a drilling programme at “Area 1” to build up sufficient geological data to potentially model a JORC (2012) compliant Inferred Resource.

Secondary mineralisation potential

As a priority, the Broken Hill project's zinc-lead-copper potential is currently being targeted as a secondary focus within "Area 1", since historic geochemistry data highlights the prospectivity of Zn-Pb-Cu mineralisation.

Notably, historic geochemical assay results of up to 5,300ppm Zn, 12,800ppm Pb and 2,900ppm Cu have been confirmed within "Area 1" – southern portion. Meanwhile, outside the tenement and interpreted to strike along the same mineralisation trend, results up to 126,000ppm Pb and 73,910ppm Zn show the Broken Hill project's upside potential (Figure 5).

FIGURE 5: HISTORIC GEOCHEMICAL SAMPLES FOR PB, ZN AND CU³



Source: CCZ geology team refer to the accompanying JORC (2012) Code Table 1 for further details

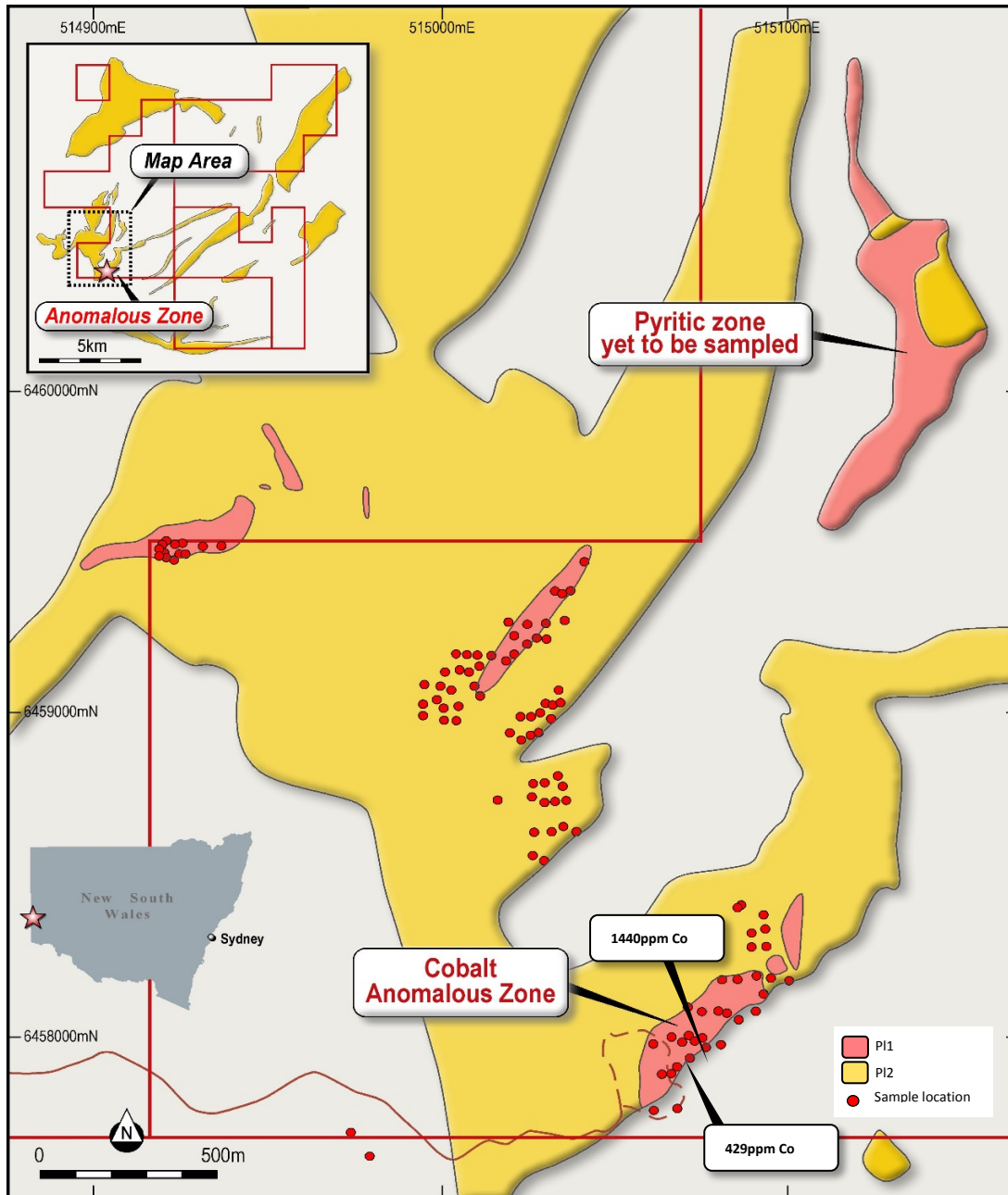
The area to the north of the tenement, which has a lower sample density, has recorded results up to 34,600ppm Pb and 31,400ppm Zn. This area is underpinned by the Broken Hill Group which includes the Allendale metasediments, Ettlewood Calc Silicate Member, Hores Gneiss, Parnell Formation and Silver King Metadolerites.

