



CASTILLO COPPER
LIMITED

ASX Release

27 July 2020

CASTILLO COPPER
LIMITED
ACN 137 606 476

45 Ventnor Avenue,
West Perth,
Western Australia 6005

Tel: +61 8 9389 4407

Contact:

Simon Paull
Managing Director

E-mail:

info@castillocopper.com

For the latest news:

www.castillocopper.com

Directors / Officers:

Rob Scott
Simon Paull
Gerrard Hall

Company Secretary:

Dale Hanna

Issued Capital:

929.06 million shares
324.96 million options
93.75 million performance
shares

ASX Symbol:

CCZ

JUNE 2020 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Mt Oxide Pillar:**
 - ❖ Large mineralised system, with IOCG targets, identified
 - ❖ **Primary interpreted potential massive sulphide target at Arya prospect is ~130m thick, ~1,500m by ~450m and ~426m below surface¹**
 - ❖ Drilling campaign to be expedited at Arya prospect and Big One Deposit
- **Zambia Pillar:**
 - ❖ Large anomaly, with 6km strike, identified at Luanshya project¹
- **Cangai Copper Mine Pillar:**
 - ❖ Exploration to focus on extending known mineralisation in the north-east quadrant
- **Corporate:**
 - ❖ Funding secured to expedite drilling campaign at the Mt Oxide pillar
 - ❖ Cash on hand at quarter end totalled \$3.1m
- **Subsequent to the period close:**
 - ❖ Final targets completed for drilling campaigns at Arya and the Big One Deposit
 - ❖ Dual listing on the LSE close to being finalised and moving ahead

Castillo Copper Limited's ("CCZ" or "the Company") is pleased to present shareholders its latest quarterly report for the period 1 April to 30 June 2020.

During the period, much of the focus remained on the Mt Oxide pillar, while funding was secured to commence drilling campaigns at the Arya prospect and Big One Deposit. The strategic intent to dual list on the London Stock Exchange and develop the three pillars to transform CCZ into a mid-tier copper group remains on target. An overview of key events follows:

DEVELOPMENT WORK

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

Mt Oxide Pillar

On 6 April 2020, CCZ announced that further work completed by its independent geology consultant on Johnnies prospect, verified shear hosted copper-zinc-lead mineralisation potential based on high-grade assayed surface samples, including:

- ❖ Rock chip assays up to **59,100ppm Cu, 9,500ppm Zn, 45,000ppm Pb¹**.

In addition, two 16m long costeans (A & B) were dug-out, parallel to historic workings, to test near-surface mineralisation, that delivered highly encouraging assays:

- ❖ Costean A: significant anomalous values from the one sample – **63,000ppm Zn, 21,700ppm Pb & 1,750ppm Cu¹; and**
- ❖ Costean A: from a 5m composite sample – **16,532ppm Zn, 5,658ppm Pb & 782ppm Cu¹**.

Complementing the geochemical work, an induced polarisation survey identified two anomalies: one with a low phase response that is potentially sulphide mineralisation continuing down plunge, while the other is a north trending downwards plunging anomaly.

On 28 April 2020, CCZ published an overview of the Crescent prospect which has a circa 2.2km by 0.5km Iron-Oxide Copper Gold (IOCG) target, which is the largest in the Mt Oxide pillar¹.

The target zone, which is in Crescent's western section, is structurally controlled between two parallel ENE-WSW trending faults. Moreover, the zone between the faults has haematitic-quartz veins laced with elevated gold surface assays, rhyolitic dykes, altered ferruginous sandstone and evidence of IOCG style alteration. Key facts comprise:

- ❖ Visible alluvial gold has been panned in stream sediments, with assays up to **170ppb Au¹** recorded;
- ❖ This complements high copper surface readings which includes rock chip assays up to **262ppm Cu¹**; and
- ❖ Providing a specific drill target is an aerial GEOTEM magnetic survey which identified a circa 300m by 400m sub-surface anomaly¹.

