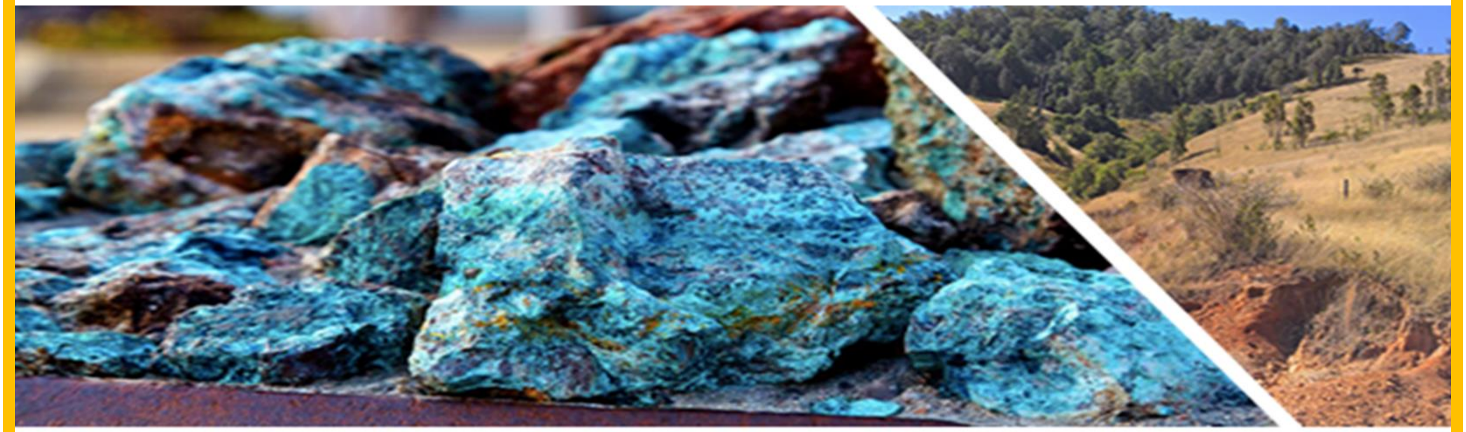
Castillo Copper Limited
30 June 2019 Annual Report

ABN 52 137 606 476



Corporate Directory

Directors
Robert Scott (Non-Executive Chairman)
Simon Paull (Managing Director)
Peter Smith (Non-Executive Director)
Gerrard (Ged) Hall (Non-Executive Director)

Company Secretary
Tim Slate

Registered Office and Principal Place of Business
Level 26
140 St Georges Terrace,
Perth, WA 6000 Australia
Telephone: + 618 6558 0886
Facsimile: + 618 6316 3337

Share Registry
Automic Registry Services Pty Ltd
Level 2
267 St Georges Terrace
PERTH WA 6000
Telephone: 1300 288 664

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

Contents

Chairman’s Address

Dear Shareholders,

Since assuming the Chairmanship in late June 2019, the Board has moved swiftly to continue re-shaping Castillo Copper’s strategic agenda. We remain focused on transforming Castillo Copper into a mid-tier copper group, anchored by three core pillars:

- *Cangai Copper Mine (NSW) – one of the highest grading historic copper mines in Australia;*
- *Mt Oxide Project (QLD) – home to a sizeable, untested, aero-electromagnetic anomaly; and*
- *Four prospective copper projects across the “Copperbelt” in Zambia.*

More significantly, thanks to the strong support of our UK-based corporate advisor, SI Capital, we are progressing a dual listing on the Standard Board of the London Stock Exchange which we hope to achieve during the fourth quarter of 2019.

My colleagues have shown determination to evolve this new strategy, whilst simultaneously amicably resolving complex issues with the NSW Resources Regulator and successfully negotiating the Enforceable Undertaking Agreement that paved the way for a positive resumption in trading in Castillo Copper’s shares on the stock exchange.

Moving forward, our focus will be on developing the projects in Australia and Zambia systematically to ensure we are best positioned to model an Inferred JORC (2012) Resource within 12-18 months.

It is with great pleasure that I welcome our new Managing Director, Simon Paull, and London-based Non-Executive Director, Ged Hall to the Board. Mr Paull, who is an experienced executive with many years’ in the mining sector in eastern Africa is charged with ensuring our strategy is optimally executed whilst, Mr Hall will focus on progressing the London listing and enhancing Castillo Copper’s profile with UK investors, who now feature on the share registry.

I’d like to thank my predecessor, Peter Meagher, who retired and Alan Armstrong who stepped down from the Board following his appointment to Chief Financial Officer.

Finally, I would like to thank our highly supportive legacy and new shareholders, fellow Board members & third-party service providers who have enabled Castillo Copper’s fortunes to be successfully turned around.

Rob Scott
Chairman

Perth, Western Australia
27 September 2019

Managing Director's Address

Dear Shareholders,

Having joined Castillo in mid-August 19, my focus has our revised strategic intent the Chairman has outlined.

To elaborate, Castillo Copper's vision is to evolve into a mid-tier copper group, through developing the three pillars across Australia and Zambia, with listings on the London and Australian stock exchanges. The Board is very confident this strategy is achievable, while ensuring it secures full alignment and support from all key stakeholders.

Across the three pillars, our near-term objective is to model at least one Inferred JORC (2012) Resource within 12-18 months.

Zambian pillar

Our projects in Zambia are prospective for copper mineralisation. However, the initial exploration focus will be on the Luanshya and Mkushi projects given their proximity to producing copper mines, with reconnaissance trips to our tenure near Lumwana and Mwansa to follow. In the months ahead, our in-country geology team will be undertaking multiple field trips to conduct geochemistry and geophysics in order to identify priority targets to drill test.

Australian pillars

For the Cangai Copper Mine, we expect to invite a few select geological consultancies to submit Expressions of Interest to carry out an economic scoping study to expand the resource size.

With regards the Mt Oxide project, all approvals to visit site have been secured, and the geology team will commence necessary fieldwork to identify the priority targets to test drill the aero-electromagnetic anomaly.

Funding & London listing

Through our UK-based corporate adviser, SI Capital, we have raised £300,000 (~A$537,000) before costs through Convertible Loan Notes, and will seek shareholder approval for a further £209,000 (~A$374000) of Convertible Loan Notes before costs, from Australian investors. In addition, we will be raising additional funds upon the completion of the London listing which will fund our exploration activities through 2020.

Moving forward, I look forward to delivering regular updates as the process of transforming Castillo Copper into a mid-tier copper group gains momentum.

Simon Paull
Managing Director

Perth, Western Australia
27 September 2019

The Directors of Castillo Copper Limited and its subsidiaries ("Castillo", "CCZ" or the "Group") submit the financial report of the Group for the year ended 30 June 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names, qualifications and experience of the Company's Directors in office during the year and until the date of this report are as follows. Directors were in office for the entire financial year unless otherwise stated.

Mr Robert Scott – appointed 13 December 2018

Non-Executive Chairman

Mr Scott has been on Sandfire Resources' Board since 2010 and has overseen the development and commercialisation of the world-class, high-grade Degrussa Copper-Gold Mine in Western Australia as well as its ongoing exploration commitment.

Current Board experience in the mining and energy sectors includes RTG Mining Inc which has advanced copper & gold exploration interests in the Philippines and Bougainville. Previously, he served on the Boards of CGA Mining Ltd (a major gold producer in the Philippines) and NASDAQ-listed, Lonestar Resources US Inc which is a Texas-based producer of shale oil.

Mr Scott is a Chartered Accountant with over 35 years' experience as a corporate advisor at major accounting firms. He retired as an international partner from Arthur Anderson to pursue Non-Executive Director roles. Mr Scott is a fellow of the Institute of Chartered Accountants, member of the Taxation Institute of Australia and of the Australian Institute of Company Directors.

Mr Simon Paull – appointed 23 August 2019

Managing Director

Mr Paull initially trained as an accountant in Perth then worked for short stint at BDO prior to moving into the mining services industry as a financial controller. In the mid-1990s, Mr Paull moved to Ghana in West Africa with ASX-listed Ausdrill to oversee the finance and administration functions.

In-mid-2000, Mr Paull moved to Tanzania with Sandvik, where he was subsequently promoted to MD east Africa, with responsibilities for nine countries including Kenya, Uganda, Ethiopia, Eritrea and Sudan that comprised 350 employees. This roll entailed significant travel across the region, coupled with successfully navigating local customs and cultures to achieve positive outcomes.

During his tenure, Sandvik's market share across the East African Market Area expanded 300%. In addition, Mr Paul was on Sandvik's regional African executive management team which oversaw a near doubling in revenues to US$1.2bn over 2006-11.

Upon returning to Perth in 2014, Mr Paull worked for Danish emergency services group, Falck, as CEO. A notable achievement during his four-year stint was to almost triple work on hand through expanding customer relationships and staying in front of changing market dynamics.

Mr Paull has a Masters in Commerce & MBA from the University of New England. In addition, Mr Paull holds memberships with of the Institute of Public Accountants & Australian Institute of Directors.

Mr Peter Smith

Non-Executive Director

Mr Smith is a geophysicist with 30 years' experience in base metal mineral exploration having worked for Normandy, Pasminco, BHP Billiton and several junior mining companies. He has held senior exploration manager roles, including Regional Exploration Manager Australia for Cliffs Natural Resources.

Reflecting his diverse experience, Mr Smith has worked on base metal projects in Africa, Australia, Philippines, Pakistan, USA and Peru. More importantly, he has managed projects through exploration, development then leading to production.

Mr Smith is a qualified Competent Person and has memberships with the Australian Society of Exploration Geophysicists and Australian Institute of Geoscientists (AIG). He obtained a Bachelor of Science from the University of Sydney.

Mr Gerrard (Ged) Hall – appointed 24 June 2019
Non-Executive Director
For the past several years, Mr Hall has been aligned with SI Capital, working as a director in corporate finance and broking division. Mr Hall's core responsibilities encompass managing corporate relationships, broadening the HNW client base and business development.

In a varied career, spanning circa 25 years, Mr Hall has gained considerable frontline and managerial experience across a broad spectrum of financial products, with notable institutions. From 1994-2004, he worked with JP Morgan then UBS, focused mostly on trading equity & treasury derivatives as a primary trader and on behalf of clients, generating significant alpha during this period.

Subsequently, Mr Hall spent six years in Bahrain, mostly with Saudi National Commercial Bank, as a Business Head of Asset Management & Treasury Products. Notably, he established the Structured Investment Product division and grew it into sub-business unit that generated US$20m in annual revenues within four years.

Upon returning to the UK in 2010, Mr Hall joined Barclays Wealth as a Head of Strategic Alliances for the MENA region. In this role, he negotiated distribution agreements with Middle East banks and expanded the footprint across the Gulf States and into Egypt primarily.

Following a two-year hiatus to complete post-graduate studies, Mr Hall established his own strategic management consultancy in mid-2013 and has undertaken engagements for blue-chip groups including BFC Bank, Northern Trust Natixis and HSBC.

Mr Hall has Bachelor of Arts, with honours, in Economics & Finance from the University of Greenwich as well as MBA and Masters of Science in Financial Management from Edinburgh Business School.

