



CASTILLO COPPER
LIMITED

ASX Release

27 July 2021

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CCZ

JUNE 2021 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

▪ **Big One Deposit:**

- ❖ Interpretations by CCZ's geophysicist consultant, post the inaugural Induced Polarisation (IP) survey, suggests there is compelling evidence significant incremental mineralisation is located along fault structures rather than constrained within the trachyte dyke¹
- ❖ Notably, the IP survey identified there is a significant untested bedrock conductor north of the line of lode that is materially larger than the high-grade anomaly drilled in 2020¹
- ❖ The drilling campaign, comprising reverse circulation and diamond drilling over 26 drill-holes for 2,828m, resumed and will focus on intersecting new targets off the 1,200m strike event to extend known copper mineralisation¹
- ❖ The first three drill-holes, BO_315RC-17RC, proximal to BO_2020_201RC-03RC, all intercepted mineralisation – up to 17.5m thick – based on the field geologist's estimates¹

▪ **Corporate:**

- ❖ CCZ raised A\$11.7m (£6.4m) to ramp up development of its Mt Oxide and Zambia Projects¹

▪ **Post period events:**

- ❖ CCZ confirmed a comprehensive IP survey will commence across the key Luanshya and Mkushi Projects located in Zambia's copper-belt¹

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 2021.

During the period, most of the focus remained on developing the Big One Deposit within the Mt Isa copper-belt in north-west Queensland. An overview of key events follows:

DEVELOPMENT WORK

CCZ has its core project in Mt Isa's copper-belt, four assets across Zambia's copper-belt, a large footprint near Broken Hill's world class silver-zinc-lead deposit and the historic Cangai Copper Mine in New South Wales.

Big One Deposit & Arya Prospect, Mt Isa copper-belt

On 7 April 2021, CCZ announced its geology team would be heading to site and resuming exploratory work at the Big One Deposit. The pre-drilling work would comprise a geophysical survey campaign designed to extend known mineralisation¹.

In addition, the Queensland government's Department of Resources granted the final key tenement (EPM 27440) that expands the overall footprint in Mt Isa's copper-belt by circa 23% to 980km². Within the granted ground are five well-profiled targets (Crescent, Pancake, Flapjack, The Wall & Johnnies) that are prospective for IOCG, Mt Isa Style & shear-hosted copper mineralisation¹.

Further forensic work by CCZ's geology team has uncovered the following:

- Historical reports showing there are potentially more targets within the vicinity of the Arya Prospect; and,
- An incremental 11 targets within the tenure that are prospective for various styles of copper-gold mineralisation¹.

On 13 April 2021, CCZ's geology team reviewed key historical reports – including several commissioned by BHP & Mt Isa Mines in the 1990s – that enhance the Arya Prospect's exploration potential. In a 1997 annual tenement report, BHP identified 11 GEOTEM¹ anomalies worthy of attention (now in CCZ's tenure), however, ground geophysics and rock chip sampling was only completed on four¹ (leaving seven viable targets yet to be investigated):

