



CASTILE RESOURCES LIMITED

QUARTERLY ACTIVITIES REPORT

For the Period Ending 30 June 2023

Highlights

Operational

27 July 2023

- The Rover 1 Project Bankable Feasibility Study continued with metallurgical process studies, Green House Gas Emission estimates and the Environmental Impact Study nearing completion.
- Explorer 108 adds longevity to a Rover Development.
- As part of the ongoing exploration of the Rover Field, Castile Resources Limited ('Castile' or the 'Company') was awarded two co-funding exploration grants totalling \$162,660 from the Northern Territory Government's Geophysics and Drilling Collaborations (GDC) Program.
- Funding discussions for the Rover 1 Project continue with a wide range of finance providers engaging with Castile.
- Lithium and Niobium anomalies identified in geochemistry samples previously taken at Castile's new Milgun Critical Minerals Project located in Western Australia.

Corporate

- Castile lists on the OTCQB in New York to provide US Retail investors the opportunity to invest in Castile shares.
- Castile hosts stakeholder information meetings for the Tennant Creek Chamber of Commerce and the Central Land Council (July 2023).

Financial

- Castile retains a strong cash position of \$5.428M (as at 30 June 2023) to fund its ongoing activities over the ensuing year.



Operations Report

Rover 1 Bankable Feasibility Study

Work for the Rover 1 Bankable Feasibility Study (BFS) has followed on from the strong results of the Pre-Feasibility Study (PFS) released in December 2022. The PFS results model an underground mine build with a modern 500,000tpa processing plant focussed on the production of downstream precious and critical minerals. The Rover 1 Project will produce gold, 99% copper, 99% cobalt and a 96.5% magnetite downstream delivering strong economic outcomes with an initial project life of 8 years.

Financial modelling outcomes of the Rover 1 Project PFS estimate^{Error! Bookmark not defined.}:

- A pre-tax NPV_{6.5} of \$451.7 million with an IRR of 46%.
- Total revenues of A\$1.94 billion.
- Pre-tax cash flow of A\$1.02 billion.
- An undiscounted pre-tax net cash flow of A\$686 million.
- Capital cost estimate of A\$279.5 million (Processing Plant A\$160.7M)
- A simple payback (post tax) after 2 years and 7 months of production.

During the past quarter the Rover 1 Bankable Feasibility Study continued with:

- Metallurgical test work has commenced prior to the final process pathway being designed for Rover 1.
- Green House Gas Emissions from the project have been estimated for the life of project.
- The referral to the Northern Territory Environmental Protection Agency for the Environmental Impact Study for Rover 1 has continued.
- Studies for ground water and waste rock characterisation have continued.
- Discussions underway with a wide range of debt providers and prepayment/offtake financiers to determine optimal funding strategy.

Explorer 108

Explorer 108 is a high-grade zinc/lead/silver/copper polymetallic mineral deposit located 40km west of the Rover 1 copper-gold deposit and 96km south west of Tennant Creek in the Northern Territory. The deposit is 100% owned by Castile and has a Mineral Resource Estimate (MRE) of:

11.9Mt @ 3.25% Zn, 2.00% Pb, 11.15g/t Ag and 5.7Mt @ 0.36% Cu

The Company considers that, for a modest additional capital investment, infrastructure built initially for Rover 1 can be converted at the end of its life to produce lead and zinc, as well as accessory minerals copper and silver from the Explorer 108 deposit lying just 40km west of Rover 1.

Ongoing Exploration

Castile is continuing to evaluate its many exploration targets in the Rover Mineral Field in conjunction with advancing the Rover 1 Bankable Feasibility Study works.

Castile was awarded two exploration grants totalling \$162,660 from the Northern Territory Government’s Geophysics and Drilling Collaborations (GDC) Program. (Figure 1). The GDC program is a competitive grants program funded by the NT Government’s \$9.5 million per annum Resourcing the Territory Program and is administered by the Northern Territory Geological Survey (NTGS).