Mr Alan Armstrong – resigned 23 August 2019
Executive Director

Mr Peter Meagher – resigned 24 June 2019
Non-Executive Chairman

DIRECTORS' MEETINGS
During the financial year, in addition to regular Board discussions, the number of meetings of Directors held and the number of meetings attended by each director were as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Mr. Robert Scott	5	5
Mr. Simon Paull	-	-
Mr. Peter Smith	7	7
Mr. Gerrard Hall	-	-
Mr. Peter Meagher	7	7
Mr. Alan Armstrong	7	7

DIRECTORSHIPS IN OTHER LISTED ENTITIES

Directorships of other listed entities held by current Directors of the Company during the last 3 years immediately before the end of the year are as follows:

Director	Company	Period of Directorship From	To
Robert Scott	Sandfire Resources Limited RTG Mining Inc. Twenty Seven Co. Limited Resimac Group Limited Lonestar Resources Limited	30 July 2010 28 March 2013 12 April 2019 9 November 2000 30 October 1996	Current Current Current 26 November 2018 3 December 2016
Simon Paull	Nil		
Peter Smith	Nil		
Gerrard Hall	Nil		

COMPANY SECRETARY

On 6 May 2016, Mr. Tim Slate was appointed as Company Secretary. Mr. Slate is a Chartered Accountant, with over ten years' experience providing accounting and secretarial services to several private and public groups. He has memberships with the Governance Institute of Australia and Australian Institute of Company Directors, while he obtained a Bachelor of Commerce from the University of Western Australia.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and executives of Castillo Copper Limited in accordance with the requirements of the *Corporation Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any officer (whether executive or otherwise) of the Group.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Group does not link the nature and amount of the emoluments of such officers to the Group's financial or operational performance. The expected outcome of this remuneration structure is to retain and motivate Directors.

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter. Due to the current size of the Group and number of Directors, the Board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

The rewards for Directors have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted. The Group has no policy on executives and Directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

The table below shows the performance of the Group as measured by loss per share.

As at 30 June	2019	2018	2017	2016	2015
Net profit/(loss) before tax	(1,924,982)	(2,402,843)	(529,642)	(434,291)	(4,454,154)
Net profit/(loss) after tax	(1,924,982)	(2,402,843)	(529,642)	(434,291)	(4,454,154)
Share price at end of year	0.016	0.033	0.019	0.015	0.0033
Basic loss per share (cents per share)	(0.31)	(0.45)	(0.24)	(0.07)	(4.14)
Diluted loss per share (cents per share)	(0.31)	(0.45)	(0.24)	(0.07)	(4.14)
Return on Capital	(0.108)	(0.143)	(0.052)	(0.045)	(0.504)

Details of Remuneration

Details of Key Management Personnel

Mr. Robert Scott (Non-Executive Chairman) – appointed 13 December 2018

Mr. Simon Paull (Managing Director) – appointed 23 August 2019

Mr. Peter Smith (Non-Executive Director)

Mr. Gerrard Hall (Non-Executive Director) – appointed 24 June 2019

Mr. Alan Armstrong (Executive Director) – resigned 23 August 2019

Mr. Peter Meagher (Non-Executive Chairman) – resigned 24 June 2019

Details of the nature and amount of each element of the emolument of each Key Management Personnel of the Group for the financial year are as follows:

	Short term		Options	Post employment		
2019	Directors' Fees $	Consulting Fees $	Share-based Payments $	Superannuation $	Total $	Remuneration linked to performance %
Director						
Mr. Robert Scott	26,450	-	27,738	-	54,188	51.2
Mr. Simon Paull	-	-	-	-	-	-
Mr. Peter Smith	48,000	87,900	-	-	135,900	-
Mr. Gerrard Hall	-	-	-	-	-	-
Mr. Alan Armstrong	48,000	36,000	-	-	84,000	-
Mr. Peter Meagher	48,000	-	--	4,560	52,560	-
	170,450	**123,900**	**27,738**	**4,560**	**326,648**	**8.5**

[1] Mr. Robert Scott was appointed on 13 December 2018.
[2] Mr. Gerrard Hall was appointed on 24 June 2019
[3] Mr. Simon Paull was appointed on 23 August 2019
[4] Mr. Peter Meagher resigned on 24 June 2019
[5] Mr. Alan Armstrong resigned as a director on 23 August 2019 and was appointed Chief Financial Officer.

	Short term		Options	Post employment		
2018	Directors' Fees $	Consulting Fees $	Share-based Payments $	Superannuation $	Total $	Remuneration linked to performance %
Mr. Peter Meagher[1]	18,600	-	89,923	1,767	110,290	81.53
Mr. Alan Armstrong[2]	44,000	33,000	60,112	-	137,112	43.84
Mr. Peter Smith[3]	12,000	27,000	-	-	39,000	-
Mr. Neil Hutchison[2,4]	40,000	82,550	60,112	-	182,662	32.91
Mr. David Wheeler[5]	32,000	-	-	-	32,000	-
Mr. Joe Graziano[6]	4,000	-	-	-	4,000	-
Ms. Nicole Fernandes[6]	4,000	-	-	-	4,000	-
	154,600	**142,550**	**210,147**	**1,767**	**509,064**	**41.28**

[1] Mr. Peter Meagher was appointed on 12 February 2018.
[2].Mr. Alan Armstrong and Mr Neil Hutchison were appointed on 1 August 2017.
[3] Mr. Peter Smith was appointed on 27 March 2018.
[4] Mr. Neil Hutchison resigned on 27 March 2018.
[5] Mr. David Wheeler resigned on 12 February 2018
[6] Mr. Joe Graziano and Ms Nicole Fernandes resigned on 1 August 2017.

There were no other key management personnel of the Group during the financial years ended 30 June 2019 and 30 June 2018.

Service Agreements

Non-Executive Directors' remuneration

The aggregate remuneration for non-executive Directors has been set at an amount not to exceed $500,000 per annum. This amount may only be increased with the approval of Shareholders at a general meeting.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Options

On 1 February 2019, Mr Robert Scott was issued 5 million options exercisable at $0.05 each before 31 December 2023 in recognition of his services to the Company and to further incentivise his performance. These options were issued for nil cash consideration, were valued at $27,738 in total and were recognised as share-based payments for the year ended 30 June 2019.

No options have been granted since the end of the financial year.

Additional disclosures relating to key management personnel

Key Management Personnel Options

The number of options in the company held during the financial year ended 30 June 2019 by key management personnel of Castillo Copper Limited, including their personally related parties, is set out below.

	Balance at the start of the year	Balance at appointment	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at resignation	Balance at the end of the year
Mr. Robert Scott	-	-	5,000,000	-	-	-	5,000,000
Mr. Simon Paull	-	-	-	-	-	-	-
Mr. Peter Smith	-	-	-	-	-	-	-
Mr. Gerrard Hall	-	-	-	-	-	-	-
Mr. Alan Armstrong	3,000,000	-	-	-	-	-	3,000,000
Mr. Peter Meagher	5,000,000	-	-	-	-	5,000,000	-

Key Management Personnel Shareholdings

The number of shares in the company held during the financial year ended 30 June 2019 held by key management personnel of Castillo Copper Limited, including their personally related parties, is set out below.

	Balance at the start of the year	Balance at appointment	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at resignation	Balance at the end of the year
Mr. Robert Scott	-	-	-	-	-	-	-
Mr. Simon Paull	-	-	-	-	-	-	-
Mr. Peter Smith	-	-	-	-	-	-	-
Mr. Gerrard Hall	-	-	-	-	-	-	-
Mr. Alan Armstrong	850,000	-	-	-	-	-	850,000
Mr. Peter Meagher	-	594,827	-	-	-	594,827	-

Other transactions with key management personnel

Loup Solitaire Pty Ltd, a company of which Mr Armstrong is a director, charged the Group director's fees of $48,000 (2018: $44,000) and executive fees of $36,000 (2018: $33,000). There was $7,700 outstanding at 30 June 2019 ($Nil: 2018).

Yoda Consulting Pty Ltd, a company of which Mr. Smith is a director, charged the Group director's fees of $48,000 (2018: $12,000) and geological consulting fees of $87,900 (2018: $27,000). There was $11,950 outstanding at 30 June 2019 ($Nil: 2018).

Mr. Smith subscribed and paid for 500,000 Castillo shares at 2 cents per share, under the same terms as the placement, subject to shareholder approval. Shareholder approval was received on 29 January 2019, however the issue did not eventuate. There was $10,000 owing to Mr. Smith at 30 June 2019, which was repaid subsequent to year end.

Coverley Management Services Pty Ltd, a company of which Mr Scott is a director, charged the Group director's fees of $26,450 (2018: $Nil). There was $4,400 outstanding at 30 June 2019 ($Nil: 2018).

Transactions with key management personnel were made at arm's length at normal market prices and normal commercial terms. All remuneration amounts noted above are included in the remuneration table on page 5.

END OF REMUNERATION REPORT

INTERESTS IN THE SECURITIES OF THE GROUP

As at the date of this report, the interests of the Directors in the securities of Castillo Copper Limited were:

Director	Ordinary Shares	Unlisted Options
Mr. Robert Scott	-	5,000,000
Mr. Simon Paull	-	-
Mr. Peter Smith	-	-
Mr. Gerrard Hall	-	-
Mr. Alan Armstrong[1]	850,000	3,000,000
Mr. Peter Meagher[1]	594,827	5,000,000

Note 1: As at resignation

RESULTS OF OPERATIONS

The net loss of the Group for the year after income tax was $1,924,982 (2018: $2,402,843) and the net assets of the Group at 30 June 2019 were $4,858,927 (2018: $5,593,998).

DIVIDENDS

No dividend was paid or declared by the Group in the year and up to the date of this report.

CORPORATE STRUCTURE

Castillo Copper Limited is a company limited by shares that is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

During the financial year, the principal activity of the Group was mineral exploration and examination of new resource opportunities. The Group currently holds copper projects in Queensland and New South Wales in Australia as well as copper concessions in Chile.

EMPLOYEES

Other than the Directors, the Group had no employees at 30 June 2019 (2018:Nil).

REVIEW OF OPERATIONS

During the financial period, the principal activity of the Group was mineral exploration primarily focused on Cangai Copper Mine & Broken Hill in NSW. A strategic partner was brought into aid optimising the Marlborough project in Queensland, though this arrangement did not proceed.

CANGAI COPPER MINE – CORE PILLAR

To recap, in September 2017, the geology team announced a high-grade maiden JORC Inferred Resource, in unmined working sections, at 3.2Mt @ 3.35% Cu which implies circa 108,000t of contained copper. The overall results achieved from analysing then 3D modelling legacy data are solid and, moreover, when compared with Australian peers the underlying copper grade (3.35%) is relatively high.

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 sum exactly due to rounding. Cut-off grade used: 1.0% Cu with top-cut applied: 10.0% Cu.

In July 2018, the second drilling campaign, comprising 39-RC drill-holes, commenced. The program was designed to target supergene ore near legacy workings and known massive sulphide intersections identified in the inaugural drilling campaign.

