



DECEMBER QUARTERLY ACTIVITIES REPORT

ASX Release

30 January 2020

**CASTILLO COPPER
LIMITED**
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Directors / Officers:

Rob Scott
Simon Paull
Gerrard Hall
Matt Bull

Issued Capital:

793.9 million shares
184 million options

ASX Symbol:
CCZ

HIGHLIGHTS

- Ongoing work on the Zambia Pillar continued, with extensive structural targets identified in the high-priority Luanshya & Mkushi projects
- Significant progress with Mt Oxide Pillar, with historic data identifying two prospects – Big One Deposit & Boomerang Mine
- Independent report by SRK Exploration Services (SRK) recommends developing key Cangai Copper Mine (CCM) Pillar
- Test-work verifies CCM produces commercial grade concentrate
- **Corporate:**
 - ❖ SRK's Independent Technical Report, which reviews all three pillars, completed and included in the draft Prospectus for the London listing
 - ❖ \$1.8M raised via placement organised by Merchant Corporate Advisory
 - ❖ Circa \$343,000 raised via the issue of Convertible Notes
 - ❖ Board changes: Mr Matt Bull joins as Non-Executive Director replacing Mr Peter Smith who steps down but remains a consulting geologist
 - ❖ A General Meeting & the Annual General Meeting were held
- Subsequent to the period close:
 - ❖ Historic drill data verifies grades up to 28.4% Cu at Mt Oxide pillar from <50m in supergene ore

Castillo Copper Limited's ("CCZ" or "the Company") is pleased to present shareholders its latest quarterly report for the period 1 October to 31 December 2019.

During the period, the main focus was to continue evolving the three pillared strategic intent to transform CCZ into a mid-tier copper group, make head way with the dual London listing and secure incremental funding to accelerate development work. A more detail summary of key events follows:

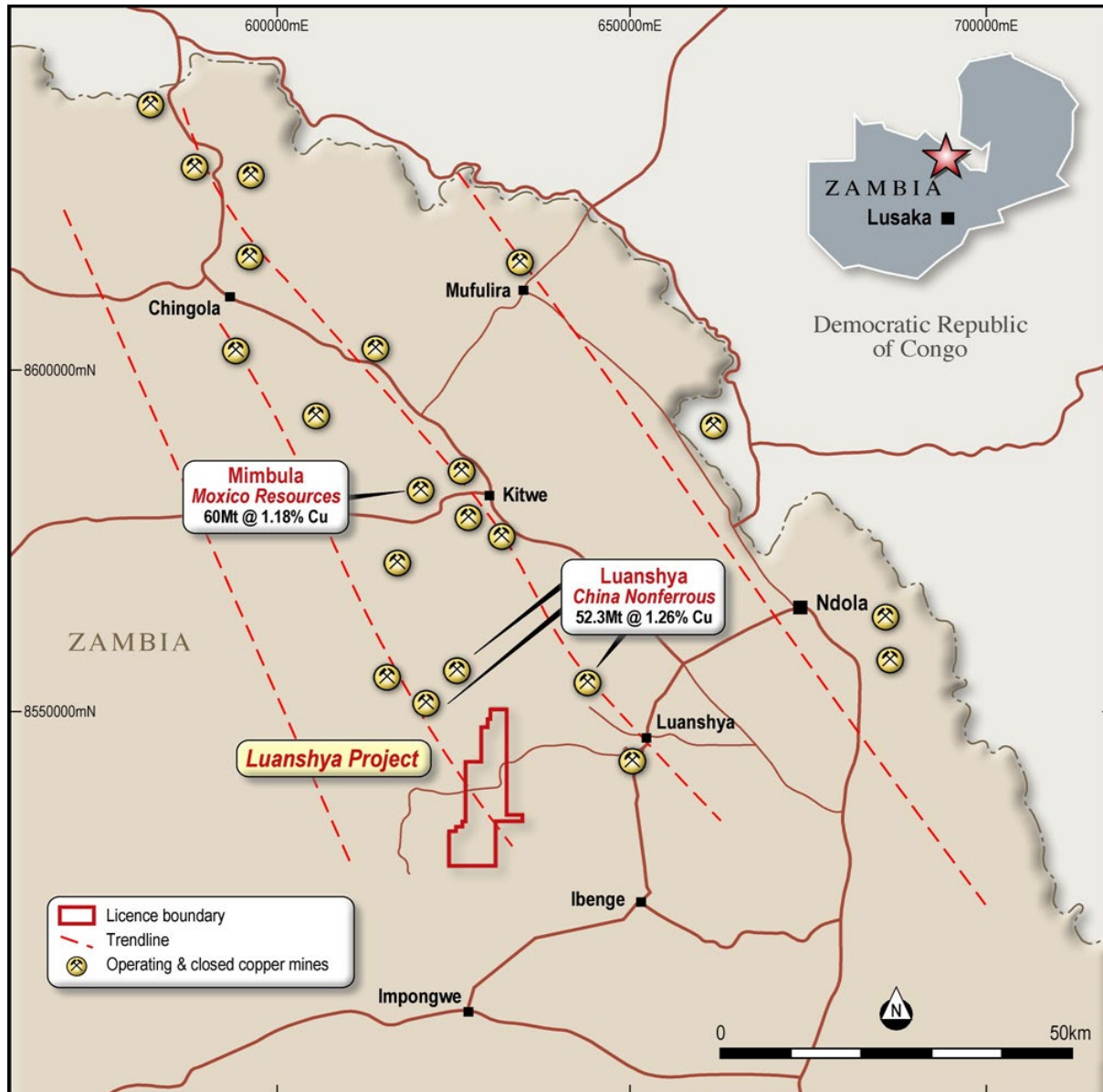
DEVELOPMENT WORK ON THREE PILLARS

To recap, the three pillars comprise Cangai Copper Mine (CCM) in NSW, Mt Oxide project in Mt Isa's copper-belt and four assets across Zambia's copper-belt.

Zambia Pillar

On 2 October 2019, CCZ announced exploration activities by the geology team at the **Luanshya project** confirmed extensive structural targets for copper mineralisation within