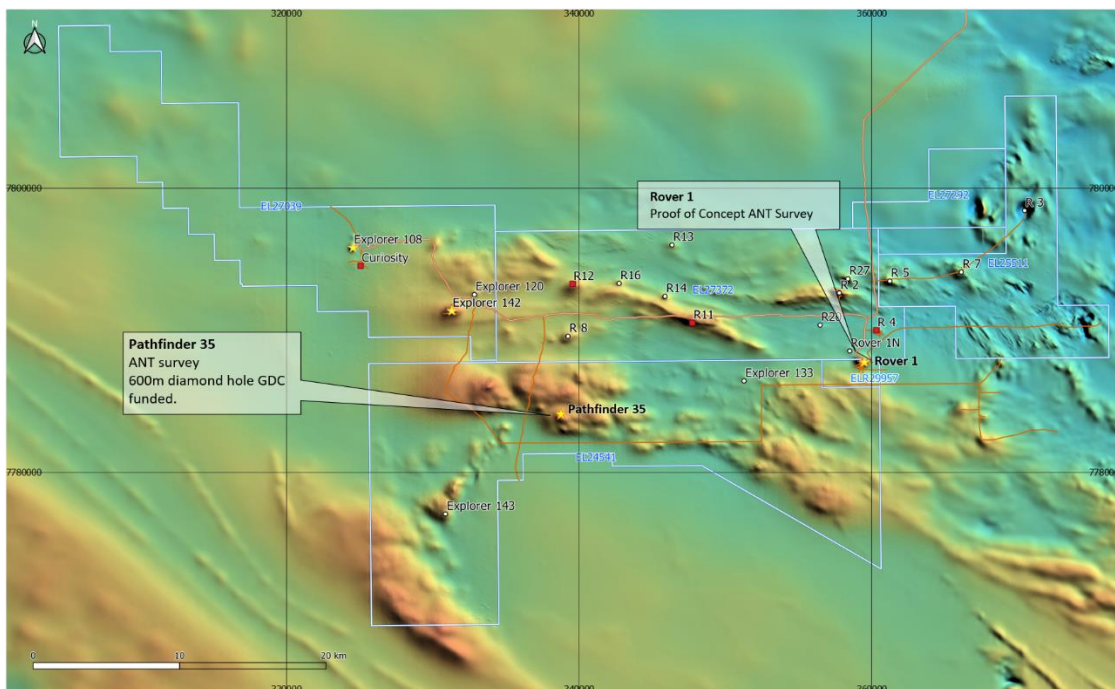


Figure 1: Rover Mineral Field Co-Funded 2023 planned activities.

The first grant of \$85,660 will be used to co-fund Hole 23P35DD001 at Pathfinder 35 which is a proposed diamond drilling hole designed to test a co-incident gravity-magnetic anomaly for significant Iron Oxide Copper Gold (IOCG) mineralisation. In addition, drilling will extend the depth of known geology in the Pathfinder area to at least 500m improving the understanding of the Rover mineral field stratigraphy.

The second grant of \$77,000 will be used to co-fund a Passive Seismic Program (Figure 2) embraces new technology that provides a low cost alternative to conventional seismic reflection techniques, removing the requirement for expensive active seismic sources. The program consists of two parts; firstly, undertaking a proof-of-concept trial over the known Rover

1 IOCG deposit and then a roll-out to untested coincident magnetic-gravity anomalies. The initial trial will allow for validation and calibration of passive seismic geophysical techniques against known geology such as depth to basement and location of subsurface high density/high velocity material (IOCG alteration zones). Once validated, the array will be moved to the Pathfinder area, south of Explorer 142 to test three coincident magnetic-gravity anomalies identified from detailed gravity data collected over the area in 2022. Being able to successfully model depth to basement and IOCG alteration will allow Castile to refine the gravity and magnetic forward models and increase the success of subsequent exploratory drilling.