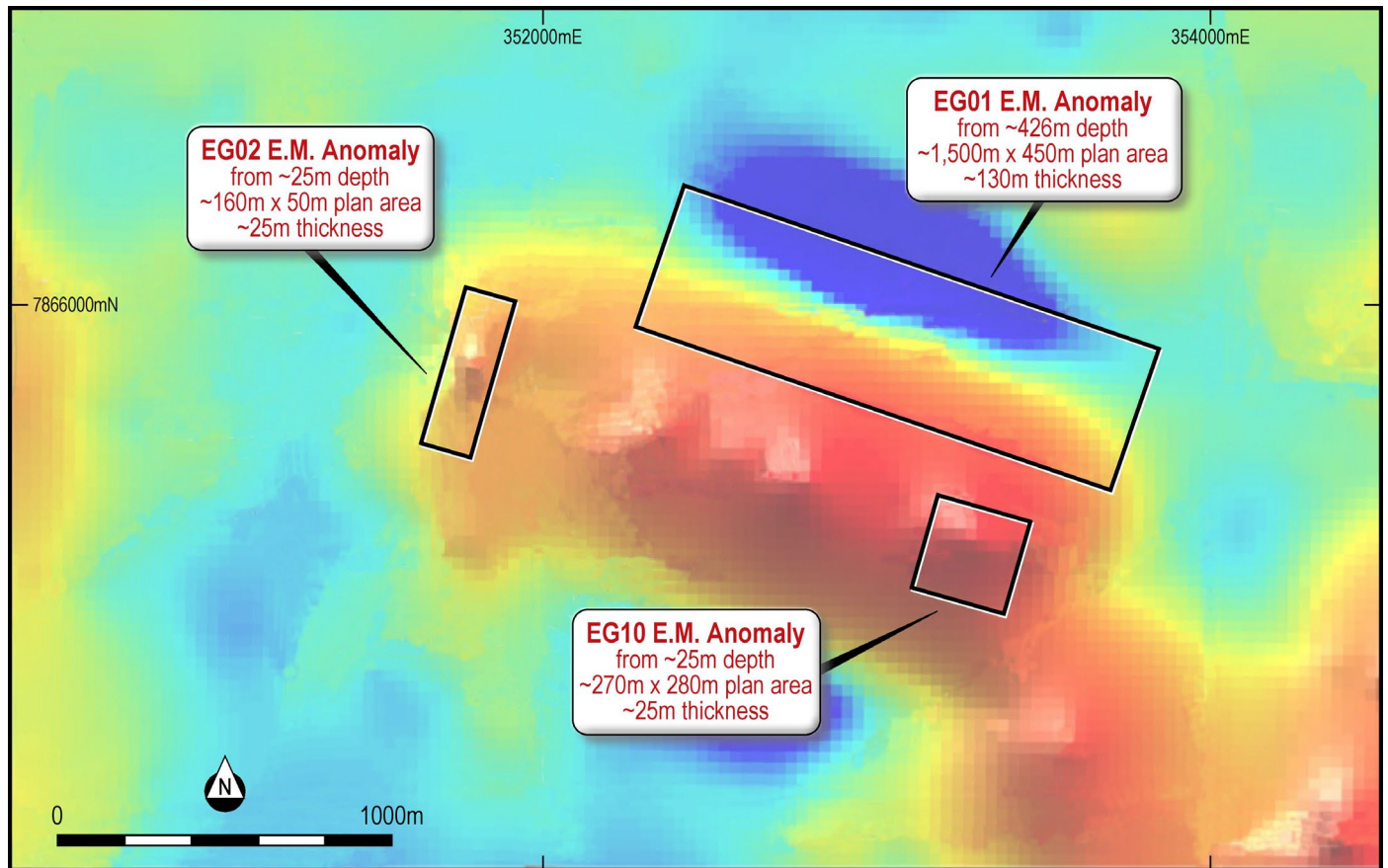
- At the time, BHP rated EG01 – which is interpreted to be a 130m thick potential massive sulphide bedrock conductor (circa 1,500m by 450m and 430m deep) – as a priority drill-test target¹.
- Secondary targets, comprising EG02 & EG10, are interpreted to be shallow (~25m), 25m thick – with respective dimensions 160m by 50m and 280m by 270m – and may contain supergene copper mineralisation¹.

Using aggregated historical rock-chip assay data – up to 1.84% Cu (MIM) – CCZ's geology team created a maiden copper heat map which seamlessly reconciles with geophysical findings to boost confidence in drill-test targets at the Arya Prospect¹.

In addition, to garner better insights of the current drilling campaign, comprising 3,625m across 14 drill-holes¹, CCZ's geology team, utilising 3D modelling to facilitate generating optimal results, have planned:

- Three deep vertical drill-holes, spaced 210m apart, and ranging from 590-680m in depth to test EG01, while 11 shallower drill-holes will focus on EG02, EG10 and three highly anomalous peaks¹ along the fault (Figure 1).