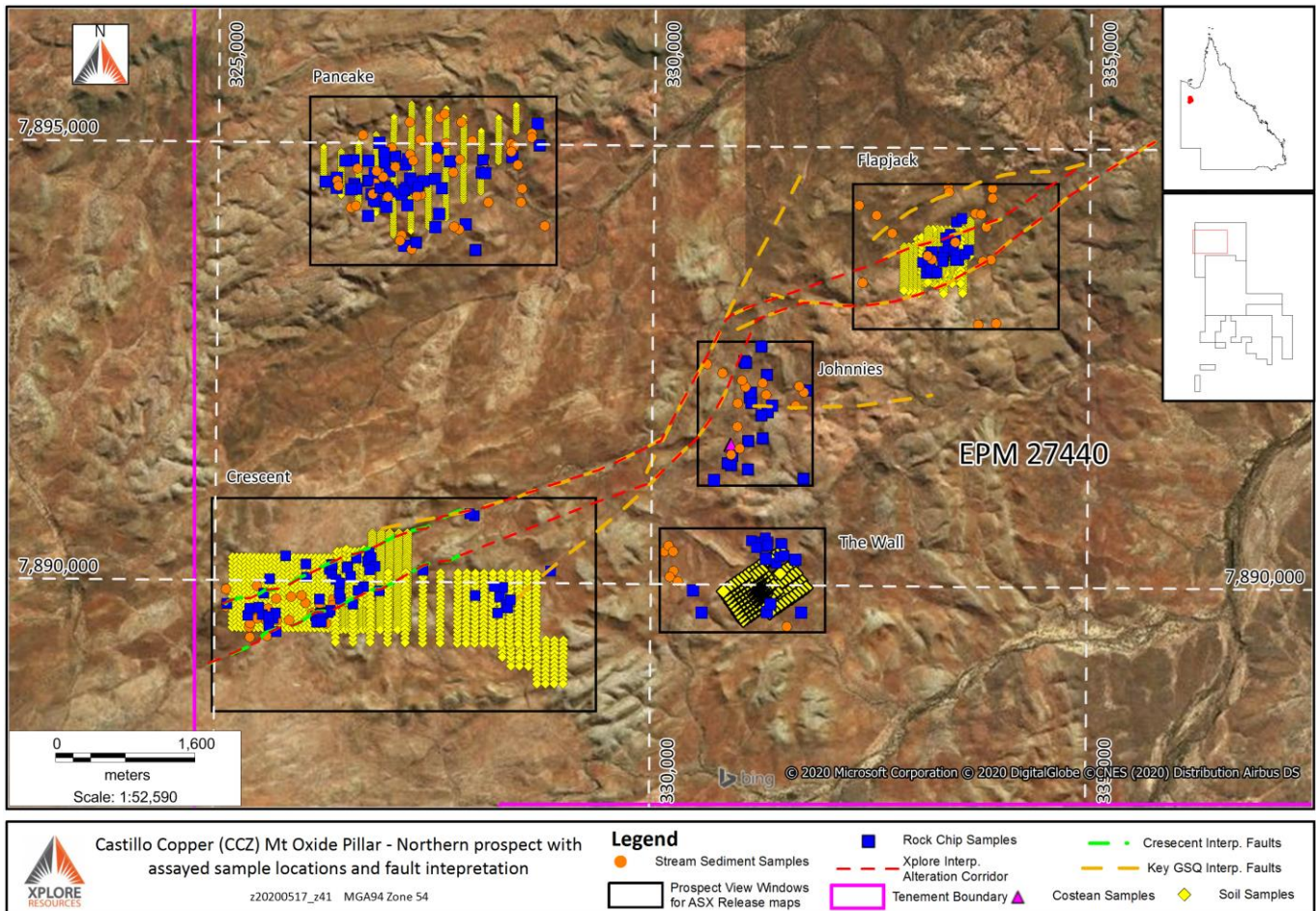
In Crescent's eastern section, fresh evidence uncovered a NNW target zone, circa 1.2km by 0.35km, that is highly prospective for Mt Isa style mineralisation¹ (MIM):

- ❖ The MIM target zone was defined by surface readings for zinc, with rock chip assays delivering maximum results up to **435ppm Zn and 275ppm Pb¹; and**
- ❖ Further, the MIM target zone is coincident with two shallow sub-surface ground magnetic anomalies.