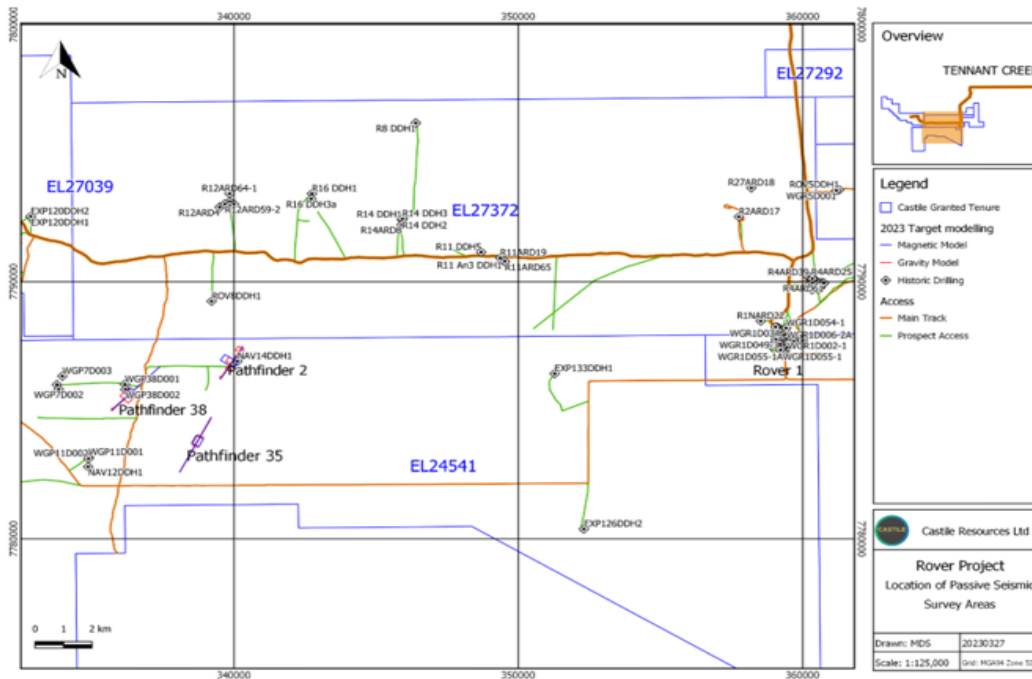


Figure 2: Rover Project Location, Pathfinder 35 and Seismic Survey Areas

Lithium and Rare Earth Elements (REE's) Anomalies in Soil Samples at Milgun

Castile's new Milgun Project is located approximately 150km north-northwest of Meekatharra in the Peak Hill Mineral field and comprises tenements E52/4206 and E52/4235. The underlying geology of the area is broadly interpreted as Yarlarweelor Gneiss Complex (YGC), comprised of gneiss and granites of Archean to Paleoproterozoic age.

A review of publicly available data has shown anomalous critical minerals Lithium, Niobium and other Rare Earth Elements (REEs) in soil sample assays at the newly acquired Milgun Project located in the Peak Hill Mineral Field of Western Australia.

Publicly available historical data collected in 2011 and 2012 by previous holders of the Milgun Project tenements included the results of over 9,000 soil samples that have now been analysed by Castile. Previous exploration was primarily targeting copper and gold by way of soil geochemical surveys which were analysed for 53 different elements.

Castile’s review of the soil sampling assays has identified two particularly interesting anomalies:

1. A coherent 900m x 300m Lithium-Caesium-Rubidium (Li-Cs-Rb) anomaly with associated low order Cerium–Tungsten (Ce-W) anomaly on the margin of the survey area that magnetics suggests is open to the south where there is no geochemical coverage (Figure 5).
2. A coherent 800m x 175m Niobium-Yttrium-Thorium (Nb-Y-Th) anomaly with associated low order Beryllium-Tin (Be-Sn) anomaly that magnetics suggests continues to the south, where there is no geochemical coverage (Figure 6).

