CASTILLO COPPER LIMITED

ASX Release

28 April 2022

CASTILLO COPPER LIMITED
ACN 137 606 476

45 Ventnor Avenue,
West Perth,
Western Australia 6005

Tel: +61 8 9389 4407

Contact:
Dr Dennis Jensen
Managing Director

E-mail:
info@castillocopper.com

For the latest news:

www.castillocopper.com

ASX/LSE Symbol:
CCZ

MARCH 2022 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **NWQ Copper Project – Big One Deposit (Queensland):**
  - ❖ Modelling the 2020-21 reverse circulation and diamond core drilling campaigns at the Big One Deposit produced a maiden JORC 2012 Mineral Resource Estimate (MRE) of 2.1Mt @ 1.1% Cu for 21,886t contained metal[1]
- **BHA Project (Broken Hill, NSW):**
  - ❖ Significant cobalt mineralisation uncovered in historical assayed drill intercepts within the East Zone[1]
  - ❖ Work progressing on block model and potentially proving up a primary cobalt MRE which is working with the JORC (2012) Code[1]
- **Corporate:**
  - ❖ Dr Dennis Jensen promoted to CEO (following the retirement of Mr Simon Paull) and Mr Geoff Reed to Executive Director[1]
  - ❖ Mr Ged Hall promoted to Chairman (following the retirement of Mr Rob Scott) and Dr Dennis Jensen to Managing Director (from CEO)[1]

Castillo Copper Limited's ("CCZ" or **"the Company")** is pleased to present shareholders its latest quarterly report for the period 1 January to 31 March 2022.

During the period, most of the focus remained on developing the East Zone, BHA Project in Broken Hill and Big One Deposit, NWQ Copper Project in the Mt Isa copper-belt in north-west Queensland. An overview of key events follows:

DEVELOPMENT WORK

CCZ has four properties comprising the NWQ Copper Project in Mt Isa's copper-belt, the BHA Project near Broken Hill's world class silver-zinc-lead deposit in NSW, the historic Cangai Copper Mine and four assets across Zambia's copper-belt.

Big One Deposit, NWQ Copper Project

On 28 February 2022, CCZ announced that modelling the 2020-21 reverse circulation and diamond core drilling campaigns at the Big One Deposit produced a maiden JORC 2012 t MRE of 2.1Mt @ 1.1% Cu for 21,886t contained metal[1] (Figure 1). The underlying orebody – which commences from surface – is not fully defined, as it remains open to the east, north and down dip.

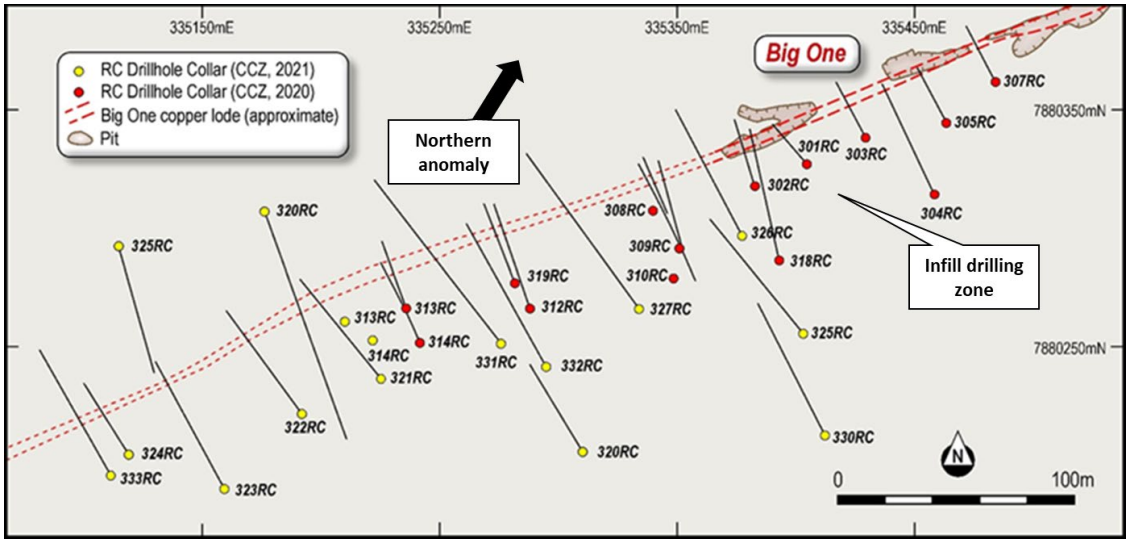
FIGURE 1: RESOURCE TONNAGES BIG ONE DEPOSIT

