



ASX Release

4 June 2021

**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

ASX/ LSE Symbol:
CCZ

CCZ raises A\$11.7m (£6.4m) to ramp up developing Mt Oxide and Zambia Projects

- Ample funding, A\$11.7m (£6.4m) before costs, has been secured 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 & sophisticated investors in Australia and the UK
- Work will shortly commence on a comprehensive drilling campaign across three priority prospects within the flagship Mt Oxide Project in the Mt Isa copper-belt:
 - ❖ Big One Deposit – A 26 drill-hole campaign for 2,828m¹ has been finalised and is designed to extend known mineralisation proximal to the 1,200m strike event
 - ❖ Arya and Sansa Prospects – An expanded program is now being formulated to fully drill-test all known shallow and deep bedrock conductors¹
- Notably, there has been a significant resurgence of interest in the Mt Isa copper-belt which reflects several positive factors, including:
 - ❖ Prevailing copper price, near 10-year highs, due to global concerns forward demand – driven by green stimulus and greater take-up of electric vehicles – will create a persistent supply deficit²; and
 - ❖ Upcoming IPO of 29Metals³ on the ASX – owner of the operating Capricorn Copper Mine circa 7km south-west of the Mt Oxide Project – within the next few weeks
- Across Zambia's copper-belt, development work will focus on advancing the Luanshya & Mkushi Projects which have definitive surface anomalies and are proximal to producing copper mines⁴
- CCZ will issue 278,395,961 New Shares at a price of \$0.042 (£0.023) per share, representing an 11% discount to the last 15-day trading VWAP, and one free attaching listed option for every 2 New Shares subscribed for, exercisable at A\$0.08 (£0.044), expiring 12 July 2024

Castillo Copper's Managing Director Simon Paull commented: "Due to strong demand from current and new institutional investors in Australia and the UK, we now have ample funds to ramp up our exploration efforts. Over the next few months, we will test-drill multiple copper targets across the Big One Deposit, Arya and Sansa Prospects within our core Mt Oxide Project. Concurrently, we intend to expedite exploration programs at the Luanshya and Mkushi Projects in Zambia. The Board now has significantly higher confidence that 2021 will be a transformative year for Castillo Copper."

Castillo Copper Limited (“CCZ”) is delighted to announce that it has successfully raised A\$11.7m (£6.4m) before costs from institutional and sophisticated investors in Australia and the UK. This funding will enable CCZ to accelerate developing the core Mt Oxide and key Zambia Projects which aligns with its strategic intent to transform into a mid-tier copper group.

DEVELOPING A MID-TIER COPPER GROUP

With adequate funding now secured, CCZ is well positioned to deliver on its strategic intent to transform into a mid-tier copper group. The immediate priority is to accelerate developing the flagship Mt Oxide Project in Queensland’s copper-belt and, concurrently, the Luanshya and Mkushi Projects across Zambia’s copper-belt.