The initial assays from the first five drill-holes of the program – announced in September 2018 – were excellent. They confirmed high-grade massive sulphide mineralisation apparent with up to 10.25% Cu, 6.04% Zn and 32.5g/t Ag. The standout intercept was:

- CC0023R: 11m @ 5.94% Cu; 2.45% Zn & 19.13g/t Ag from 40m incl:
  - 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

In October 2019, preliminary interpretations of the data from the down-hole electromagnetic (DHEM) surveys conducted at Volkardts lode identified several sizeable conductors, with massive sulphides the primary source. Further, demonstrating Cangai Copper Mine's potential scale, several off-hole conductors not associated with known mineralisation were identified.

In December 2018, following the completion of the inaugural diamond drilling campaign, returned assays demonstrated excellent mineralisation with up to 14.45% Cu, 5.93% Zn & 40.1g/t Ag recorded.

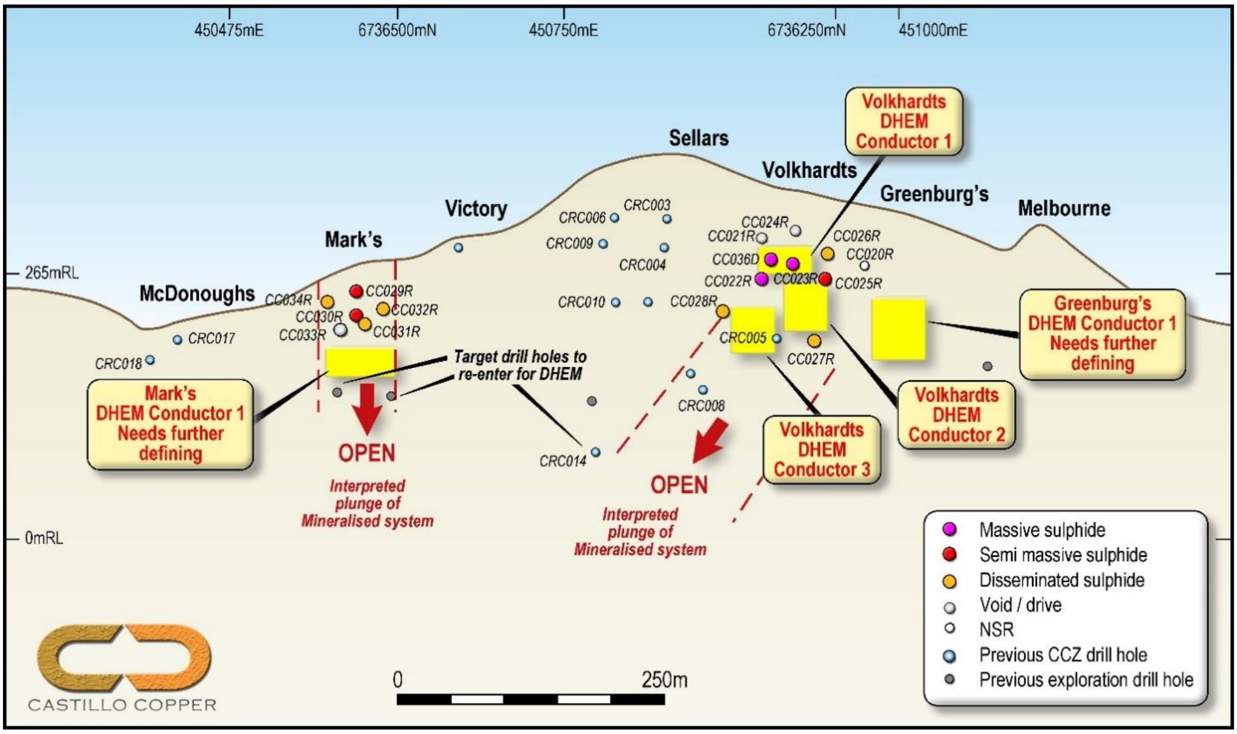
The best intersection was 4.39m @ 5.06% Cu, 2.56% Zn and 20.1 g/t Ag from 49.9m.

Overall, these results further demonstrate that Cangai Copper Mine is one of the highest grading historic copper deposits in Australia.

At the end of calendar 2018, after two RC and one diamond drill program, coupled with two DHEM surveys, the conclusion was that Cangai Copper Mine had several sizeable massive sulphide conductors open at depth.

Specifically, these conductors deliver incremental exploration upside and potential to extend the known orebody to demonstrate the scalability at Cangai Copper Mine.

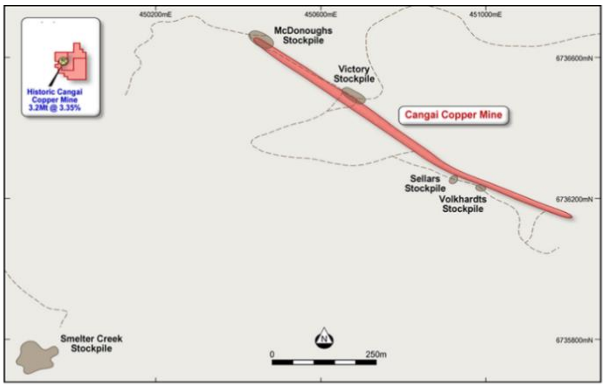
CANGAI COPPER MINE: DRILL-HOLES AND DHEM CONDUCTORS



During the period, Castillo Copper entered into an MOU off-take agreement with Noble Group for the historic stockpiles along the line of lode and adjacent to the old smelter. Subject to satisfactory assays and metallurgical test-work, the two parties have agreed to move to a binding off-take agreement for Noble to distribute up to 200,000t of copper concentrate.

Metallurgical test-work undertaken on samples from McDonoughs' stockpile demonstrated copper concentrate recoveries >80%, with grades upto 22%. Meanwhile, subsequent to the period close, the Board has received encouraging assay results for legacy stockpiles at Smelter Creek and along the line of lode, with head grades averaging 2.03% and 1.23% Cu respectively.

Further assay and test-work still needs to conducted before an agreement can be finalised with Noble Group.

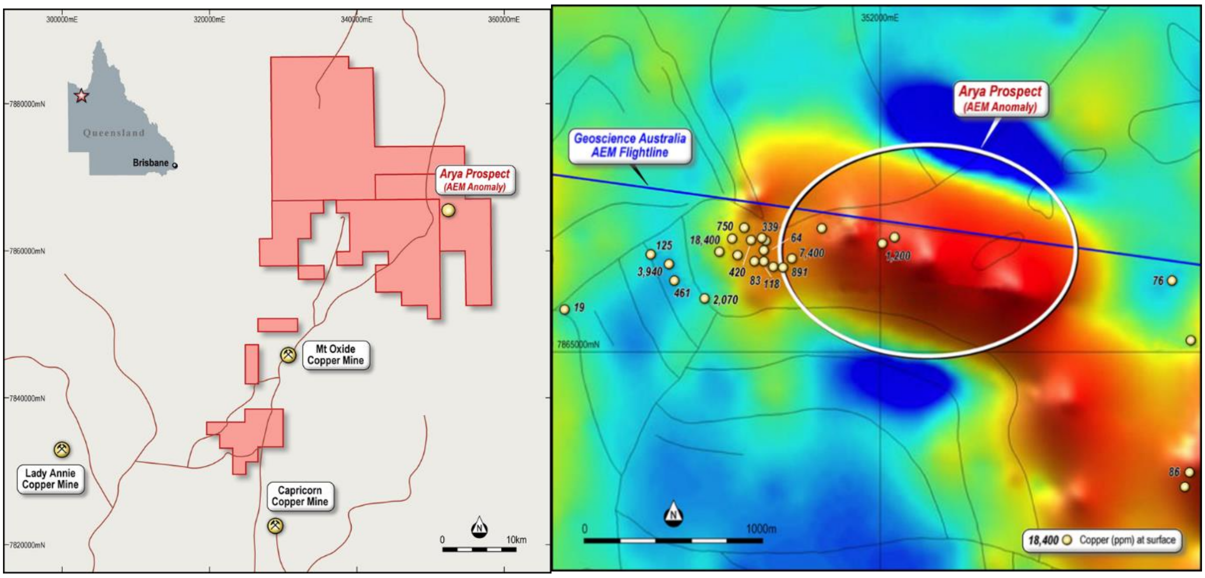


No exploration activities were carried out on Cangai Copper Mine during January – June 2019 period, however, Cangai remains a priority for Castillo and is one of Castillo's three core pillars as part of revised strategic intent to evolve into a mid-tier copper group.

MT OXIDE PROJECT, QUEENSLAND – CORE PILLAR

In mid-March 2019, Geoscience Australia released an aero-electromagnetic survey that highlighted a sizeable bedrock conductor in the eastern part of the Mt Oxide project area (circa 180km north of Mt Isa). Known as the Arya prospect, it is in a region with several known copper mines including Capricorn, Lady Annie and Mt Oxide.

MT OXIDE PROJECT & AERO-ELECTROMAGNETIC ANOMALY



More interestingly, BHP originally discovered the conductor and classified it as a priority target. Subsequent follow up work, comprising a ground survey, indicated the target was at a 300m depth and should be drilled. However, due to likely adverse movements in the base metal cycle, a drilling program and follow up investigation was never undertaken.

CCZ's geologist has conducted a preliminary review of available material and determined the anomaly is highly prospective for copper and delivers exploration upside. Notably, the anomaly is likely a downward extension of copper mineralisation identified at surface. In addition, rock-chips up to 1.84% Cu exist in up dip extensions to the main sulphide body potentially representing a structurally controlled copper deposit.

Subsequent to the period close, Mt Oxide was classified of one of Castillo's three core pillars.

BROKEN HILL PROJECT, NSW

Following a field trip to the "Area 1" prospect within the Broken Hill project in August 2019, rock chip assays – from samples taken from outcropping Himalaya Formation – returned up to 2.37% Cu, indicating the ground has possibilities for ore grade polymetallic mineralisation. Moreover, this finding is a clear nexus to historic assay results in the region – up to 17.7% Zn, 12% Cu and 8.2% Pb – which highlights the base metal potential.

Castillo will seek a strategic partner to fund developing the Broken Hill project on a free carried basis, due to its polymetallic potential.

MARLBOROUGH PROJECT, QUEENSLAND

On 25 July 2019, CCZ and A-Cap Resources (ASX: ACB) signed a binding Term Sheet to form a joint-venture to explore the highly prospective Ni-Co Marlborough project, near Rockhampton in north-east Queensland. Under the terms of the agreement, ACB would invest $2.25m over two years to fund exploration activities – up to completing the bankable feasibility study stage – to earn 60% interest in the Marlborough project, with CCZ free-carried with 40%.

However, in January 2019, A-Cap Resources withdrew from the agreement. Subsequently, the Castillo relinquished the Marlborough project tenements in July 2019.

CHILEAN COPPER PROJECTS

With the focus moving to Zambian copper projects, the Company will relinquish its Chilean assets.

Corporate

1. During the year, Castillo entered into a Heads of Agreement to acquire Zed Copper Pty Ltd ("Zed") (ACN 634 154 331). Under the terms of the agreement, subject to completion of due diligence and all conditions precedent being satisfied, CCZ will acquire 100% of the issued capital of Zed, a minerals explorer that holds the exclusive rights to acquire five highly-prospective assets in the Lufilian Arc region in Zambia (Figure 1) covering 1,050km2 (the "Acquisition").