Tenure Name	Ore Type	Inferred (Mt)	Indicated (Mt)	Measured (Mt)	Copper Grade (%)	Silver Grade (g/t)	Contained Copper (t)	Contained Silver (kg)
Mine Dumps	Oxidised	0	0.007	-	1.2	4.0	86	29
Mine Insitu	Oxidised	1.7	0	-	1.0	1.1	17,000	1,870
Mine Insitu	Fresh	0.4	0	0	1.2	1.4	4,800	560
Sub-Totals		**2.1**	**0.007**	**0**			**21,886**	**2,459**

Note: Cut-off grade 0.45% Cu. Source: CCZ geology team

Moving forward, CCZ's geology team have already mapped out the next drilling campaign (slated to start once ground conditions improve), which will target extending the known orebody. Notably, the campaign comprises infill drilling around the known orebody (drill-holes 301RC, 303RC & 318R; Figure 2); and drill-testing a significant bedrock conductor, north of the line of lode, which is larger than the known orebody along strike[1].

FIGURE 2: BIG ONE DEPOSIT – LINE OF LODE & 2022 DRILL TARGETS



Source: CCZ geology team

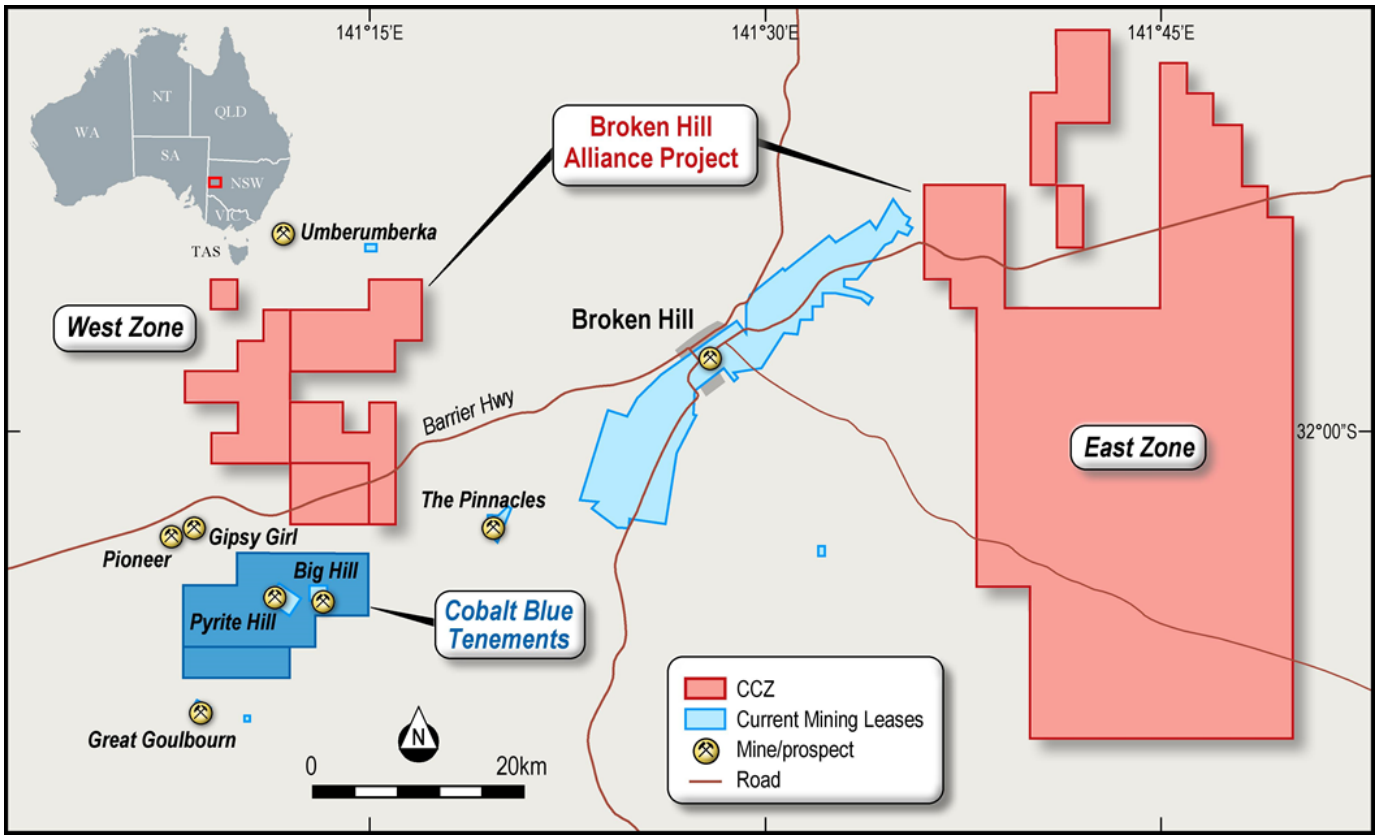
On 14 January 2022, a geological review on BHA's East Zone (Figure 3), acquired from Wyloo Metals[1] in 2020, discovered numerous anomalous areas for cobalt-copper mineralisation delineated from surface / down-hole assays:

- Notably, with assayed values ranging from >300ppm Co up to 3,890ppm Co across >20 drill-holes[1] (proximal to Himalaya Formation outcrop/subcrop) work on modelling a JORC 2012 t cobalt MRE commenced.
- The region is well-known for its cobalt potential, as Cobalt Blue (ASX: COB) has JORC Ore Reserves of 118Mt @ 687ppm Co for 81,100t contained metal[1].

Further, pegmatites – prospective for lithium mineralisation – are apparent within the scattered Sundowner Group outcrop[1], though comprehensive sampling is required to identify anomalous areas.

The Board is highly encouraged by the NSW government's new strategy, which targets building a viable downstream industry for processing critical minerals (including cobalt-copper-REEs) and establishing a global supply hub in the state's central west region[1].

FIGURE 3: BHA PROJECT FOOTPRINT



Source: CCZ geology team

On 9 February 2022, further forensic work uncovered up to 6,182 drill-holes across the East Zone[1] (BHA Project) – undertaken by North Broken Hill Group. Consequently, the Board has prioritised codifying the data then modelling up a JORC 2012 cobalt MRE:

- Incrementally, up to seven reverse circulation and diamond drill-core samples (in the GSNSW core library) will be tested for cobalt mineralisation; and
- As all previous drilling / assays completed by North Broken Hill Group meet current QAQC requirements, there should be a high degree of confidence in the final modelled result.

Given encouraging results from the initial 108 drill-holes, all delivering assays from >200ppm Co up to 9,500ppm Co[1], spinning-off the BHA Group[1] (via an IPO) has been deferred. As a result, this will enable the Board to focus on expediting the development of the East Zone.

Overall, identifying the cobalt potential within the East Zone is timely, with the battery metal upcycle ongoing and the NSW government listing the BHA Project on its Critical Minerals list[1].

On 15 February 2022, preliminary interpretations, based on analysing assayed drill-hole data, suggested cobalt mineralisation, with coincident base metal occurrences, is within four zones down to a relatively shallow 70m.

Furthermore, over 70% of 6,182 drill-holes are now coded, which should enable work on modelling a JORC 2012 MRE focused on cobalt with potential for base metal credits, to commence.

The ability to leverage legacy data to potentially model a JORC 2012 MRE is a win-win, as it can facilitate fast-track developing the BHA Project at a negligible cost and create material value for shareholders.

On 9 March 2022, surface sampling undertaken in and around the Iron Blow Prospect (Figure 4) confirmed the potential for shallow platinoid mineralisation within ultrabasic dykes & metamorphic rocks:

- The best samples comprised: G3 – 3.7 g/t Pt; 25 – 1.45 g/t Pt; G1 – 2.2 g/t Pt (6.1 g/t Au); and MS2 – 2.9 g/t Pt[1].

In addition, there is demonstrable base metal and cobalt potential, with assayed surface samples (including rock-chips, bulked & grab) returning up to 12% Cu, 2,500 Zn, 9,400 Pb and 350ppm Co[1].