the tenure boundaries (Figure 1). Encouragingly, this follows a recent field trip to the Luanshya project, which is 6-10km south of China Nonferrous Mining Corp's three operating mines, which has a combined JORC (2012) compliant Proven & Probable Reserves at 52.3mt @ 1.26% Cu.

FIGURE 1: REGIONAL TRENDLINES VS HISTORIC/CURRENT COPPER MINES



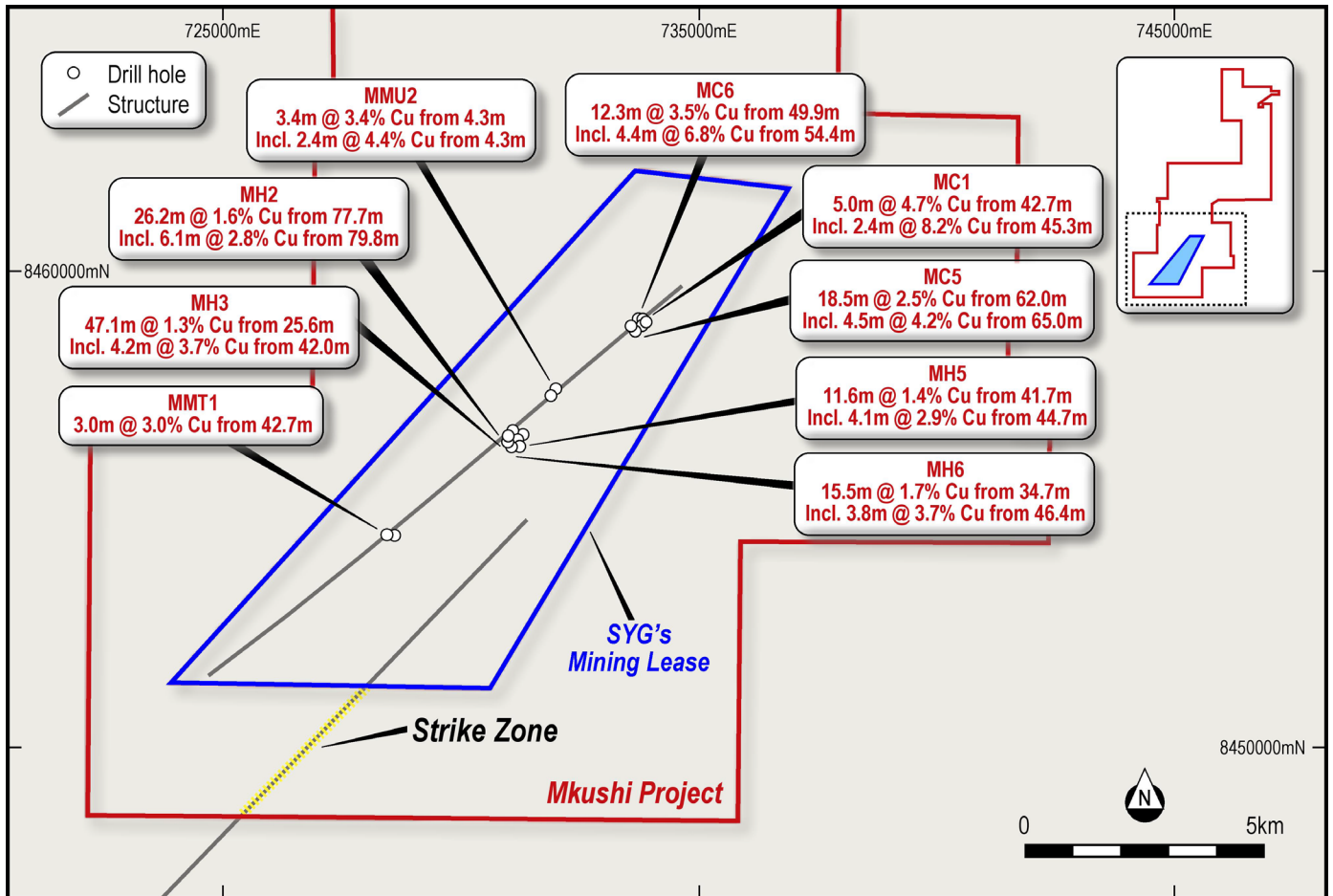
Source: Refer CCZ Release 2 October 2019