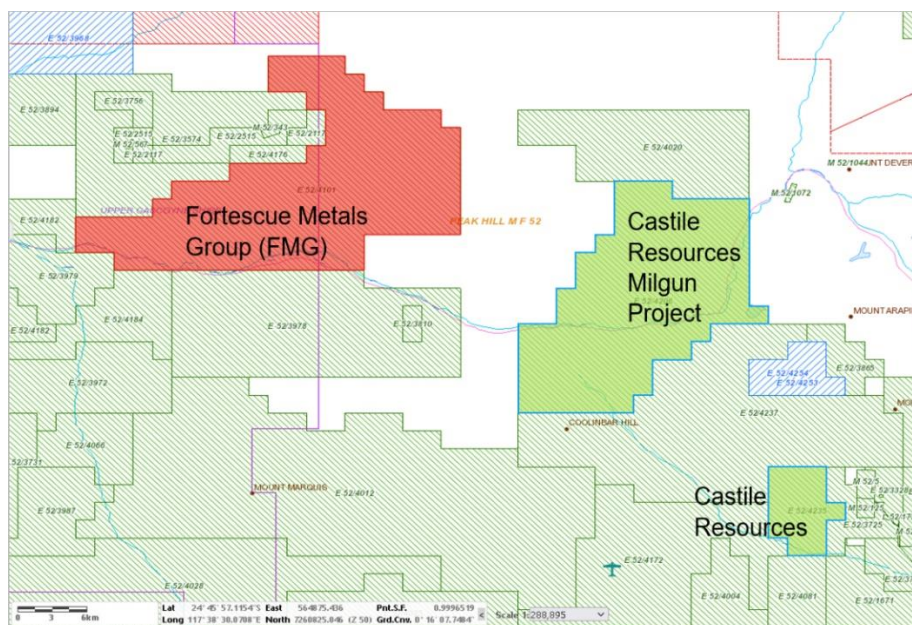


Figure 4: The Milgun Project comprises of Tenements E52/4206 and E52/4235.