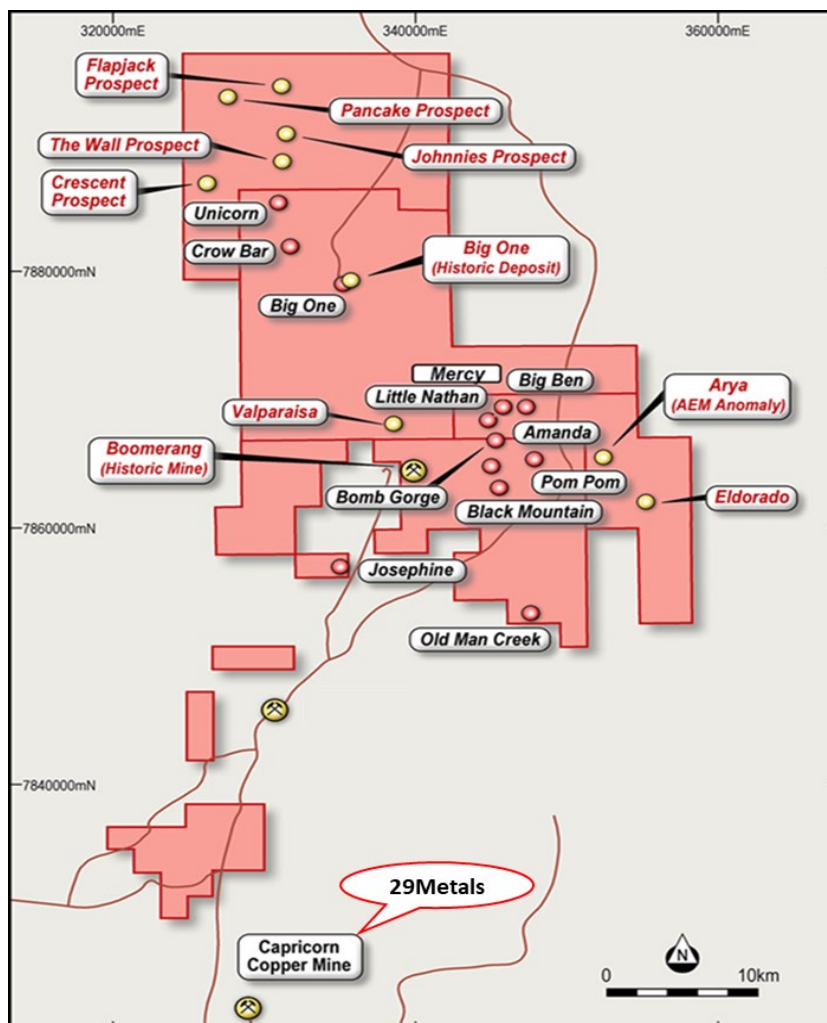
Drilling commencing at Mt Oxide Project

With all logistics now in place, work is set to start on a comprehensive drilling campaign at three prospects within the Mt Oxide Project:

- **Big One Deposit** – A 26 drill-hole campaign for 2,828m¹ has been finalised and designed to extend known mineralisation proximal to the 1,200m strike event; and
- **Arya and Sansa Prospects** – An expanded program is now being formulated to fully drill-test all known shallow and deep bedrock conductors¹.

There has been a significant resurgence of interest in the Mt Isa copper-belt, especially with the copper price near 10-year highs². In addition, the upcoming listing of high-profile 29Metals³ on the ASX, which owns the producing Capricorn Copper Mine circa 7km south-west of the Mt Oxide Project (Figure 1) – has had a positive impact.