On 11 May 2020, CCZ's Board resolved to expedite commencing drilling campaigns at the Arya prospect and the Big One Deposit.

On 20 May 2020, CCZ announced that a large mineralised system, with IOCG targets, had been identified at the Mt Oxide pillar. Notably, detailed work on Flapjack (an IOCG target) has interpreted it to be part of a larger mineralised system that comprises the Crescent (IOCG) and Johnnies (shear hosted copper/supergene ore) prospects (Figure 1). This is a significant development which further enhances the exploration upside and potential scale for the Mt Oxide pillar.

FIGURE 1: FAULT INTERPRETATION LINKING FLAPJACK & CRESCENT PROSPECTS



Source: CCZ geology team (refer CCZ ASX Release – 20 May 2020)

Flapjack, which is within a zone of structurally controlled ENE trending haematitic-quartz veins, is on a circa 10km alteration trend that follows fault lines that closely passes Johnnies then connects with the IOCG target zone in the Crescent prospect.

Historic reports¹ on the Flapjack prospect verify the presence of gold within the haematitic-quartz veins and a distinct chlorite alteration which is a potential indicator for IOCG mineralisation. Moreover, high-grade surface assays for coincident gold-copper occurrences provide further support to the presence of potential IOCG mineralisation, including:

- ❖ Rock chip: up to **1.37ppm Au and 606ppm Cu¹**;
- ❖ Stream sediment: up to **820ppb Au and 50ppm Cu¹**; and
- ❖ Soil: up to **81ppb Au and 292ppm Cu¹**.

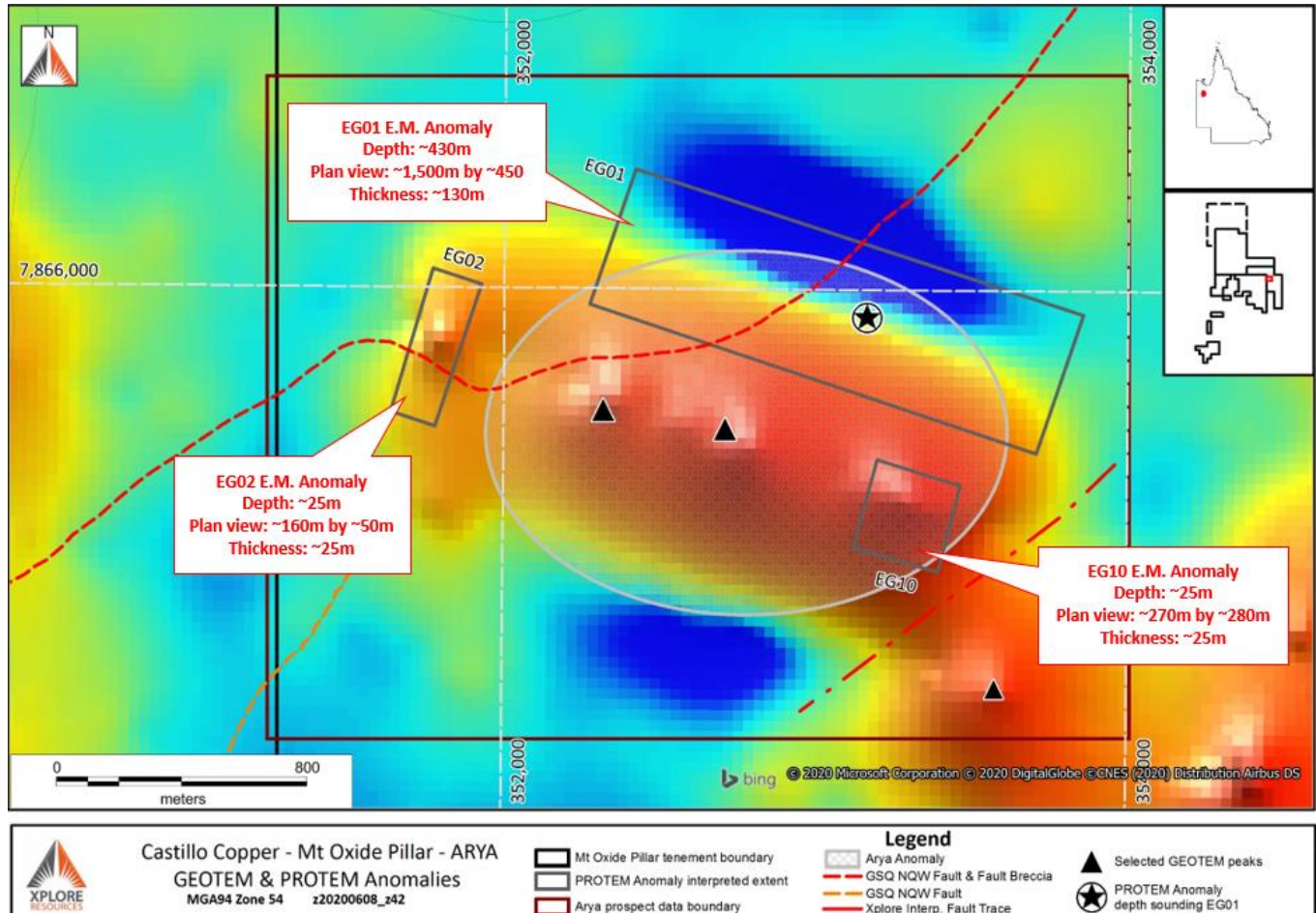
Around 600m south-west of Flapjack’s soil-grid is a circa 250m by 150m sub-surface anomaly, discovered by an aeromagnetic GEOTEM survey and on the fault line, which is a future primary drill target, subject to follow up field work verification¹.