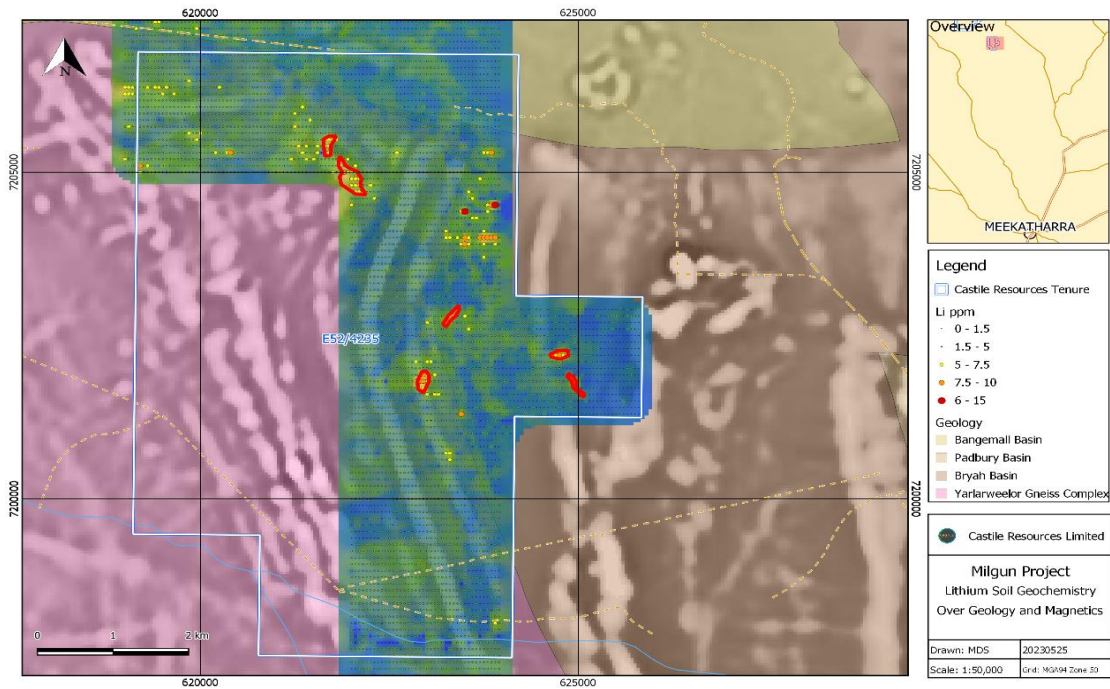


Figure 5: Map showing the soil sampling in EL52/4235 highlighting Lithium Anomalies.

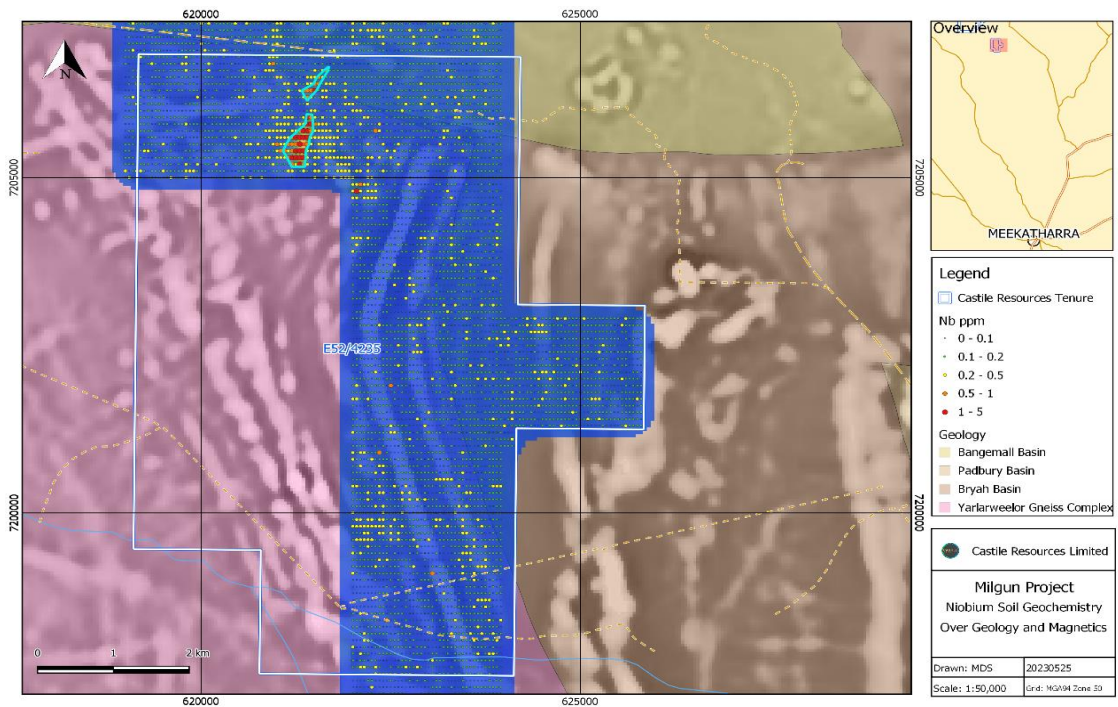


Figure 6: Map showing the soil sampling in EL52/4235 highlighting Niobium Anomalies.