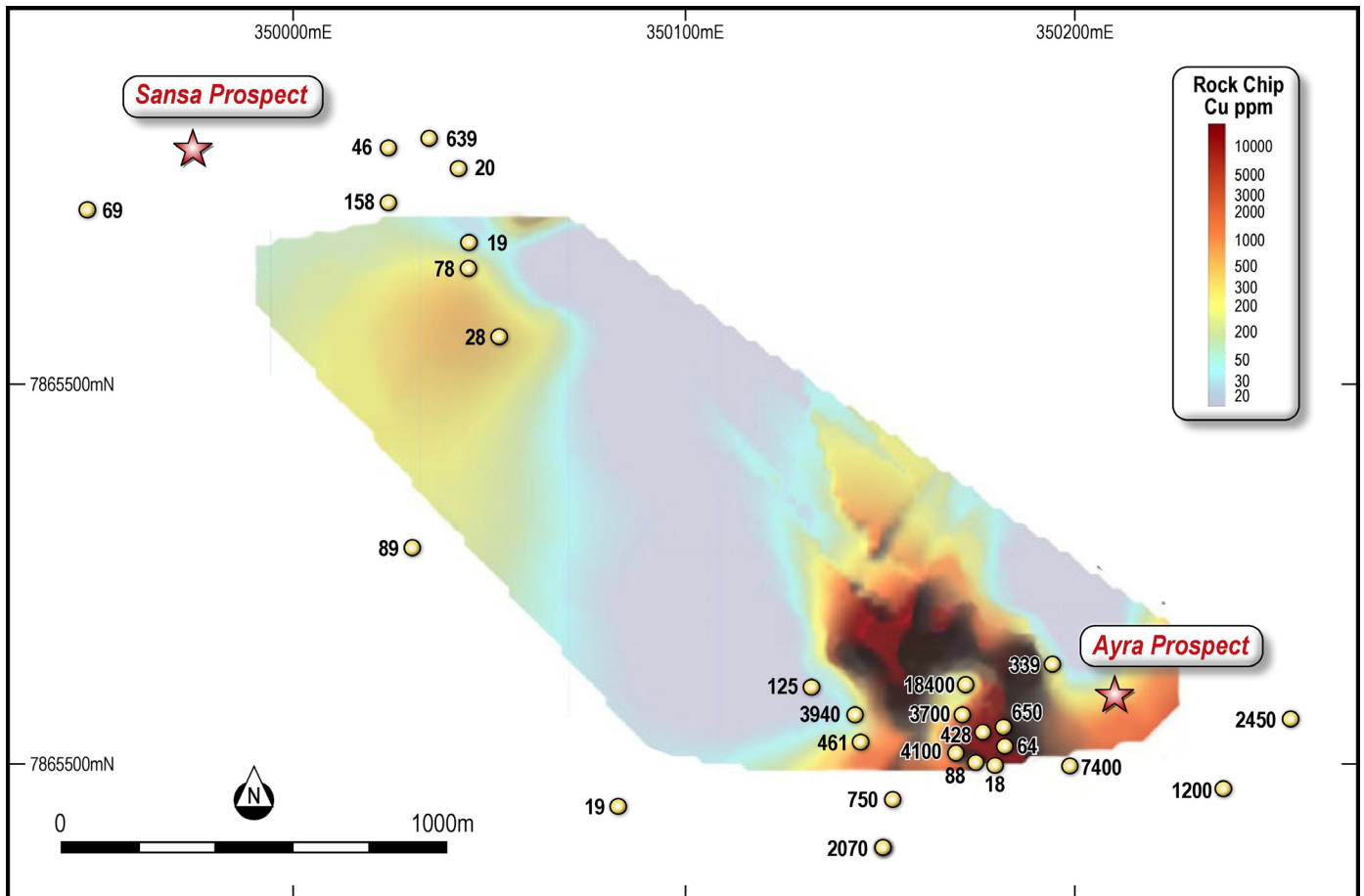
FIGURE 1: PRIMARY TARGETS – EG01, EG02 & EG10 – AT THE ARYA PROSPECT



Source: CCZ geology team

In a fresh development, another deep bedrock conductor was identified at the newly named Sansa Prospect¹ (Figure 2), which is immediately west of the Arya Prospect. Encouragingly, there are elevated surface copper readings at the Sansa Prospect¹ – above the bedrock conductor – though further interpretation work is required to formulate dimensions and assess the geological potential.

FIGURE 2: COPPER HEAT MAP ACROSS ARYA & SANSA PROSPECTS



Source: CCZ geology team

On 10 May 2021, Managing Director Simon Paull provided an updated¹ on the strategic intent to progress developing CCZ into a mid-tier copper group. The