

QUARTERLY ACTIVITIES REPORT

For the period ending 31 December 2020

Highlights

Rover Mineral Field

- Castile completes the planned 2020 drilling program at the Rover 1 Deposit within the Rover Mineral Field
- Holes 20CRD003, 20CRD004 and 20CRD004-1 were completed with 2345m drilled in the quarter
- Results for Hole 20CRD001¹ (drilled in the previous quarter) were received in October delivering the best gold and copper intercept ever produced from Rover 1:
30.4m @ 35.6g/t Au, 1.46% Cu, 0.18% Bi, 0.09% Co & 3.31g/t Ag Including 13.2m @ 76.27g/t Au, 1.16% Cu
- Hole 20CRD002 results² included gold and copper results of:
12.3m @ 4.51g/t Au, 1.49% Cu, 0.13% Bi, 0.07% Co, 4.04g/t Ag 19m @ 4.6g/t Au, 0.24% Cu, 0.06% Bi, 0.01% Co, 1.25g/t Ag 12.2m @ 5.09g/t Au, 0.44% Cu, 0.99% Bi, 0.05% Co, 5.83g/t Ag
- Hole 20CRD003 assays contained elevated copper levels indicating proximity to conceptual target zones

Corporate

- Completion of unmarketable parcel share sale facility reducing number of shareholders on the register from approximately 6200 to 2800
- Strong cash balance retained on 31 December 2020 of \$14.047M
- Release of Territory Economic Reconstruction Committee Final Report strongly supports mineral exploration sector in the NT



Castile Resources Limited

ASX Code: CST
ABN: 93 124 314 085

Board and Management
Non-Executive Chairman
Peter Cook

Managing Director
Mark Hepburn

Non-Executive Directors
Jake Russell
John Braham

Address and Contact Details
Level 7, Ashton Chambers
189 St Georges Terrace
Perth WA 6000

Ph: +61 8 9488 4480
info@castile.com.au
www.castile.com.au

Shares on Issue
199,710,121

Cash as at 31 Dec 2020
\$14.047M

ASX Announcement
29th January 2021

¹ Refer to CST Announcement 14 October 2020 "Stunning Gold Intercepts from Rover 1 – Amended"

² Refer to CST Announcement 2 November 2020 "Rover 1 Delivers More Significant Copper Gold Intercepts"

Managing Directors Report

Castile Resources Limited (ASX:CST) (“Castile” or “the Company”) was extremely pleased to complete the planned 2020 drilling program at Rover 1 within the Rover Mineral Field in the December quarter. The 2020 program had been revised and shortened due to COVID-19 delays and prioritised two resource definition holes and two conceptual exploration holes testing for additional mineralisation outside the known Rover 1 deposit boundaries.

The Company drilled 2,345m in the December quarter in addition to the 1,528m in the September quarter giving a total of 3,873m for the 2020 field season which is a fantastic result considering the pandemic related delays.

Assays from the first hole (20CRD001) in the program were received in October and delivered the best gold and co-products intercept ever produced from Rover 1:

- **30.4m (TW 27.8m) @ 35.6g/t Au, 1.46% Cu, 0.18% Bi, 0.09% Co and 3.31g/t from 506.5m*.**

The estimated true width of 27.8m was the widest intercept ever drilled at Rover 1 and will have a positive impact on ongoing resource modelling. This outstanding result will also have an effect on our strategy in the upcoming 2021 drilling program and our approach to the PFS which includes utilising two drilling rigs in the 2021 season.

Assay results for the second Jupiter hole 20CRD002 were received during the December quarter, returning further strong results:

- **12.3m (TW 6.6m) @ 4.51g/t Au with 1.49% Cu, 0.13% Bi, 0.07% Co and 4.04g/t Ag from 540.5m;**
- **19m (TW 9.3m) @ 4.6g/t Au with 0.24% Cu, 0.06% Bi, 0.01% Co and 1.25g/t Ag from 556m and;**
- **12.25m (TW 6.6m) @ 5.09g/t Au with 0.44% Cu, 0.99% Bi, 0.05% Co and 5.83g/t Ag from 578.8m.**

The assays confirmed a combined mineralised zone of approximately 50m in width which is a strong result outlining the robust nature of the mineralised zones in Rover 1.

COVID-19 protocols have been strictly adhered to throughout the quarter with no reported cases from our staff or contractors associated with activities related to Castile. The Northern Territory continues to remain COVID free with logistics and supplies to the camp and drilling team at Rover 1 running seamlessly within the protocols. Castile had a minor lost time injury (LTI) reported during the quarter to a contracted employee at our Tennant Creek site.