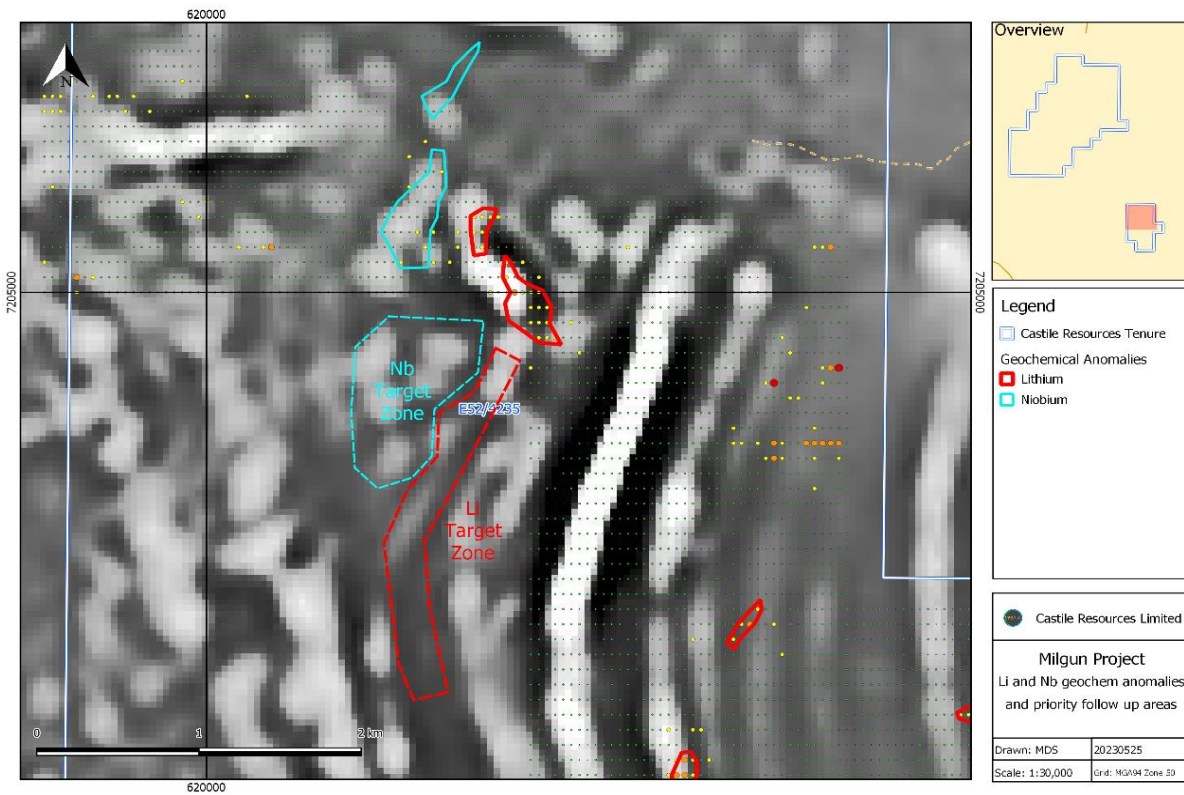


Figure 7: Map showing a magnified version of Lithium and Niobium Anomalies with Castile Target areas.

No detailed mapping has been completed over the area; however, magnetics data indicates lithological complexity that should be identifiable on the ground. Lithium and Niobium are both classified as a Critical Minerals in Australia and the United States of America. Castile is preparing for the field verification, mapping and rock chip sampling as soon as the contemplated Heritage Agreement has been actioned.

Business and Corporate Development

Critical Minerals Focus in Appraising New Opportunities

The Rover 1 Project, the wider Rover Mineral Field prospects and the successful addition of the Milgun tenements in Western Australia give Castile considerable exposure to the future facing metals required for the Net Zero 2050 decarbonisation energy transition. Castile

continues to appraise further opportunities in the critical minerals space in order to increase the Company's leverage to the expanding requirement for these metals.

Castile Presentation to the Tennant Creek Chamber of Commerce

Castile Resources hosted approximately 30 members of the Tennant Creek Chamber of Commerce for a presentation on the Company's activities including the Rover 1 Pre-Feasibility results.