On 10 June 2020, CCZ announced that an interpreted **~130m thick massive sulphide drilling target** was identified at the Arya prospect, as a result of analysing ground & aerial electromagnetic geophysical surveys¹.

The primary drill target (EG01) is interpreted to contain potential massive sulphides, which substantially boosts the Mt Oxide pillar’s overall exploration upside, as it is an exceptional **circa 130m thick, circa 1,500m by 450m and circa 426m below surface¹**.

The two secondary drill targets (EG02 and EG10) have the potential to be supergene mineralisation – **both circa 25m below surface and circa 25m thick, with dimensions at circa 160m by 50m and circa 270m by 280m respectively**¹. All three targets were identified by BHP¹ in the late 1990s and earmarked for priority follow up exploration which never materialised – possibly due to weak base metal prices at the time (Figure 2).

FIGURE 2: DRILL TARGETS AT ARYA PROSPECT – ELECTROMAGNETIC ANOMALIES



Source: CCZ geology team (refer CCZ ASX Release – 10 June 2020)

Complementing its geophysics work, BHP undertook rock chip sampling above EG01 & EG02 – along a mineralised brecciated fault, with assays confirming high-grade supergene copper mineralisation at surface up to **7,400ppm Cu¹**.

In addition, several other groups have completed numerous rock chip sampling programs at the Arya prospect – above the bedrock conductors – reporting high-grade assays up to a significant **18,400ppm Cu¹**:

- ❖ This is significant as there is typically a clear nexus between supergene copper mineralisation at surface and massive sulphides at depth

During the quarter the Company paid \$26,000 in consultants fees and \$2,000 in rates and mines departments fees.