On 21 October 2019, CCZ verified high priority structural targets were identified for copper mineralisation in the **Mkushi project**. This coincided with the release of SRK's independent review which recommended exploration focus on NE-SW strike extensions to the structured shear zone that intersects Shi & Yang Group's (SYG) contiguous mining lease and the Mkushi project (Figure 2).

Moreover, SRK highlighted there is potential that known copper deposits exposed at surface within SYG's mining lease, that are currently being mined, continue under cover – trending SW – within the Mkushi project. Importantly, these findings align with CCZ's in-country geology team, which identified the same high-priority target.

On 11 November 2019, CCZ articulated an exploration campaign at the high priority Mkushi project would commence. Specifically, CCZ's geology team will progress a systematic soil sampling program that will encompass high priority structural targets – including the 4km strike zone – around the Mkushi project.

FIGURE 2: HISTORIC DRILLING RESULTS IN SYG'S MINING LEASE



Source: Refer CCZ Release 21 October 2019

Mt Oxide Pillar

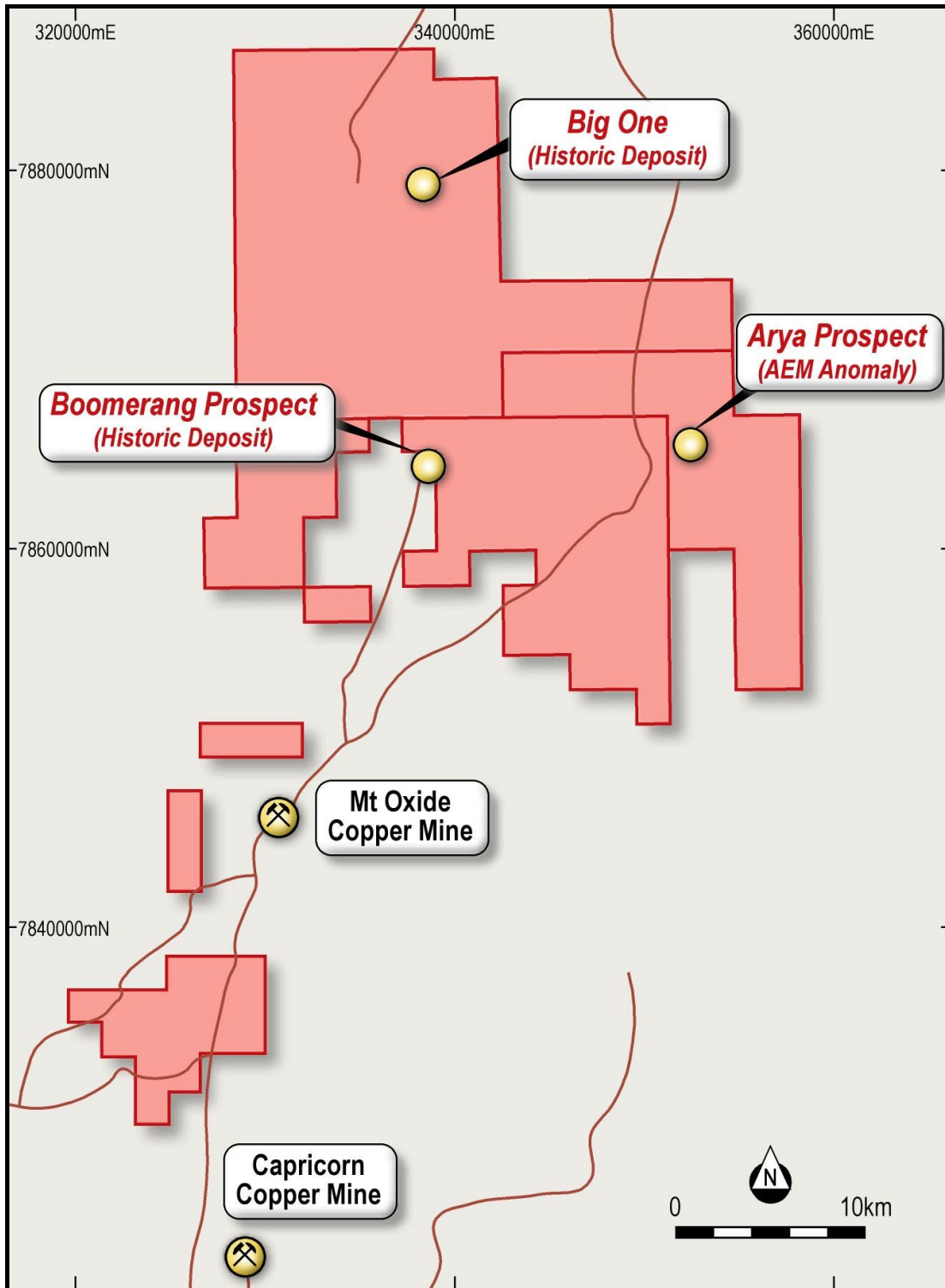
On 14 October 2019, CCZ detailed that a geological review uncovered two historic deposits at the Mt Oxide pillar. Notably, a forensic geological review discovered heritage reports & data within the Queensland government's mining & resources records that verified the existence of two historic deposits within the Mt Oxide project:

- ❖ The Boomerang Mine is located in the southern central part of the tenure and comprises an 800m strike length which has previously been drill tested for copper mineralisation; and
- ❖ The Big One Deposit is in the northern central part of the project area where historic exploration – including a 21 drill-holes – focused on copper-cobalt mineralisation.

Furthermore, these new discoveries complement the Arya Prospect which is interpreted as a massive sulphide exploration target discovered by an aero-electromagnetic survey conducted by Geoscience Australia (Figure 3).

On 16 December 2019, CCZ confirmed it was acquiring important historic data that elevates Mt Oxide pillar to “high-priority” project. The information acquired comprised important historic drilling and resource data, undertaken in 1993 by then ASX-listed West Australian Metals (WME), which materially changes the prospectivity of the Mt Oxide pillar, which is in the heart of Queensland's copper-belt, to the upside.