   In consideration for entering into transaction and proceeding with the Acquisition, CCZ will pay the Vendors the following:

   - $25,000 upon executing the binding Heads of Agreement; and
   - $25,000 upon executing the Share Sale Agreement

   On completion of the Acquisition and in accordance with the terms of the Share Sale Agreement, CCZ will issue to the Vendors in their respective proportions:

   A. 31,250,000 fully paid ordinary shares;

   B. 46,875,000 performance shares, converting to an equal number of CCZ shares on delineation of a JORC resource of 200,000 tonnes of contained copper at a minimum grade of 0.5% within 5 years of execution of the Share Sale Agreement; and;

   C. 46,875,000 performance shares, converting to an equal number of CCZ shares on completion of a pre-feasibility study demonstrating an internal rate of return greater than 25% within 5 years of execution of the Share Sale Agreement.

   The performance shares will be subject to prior approval by the ASX.

   In addition, the Vendors will be entitled to a 2% net smelter return royalty on the sale of concentrates from the projects.

   At the date of this report, this acquisition had not been finalised.

2. On 12 December 2018, CCZ issued 61.5m shares to sophisticated and professional investors at 2 cents per share, with one free 3-year option for every share subscribed for exercisable at 5 cents (Placement). This raised $1.23m (before costs) to continue developing the NSW projects primarily.

3. During the period, the Group entered into a share-based payment arrangement with director Robert Scott to issue 5,000,000 options exercisable at $0.05 on or before 31 December 2023 as part of his remuneration and Hartleys Limited (or their nominees) to issue 15,000,000 exercisable at $0.05 on or before 3 years from the date of issue for broker services rendered in relation to the Placement. These options were subject to shareholder approval, which was obtained on 29 January 2019.

4. On 23 August 2019, CCZ announced, that subject to shareholder approval, it would issue the following options, to acquire CCZ shares, to directors at an exercise price of $0.05 and expiring on 31 December 2023, as part of their remuneration:

   - Mr Simon Paull – 6 million;
   - Mr Gerrard Hall – 3 million; and
   - Mr Peter Smith – 3 million.

5. On 27 August 2019, CCZ completed a raising of GBP£300,000 (circa A$537,000) pre-costs from UK investors via its corporate advisor SI Capital through the issue of convertible loan notes. Furthermore, CCZ advised it would seek shareholder approval to raise an additional GBP£209,000 (circa A$374,000) pre-costs from sophisticated investors under the same terms. Key terms of the convertible loan notes are set out below:

Maturity	3 August 2020
Face value	AUD 0.02
Conversion price	The higher of AUD 0.012 OR 90% of 10 days VWAP
Interest	10% pa (accrued daily)
Warrants	1 for 1 upon conversion
Warrant expiration	1 August 2022
Warrant strike price	AUD 0.05 or GBP 0.02793
Fixed exchange rate	1.79 GBP/AUD

On 27 September 2019, CCZ issued 34,811,255 fully paid ordinary shares and 34,811,255 unlisted options exercisable at $0.05 on or before 1 August 2022 following the early conversion of all of the convertible notes.

6. On 27 September 2019, CCZ announced, that subject to shareholder approval, it would issue 3,000,000 options, to acquire CCZ shares, to SI Capital at an exercise price of $0.05 and expiring on 31 December 2023, as consideration for broker services provided.

Board Changes

On 1 December 2018, Mr Robert Scott was appointed as Non-Executive Director.

On 24 June 2019, Mr Gerrard Hall was appointed as Non-Executive Director, Mr Peter Meagher resigned from his position as Non-Executive Chairman and Mr Robert Scott was appointed as Non-Executive Chairman.

Subsequent to year end on 23 August 2019, Mr Simon Paull was appointed as Managing Director and Mr Alan Armstrong resigned from his position as Executive Director following his appointment as Chief Financial Officer.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the year, other than as outlined elsewhere in this report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Other than as set out in the Review of Operations, there were no known material significant events from the end of the financial year to the date of this report that have significantly affected, or may significantly affect the operations of the Group, the results of those operafauidtions, or the state of affairs of the Group in future financial periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Company are set out in the above review of operations. Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors, to do so would be likely to prejudice the business activities of the Group and is dependent upon the results of future exploration and evaluation.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The operations of the Group are presently subject to environmental regulation under the laws of the Commonwealth of Australia and the States of Queensland and New South Wales and the Republic of Chile. The Group is, to the best of its knowledge, at all times in full environmental compliance with the conditions of its licenses.

SHARE OPTIONS

As at balance date and the date of this report, there were 139,311,255 unissued ordinary shares under options (104,500,000 at the reporting date). The details of the unlisted options at the date of this report are as follows:

Number	Exercise Price $	Expiry Date
42,500,000	0.065	24 October 2019
10,000,000	0.03	30 June 2020
15,000,000	0.03	5 July 2020
15,000,000	0.05	1 February 2022
5,000,000	0.10	31 December 2023
17,000,000	0.10	31 December 2023
34,811,255	0.05	1 August 2022

No option holder has any right under the options to participate in any other share issue of the Group or any other entity.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group has made an agreement indemnifying all the Directors and Officers of the Group against all losses or liabilities incurred by each Director or Officer in their capacity as Directors or Officers of the Group to the extent permitted by the Corporation Act 2001. The indemnification specifically excludes wilful acts of negligence. The Group paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Group. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as Officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of the court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Castillo Copper Limited support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Castillo Copper is in compliance with those guidelines to the extent possible, which are of importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost effective corporate governance policy for the Group. The Group's Corporate Governance Statement and disclosures are contained elsewhere in the annual report.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Group's auditors to provide the Directors of Castillo Copper Limited with an Independence Declaration in relation to the audit of the financial report. A copy of that declaration is included on page 47.

There were no non-audit services provided by the Group's auditor.

Signed in accordance with a resolution of the Directors.
On behalf of the Directors.

Simon Paull

Managing Director

27 September 2019

Competent Person's Statement

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Peter Smith, a Competent Person who is a Member of The Australian Institute of Geoscientists. Peter Smith is employed by Castillo Copper Pty Ltd.

Peter Smith 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'. Peter Smith consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2019

	Notes	2019 $	2018 $
REVENUE			
Interest received		2,197	7,906
Other income		2,716	-
TOTAL REVENUE		**4,913**	**7,906**
Listing and public company expenses		(89,204)	(72,656)
Accounting and audit expenses		(170,623)	(149,018)
Consulting and Directors' fees		(343,178)	(388,091)
Impairment of tenements under application	8	-	(1,072,026)
Impairment of deferred exploration and evaluation expenditure	7	(976,819)	(31,632)
Share based payments		(27,738)	(434,993)
Other expenses	4	(322,332)	(262,333)
LOSS BEFORE INCOME TAX EXPENSE		**(1,924,982)**	**(2,402,843)**
Income tax expense	5		-
LOSS AFTER INCOME TAX EXPENSE		**(1,924,982)**	**(2,402,843)**
OTHER COMPREHENSIVE INCOME			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation		7,173	1,171
TOTAL OTHER COMPREHENSIVE INCOME		**7,173**	**1,171**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(1,917,809)**	**(2,401,672)**
Basic and diluted loss per share (cents per share)	14	(0.31)	(0.45)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

as at 30 June 2019

	Notes	2019	2018
		$	**$**
CURRENT ASSETS			
Cash and cash equivalents	13	177,972	1,710,498
Other receivables	6	21,933	62,984
TOTAL CURRENT ASSETS		**199,905**	**1,773,482**
NON-CURRENT ASSETS			
Other receivables	6	106,100	20,000
Deferred exploration and evaluation expenditure	7	4,777,776	3,978,765
Other non-current assets	8	25,000	-
TOTAL NON-CURRENT ASSETS		**4,908,876**	**3,998,765**
TOTAL ASSETS		**5,108,781**	**5,772,247**
CURRENT LIABILITIES			
Trade and other payables	9	128,764	178,249
Rehabilitation provision	10	121,090	-
TOTAL CURRENT LIABILITIES		**249,854**	**178,249**
TOTAL LIABILITIES		**249,854**	**178,249**
NET ASSETS		**4,858,927**	**5,593,998**
EQUITY			
Issued capital	11	17,870,979	16,767,910
Reserves	12	2,900,245	2,813,403
Accumulated losses		(15,912,297)	(13,987,315)
TOTAL EQUITY		**4,858,927**	**5,593,998**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2019

	Issued capital $	Share based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	Total $
Balance at 1 July 2018	**16,767,910**	**2,943,901**	**(130,498)**	**(13,987,315)**	**5,593,998**
Loss for the year	-	-	-	(1,924,982)	**(1,924,982)**
Other comprehensive loss	-	-	7,173		**7,173**
Total comprehensive loss	**-**	**-**	**7,173**	**(1,924,982)**	**(1,917,809)**
Transactions with owners in their capacity as owners					
Shares issued to sophisticated investors	1,230,000	-	-	-	**1,230,000**
Share based payments	-	27,738	-	-	**27,738**
Share issue costs	(126,931)	51,931			**(75,000)**
Balance as at 30 June 2019	**17,870,979**	**3,023,570**	**(123,325)**	**(15,912,297)**	**4,858,927**
Balance at 1 July 2017	**10,224,25**	**1,824,808**	**(131,669)**	**(11,584,472)**	**332,921**
Loss for the year	-	-	-	(2,402,843)	**(2,402,843)**
Other comprehensive income	**-**	**-**	1,171	-	**1,171**
Total comprehensive loss	**-**	**-**	**1,171**	**(2,402,843)**	**(2,401,672)**
Transactions with owners in their capacity as owners					
Shares issued to sophisticated	4,400,000	-	-	-	4,400,000
Shares issued per QComm acquisition	1,150,000	-	-	-	1,150,000
Shares issued per Total Minerals	1,265,000	-	-	-	1,265,000
Shares issued per Total Iron acquisition	450,000	-	-	-	450,000
Shares issued to advisors and vendors	98,000		-	-	98,000
Shares issued to consultants	16,500				16,500
Share based payments	-	389,993	-	-	389,993
Share issue costs	(835,844)	729,100	-	-	(106,744)
Balance as at 30 June 2018	**16,767,910**	**2,943,901**	**(130,498)**	**(13,987,315)**	**5,593,998**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2019

	Notes	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		2,197	7,906
Payments to suppliers and employees		(887,103)	(902,666)
NET CASH USED IN OPERATING ACTIVITIES	13	**(884,906)**	**(894,760)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Tenement expenditure guarantees		(86,100)	-
Proceeds from sale of plant and equipment		2,716	-
Payments for subsidiaries		(25,000)	(200,000)
Exploration and evaluation expenditure		(1,704,236)	(1,431,084)
NET CASH USED IN INVESTING ACTIVITIES		**(1,812,620)**	**(1,627,307)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue	11	1,230,000	4,400,000
Prepayment for issue of shares		10,000	
Share issue costs	11	(75,000)	(226,147)
NET CASH FROM FINANCING ACTIVITIES		**1,165,000**	**4,173,853**
Net (decrease) / increase in cash and cash equivalents		(1,532,526)	1,651,786
Cash and cash equivalents at beginning of year		**1,710,498**	58,712
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	13	**177,972**	**1,710,498**

The accompanying notes form part of these financial statements.