The Rover 1 Pre-Feasibility Study (PFS) continued during the quarter with preliminary reports received from our consultants EcoZ and Mining One. Castile has endeavoured to use local NT expertise wherever possible but have experienced delays in some aspects of the Study due to the shortened drilling season and COVID-19 protocols preventing specialist technical consultants based in the eastern states completing work on site in the Northern Territory. The Company anticipates the work will be completed in the coming field season.

The Territory Economic Reconstruction Commission provided its final report to the Chief Minister of the Northern Territory on 30 November 2020. The report highlighted the extremely important role of the mining industry in the NT’s economic recovery. In particular, the report encouraged government support for the exploration industry to drive future discoveries and developments in the Territory. Castile is working with all levels of NT Government and the relevant government departments as we progress the Rover 1 Deposit.

Castile completed a Less Than a Marketable Parcel Share Sale Facility for those shareholders who held small parcels of shares that elected to sell them using the facility without incurring any fees.

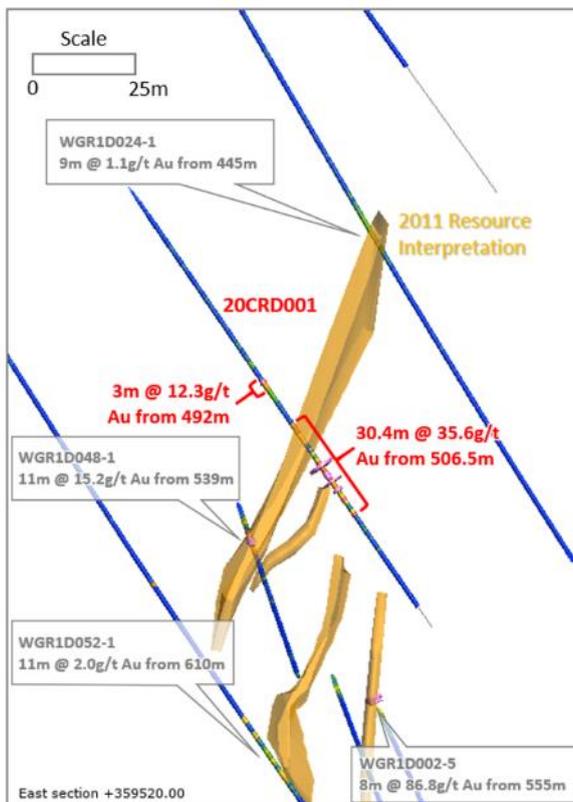
Planning began in early December 2020 for the upcoming 2021 drilling season which we anticipate beginning in mid to late March 2021. The Company anticipates utilising two drilling rigs for the upcoming 2021 season will allow Castile to maximise the time available in the dry season on Rover 1 and concurrent exploration targeting the numerous prospects within the greater Rover Mineral Field Portfolio.

Geology Report

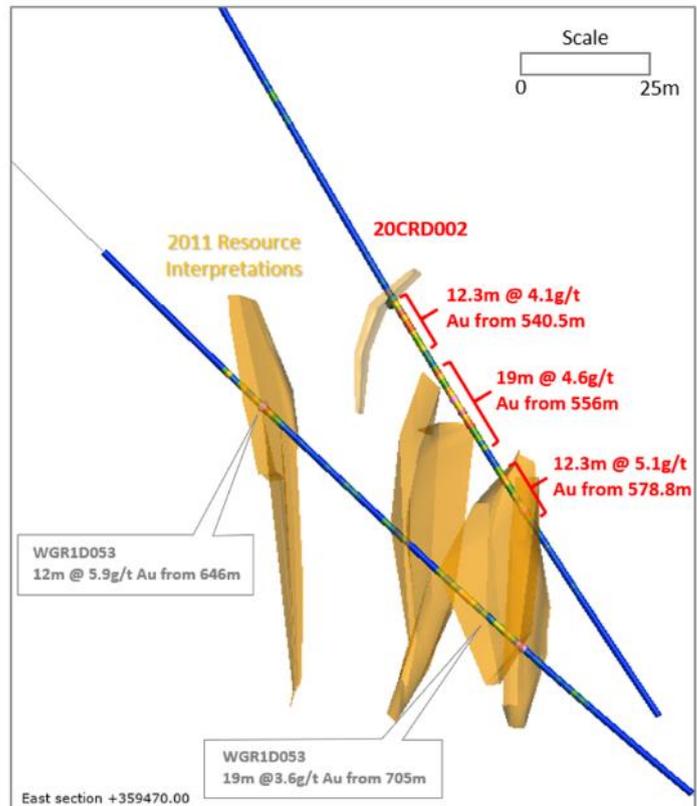
Assay results for the second Jupiter hole 20CRD002 were received during the December quarter, returning further strong results:

- 12.3m (TW 6.6m) @ 4.51g/t Au with 1.49% Cu, 0.13% Bi, 0.07% Co and 4.04g/t Ag from 540.5m;
- 19m (TW 9.3m) @ 4.6g/t Au with 0.24% Cu, 0.06% Bi, 0.01% Co and 1.25g/t Ag from 556m; and
- 12.25m (TW 6.6m) @ 5.09g/t Au with 0.44% Cu, 0.99% Bi, 0.05% Co and 5.83g/t Ag from 578.8m.

These results significantly improved the continuity of mineralisation in the main Jupiter ore zone as depicted below:



XS 359520mE +/- 10m
2011 Au resource interpretations



XS 3594700mE +/-10m
2011 Au resource interpretations

Three exploration drillholes (20CRD003, 20CRD004 and daughter 20CRD004-1 respectively) were also completed during the quarter, evaluating conceptual targets at Jupiter West Deeps and Ganymede. Results were received for 20CRD003 during the quarter. While no economic mineralisation was identified, there was elevated copper levels coincident with the observed silica-iron alteration zones.

- **50m @ 100ppm Cu from 305m downhole, including peak Cu of 530ppm;**
- **21.15m @ 132ppm Cu from 440m downhole including peak Cu of 2640ppm and;**
- **21m @ 223ppm Cu from 567m downhole, including peak Cu of 1160ppm**

Engineering Report

Work was undertaken during the quarter progressing the environmental and geotechnical understanding of the project. Waste rock characterisation and ground water study reports were received from EcOz. Work is continuing. Mining One reviewed the geotechnical logging currently being undertaken by Castile geologists with no significant deficiencies noted. Core for the metallurgical test work has been prepared along with the test plans for the recommended work. This test work is due to begin in the next quarter.

Corporate and Financial Report

Castile's cash position as of 31 December 2020 was \$14.047m.

The Appendix 5B for the quarter ended 31 December 2020 provides an overview of the Company's financial activities. Exploration expenditure for the quarter was \$1.692m for the activities reported above which included drilling costs associated with the Tennant Creek project.

The Company also expended \$0.358m for staff (geological, engineering, field, administrative and management personnel and Directors), administration and corporate costs. The total amount paid to Directors of the Company, their associates and other related parties was \$0.106m for salary, fees, consulting fees and superannuation.

Castile provides the following disclosures required by ASX Listing Rule 5.3.4 regarding a comparison of its actual expenditure to date since listing on 14/2/2020 against the "use of funds" statement in its Prospectus dated 3/12/2019 (released on ASX on 12/2/2020).

Expenditure Item	Forecast (2 years)	Actual (12 months) inc of GST	Variance	Explanation of Material Variances
	\$'000	\$'000	\$'000	
Rover Project: Regional Exploration	1,600	-	(1,600)	Regional projects yet to commence
Drilling: Rover 1 Infill, Explorer 108 Extensional, Curiosity Prospect, Explorer 142 Extensional	6,800	2,578	(4,222)	(1) Timing issue – the Company listed on 14/2/2020 and funds are budgeted for expenditure over 8 quarters.
Rover 1 – Feasibility & Development Studies	3,600	111	(3,489)	See (1) above.
Warumpi Project – Regional Exploration	1,000	28	(972)	See (1) above.
Exploration capital costs – plant & equipment	660	402	(258)	Timing.
Working capital reserves	2,460	-	(2,460)	(2) No material variance for the time elapsed since listing. The funds are budgeted for expenditure over 8 quarters.
Corporate and equipment costs	400	20	(380)	See (2) above.
General working capital	2,424	1,292	(1,132)	See (2) above.
ASX listing and associated costs and repayments to Westgold Resources	450	1,210	760	Includes remaining ASX listing and legal associated costs, amounts repayable to Westgold Resources Limited, and transaction management fee of 2% of underwritten funds paid to the broker to the issue.
Underwriting fees & expenses	575	559	(16)	No material variance.
Total	19,969	6,200	(13,769)	