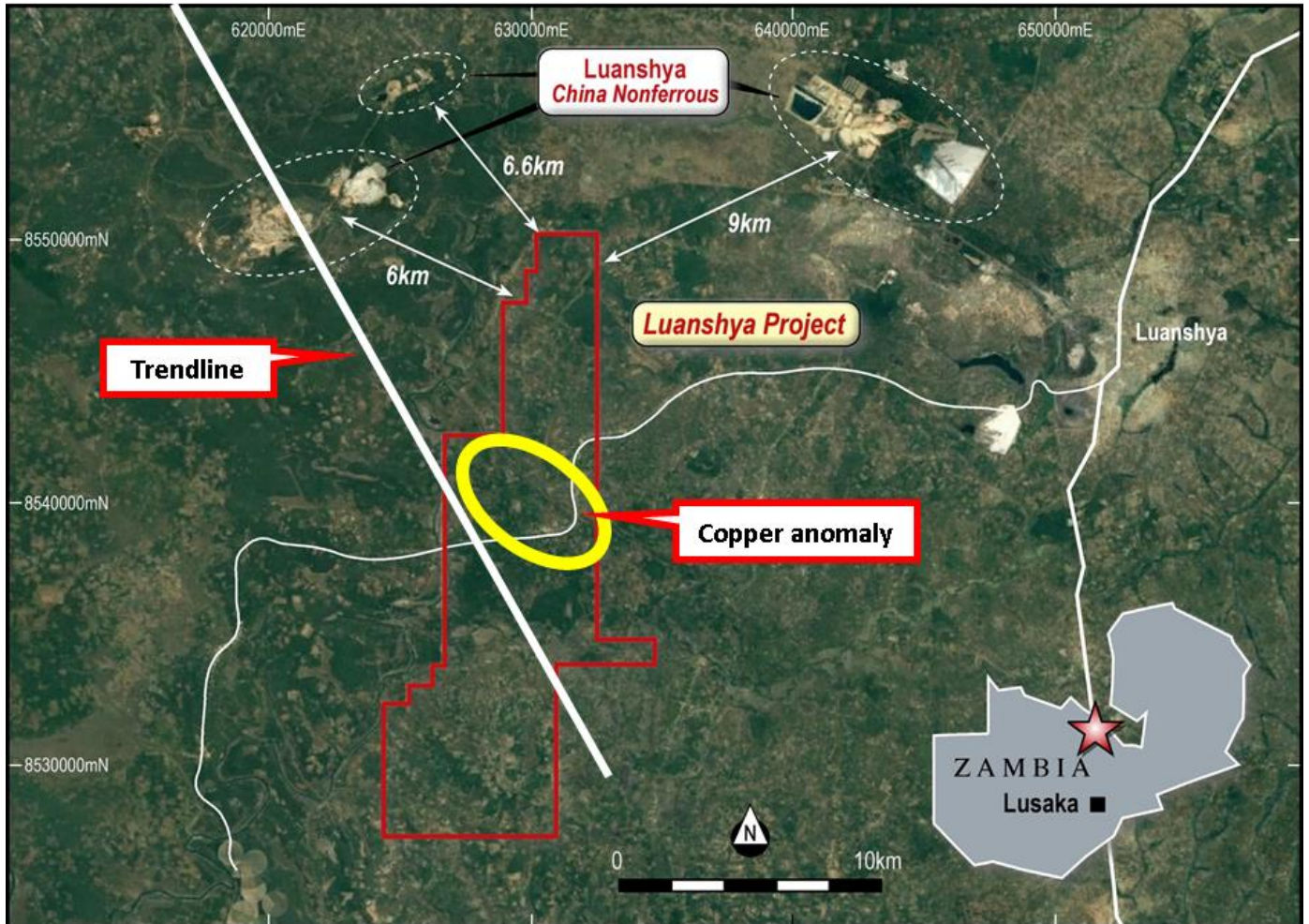
Zambia Pillar

On 15 April 2020, CCZ released a Zambia pillar update which highlighted the discovery of a large anomaly, with 6km strike identified at Luanshya project. This resulted from a comprehensive soil sampling program that analysed 913 data points.

Significantly, the newly identified anomalous area coincides with a previously identified NW-SE trend-line, that is ~5-10km wide in places. Moreover, it intersects the Luanshya project and is known to host copper mineralisation.

Further, two of Hong Kong listed China Nonferrous Mining Corp’s (CNMC) (HKSX: 1258) three operating copper mines in the region, are circa 7km NW of the anomaly on the same trendline (Figure 3). CNMC’s Proven & Probable JORC (2012) Reserves are **52.3mt @ 1.26% Cu¹**.

FIGURE 3: IDENTIFIED ANOMALY IN RELATION TO OPERATING COPPER MINES



Source: CCZ geology team (refer CCZ ASX Release – 15 April 2020)

CANGAI COPPER MINE

On 4 May 2020, CCZ announced that future exploration work – surface sampling & ground geophysics – at Cangai Copper Mine will focus on extending known mineralisation in the North-East quadrant. This is an area which extends 400-500m north-east from the line of lode and 500m to the south-east.