1. Corporate Information

The financial report of Castillo Copper Limited and its subsidiaries ("Castillo Copper" or "the Group") for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 27 September 2019.

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 the principal activities of the Group are described in the Directors' Report.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on an accrual basis and is based on historical costs. Material accounting policies adopted in preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The presentation currency is Australian dollars.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(c) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

A number of new or amended standards became applicable for the current reporting period and the Group was required to change its accounting policies as a result of the adoption of AASB 9 *Financial Instruments.*

The impact of the adoption of this standard and the new accounting policies are disclosed in below. The impact of the news standards adopted by the Group, has not had a material impact on the amounts presented in the Group's financial statements.

<u>AASB 9 Financial Instruments – Impact of Adoption</u>

Impairment of financial assets

The Group's financial assets are subject to AASB 9's new expected credit loss model.

(c) Adoption of new and revised standards (cont.)

Under AASB 9, the Group was required to revise the impairment methodology used in the calculation of its provision for doubtful debts to the expected credit loss model. This change in methodology has not had a material impact on the financial statements. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Classification

From 1 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss)
- those to be measured at amortised cost.

The classification depends on how the Group manages the financial assets and the contractual terms of the cash flows. At year end, all of the Group's financial assets have been classified as those to be measured at amortised cost or at fair value through profit or loss.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Impairment

From 1 July 2018, the Group assesses expected credit losses associated on a forward-looking basis. For receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2019. Those which may have a material impact on the Group are set out below.

AASB 16 Leases

AASB 16 replaces AASB 117 *Leases*. AASB 16 removes the classification of leases as either operating leases of finance leases-for the lessee – effectively treating all leases as finance leases.

AASB 16 is applicable to annual reporting periods beginning on or after 1 January 2019.

Impact on operating leases

AASB 16 will change how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet. On initial application of AASB 16, for all leases (except as noted below), the Group will:

- Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments.
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss.
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

(c) Adoption of new and revised standards (cont.)

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under AASB 16, right-of-use assets will be tested for impairment in accordance with AASB 136 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by AASB 16. The adoption of AASB 16 will not have a material impact on the financial statements.

(d) 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 for the year ended 30 June 2019 of $1,924,982 and experienced net cash outflows from operating activities of $884,906, net cash outflows from investing activities of $1,812,620 and net cash inflows from financing activities of $1,165,000. At 30 June 2019, the Group had a net asset position of $4,858,927. The cash and cash equivalents balance at 30 June 2019 was $177,972.

On 27 August 2019, CCZ completed a raising of GBP£300,000 (circa A$537,000) pre-costs from UK investors via its corporate advisor SI Capital through the issue of convertible loan notes. Furthermore, CCZ advised it would seek shareholder approval to raise an additional GBP£150,000 (circa A$268,000) pre-costs from sophisticated investors under the same terms.

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 able to secure funds to meet its commitments.

There are a number of inherent uncertainties relating to the Group's future plans including but not limited to:

- whether the Company will be able to raise equity in this current market; and
- whether the Group would be able to secure any other sources of funding.

Accordingly, 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.

(e) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Castillo Cooper Limited and its subsidiaries as at 30 June each year ('the Company').

Subsidiaries are all those entities (including special purpose entities) over which the Company has control. The Company controls an entity when the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-company transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Company and cease to be consolidated from the date on which control is transferred out of the Company.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

(f) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of Castillo Cooper Limited is Australian dollars. The functional currency of the Chilean subsidiary is Chilean Peso.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(f) Foreign Currency Translation (cont.)

(iii) Group entities

The results and financial position of all the Company entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to foreign currency translation reserve.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, as part of the gain or loss on sale where applicable.

(g) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenditure is charged to the statement of comprehensive income during the financial period in which it is incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Furniture, Fixtures and Fittings	10%
Computer and software	20% - 35%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Derecognition

Additions of plant and equipment are derecognised upon disposal or when no further future economic benefits are expected from their use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the statement of comprehensive income.

(h) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(i) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

(i) Exploration and evaluation expenditure (cont.)

Expenditure which fails to meet the conditions outlined above is impaired; furthermore, the Directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 6 Exploration for and evaluation of mineral resources. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to in AASB 6 is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Group's rights of tenure to that area of interest are current.

(j) Trade and Other Receivables

Trade receivables, which generally have 30 – 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Furthermore, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime leases to be recognised from initial recognition of the receivables. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term, discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(k) Cash and Cash Equivalents

Cash and short term deposits in the statement of financial position include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as current liabilities in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Restoration and rehabilitation

Refer to Note 2(n) for the Group's policy in respect of restoration and rehabilitation.

(m) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

(m) Critical accounting estimates and judgements (cont)

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model, using the assumptions detailed in note 11.

Functional currency translation reserve

Under the Accounting Standards, each entity within the Group is required to determine its functional currency, which is the currency of the primary economic environment in which the entity operates. Management considers the Chilean subsidiary to be foreign operations with Chilean Peso as the functional currency. In arriving at this determination, management has given priority to the currency that influences the labour, materials and other costs of exploration activities as they consider this to be a primary indicator of the functional currency.

Rehabilitation provision

The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

(n) Rehabilitation provision

A provision for rehabilitation and restoration is recognised when there is a present obligation as a result of activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

(o) Income Tax

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained. Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

(p) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(r) Earnings / loss per share

Basic earnings / loss per share

Basic earnings / loss per share is calculated by dividing the profit/loss attributable to equity holders of the Group, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

(r) Earnings / loss per share (cont)

Diluted earnings / loss per share

Diluted earnings / loss per share is calculated as net profit/loss attributable to members of the Group, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

(s) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(t) Trade and other payables

Liabilities for trade creditors and other amounts are measured at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the Group.

(u) Share-based payment transactions

The Group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the Group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares (‘equity settled transactions’).

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 22.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Castillo Copper Limited (‘market conditions’).

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (‘vesting date’).

(u) Share-based payment transactions (cont)

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share (see note 14).

(v) Comparative information

When required by Accounting Standards, comparative information has been reclassified to be consistent with the presentation in the current year.

(w) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(x) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(x) Fair value measurement (cont)

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(y) Parent entity financial information

The financial information for the parent entity, Castillo Copper Limited, disclosed in Note 18 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

3. Segment Information

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 is consistent with the information provided in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated 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.

4. Other expenses

	2019	2018
	$	$
Travel and accommodation	59,305	64,730
Legal	116,432	51,081
Other	146,595	146,522
Total other expenses	322,332	262,333

5. Income Tax

(a) Income tax expense

Major component of tax expense for the year:

Current tax	-	-
Deferred tax	-	-
	-	-

(b) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting result before income tax multiplied by the Group's applicable tax rate is as follows:

Loss from continuing operations before income tax expense	(1,924,982)	(2,402,843)
Tax at the company rate of 27.5% (PY: 27.5%)	(529,370)	(660,782)
Income tax benefit not bought to account	529,370	660,782
Income tax expense	-	-

The following deferred tax balances have not been bought to account:

	2019	2018
Assets	$	$
Total losses available to offset against future taxable income	6,007,944	5,265,811
Total accrued expenses	19,986	38,350
Total share issue costs deductible over five years	13,428	49,752
Deferred tax liability on capitalised exploration costs	(407,831)	(1,045,810)
Deferred tax assets not brought to account as realisation is not regarded as probable	(5,657,413)	(4,294,535)
Deferred tax asset recognised	-	-

5 Income Tax (cont)

	2019 $	2018 $
(d) Unused tax losses		
Unused tax losses	20,572,409	15,616,491
Potential tax benefit not recognised at 27.5% (PY: 27.5%)	5,657,413	4,294,535

The benefit for tax losses will only be obtained if:

(i) the Group derives future assessable income in Australia and Chile of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia and Chile; and

(iii) no changes in tax legislation in Australia and Chile, adversely affect the Group in realising the benefit from the deductions for the losses.

6. Other Receivables

	2019	2018
Current		
GST/VAT receivable	16,460	58,363
Other	5,473	4,621
	21,933	**62,984**
Non-Current		
Tenement guarantees	**106,100**	**20,000**

There are no current tenement guarantees.

7. Deferred Exploration and Evaluation Expenditure

	2019	2018
Exploration and evaluation phase:		
Opening balance	3,978,765	-
Exploration and evaluation expenditure assumed on acquisition of subsidiaries[1]	-	2,527,374
Exploration and evaluation expenditure during the period	1,654,740	1,483,023
Rehabilitation capitalised against asset	121,090	-
Impairment[2]	(976,819)	(31,632)
Closing balance	**4,777,776**	**3,978,765**

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploration or sale of respective areas.

[1]Expenditure accrued in the prior year in respect of the acquisition of Qld Commodities Pty Ltd, Total Minerals Pty Ltd and Total Iron Pty Ltd.

[2]These impairments relate predominantly to the Broke Hill project as the Directors do not plan to expend further funds on this project.

8. Other non-current assets

	2019	2018
	$	**$**
Initial consideration – acquisition of Zed Copper Pty Ltd	25,000	-
	25,000	**-**

During the year, Castillo entered into a Heads of Agreement to acquire Zed Copper Pty Ltd ("Zed") (ACN 634 154 331). Under the terms of the agreement, subject to completion of due diligence and all conditions precedent being satisfied, CCZ will acquire 100% of the issued capital of Zed, a minerals explorer that holds the exclusive rights to acquire five highly-prospective assets in the Lufilian Arc region in Zambia (Figure 1) covering 1,050km2 (the "Acquisition").

In consideration for entering into transaction and proceeding with the Acquisition, CCZ will pay the Vendors the following:

- $25,000 upon executing the binding Heads of Agreement; and
- $25,000 upon executing the Share Sale Agreement

On completion of the Acquisition and in accordance with the terms of the Share Sale Agreement, CCZ will issue to the Vendors in their respective proportions:

D. 31,250,000 fully paid ordinary shares;

E. 46,875,000 performance shares, converting to an equal number of CCZ shares on delineation of a JORC resource of 200,000 tonnes of contained copper at a minimum grade of 0.5% within 5 years of execution of the Share Sale Agreement; and;

F. 46,875,000 performance shares, converting to an equal number of CCZ shares on completion of a pre-feasibility study demonstrating an internal rate of return greater than 25% within 5 years of execution of the Share Sale Agreement.

The performance shares will be subject to prior approval by the ASX.

In addition, the Vendors will be entitled to a 2% net smelter return royalty on the sale of concentrates from the projects.

At the date of this report, this acquisition has not been finalised.

9. Trade and other payables

	2019	2018
Current	**$**	**$**
Trade and other payables	46,089	38,794
Accruals	72,675	139,454
Prepayment for unissued share capital[1]	10,000	-
	128,764	**178,249**

[1]Castillo received payment for the subscription to 500,000 Castillo shares at 2 cents per share, under the same terms as the Placement, subject to shareholder approval. Shareholder approval was received on 29 January 2019, the issue did not eventuate. The amount was repaid subsequent to year end.