key takeaway was the Board remains optimistic that 2021 will be a transformative year as exploration efforts are ramped up at the Big One Deposit, Arya & Sansa Prospects, coupled with working towards successfully optimising the Zambia and NSW assets.

On 20 May 2021, CCZ announced that Big One Deposit lights up post the inaugural Induced Polarisation (IP) survey¹. Pleasingly, preliminary interpretations from CCZ's geophysicist consultant delivered outstanding results:

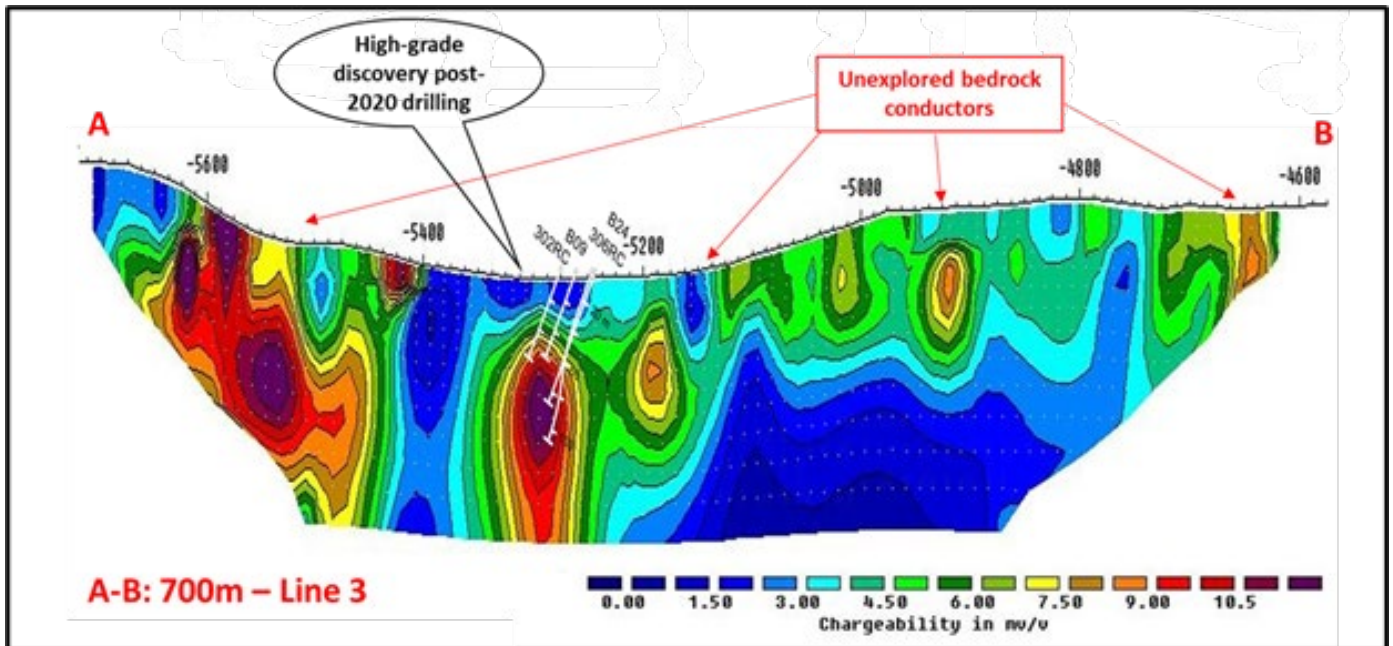
- There is compelling evidence significant incremental mineralisation is located along fault structures rather than constrained within the trachyte dyke; and
- Consequently, this increases the potential structural targets across the Big One Deposit¹.