Securities on issue as of 31 December 2020

	Quoted on ASX	Unquoted	Total
Fully paid ordinary shares	199,710,121	-	199,710,121
Unquoted options exercisable at \$0.25 each on or before 26 November 2022	-	2,000,000	2,000,000
Unquoted options exercisable at \$0.313 each on or before 21 December 2023	-	1,000,000	1,000,000
Unquoted options with \$nil exercise price expiring 21 December 2024	-	600,000	600,000
Total	199,710,121	3,600,000	205,310,121

Tenements held as of 31 December 2020

Castile held the following tenements as of 31 December 2020 and did not acquire or dispose of any tenements during the quarter.

Tenement	Project	Location	Interest	Status
EL 24541	Rover	Northern Territory	100%	Expiry 17/12/2021
EL 25511	Rover	Northern Territory	100%	Expiry 17/12/2021
EL 27039	Rover	Northern Territory	100%	Expiry 14/05/2021
EL 27292	Rover	Northern Territory	100%	Expiry 26/05/2021
EL 27372	Rover	Northern Territory	100%	Expiry 26/05/2021
ELR 29957	Rover	Northern Territory	100%	Expiry 16/09/2023
ELR 29958	Rover	Northern Territory	100%	Expiry 16/09/2023
EL 10397	Warumpi	Northern Territory	100%	Expiry 10/09/2021
EL 29747	Warumpi	Northern Territory	100%	Expiry 12/10/2023
EL 31794	Warumpi	Northern Territory	100%	Expiry 27/02/2024

Warumpi Project, NT

No on-ground exploration works took place during the quarter at the Warumpi tenements.

Northern Territory Government Relations

The Territory Economic Reconstruction Commission provided its final report to the Chief Minister on 30th November 2020 (<https://ntrebound.nt.gov.au/>) which highlighted the need for Government to be actively assisting and promoting mineral exploration and development in the Territory. Castile is active with all levels of the Northern Territory Government as we advance permitting and approvals for the Rover 1 Deposit and assistance with exploring the wider Rover Mineral Field.

In December 2020, Castile management conducted meetings in Darwin with the following NT government officials:

- Deputy Chief Executive Officer at Northern Territory Government
- Senior Director, Major Projects and Minerals, NT Dept of the Chief Minister and Cabinet
- Chief Executive Officer at NT Department of Industry and Trade
- Senior Executive Director, Policy - Mining and Projects, Team Rebound and Investment
- Executive Director Mines Division Northern Territory



- Policy Advisors to NT Minister for Mining and Industry
- Directors Northern Territory Geological Survey

Less Than Marketable Parcel Share Sale Facility Completed

During the quarter Castile completed the sale of the shares associated with the facility established for holders of less than a marketable parcel of Castile shares. The funds were received and distributed to the participating shareholders with all costs associated with the facility covered by Castile. (Please see Castile's ASX announcement dated 30 October 2020 for further information about the Facility).

The final number of Castile shares sold under the facility was 1,536,812 shares from 3,387 participating shareholders for total proceeds of \$599,356.68. The proceeds were fully distributed to the participating shareholders during the quarter. All costs associated with the facility were met by Castile.

The close of the facility reduced the number of Castile shareholders from approximately 6,200 to approximately 2,800 shareholders at the completion of the share sale. Castile's administrative costs associated with the number of shareholders on the register has now been significantly reduced.

Social Responsibility and Community Activity

The Northern Territory has begun executing the recommendations from the Territory Economic Reconstruction Commission which will provide support for local business and contractors that provide products and services to Castile.

In addition to discussions with state government and the local MLA for the Barkly region on structuring training and employment programs in Tennant Creek and the greater Barkly Region, Castile will be continuing to register local business firms to ensure contract work is evenly distributed amongst the local community.

Castile continues its relationship with the Barkly Region School Sport Division of the Northern Territory government having supplied a 20-foot shipping container of donated sporting goods directly to the Tennant Creek offices.

Mark Hepburn
Managing Director, Castile Resources Limited

For further enquiries please contact

info@castile.com.au

The activities report and Appendix 5B cashflow report for the quarter ended 31st December 2020 were approved for release by Castile's Managing Director, Mark Hepburn.

Competent Person Statement

The Exploration Results contained in this announcement were previously disclosed to the market on 14 October 2020, 20 October 2020 and 16 December 2020. Castile is not aware of any new information or data that materially affects these Exploration Results included in these announcements.