In addition, documentation to extend the three exploration licences at the Cangai Copper Mine pillar was lodged with the NSW Resources Regulator.

During the quarter the Company paid \$3,000 in consultants fees.

BROKEN HILL ALLIANCE

On 8 April 2020, the inaugural Investor Presentation on Broken Hill Alliance was released. This complements the announcement, announcing the formation of BHA, on the ASX platform on 24 February 2020.

During the quarter the Company paid \$1,000 in rates and mines departments fees.

CORPORATE

- **Deferment in Board compensation:** From 1 April 2020, CCZ's Board members agreed to defer 50% of their directors' fees as part of a series of measures to preserve cash reserves.
- **New Company Secretary Appointed:** On 1 April 2020, CCZ's new CoSec, Mr Dale Hanna, was appointed.
- **Board change:** On 30 April 2020, CCZ announced that Mr Matthew Bull resigned from the Board as a result of accepting a full-time executive position with a UK based group. Mr Bull felt he would not be able to devote the necessary time required to fulfil his fiduciary obligations to CCZ.
- **Investor Presentation released:** On 25 June 2020, CCZ released a corporate Investor Presentation "Building a Mid-tier Copper Group" on the ASX platform.
- **Funding secured to expedite drilling campaign at the Mt Oxide pillar:** On 23 June 2020, CCZ successfully completed a placement to sophisticated and institutional investors that raised circa \$2.1m (before costs) – the transaction was well supported by current and new Australian shareholders.
CCZ issued 95,454,545 new shares at a price of \$0.022 per share, representing a 12% discount to the closing price on 16 June 2020, and one free attaching unlisted option for each share subscribed for, exercisable at \$0.05, expiring three years from date of issue.
- **Change of registered office, principal place of business & postal address:** On 29 June 2020, CCZ announced its address will change to the following:
45 Ventnor Avenue,
West Perth,
Western Australia 6005
- During the quarter payments to related parties of the entity and their associates totalled \$29,000 for director and consulting fees.

POST PERIOD EVENT

- **Arya Drill program finalised:** On 1 July 2020, CCZ's geology team finalised the RC drilling campaign for the Arya project, within the Mt Oxide pillar, which comprises a proposed ~3,432m program over 14 drill-holes, within an area ~1,500m by ~1,000m, with targets near surface and deeper geophysical anomalies.
- **Grant of ASX Listing Rule 14.7 Waiver:** On 27 March 2020, shareholders approved the issue of up to 180 million shares (Public Offer Shares) in a public offer to facilitate the dual listing of the CCZ's securities on the London Stock Exchange.
On 6 July 2020, ASX granted a waiver from Listing Rule 14.7 to the extent necessary to enable CCZ to issue the Public Offer Shares more than three months after shareholders approved the issue of the Public Offer Shares in accordance with resolution 7 at the meeting.
- **Final targets completed for drilling campaigns at Arya/Big One Deposit:** On 14 July 2020, CCZ announced it had finalised all targets for the upcoming drilling campaigns at the Arya prospect and Big One Deposit.

Simon Paull

Managing Director

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.

1) Note – All information referenced is from CCZ ASX Releases, as dated in text, from 1 April to 28 July 2020 inclusive

INTEREST IN MINING TENEMENTS HELD

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

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

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

Zambia				
Project	Tenement ID	Ownership at start of Quarter	Ownership at end of Quarter	Change during the Quarter
Lumwana North	23914-HQ-SEL	100%	-	100%
Lumwana North	23913-HQ-SEL	100%	-	100%
Mkushi	24659-HQ-LEL	100%	-	100%
Luanshya	22448-HQ-LEL	0%*	-	0%*
Luanshya	25195-HQ-LEL	55%	-	55%*
Luanshya	25273-HQ-LEL	55%^	-	55%^*
Mwansa	25261-HQ-LEL	100%^	-	100%^

*CCZ can earn up to 80% by meeting previously disclosed milestones

^ Indicates the tenement is still under application