Trade and other payables are non-interest bearing and payable on demand. Due to their short-term nature, the carrying value of trade and other payables is assumed to approximate their fair value.

10. Rehabilitation Provision

	2019	2018
	$	$
Rehabilitation provision	121,090	-
	121,090	**-**

Rehabilitation provision		
Opening balance	-	-
Provided during the year	121,090	-
Closing balance	**121,090**	**-**

11. Issued Capital

	2019	2018
(a) Issued and paid up capital	$	$
Ordinary shares fully paid	**17,870,979**	**16,767,910**

	2019		2018	
	Number of shares	**$**	**Number of shares**	**$**
(b) Movements in ordinary shares on issue				
Opening balance	580,094,475	16,767,910	254,832,218	10,224,254
Shares issued to sophisticated investors	61,500,000	1,230,000	172,916,667	4,400,000
Shares issued per QComm acquisition	-	-	76,666,668	1,150,000
Shares issued per Total Minerals acquisition	-	-	55,000,000	1,265,000
Shares issued per Total Iron acquisition	-	-	15,000,000	450,000
Shares issued to advisors and consultants	-	-	5,678,922	114,500
Transaction costs on share issue	-	(126,931)	-	(835,844)
	641,594,475	17,870,979	580,094,475	16,767,910

(c) Ordinary shares

The Group does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

(d) Share options

At 30 June 2019 there were 104,500,000 (2018: 84,500,000) unissued ordinary shares under unlisted options, on issue.

The following share-based payment arrangements for options in existence during the period:

Series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date	Vesting date
1	15,000,000	5 July 2017	5 July 2020	$0.03	$0.008	5 July 2017
2	6,000,000	5 July 2017	30 June 2020	$0.03	$0.008	19 October 2017
3	4,000,000	19 October 2017	30 June 2020	$0.03	$0.0229	19 October 2017
4	42,500,000	24 October 2017	24 October 2019	$0.065	$0.0159	24 October 2017
5	17,000,000	16 May 2018	31 December 2023	$0.10	$0.018	16 May 2018
6	15,000,000	1 February 2019	1 February 2022	$0.05	$0.0035	1 February 2019
7	5,000,000	1 February 2019	31 December 2023	$0.05	$0.0054	1 February 2019

Notes

1. Issued to Hartleys for broker services rendered in relation to the Placement. Total value of $51,931, included in transaction costs on share issue.
2. Issued to director Robert Scott. Total value of $27,738 included in share based payments in profit or loss.

Options granted as equity compensation benefits to Key Management Personnel during the year are set out in the audited remuneration report.

(e) Weighted average fair value

The fair value of the equity-settled options granted is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which they were granted, and the following inputs:

	Series						
	1	2	3	4	5	6	7
Expected volatility (%)	120	120	112	109	100	87	87
Risk-free interest rate (%)	2.2	2.2	1.9	1.9	1.9	1.9	1.9
Expected life of option (years)	3	3	3	2	5.6	3	4.9
Exercise price (cents)	3	3	3	6.5	10	5	5
Grant date share price (cents)	1.8	1.8	4.4	4.3	3.9	1.6	1.6

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

No other options expired during the year, no options were issued or exercised during the year and no options have been issued or exercised since the end of the financial year.

12. Reserves

Share based payment reserve

The share based payment reserve is used to record the value of equity benefits provided to Directors and executives as part of their remuneration and non-employees for their services.

Foreign currency translation reserve

The foreign exchange differences arising on translation of balances originally denominated in a foreign currency into the functional currency are taken to the foreign currency translation reserve. The reserve is recognised in profit or loss when the net investment is disposed of.

13. Cash and cash equivalents

Reconciliation of operating loss after tax to net the cash flows used in operations	**2019 $**	**2018 $**
Loss from ordinary activities after tax	(1,924,982)	(2,402,843)
Non-cash items		
Exploration expenditure impaired	976,819	1,103,658
Share based payments	27,738	434,993
Foreign exchange gain	7,173	6,174
Profit on sale of property, plant and equipment	(2,716)	-
Changes in assets and liabilities:		
Increase / (decrease) in trade and other payables	33	(251)
(Increase) / decrease in other receivables	31,029	(36,491)
Net cash flow used in operating activities	(884,906)	(894,760)

(b) Reconciliation of cash

Cash balance comprises:		
Cash at bank	177,972	1,710,498

Cash at bank earns interest at floating rates based on daily bank deposit rates.

14. Loss per Share

	2019 $	**2018 $**
Loss used in calculating basic and dilutive EPS	(1,924,982)	(2,402,483)
	Number of Shares	
Weighted average number of ordinary shares used in calculating basic loss per share:	613,793,105	536,307,462
Effect of dilution:		
Share options		
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	613,793,105	536,307,462
Basic and diluted loss per share (cents per share)	(0.31)	(0.45)

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

There are no potential ordinary shares on issue that are considered to be dilutive, therefore basic earnings per share also represents diluted earnings per share.

15. Auditor’s Remuneration

The auditor of Castillo Copper Limited is HLB Mann Judd.

Amounts received or due and receivable for:

Audit or review of the financial report of the entity and any other entity in the Group	31,500	32,000
	31,500	32,000

16. Related party disclosures

a) Key management personnel

Compensation of key management personnel	2019 $	2018 $
Short term employee benefits	294,350	297,150
Post-employment benefits	4,560	1,767
Share-based payments	27,738	210,147
Total remuneration	326,648	509,064

b) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of Castillo Copper Limited and the following subsidiaries:

Name of Entity	Country of Incorporation	Equity Holding	
		2019	**2018**
Castillo Copper Chile SPA	Chile	100%	100%
Castillo Exploration Limited	Australia	100%	100%
Qld Commodities Pty Ltd	Australia	100%	100%
Total Iron Pty Ltd	Australia	100%	100%
Total Minerals Pty Ltd	Australia	100%	100%
Atlantica Holdings (Bermuda) Ltd	Bermuda	75%	75%

Castillo Copper Limited is the ultimate Australian parent entity and ultimate parent of the Group.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and not disclosed in this note. Details of transactions between the Group and other related entities are disclosed below.

Trading transactions

The following balances were outstanding at the end of the reporting period.

	Consolidated			
	Amounts owed by related parties		Amounts owed to related partied	
	2019 $	2018 $	2019 $	2018 $
Castillo Copper Chile SPA	-	4,935,720		-
Castillo Exploration Limited	-	1,664,337	-	373,772

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. $7,059,487 has been recognised in the current year for doubtful debts in respect of the amounts owed by related parties (2018: Nil).

There were no other related party disclosures for the year ended 30 June 2019.

17. Financial Risk Management

Exposure to interest rate, liquidity, and credit risk arises in the normal course of the Group's business. The Group does not hold or use derivative financial instruments. The Group's principal financial instruments comprise mainly of deposits with banks. The totals for each category of financial instruments are as follows:

	2019	**2018**
	$	**$**
Financial Assets		
Cash and cash equivalents	177,972	1,710,498
Other receivables (current and non-current)	128,033	82,984
	306,005	1,793,482
Financial Liabilities		
Trade and other payables	120,764	178,249

The Group uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

(a) Capital risk management

The Group's capital comprises share capital and reserves less accumulated losses. As at 30 June 2019, the Group has net assets of $4,858,927 (2018: $5,593,998). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders.

(b) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing future capital needs include the cash position and future equity raising alternatives. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. The Board expects that, assuming no material adverse change in a combination of our sources of liquidity, present levels of liquidity will be adequate to meet expected capital needs.

Maturity analysis for financial liabilities

Financial liabilities of the Group comprise trade and other payables. As at 30 June 2019 any financial liabilities that are contractually maturing within 60 days have been disclosed as current. Trade and other payables that have a deferred payment date of greater than 12 months have been disclosed as non-current.

(c) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

	2019 $	2018 $
Cash and cash equivalents	177,972	1,710,498

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's statement of comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

Change in Basis Points	Effect on Post Tax Loss ($) Increase/(Decrease)		Effect on Equity including retained earnings ($) Increase/(Decrease)	
	2019	**2018**	**2019**	**2018**
Increase 100 basis points	1,780	17,105	1,780	17,105
Decrease 100 basis points	(1,780)	(17,105)	(1,780)	(17,105)

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. This would represent two to four movements by the Reserve Bank of Australia.

(d) Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

At 30 June 2019, the Group held cash at bank. These were held with financial institutions with a rating from Standard & Poors of AA or above (long term). The Group has no past due or impaired debtors as at 30 June 2019.

(e) Fair Value Measurement

There were no financial assets or liabilities at 30 June 2019 requiring fair value estimation and disclosure as they are either not carried at fair value or in the case for short term assets and liabilities, their carrying values approximate fair value.

18. Parent Entity Information

(a) Parent Financial Information

The following details information related to the parent entity, Castillo Copper Limited, at 30 June 2019. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	2019 $	2018 $
Current assets	196,275	1,769,946
Non-current assets (i)	3,157,096	5,085,461
Total assets	**3,347,371**	**6,855,407**
Current liabilities	249,854	178,249
Non-current liabilities	-	1,083,160
Total liabilities	**249,854**	**1,261,409**
Net assets	**3,097,517**	**5,593,998**
Issued capital	17,870,979	16,767,910
Reserves	3,023,570	2,943,901
Accumulated losses	(17,797,032)	(14,117,813)
Total equity	**3,097,517**	**5,593,998**
Loss of the parent entity	(3,679,219)	(2,399,420)
Other comprehensive income for the year	-	-
Total comprehensive loss of the parent entity	**(3,679,219)**	**(2,399,420)**

(i) Non-current assets include intercompany loans owed by subsidiary entities, which are considered recoverable based on cash flow projections

b) Guarantees

Castillo Copper Limited has not entered into any guarantees in relation to the debts of its subsidiary.

c) Other Commitments and Contingencies

Castillo Copper Limited has not entered into any commitments and does not have any known contingent liabilities at year end.

19. Contingent liabilities

The Company has entered into the following royalty agreements:

- 1% net smelter return royalty in respect of the area covered by the tenements acquired from Qld Commodities Pty Ltd vendors (or their nominee);
- 3% net smelter return royalty in respect of the area covered by the tenements acquired from Total Minerals Pty Ltd vendors (or their nominee);
- 3% net smelter return royalty in respect of the area covered by the tenements acquired from Total Iron Pty Ltd vendors (or their nominee).

Other than outlined above, there are no contingent liabilities.

20. Commitments

In order to maintain current contractual rights concerning its mineral projects, the Group has certain commitments to meet minimum expenditure requirements. The current minimum commitments at balance date but not recognised as liabilities are as follows:

	2019 $	2018 $
Within one year	306,428	147,982
After one year but not more than five years	1,455,500	415,040
Longer than five years	-	-
	1,761,928	563,022

21. Dividends

No dividend was paid or declared by the Group in the period since the end of the financial year, and up to the date of this report. The Directors' do not recommend that any amount be paid by way of a dividend for the financial year ended 30 June 2019.