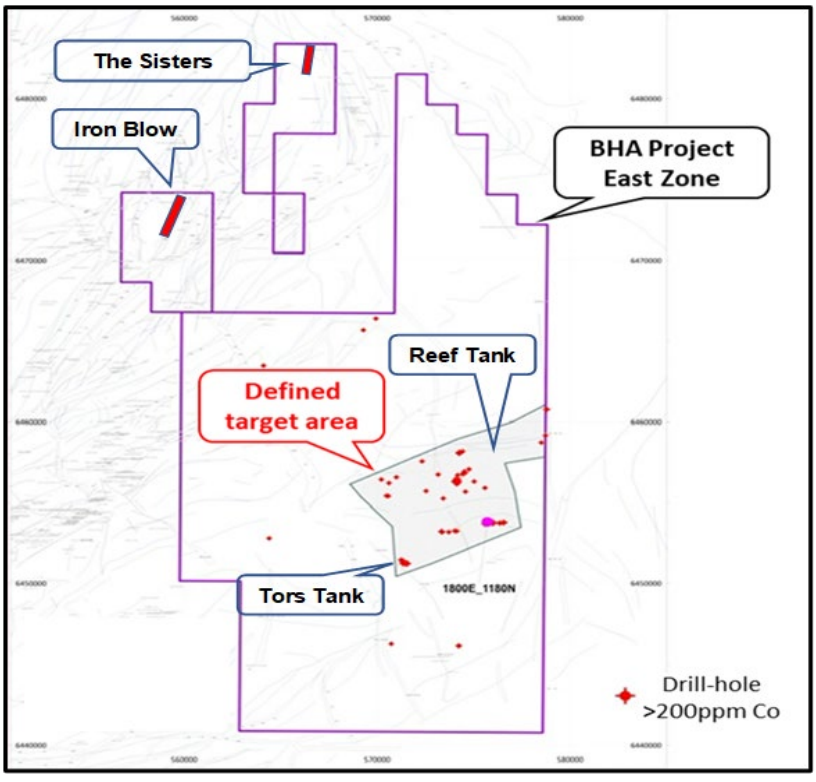
Diamond core drilling has confirmed cobalt is apparent at The Sisters Prospect (Figure 4), with the best results: 1.8m @ 820ppm Co from 124.7m (BH1) and 1.5m @ 320ppm Co from 138.4m (BH2)[1].

CCZ's geology team visited the core library in NSW to re-test mineralised sections taken from Iron Blow and The Sisters Prospects for platinoids, base metals and cobalt – the findings will aid shaping the full extent of the inaugural field trip.

Work continues on modelling and a JORC 2012 MRE focused on cobalt, with the following adjustments:

- Up to 6,380 drill-holes (+198 from 15 Feb 2022 ASX release) are now in the defined target area, with the majority polarised around the Reef Tank and Tors Tank Prospects (Figure 4)[1]; and
- Data from The Sisters will now be factored into a separate MRE.

FIGURE 4: PROSPECTS WITHIN EAST ZONE, BHA PROJECT



Source: CCZ geology team

On 21 March 2022, CCZ's geology team re-tested diamond core – from drill-holes BH1 & BH2 at The Sisters Prospect[1] (East Zone, BHA Project) – available at the core library in Londonderry, NSW, with encouraging results:

- Utilising a PXRF analyser – to identify samples for follow up assays – readings up to 1,705ppm Co and 9.63% Zn were recorded;
- More significantly, several PXRF intervals (7-9m wide) were delineated with high-grade cobalt-zinc readings (Figure 5); and
- These identified intervals from the BH1 & BH2 core are being sent to the laboratory for follow up analysis.

The results are an average of two readings taken for 60 seconds and are preliminary. They are being used to identify sections for core re-sampling and subsequent laboratory analyses. They are not being used in the block model and do not replace laboratory analyses.

FIGURE 5: PRXF INTERVALS BH1 & BH2 – THE SISTERS PROSPECT

Drill-hole	From	To	Apparent Thickness (m)	Co (ppm)	Zn (%)
BH1	11.84	20.89	9.05	859	0.26
	106.62	114.36	7.26	946	1.53
	116.24	124.66	8.42	897	3.26
	124.66	129.54	4.88	370	0.89
BH2	89.35	90.44	1.09	245	1.89
	92.66	93.57	0.91	350	1.94
	137.29	140.58	3.29	525	2.21

Source: CCZ geology team

The PXRF analysis for BH1 & BH2 is consistent with earlier assayed sections from the same diamond core (from different parts), with the best results comprising: 1.8m @ 820ppm Co from 124.7m (BH1) and 1.5m @ 320ppm Co from 138.4m (BH2)[1].