Rock chip assays – up to 1,440ppm Co, 23,700ppm Cu

A follow-up site visit by the geology team to the “Area 1” prospect, which is on the western border of the Broken Hill project, indicated the ground has potential for polymetallic mineralisation, warranting further scrutiny. Assays from 106 rock-chip samples from outcropping Himalaya Formation returned excellent results with up to 1,440ppm Co and 23,700ppm Cu within an anomalous zone within the “Area 1” prospect (Figure 7).

While the initial focus was cobalt, upon reflection, factoring in historic assay results - up to 17.7% Zn, 12% Cu, 8.2% Pb and 1,200ppm Co - and changing market dynamics, the Board has decided to broaden the focus to polymetallic mineralisation.

FIGURE 7: “AREA 1” WITHIN 117KM² BROKEN HILL TENURE¹²



Source: CCZ geology team and refer to Appendix A for further details

Polymetallic exploration upside

Notably, with less than 500 historic surface geochemistry samples located across CCZ's entire tenure (117km²), which remains largely underexplored, there is upside potential to discover ore-grade polymetallic mineralisation.

Queensland Projects

Although no material exploration was carried out on the Queensland tenements, during the quarter, Castillo was pleased to announce at a strategy meeting, the Board decided an optimal way to create value for shareholders from its two Queensland projects was to align with groups amenable to form joint-ventures.

On 25 July 2018, CCZ entered in to a proposed joint venture agreement with A-Cap Resources (ASX: ACB), which, subject to documentation currently being finalised, agreed to invest \$2.25m over the next two years to develop the Marlborough project in Queensland, is an optimal outcome. For CCZ, the benefit for is being free-carried for a 40%-stake in the project through to Bankable Feasibility Study with an experienced strategic partner with significant China end-user connections.

The directors continue to seek an appropriate experienced third party for the Mt Oxide project as outlined on the 10 August 2018 presentation.

Chilean Copper Projects

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

Corporate

Castillo Copper is currently involved in several financing discussions with prospective long-term, domestic and international strategic partners that include ASX200 companies and institutional investors. Funding options presently being explored cover the corporate and Cangai Copper Mine project levels. Though these discussions may not lead to a formal proposal, the Board has deemed it necessary to keep shareholders informed of these developments.

PHOTO GALLERY

PHOTO 1 & 2: GREEN DOUBLE & MELBOURNE ADITS IN CANGAI EAST



451090mE, 6736200mN MGA Zone 56
Source: CCZ geology team



451150mE, 6736170mN MGA Zone 56
Source: CCZ geology team

PHOTO 3 & 4: SHEAR ZONE AND GOSSAN SAMPLE



451150mE, 6736170mN MGA Zone 56
Source: CCZ geology team



451150mE, 6736170mN MGA Zone 56
Source: CCZ geology team

PHOTO 5 & 6: TOP AND GROUND VIEW - SHEAR ZONE AND GOSSAN SAMPLE



450900mE, 6736270mN MGA Zone 56
Source: CCZ geology team



450900mE, 6736270mN MGA Zone 56
Source: CCZ geology team

PHOTO 7: MARKS LODGE WHERE THE DHEM TEAM ARE TARGETING NEXT



Source: CCZ geology team

FIGURE 8: MCDONOUGH'S PORTAL STOCKPILE



450200mE 6736650mN
Source: CCZ geology team

FIGURE 9: METALLURGICAL TESTING⁴



Source: ALS

FIGURE 10: HIMALAYA FORMATION OUTCROPPING AT BROKEN HILL



Looking north-east, showing Himalaya Formation scree slope on southeast hillside slope. (Location: 515683mE 6457799mN)