The balance of the franking account is Nil at 30 June 2019 (2018: Nil).

22. Share based payments

(a) Options granted to suppliers and vendors

Grant Date	Expiry date	Exercise price $	Balance at start of the year Number	Granted during the year Number	Fair value at grant date $	Balance at end of the year Number	Exercisable at end of the year Number	Total value $
5/7/2017	5/7/2020	$0.03	-	15,000,000	0.008	15,000,000	15,000,000	119,400
24/10/2017	24/10/2019	$0.065	-	42,500,000	0.00159	42,500,000	42,500,000	609,698
16/5/2018	31/12/2023	$0.10	-	10,000,000	0.018	10,000,000	10,000,000	179,846
1/2/2019	1/2/2022	$0.05	-	15,000,000	0.0035	15,000,000	15,000,000	51,931

Weighted remaining contractual life (years)	1.367
Weighted average exercise price	$0.06

(b) Options granted to directors

Grant Date	Expiry date	Exercise price $	Balance at start of the year Number	Granted during the year Number	Fair value at grant date $	Balance at end of the year Number	Exercisable at end of the year Number	Total value $
5/7/2017	30/6/2020	0.03		6,000,000	0.0085	6,000,000	6,000,000	51,067
19/10/2017	30/6/2020	0.03	-	4,000,000	0.0229	4,000,000	4,000,000	84,255
16/5/2018	31/12/2023	0.10	-	7,000,000	0.018	7,000,000	7,000,000	125,892
1/2/2019	31/12/2023	0.05	-	5,000,000	0.0054	5,000,000	5,000,000	27,738

Weighted remaining contractual life (years)	4.227
Weighted average exercise price	$0.057

(c) Shares issued to suppliers

During the year, no fully paid ordinary shares were issued to suppliers.

(d) Reconciliation to share based payments expense in profit or loss:

	$
Options issued to advisors and consultants	-
Options issued to directors	27,738
	27,738

(e) Fair value of options

The fair value of all options noted above have been determined using the Black and Scholes model taking in to account the inputs outlined in Note 11(e).

23. Subsequent events

On 23 August 2019, CCZ announced, that subject to shareholder approval, it would issue the following options, to acquire CCZ shares, to directors at an exercise price of $0.05 and expiring on 31 December 2023 as part of their remuneration:

- Mr Simon Paull – 6 million;
- Mr Gerrard Hall – 3 million; and
- Mr Peter Smith – 3 million.

On 27 August 2019, CCZ completed a raising of GBP£300,000 (circa A$537,000) pre-costs from UK investors via its corporate advisor SI Capital through the issue of convertible loan notes. Furthermore, CCZ advised it would seek shareholder approval to raise an additional GBP£209,000 (circa A$374,000) pre-costs from sophisticated investors under the same terms. On 27 September 2019, CCZ issued 34,811,255 fully paid ordinary shares and 34,811,255 unlisted options exercisable at $0.05 on or before 1 August 2022 following the early conversion of all of the convertible notes.

On 23 August 2019, Mr Simon Paull was appointed as Managing Director and Mr Alan Armstrong resigned from his position as Executive Director following his appointment to Chief Financial Officer.

On 27 September 2019, CCZ announced, that subject to shareholder approval, it would issue 3,000,000 options, to acquire CCZ shares, to SI Capital at an exercise price of $0.05 and expiring on 31 December 2023, as consideration for broking services.

Other than set out above, there were no known material significant events from the end of the financial year to the date of this report that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

The directors of the company declare that:

1. in the directors' opinion, the financial statements and accompanying notes set out on pages 17 to 45 are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards and the *Corporations Regulations 2001*, professional reporting requirements and all other mandatory requirements; and

    b. give a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the 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;

3. the directors have been given the declarations by the Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Simon Paull
Managing Director
27 September 2019

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Castillo Copper Limited for the year ended 30 June 2019, 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 audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**L Di Giallonardo**
27 September 2019	**Partner**

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INDEPENDENT AUDITOR'S REPORT

To the members of Castillo Copper Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Castillo Copper Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(d) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Carrying value of deferred exploration and evaluation expenditure Refer to Note 7 in the financial report	
In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group capitalises all exploration and evaluation expenditure including acquisition costs and subsequently applies the cost model after recognition. Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation expenditure, as this is one of the most significant assets of the Group. We planned our work to address the audit risk that the capitalised expenditure might no longer meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of the exploration and evaluation asset may exceed its recoverable amount.	Our procedures included but were not limited to the following: • We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest; • We considered the Directors' assessment of potential indicators of impairment; • We obtained evidence that the Group has current rights to tenure of its areas of interest; • We examined the exploration budget for the year ending 30 June 2020 and discussed with management the nature of planned ongoing activities; • We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at any of its areas of interest; and • We examined the disclosures made in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Castillo Copper Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

HLB Mann Judd

Giallonardo.

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
27 September 2019

This Corporate Governance Statement is current as at 27 September 2019 and has been approved by the Board of the Company.

This Corporate Governance Statement discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication *Corporate Governance Principles and Recommendations 3rd Edition* (Recommendations). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons for not following them, along with what (if any) alternative governance practices have been adopted in lieu of the Recommendation.

The Company has adopted Corporate Governance Policies which provide written terms of reference for the Company's corporate governance practices. The Board of the Company has not yet formed an audit committee, nomination committee, risk management committee or remuneration committee.

The Company's Corporate Governance Policies are available on the Company's website at www.castillocopper.com

Principle 1: Lay solid foundations for management and oversight

Roles of the Board & Management

The Board is responsible for evaluating and setting the strategic direction for the Company, establishing goals for management and monitoring the achievement of these goals. The Managing Director (or equivalent) is responsible to the Board for the day-to-day management of the Company.

The principal functions and responsibilities of the Board include, but are not limited to, the following:

- Appointment, evaluation and, if necessary, removal of the Managing Director, any other executive directors, the Company Secretary and the Chief Financial Officer and approval of their remuneration;
- Determining, in conjunction with management, corporate strategy, objectives, operations, plans and approving and appropriately monitoring plans, new investments, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities;
- Establishing appropriate levels of delegation to the Managing Director to allow the business to be managed efficiently;
- Approval of remuneration methodologies and systems;
- Monitoring actual performance against planned performance expectations and reviewing operating information at a requisite level to understand at all times the financial and operating conditions of the Company;
- Monitoring the performance of senior management, including the implementation of strategy and ensuring appropriate resources are available;
- Identifying areas of significant business risk and ensuring that the Company is appropriately positioned to manage those risks;
- Overseeing the management of safety, occupational health and environmental issues;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control processes are in place and functioning appropriately;
- Ensuring that appropriate internal and external audit arrangements are in place and operating effectively;
- Authorising the issue of any shares, options, equity instruments or other securities within the constraints of the Corporations Act and the ASX Listing Rules; and
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that its practice is consistent with, a number of guidelines including:
  - Code of Conduct;
  - Continuous Disclosure Policy;
  - Diversity Policy;
  - Performance Evaluation Policy;
  - Procedures for Selection and Appointment of Directors;
  - Remuneration Policy;
  - Risk Management and Internal Compliance and Control Policy.
  - Securities Trading Policy; and
  - Shareholder Communications Policy.

Subject to the specific authorities reserved to the Board under the Board Charter, the Board delegates to the Managing Director responsibility for the management and operation of Castillo Copper. The Managing Director is responsible for the day-to-day operations, financial performance and administration of Castillo Copper within the powers authorised to him from time-to-time by the Board. The Managing Director may make further delegation within the delegations specified by the Board and will be accountable to the Board for the exercise of those delegated powers.

Further details of Board responsibilities, objectives and structure are set out in the Board Charter on the Castillo Copper website.

Board Committees

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate committees at this time including audit, risk, remuneration or nomination committees, preferring at this stage of the Company's development, to manage the Company through the full Board of Directors. The Board assumes the responsibilities normally delegated to the audit, risk, remuneration and nomination Committees.

If the Company's activities increase, in size, scope and nature, the appointment of separate committees will be reviewed by the Board and implemented if appropriate.

Board Appointments

The Company undertakes comprehensive reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

The Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

Diversity

The Board has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect to gender, age, ethnicity and cultural diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives (if considered appropriate) and to assess annually both the objectives (if any have been set) and the Company's progress towards achieving them.

The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

The participation of women in the Company at the date of this report is as follows:

- Women employees in the Company 0%
- Women in senior management positions 0%
- Women on the Board 0%

The Company's Diversity Policy is available on its website.

Board & Management Performance Review

On an annual basis, the Board conducts a review of its structure, composition and performance.

The annual review includes consideration of the following measures:
- comparing the performance of the Board against the requirements of its Charter;
- assessing the performance of the Board over the previous 12 months having regard to the corporate strategies, operating plans and the annual budget;

- reviewing the Board's interaction with management;
- reviewing the type and timing of information provided to the Board by management;
- reviewing management's performance in assisting the Board to meet its objectives; and
- identifying any necessary or desirable improvements to the Board Charter.

The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist to be completed by each Director. The Board may also use an independent adviser to assist in the review.

The Chairman has primary responsibility for conducting performance appraisals of Non-Executive Directors, in conjunction with them, having particular regard to:
- contribution to Board discussion and function;
- degree of independence including relevance of any conflicts of interest;
- availability for and attendance at Board meetings and other relevant events;
- contribution to Company strategy;
- membership of and contribution to any Board committees; and
- suitability to Board structure and composition.

Given, the size of the Board, the substantial changes to the composition of the Board in December 2018 and the current level of operations of the Company, no formal appraisal of the Board was conducted during the financial year.

The Board conducts an annual performance assessment of the Managing Director against agreed key performance indicators.

Independent Advice
Directors have a right of access to all Company information and executives. Directors are entitled, in fulfilling their duties and responsibilities, to obtain independent professional advice on any matter connected with the discharge of their responsibilities, with prior notice to the Chairman, at Castillo Copper' expense.

Principle 2: Structure the board to add value

Board Composition
During the financial year and to the date of this report the Board was comprised of the following members:

Mr. Robert Scott (Non-Executive Chairman) – appointed 13 December 2018
Mr. Simon Paull (Managing Director) – appointed 23 August 2019
Mr. Peter Smith (Non-Executive Director)
Mr. Gerrard Hall (Non-Executive Director) – appointed 24 June 2019
Mr. Peter Meagher (Non-Executive Chairman) – resigned 24 June 2019
Mr. Alan Armstrong (Executive Director) – resigned 23 August 2019

The Board currently consists of one Executive and three Non-Executive Directors.

Castillo Copper has adopted a definition of 'independence' for Directors that is consistent with the Recommendations.

Two of the Board members are not considered to be independent as they are executives of the Company.

Board Selection Process
The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern Castillo Copper. The Board believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review.

The Board is responsible for the nomination and selection of directors. The Board reviews the size and composition of the Board regularly and at least once a year as part of the Board evaluation process.