There is a primary 1,200m synclinal structure at The Sisters Prospect[1] – which BH1 intersected – that appears to host high-grade cobalt-zinc mineralisation: this is now a key target for further drill-testing.

In addition, further forensic work on codifying the 6,380 drill-holes around the Reef & Tors Tank Prospects found more evidence of shallow cobalt mineralisation, with the best intercepts: 7m @ 1,600ppm Co from 30m (1800E1180N); 15m @ 760ppm Co from 67m (3E51N); 10m @ 520ppm Co from surface (2925E1240S); and 5m @ 520ppm Co from 45m (TT05W10N)[1].

The Board is optimistic there is adequate geological data across The Sisters, Reef & Tors Tank Prospects to potentially prove up a primary cobalt JORC 2012 MRE.

On 31 March 2022, CCZ announced that ongoing work on the block model and JORC mineral resource estimate uncovered new cobalt assays – within the *Defined Target Area* that hosts the Tors & Reef Tank Prospects – for 20 shallow drill-holes not captured in the Geological Survey of NSW's database:

- Figure 6 shows how the best two new intercepts align with previous results reported on 21 March 2022;
- The new results will be codified then added to the 6,380 drill-holes which are being factored into the geological model; and
- Holistically, the assays demonstrate a significant cobalt system could be apparent within the *Defined Target Area* (Figure 4).

Discovering high-quality incremental data sets further builds a compelling case there is ample geological data within the *Defined Target Area* to prove up a primary cobalt JORC 2012 MRE.

FIGURE 6: BEST ASSAYED INTERCEPTS – DEFINED TARGET AREA	
New:	**5m @ 1,200ppm Co from 15m (AGSO2740)** **10m @ 510ppm Co from 5m including** **5m @ 690ppm Co from 10m (AGSO2716)[1]**
Reported:	**7m @ 1,600ppm Co from 30m (1800E1180N)** **15m @ 760ppm Co from 67m (3E51N)** **10m @ 520ppm Co from surface (2925E1240S)** **5m @ 520ppm Co from 45m (TT05W10N)[2]**

CCZ geology team

Cangai Copper Mine, New South Wales

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

Zambia Projects

The IP survey at the Mkushi Project was completed during the review period. All the data was passed to CCZ's geophysicist consultant in Zambia for analysis and interpretation, and production of a final report with conclusions and recommendations.

CORPORATE

- **Option agreement unwound:** On 14 January 2022, the Board and companies, which hold the Litchfield and Picasso Lithium Projects, have mutually agreed to unwind the Option Agreement. As part of the break agreement terms, the $50,000 deposit has been returned to CCZ.
- **Board changes:** On 28 January 202, CCZ announced that Dr Dennis Jensen was promoted to Chief Executive Officer and Mr Geoff Reed to Executive Director with effect 1 February 2022. They assume responsibility for executing the Board's revised strategic intent to prove up JORC 2012 mineral resources whilst continuing to develop the Arya Prospect. They take over from Mr Simon Paull who retired after building up an excellent platform during his tenure with the group.

POST PERIOD EVENT

- **Board changes:** On 1 April 2022, CCZ announced that Mr Ged Hall (non-executive director based in London) has been promoted to Chairman and Dr Dennis Jensen to Managing Director (from CEO) with effect from 1 April 2022. These promotions follow on post the retirement of long-standing Chairman, Mr Rob Scott, with effect from 31 March 2022.

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

$114,000 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**
Cangai	$17,000	-
Broken Hill Alliance	$33,000	-
Mt Isa	$645,000	$12,000
Zambia	$60,000	-
Total	**$755,000**	**$12,000**

The Board of Castillo Copper Limited authorised the release of this announcement to the ASX.

Dr Dennis Jensen

Managing Director

1) Note – All information referenced is from CCZ ASX Releases, as dated in text, from 1 January 2022 to 28 April 2022 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 cobalt-zinc-silver-lead-copper-gold-PGEs.
- 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."