Findings from line 3 – which is 700m long (Figure 3) – highlight a significant untested bedrock conductor north of the line of lode that is materially larger than the high-grade anomaly drilled in 2020¹ – where the best intercepts comprised:

303RC: 40m @ 1.64% from (fm) surface incl: 11m @ 4.40% fm 24m, 5m @ 7.34% fm 28m & 1m @ 16.65% fm 29m¹

301RC: 44m @ 1.19% Cu fm surface incl: 14m @ 3.55% fm 27m, 3m @ 10.88% fm 37m & 1m @ 12.6% fm 37m¹

FIGURE 3: LINE 3 – NEWLY IDENTIFIED BEDROCK CONDUCTORS



Source: CCZ geology team

Further, three more untested prospective anomalies¹ along line 3 were discovered south of the line of lode which collectively bolster the Big One Deposit's exploration potential.

On 1 June 2020, CCZ stated an expanded drilling campaign is set to commence at the Big One Deposit¹. This follows on from the successful geophysics survey, which comprised six 500-700m lines across the 1,200m strike event.

On 16 June 2020, CCZ announced that a comprehensive drilling campaign, comprising reverse circulation and diamond drilling, had commenced at the Big One Deposit (Figure 4). The program, comprising 26 drill-holes for 2,828m, is focused on intersecting new targets off the 1,200m strike event to extend known copper mineralisation¹.

In addition, a geophysics team will conduct a follow up DHEM survey to determine the relative density of the underlying copper mineralisation¹.

FIGURE 4: DRILLING UNDERWAY AT MT OXIDE PROJECT



Location: 7,880,306E, 335,422N Source: CCZ geology team

On 29 June 2021, CCZ announced that mineralisation had been intercepted – up to 17.5m thick – at the Big One Deposit. Factoring in results from the recent IP survey, the first three drill-holes, BO_315RC-17RC, proximal to BO_2020_201RC-03RC1, all intercepted mineralisation (Figure 5) based on the field geologist’s estimates¹.

| FIGURE 5: BEST INTERCEPTED MINERALISATION | | | |
|--|-----------------|---------------|-------------------------------|
| Borehole | From (m) | To (m) | Apparent Thickness (m) |
| BO_315RC | 61.0 | 69.0 | 8.0 |
| BO_316RC | 113.0 | 120.0 | 7.0 |
| BO_316RC | 129.0 | 146.5 | 17.5 |
| BO_317RC | 90.5 | 103.0 | 12.5 |

Compared to drill-holes 201RC-03RC1 from the 2020 campaign, 315RC-317RC were drilled deeper, intersecting mineralisation within and external to the trachyte dyke. This is significant, as it supports interpretations from the recent IP survey that copper mineralisation is controlled by major structural trends rather than constrained purely within the trachyte dyke¹.

More significantly, fresh interpretations from the preliminary observations verify that known mineralisation has clearly been extended¹. However, full insights will only become apparent once assays are returned from the laboratory.

New South Wales Projects

➤ **BHA Project**

The Board continued to market the BHA Project to prospective strategic partners as part of its strategy to optimise the sizeable footprint around Broken Hill's world class zinc-silver-lead deposit.