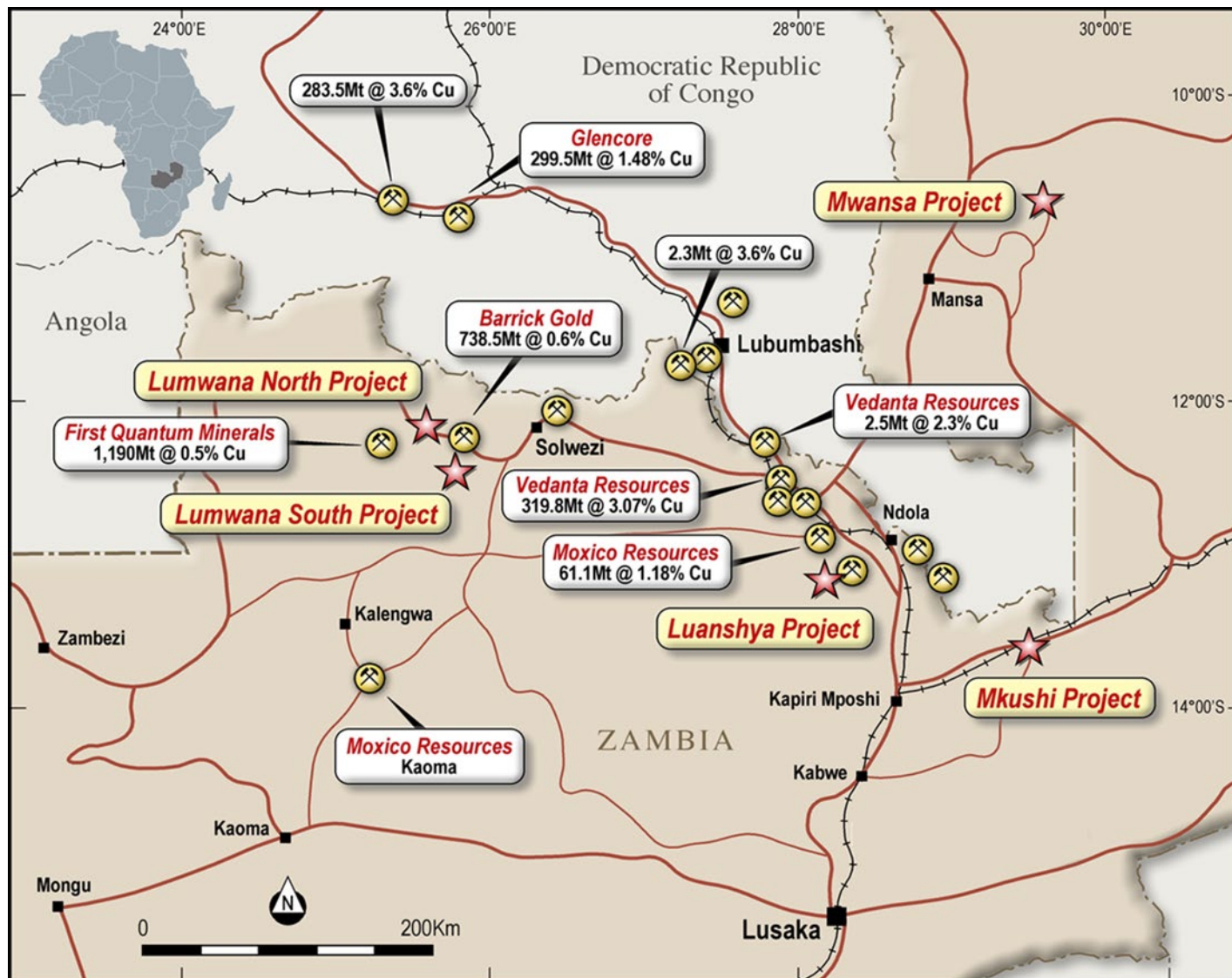
FIGURE 1: MT OXIDE PROJECT



Source: CCZ geology team (refer ASX Releases – 7 April 2021)

Zambia

Across Zambia's copper-belt, the primary focus will be on advancing the Luanshya and Mkushi Projects which are proximal to producing copper mines. In addition, significant surface sampling has enabled sizeable anomalous areas to be defined which should facilitate identifying test-drill targets once a geophysics campaign has been completed⁴.



Source: CCZ ASX Release - 10 July 2019

PLACEMENT TERMS

The Placement was taken up by current & new sophisticated and institutional investors from Australia and the United Kingdom raising circa A\$11.7m (£6.4m) before costs. The lead broker and manager to the Placement was CPS Capital Group Pty Ltd. Brokerage fees in relation to the Placement were on standard commercial terms and can be seen in the Appendix 3B released to the ASX today. The Placement was not under written.

CCZ will issue a total of 278,395,961 New Shares at \$0.042 (£0.023) per share. 140,592,523 New Shares will be issued using the Company's existing 7.1 capacity, 97,502,707 New Shares will be 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 called in due course.

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 meeting, on the following terms:

- 14,425,063 Broker options: Strike \$0.08 strike, Expiry 12 July 2024 ⁽¹⁾
- 3,418,043 Broker options: Strike £0.044 strike, Expiry 12 July 2024 ⁽²⁾
- 109,523,808 Free attaching options: Strike \$0.08 strike, Expiry 12 July 2024 ⁽¹⁾
- 28,483,696 Free attaching options: Strike £0.044 strike, Expiry 12 July 2024 ⁽²⁾
- 1,190,477 Director options: Strike \$0.08 strike, Expiry 12 July 2024 ⁽¹⁾

(1) Refer to Appendix A for term and conditions of the options

(2) Refer to Appendix B for term and conditions of the options

The Placement price per share of \$0.044 (£0.023) represents an 11% discount to the last 15-day trading VWAP of \$0.047 (£0.026).

Next steps

Commence drilling at the Big One Deposit and finalise test-drill targets for the Arya and Sansa Prospects within the Mt Oxide Project.

For and on behalf of Castillo Copper

Simon Paull

Managing Director

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."