FIGURE 3: PRIORITY EXPLORATION TARGETS AT MT OXIDE PILLAR



Source: Refer CCZ Release 21 October 2019

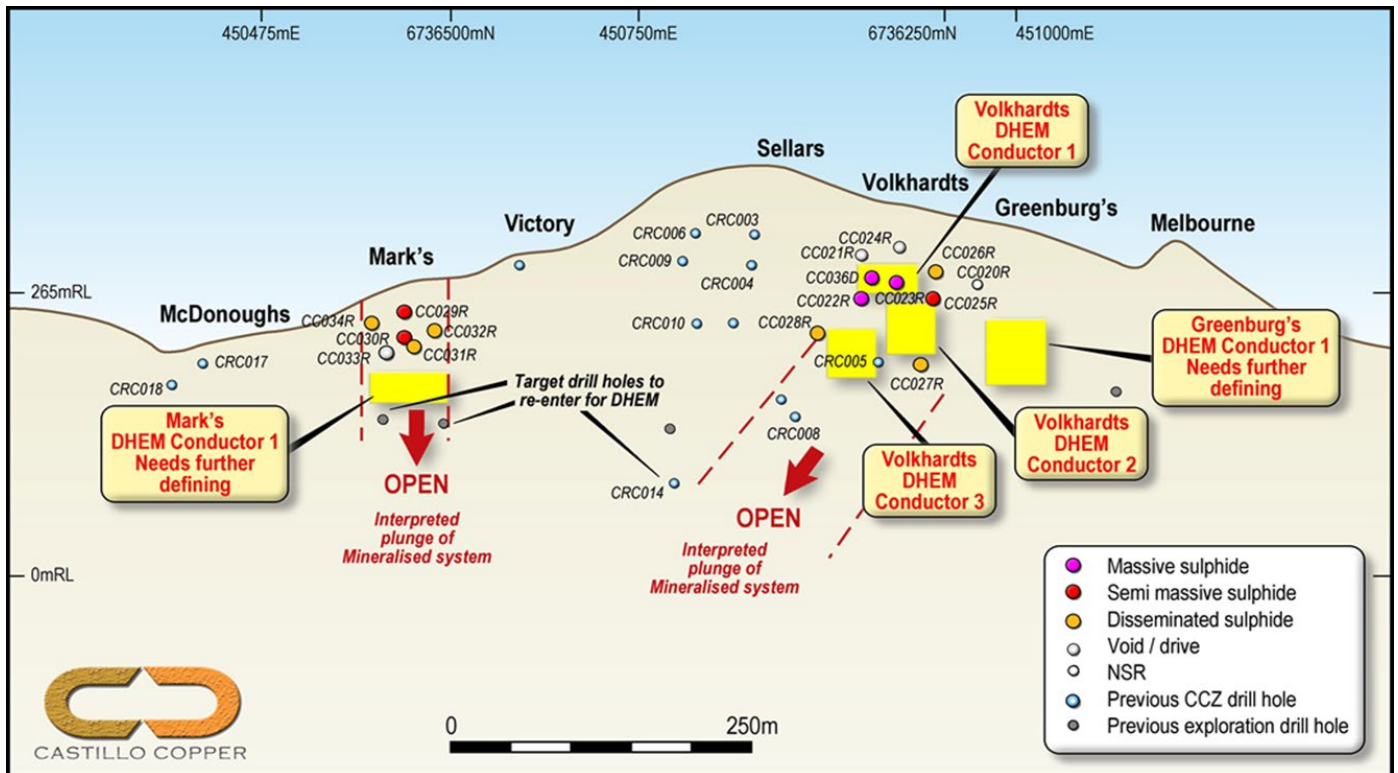
Subsequent to the end of the quarter

On 14 January 2020, CCZ announced historic drill data verified grades up to 28.4% Cu from <50m in supergene ore at the Mt Oxide pillar. Notably, CCZ has secured original logs / assay results for then listed, West Australian Metals' (ASX: WME1), 27-hole (1,673m) RC drilling campaign at the Big One Deposit (Mt Oxide pillar) which had excellent economic copper intercepts.

Cangai Copper Mine Pillar

On 6 November 2019, CCZ outlined plans to develop the CCM pillar, starting with a Scoping Study, then ultimately through to Bankable Feasibility Study. On a positive note, SRK's finalised report contained specific recommendations to progress developing the project, highlighting the use of downhole electromagnetic geophysics surveying as an additional tool in identifying new massive sulphide zones at depth beyond the known ore body (Figure 4). This aligned with CCZ's geology team as they are optimistic the known orebody can be extended through drill testing these new massive sulphide targets.

FIGURE 4: UNTESTED MASSIVE SULPHIDE TARGETS OPEN AT DEPTH



Source: ASX Release 6 November 2019

Meanwhile, on 3 December 2019, CCZ announced metallurgy test-work verified that CCM ore produces commercial grade copper concentrate. Using a representative massive sulphide ore sample extracted from drill hole CC0023R at CCM, a commercial grade concentrate of 22.2% Cu & 7.4% Zn with a recovery of 79.3% of total contained copper was achieved, using standard metallurgical flotation methods.