The Group does not have an established board skills matrix on the mix of skills and diversity for Board membership. The Board continues to monitor the mix of skills and diversity on the Board however, due to the size of the Group, the Board does not consider it appropriate at this time to formally set matrix on the mix of skills and diversity for Board membership

Induction of New Directors and Ongoing Development

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

An induction program is in place and new Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Principle 3: Act ethically and responsibly

The Company has implemented a Code of Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

All employees and Directors are expected to:

- respect the law and act in accordance with it;
- maintain high levels of professional conduct;
- respect confidentiality and not misuse Company information, assets or facilities;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Conduct may face disciplinary action including, in the cases of serious breaches, dismissal. If an employee suspects that a breach of the Code of Conduct has occurred or will occur, he or she must report that breach to the Company Secretary. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

Principle 4: Safeguard integrity in corporate reporting

The Board as a whole fulfills the functions normally delegated to the Audit Committee as detailed in the Audit Committee Charter.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Board receives regular reports from management and from external auditors. It also meets with the external auditors as and when required.

The external auditors attend Castillo Copper' AGM and are available to answer questions from security holders relevant to the audit.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.

CEO and CFO Certifications

The Board, before it approves the entity's financial statements for a financial period, receives from its CEO and CFO (or, if none, the persons fulfilling those functions) a declaration provided in accordance with Section 295A of the Corporations Act that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Principle 5: Make timely and balanced disclosure

The Company has a Continuous Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.

The Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual Directors are required to make such a consideration when they become aware of any information in the course of their duties as a Director of the Company.

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

The Board has designated the Company Secretary as the person responsible for communicating with the ASX. The Chairman, Managing Director and the Company Secretary are responsible for ensuring that:

a) Company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules and Corporations Act; and
b) Company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Principle 6: Respect the rights of security holders

The Company recognises the value of providing current and relevant information to its shareholders.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the company website, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to clear and understandable information about the Company; and
- making it easy for shareholders to participate in general meetings of the Company.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. These contact details are available on the “contact us” page of the Company’s website.

Shareholders may elect to, and are encouraged to, receive communications from Castillo Copper and Castillo Copper' securities registry electronically.

The Company maintains information in relation to its Constitution, governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company’s website.

Principle 7: Recognise and manage risk

The Board is committed to the identification, assessment and management of risk throughout Castillo Copper' business activities.

The Board is responsible for the oversight of the Company’s risk management and internal compliance and control framework. The Company does not have an internal audit function. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and internal compliance and control framework. Castillo Copper has established policies for the oversight and management of material business risks.

Castillo Copper' Risk Management and Internal Compliance and Control Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

Castillo Copper believes that explicit and effective risk management is a source of insight and competitive advantage. To this end, Castillo Copper is committed to the ongoing development of a strategic and consistent enterprise wide risk management program, underpinned by a risk conscious culture.

Castillo Copper accepts that risk is a part of doing business. Therefore, the Company's Risk Management and Internal Compliance and Control Policy is not designed to promote risk avoidance. Rather Castillo Copper' approach is to create a risk conscious culture that encourages the systematic identification, management and control of risks whilst ensuring we do not enter into unnecessary risks or enter into risks unknowingly.

Castillo Copper assesses its risks on a residual basis; that is it evaluates the level of risk remaining and considering all the mitigation practices and controls. Depending on the materiality of the risks, Castillo Copper applies varying levels of management plans.

The Board has required management to design and implement a risk management and internal compliance and control system to manage Castillo Copper' material business risks. It receives regular reports on specific business areas where there may exist significant business risk or exposure. The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management and Internal Compliance and Control Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

The Company's process of risk management and internal compliance and control includes:
- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks.
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls.
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

The Board review's the Company's risk management framework at least annually to ensure that it continues to effectively manage risk.

Management reports to the Board as to the effectiveness of Castillo Copper' management of its material business risks on at each Board meeting.

Principle 8: Remunerate fairly and responsibly

The Board as a whole fulfils the functions normally delegated to the Remuneration Committee as detailed in the Remuneration Committee Charter.

Castillo Copper has implemented a Remuneration Policy which was designed to recognise the competitive environment within which Castillo Copper operates and also emphasise the requirement to attract and retain high calibre talent in order to achieve sustained improvement in Castillo Copper' performance. The overriding objective of the Remuneration Policy is to ensure that an individual's remuneration package accurately reflects their experience, level of responsibility, individual performance and the performance of Castillo Copper.

The key principles are to:
- link executive reward with strategic goals and sustainable performance of Castillo Copper;
- apply challenging corporate and individual key performance indicators that focus on both short-term and long-term outcomes;
- motivate and recognise superior performers with fair, consistent and competitive rewards;
- remunerate fairly and competitively in order to attract and retain top talent;
- recognise capabilities and promote opportunities for career and professional development; and
- through employee ownership of Castillo Copper shares, foster a partnership between employees and other security holders.

The Board determines the Company's remuneration policies and practices and assesses the necessary and desirable competencies of Board members. The Board is responsible for evaluating Board performance, reviewing Board and management succession plans and determines remuneration packages for the Managing Director, Non-Executive Directors and senior management based on an annual review.

Castillo Copper' executive remuneration policies and structures and details of remuneration paid to directors and senior managers (where appointed) are set out in the Remuneration Report.

Non-Executive Directors receive fees (including statutory superannuation where applicable) for their services, the reimbursement of reasonable expenses and, in certain circumstances options. They do not receive any termination or retirement benefits, other than statutory superannuation.

The maximum aggregate remuneration approved by shareholders for Non-Executive Directors is $500,000 per annum. The Directors set the individual Non-Executive Directors fees within the limit approved by shareholders. The total Non-Executive Directors fees paid during the reporting period were $72,367.

Executive directors and other senior executives (where appointed) are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives.

In accordance with the Company's Securities Trading Policy, participants in an equity based incentive scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' report.

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 13 September 2019.

Distribution of Share Holders

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	33	3,067
1,001 - 5,000	14	39,802
5,001 - 10,000	44	388,433
10,001 - 100,000	578	27,594,702
100,001 - and over	584	613,568,471
TOTAL	**1,253**	**641,594,475**

There were 238 holders of ordinary shares holding less than a marketable parcel.

Quoted equity securities as at 13 September 2019

Equity Security	Quoted
Ordinary Shares	641,594,475

Voting Rights

Each fully paid ordinary share carries the rights of one vote per share.

Unquoted Securities

The number of unquoted securities on issue at 13 September 2019:

Unquoted Securities	Number on Issue	Exercise Price	Expiry Date
Unquoted Options[1]	10,000,000	3c	30/06/2020
Unquoted Options[2]	15,000,000	3c	5/07/2020
Unquoted Options[3]	42,500,000	6.5c	24/10/2019
Unquoted Options[4]	17,000,000	10c	31/12/2023
Unquoted Options[5]	5,000,000	5c	31/12/2023
Unquoted Options[6]	15,000,000	5c	1/02/2022
Convertible Notes	26,850,000	The higher of AUD 1.2c OR 90% of 10 days VWAP	1/08/2022

Persons holding more than 20% of a given class of unquoted securities as at 20 September 2019:

1. 40% held by Pathways Corp Investments Pty Ltd <The PC Investment A/C>, 20% held by NFIC Services Pty Ltd, 20% held by Loup Solitaire Pty Ltd, 20% held by Mr Neil Armstrong Hutchison and Mrs Joyce Odeh Hutchison <Hutchison Family Account.
2. 22% held by Mr Kael Williams.
3. 38% held by Zenix Nominees Pty Ltd, 26% held by Celtic Capital Pty Ltd <The Celtic Capital A/C>
4. 47% held by Zenix Nominees Pty Ltd, 29% held by Perpetual Superannuation Limited ATF Peter Meagher Superannuation Fund.
5. 100% held by Ferber Holdings Pty Ltd <Scott Super Fund>.
6. 63% held by Zenix Nominees Pty Ltd.

Substantial Shareholders

There are no substantial shareholders.

Restricted Securities

There are no restricted securities under ASX imposed escrow.

Stock Exchange

The Company is listed on the Australian Securities Exchange and has been allocated the code “CCZ”. The “Home Exchange” is Perth.

Other information

Castillo Copper Limited, is incorporated and domiciled in Australia, and is a publicly listed company limited by shares.

On-Market Buy-Back

There is currently no on-market buy-back in place.

Twenty largest holders of quoted securities as at 13 September 2019

Name	No. of Shares	%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	26,866,423	4.19%
TWW ASSETS PTY LTD <TWW ASSETS A/C>	24,459,524	3.81%
JBO ASSETS PTY LTD <JBO ASSETS A/C>	24,259,525	3.78%
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	22,400,000	3.49%
TAKA CUSTODIANS PTY LTD <TAKA A/C>	20,043,750	3.12%
REBECCA BRADLEY	15,000,000	2.34%
GUINA GLOBAL INVESTMENTS PTY LIMITED	12,000,000	1.87%
HOLDSWORTH BROS PTY LTD <HOLDSWORTH BROS S/F A/C>	10,000,000	1.56%
AGENS PTY LTD <THE MARK COLLINS S/F A/C>	8,833,333	1.38%
FOUCART PTY LTD <CRB A/C>	8,507,500	1.33%
JD SQUARED INVESTMENTS PTY LTD	8,000,000	1.25%
MRS MARIA KATALIN VAROLI	7,354,854	1.15%
TWO TOPS PTY LTD	6,750,000	1.05%
REID MACHINE PTY LTD <REID MACHINE A/C>	6,493,750	1.01%
MR JOHN DELLA BOSCA <JA&JG DELLA BOSCA FAMILY A/C>	6,262,917	0.98%
MR ALFIO FRANCETT	6,000,000	0.94%
SARODAN PTY LTD <SARODAN FAMILY A/C>	5,475,000	0.85%
VASSAGO PTY LTD <ASTON A/C>	5,391,365	0.84%
SEGEFIELD PTY LTD <LYLE PATERSON SUPER A/C>	5,102,010	0.80%
SANTINO HOLDINGS PTY LTD <MARIA VAROLI SUPER FUND A/C>	5,000,000	0.78%
Total	**234,199,951**	**36.50%**

Tenement information as required by Listing Rule 5.3.3

JACKADERRY		
New England Orogen in NSW		
Tenement ID	Ownership at end of year	Status
EL8635	100%	Granted
EL8625	100%	Granted
EL8601	100%	Granted

BROKEN HILL		
located within a 20km radius of Broken Hill, NSW		
Tenement ID	Ownership at end of year	Status
EL8599	100%	Granted
EL8572	100%	Granted

MT OXIDE		
Mt Isa region, northwest Queensland		
Tenement ID	Ownership at end of year	Status
EPM 26513	100%	-
EPM 26525	100%	Granted
EPM 26574	100%	Granted
EPM 26462	100%	Granted

MARLBOROUGH		
North-west of Gladstone		
Tenement ID	Ownership at end of year	Status
EPM 26522	0%	Relinquished
EPM 26528	0%	Relinquished
EPM 26541	0%	Relinquished

HUANTA (VICUÑA)		
Chile		
Tenement ID	Ownership at end of year	Status
04015-7483-7	100%	In process
04015-7484-5	100%	In process
04015-7486-1	100%	In process
04015-7487-K	100%	In process
04015-7488-8	100%	In process
04015-7489-6	100%	In process

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