➤ **Cangai Copper Mine**

No material work was undertaken on Cangai Copper Mine during the review period.

CORPORATE

- **Capital raising:** On 4 June 2021, CCZ secured ample funding, A\$11.7m (£6.4m) before costs, to rapidly progress developing core projects in Australia and Zambia, which dovetails in with CCZ's strategic intent to transform into a mid-tier copper group.

Pleasingly, the placement was well supported by institutional and sophisticated investors in Australia and the UK.

CCZ will issue a total of 278,395,961 New Shares at \$0.042 (£0.023) per share. 140,592,523 New Shares were issued using the Company's existing 7.1 capacity, 97,502,707 New Shares were issued using the Company's existing 7.1A capacity and 40,300,731 New Shares will be issued upon obtaining shareholder approval in a General Meeting to be held on 30 July 2021.

CCZ will issue a total of 157,041,087 Listed Options, all of which are subject to shareholder approval which will be sought at the above-mentioned general meeting¹.

POST QUARTER EVENT

On 1 July 2021, CCZ confirmed a comprehensive IP survey will commence across the key Luanshya and Mkushi Projects located in Zambia's copper-belt. Given the scale of the campaign, it will take 6-8 weeks to complete and fully analyse the results; however, reconciling these findings with known anomalous areas at surface should identify priority targets to test-drill¹.

PAYMENTS TO, OR TO AN ASSOCIATE OF, A RELATED PARTY OF THE ENTITY DURING QUARTER DURING THE QUARTER

\$89,000 was paid to related parties of the Company relating to executive director salary and non-executive director fees.

SUMMARY OF THE EXPLORATION EXPENDITURE INCURRED DURING THE QUARTER

| | Consulting fees | Rates and mines departments fees |
|--------|-----------------|----------------------------------|
| NSW | \$177,000 | \$19,000 |
| QLD | \$157,000 | \$22,000 |
| Zambia | \$48,000 | Nil |

Simon Paull

Managing Director

1) Note – All information referenced is from CCZ ASX Releases, as dated in text, from 1 October 2020 to 28 January 2021 inclusive

About Castillo Copper

Castillo Copper Limited is an Australian-based explorer primarily focused on copper across Australia and Zambia. The group is embarking on a strategic transformation to morph into a mid-tier copper group underpinned by its core projects:

- The Mt Oxide project in the Mt Isa copper-belt district, north-west Queensland, which delivers significant exploration upside through having several high-grade targets and a sizeable untested anomaly within its boundaries in a copper-rich region.
- Four high-quality prospective assets across Zambia's copper-belt which is the second largest copper producer in Africa.
- A large tenure footprint proximal to Broken Hill's world-class deposit that is prospective for zinc-silver-lead-copper-gold.
- Cangai Copper Mine in northern New South Wales, which is one of Australia's highest grading historic copper mines.

The group is listed on the LSE and ASX under the ticker "CCZ."

Competent Person Statement

The information in this report that relates to Exploration Results for "Big One Deposit" is based on information compiled or reviewed by Mr Mark Biggs. Mr Biggs is both a shareholder and director of ROM Resources, a company which is a shareholder of Castillo Copper Limited. ROM Resources provides ad hoc geological consultancy services to Castillo Copper Limited. Mr Biggs is a member of the Australian Institute of Mining and Metallurgy (member #107188) 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, and Mineral Resources. Mr Biggs holds an AusIMM Online Course Certificate in 2012 JORC Code Reporting. Mr Biggs also consents to the inclusion in this report of the matters based on information in the form and context in which it appears. The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

APPENDIX 1: INTEREST IN MINING TENEMENTS HELD

| JACKADERRY (CANGAI) | | | |
|----------------------------|-------------------------------|-----------------------------|---------------------------|
| 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% | - |
| EL 8434 | - | 100% | 100% |
| EL 8435 | - | 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 | - | 100% | 100% |

| 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 | - | - | - |
| 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