CORPORATE

- **General Meeting & Annual General Meeting (AGM):** CCZ held a General Meeting on 6 November 2019 and its AGM for 29 November 2019.
- **New constitution:** On 6 November 2019, CCZ confirmed that shareholders had approved a new Constitution at the General Meeting.
- **Fundraising and securities issues**
 - On 12 November 2019, a corporate presentation was released on the ASX platform which coincided with a roadshow to visit investors in Perth, Sydney, Melbourne and Singapore.
 - On 27 November 2019, CCZ confirmed it successfully completed a private placement raising \$1.8M (before costs), via the issue of 90M fully paid ordinary shares and 30M attaching options and welcomes key strategic institutional investors from Australia, Asia and NZ, including the Merchant Opportunities Fund.
 - On 18 November 2019 and 11 December 2019, CCZ raised a total of circa \$343,000 via the issue of approx. 17.2M Convertible Notes, of which 3.8M were converted in to 4.8M

fully paid ordinary shares and attaching options prior to quarter end, with the remaining balance of being converted to 18.1M fully paid ordinary shares and attaching options subsequent to the end of the quarter.

- On 3 December 2019, the 25M unlisted options, including 12M unlisted options to Directors following shareholder approval.
- **Board changes & Managing Director Remuneration:** On 31 December 2019, Mr Matt Bull was appointed as a Non-Executive Director, replacing Mr Peter Smith who stepped down but will remain a consulting geologist.

In addition, Mr Simon Paull's responsibilities as Managing Director were broadened, which resulted in his annual remuneration increasing to \$120,000 from \$48,000.

For and on behalf of Castillo Copper

Simon Paull

Managing Director

Note – All information referenced is from CCZ ASX Releases from 1 October to 30 January 2020

About Castillo Copper

The group is embarking on a strategic transformation to morph into a mid-tier copper group underpinned by three core pillars:

- **Pillar I:** Cangai Copper Mine in northern New South Wales, which is one of Australia's highest grading historic copper mines with a JORC inferred resource of 3.2Mt @ 3.35% Cu.
- **Pillar II:** The Mt Oxide project in the Mt Isa district, north-west Queensland, which delivers significant exploration upside through having a sizeable untested anomaly within its boundaries in a copper-rich region.
- **Pillar III:** Several high-quality prospective assets in Zambia, which is the second largest copper producer in Africa.

In addition, Castillo Copper is progressing a dual listing on the standard board of the London Stock Exchange.

Competent Person Statement

The information on the page that relates to Exploration Results for the Mkushi Project is based on information compiled or reviewed by Mr Matt Bull, a consultant of Castillo Copper Limited. Mr Bull is a member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Bull consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

The information in this report that relates to Exploration Results for the 'Big One' Deposit and the historical production for the Boomerang prospect contained in this announcement is based on a fair and accurate representation of the publicly available information at the time of compiling the ASX Release, and is based on information and supporting documentation compiled by Nicholas Ryan, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Nicholas Ryan is an employee of Xplore Resources Pty Ltd. Mr Ryan has been a Member of the Australian Institute of Mining and Metallurgy for 14 years and is a Chartered Professional (Geology). Mr Ryan is employed by Xplore Resources Pty Ltd. Mr Ryan 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'. Mr Ryan consents to the inclusion in the report of the matters based on his information and the form and context in which it appears.

The information in this report that relates to Exploration Results and Mineral Resources of the Cangai Copper Mine is based on information compiled by Neil Hutchison, a Competent Person who is a Member of the Australian Institute of Geoscientists. At the time the report was compiled, Neil Hutchison was a director of Castillo Copper Ltd. Neil Hutchison has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Neil Hutchison consents to the inclusion in the report of the matters based on his information in the form and context in which it appears..

APPENDIX 1: INTEREST IN MINING TENEMENTS HELD

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

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

MT OXIDE		
Mt Isa region, northwest Queensland		
Tenement ID	Ownership at end of Quarter	Change during the Quarter
EPM 26513	100%	-
EPM 26525	100%	-
EPM 26574	100%	-
EPM 26462	100%	-
EPM 27440	-	Application

APPENDIX 2: SUMMARY OF EXPLORATION EXPENDITURE INCURRED PER PROJECT

Project	Quarter Cash Spend \$A'000
Jackaderry	60
Broken Hill	-
Mt Oxide North	18
Marlborough	-
Zambia	28
Total	106