References

- 1) CCZ ASX Release – 1 June 2021
- 2) Copper Price, London Metal Exchange – available at: <<https://www.lme.com/Metals/Non-ferrous/Copper#tabIndex=0>> and "Copper is the New Oil" – Goldman Sachs – Available at: <<https://www.goldmansachs.com/insights/podcasts/episodes/05-18-2021-nick-snowdon-f/transcript.pdf>>
- 3) "29Metals talks about a \$1.1b to \$1.3b IPO valuation" (27 May 2021) by Sarah Thompson, Anthony Macdonald and Tim Boyd; Available at: <<https://www.afr.com/street-talk/29metals-talks-about-a-1-1b-to-1-3b-ipo-valuation-20210527-p57viv>>
- 4) CCZ ASX Release – 10 July 2019, 23 January 2020, 3 September 2020

Competent Person Statement

The information in this report that relates to Exploration Results for "Mt Oxide Project" 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 A: AUSTRALIAN LISTED OPTIONS – RIGHTS ATTACHING

The New Options intended to be granted under this Placement will be granted under the following terms and conditions:

Entitlement

The New Options entitle the holder to subscribe for one Share upon exercise of each New Option.

Exercise Price and Expiry Date

The New Options have an exercise price of \$0.08 (**Exercise Price**) and an expiry date of 5.00pm (WST) on 12 July 2024 (**Expiry Date**).

Exercise Period

The New Options are exercisable at any time on or prior to the Expiry Date. If a New Option is not exercised before the Expiry Date it will automatically lapse (and thereafter be incapable of exercise).

Notice of Exercise

The New Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised.

Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt by the Company as cleared funds of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

Shares issued on exercise

Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.

Quotation of Shares on exercise

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the New Options.

Timing of issue of Shares

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,
- (iii) the Company will:
- (iv) allot and issue the Shares pursuant to the exercise of the New Options;
- (v) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act or lodge a prospectus with ASIC that qualifies the Shares for resale under section 708A(11) of the Corporations Act; and
- (vi) apply for Official Quotation on ASX of Shares issued pursuant to the exercise of the New Options.

Participation in new issues

There are no participation rights or entitlements inherent in the New Options and New Option holders will

not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least five Business Days after the issue is announced. This will give New Option holders the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.

Adjustment for bonus issue of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a New Option will be increased by the number of Shares which the New Option holder would have received if the Optionholder had exercised the New Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of a New Option.

Adjustment for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the New Options may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

Quotation of New Options

The Company will apply for Official Quotation of the New Options on ASX .

Options transferable

If the New Options do not become listed Options, then they are transferable provided that the transfer of the New Options complies with section 707(3) of the Corporations Act. Should the New Options become listed Options in accordance with paragraph above, the New Options will be transferable in accordance with relevant market rules.

APPENDIX B: UK LISTED OPTIONS – RIGHTS ATTACHING

The New Options intended to be granted under this Placement will be granted under the following terms and conditions:

Entitlement

The New Options entitle the holder to subscribe for one Share upon exercise of each New Option.

Exercise Price and Expiry Date

The New Options have an exercise price of £0.044 (**Exercise Price**) and an expiry date of 5.00pm (WST) on 12 July 2024 (**Expiry Date**).

Exercise Period

The New Options are exercisable at any time on or prior to the Expiry Date. If a New Option is not exercised before the Expiry Date it will automatically lapse (and thereafter be incapable of exercise).

Notice of Exercise

The New Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised.

Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt by the Company as cleared funds of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

Shares issued on exercise

Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.

Quotation of Shares on exercise

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the New Options.

Timing of issue of Shares

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,
the Company will:
 - (iii) allot and issue the Shares pursuant to the exercise of the New Options;
 - (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act or lodge a prospectus with ASIC that qualifies the Shares for resale under section 708A(11) of the Corporations Act; and
 - (v) apply for Official Quotation on ASX of Shares issued pursuant to the exercise of the New Options.

Participation in new issues

There are no participation rights or entitlements inherent in the New Options and New Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least five Business Days after the issue is announced. This will give New Option holders the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.

Adjustment for bonus issue of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a New Option will be increased by the number of Shares which the New Option holder would have received if the Optionholder had exercised the New Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of a New Option.

Adjustment for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the New Options may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

Quotation of New Options

The Company will apply for Official Quotation of the New Options on ASX .

Options transferable

If the New Options do not become listed Options, then they are transferable provided that the transfer of the New Options complies with section 707(3) of the Corporations Act. Should the New Options become listed Options in accordance with the paragraph above, the New Options will be transferable in accordance with relevant market rules.