Steeply east-dipping Himalaya Formation at the top of the hill (Location: 515670mE 6457916mN)

For and on behalf of Castillo Copper

Alan Armstrong

Executive Director

COMPETENT PERSON STATEMENT

The information in this document that relates to Exploration Results is based on, and fairly represents, information and supporting documentation prepared by Mr Peter Smith, BSc (Geophysics) (Sydney) AIG ASEG, who is a Member of The Australasian Institute of Geoscientists (AIG). Mr Smith has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves" (JORC Code). Mr Smith has approved and consented to the inclusion in this document 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 that's flagship project is the historic Cangai Copper Mine near Grafton in northeast NSW. The project comprises a volcanogenic massive sulphide ore deposit, with one of Australia's highest grade JORC compliant Inferred Resources for copper: 3.2Mt @ 3.35% (6 September 2017). In terms of contained metal, the Inferred Resource is 107,600t Cu, 11,900t Zn, 2.1Moz Ag and 82,900 Moz Au. A notable positive is the presence of supergene ore with up to 35% copper and 10% zinc which is ideal feedstock for direct shipping ore. Incrementally, the project holds five historic stock piles of high-grade ore located near Cangai Copper Mine.

In brief, CCZ's Australian assets are 100% owned and comprise four tenure groups detailed briefly as follows:

- **NSW assets:** Consists of two projects: 1) Cangai Copper and Cobalt, which includes the Cangai Copper Mine, is in an area highly prospective for copper-cobalt-zinc and made up of three tenements; and, 2) Broken Hill which consists of two contiguous tenements prospective for cobalt-zinc that are located within a 20km radius of Broken Hill and just north of Cobalt Blue's ground (ASX: COB).
- **Queensland assets:** Comprises two projects: 1) Mt Oxide made up of three prospects (two are contiguous) in the Mt Isa region, northwest Queensland, and are well known for copper-cobalt systems; and, 2) Marlborough which includes three prospects located north-west of Gladstone (adjacent to Queensland Nickel mining leases) in an area with proven high-grade cobalt-nickel systems.

Finally, CCZ' holds six exploration concessions in Chile.

ASX Announcements covered during the period include:

- 1) CCZ ASX Announcement dated 13 July 2018
- 2) CCZ ASX Announcement dated 25 July 2018
- 3) CCZ ASX Announcement dated 31 July 2018
- 4) CCZ ASX Announcement dated 2 August 2018
- 5) CCZ ASX Announcement dated 10 August 2018
- 6) CCZ ASX Announcement dated 20 August 2018
- 7) CCZ ASX Announcement dated 3 September 2018
- 8) CCZ ASX Announcement dated 10 September 2018
- 9) Investor Presentation - 12 September 2018
- 10) CCZ ASX Announcement dated 24 September 2018
- 11) CCZ ASX Announcement dated 28 September 2018
- 12) Annual Report to Shareholders 28 September 2018
- 13) CCZ ASX Announcement dated 8 October 2018
- 14) Notice of Annual General Meeting dated 24 October 2018
- 15) CCZ ASX Announcement dated 25 October 2018

**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%	-
EL8625	100%	-
EL8601	100%	-

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

MT OXIDE		
Mt Isa region, northwest Queensland		
Tenement ID	Ownership at end of Quarter	Change during the Quarter
EPM 26513	100%	Granted
EPM 26525	100%	-
EPM 26574	100%	-
EPM 26462	100%	-

MARLBOROUGH		
North-west of Gladstone		
Tenement ID	Ownership at end of Quarter	Change during the Quarter
EPM 26522	100%	Granted
EPM 26528	100%	-
EPM 26541	100%	-

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%	-

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	517
Broken Hill	89
Mt Oxide North	4
Marlborough	3
Huanta (Vicuna)	1
Total	614