Figure 8: Mr Steve Edgington, MLA for Barkly, (pictured with Castile Staff) attends the Castile Resources Presentation to the Tennant Creek Chamber of Commerce

Castile Resources Commences Trading in the USA on the OTCQB

Castile Resources Limited shares are now available for quotation under a secondary listing in the United States of America on the OTCQB platform under the symbol CLRSF. The OTCQB market is operated by OTC Markets Group Inc. based in New York. The OTCQB Market offers transparent, regulated trading for US institutional and retail investors during US market hours



for development stage international companies listed on exchanges such as the ASX. To be eligible to be quoted on the OTCQB, Castile must adhere to high standards of financial and securities reporting. Over the month of June Castile has presented to a number of North American Retail Investor Group meetings in order to introduce the company to a wider audience.

Financial Position

Castile's cash position as of 30 June 2023 was \$5.428M. The Appendix 5B for the quarter ended 30 June 2023 provides an overview of the Company's financial activities. Exploration expenditure for the quarter was \$0.220M including metallurgy studies and testing costs associated with the Tennant Creek projects as well as the activities set out above in this report. The total amount paid to directors of the Company, their associates and other related parties was \$0.132M for salary and superannuation.

ESG and Social Responsibility

Environmental Impact Study

Castile is in the final stages of preparation for the presentation and first referral of the Rover 1 Project Environmental Impact Study (EIS) to the Northern Territory Environmental Protection Agency (EPA). Work included in the EIS referral will be the estimate for the Green House Gas Emission from the Rover 1 Project. As part of the EIS, work is continuing on waste rock characterisation and the local ground water study.

Traditional Owner Meetings in Tennant Creek

Castile hosted a range of Traditional Owner Meetings in conjunction with the Central Land Council in Tennant Creek in early July 2023, The meetings were well attended with interaction between Castile and the CLC continuing to run very well.

Health Safety, and Covid-19 Business Management Plan

There were no Lost Time Injuries (LTI's) to any Castile staff and no cases of COVID-19 were reported in the June 2023 quarter.



Tenements

Castile held the following tenements as of 30 June 2023.

Tenement	Project	Location	Interest	Status
EL 24541	Rover	Northern Territory	100%	Expiry 17/12/2023
EL 25511	Rover	Northern Territory	100%	Expiry 17/12/2023
EL 27039	Rover	Northern Territory	100%	Expiry 14/05/2023
EL 27292	Rover	Northern Territory	100%	Expiry 26/05/2024
EL 27372	Rover	Northern Territory	100%	Expiry 26/05/2024
ELR 29957	Rover	Northern Territory	100%	Expiry 16/09/2023
ELR 29958	Rover	Northern Territory	100%	Expiry 16/09/2023
EL 33121	Rover	Northern Territory	100%	Expiry 3/11/2028
EL 10397	Warumpi	Northern Territory	100%	Expiry 10/09/2023
EL 31794	Lake Mackay JV	Northern Territory	14%	Expiry 27/02/2024
E52/4206	Milgun	Western Australia	100%	Expiry 19/01/2028
E52/4235	Milgun	Western Australia	100%	Expiry 26/03/2028

Warumpi Project, NT

CLC heritage survey clearance has been received for the Warumpi tenements

Mark Hepburn
Managing Director, Castile Resources Limited

For further enquiries please contact info@castile.com.au or phone +618 9488 4480.
Authorised for release by the Board of Castile Resources Limited.

Competent Persons Statements

The information contained in this report relating to Exploration Results, Minerals Resources and Ore Reserves has been previously reported by the Company as referenced in this presentation (Announcements). The Company confirms that it is not aware of any new information or data that would materially affect the information included in the Announcements and, in the case of estimates of Mineral Resources and Ore Reserves that all material assumptions released on 5 December 2022 and technical parameters underpinning the estimates continue to apply and have not materially changed.



The information contained in the report relating to the Rover 1 Pre-Feasibility Study (PFS) was previously announced by the Company on 5 December 2022 and the Explorer 108 Scoping Study (Scoping Study) was previously announced by the Company on 27 April 2023. The Company confirms that all material assumptions underpinning the PFS and Scoping Study, including financial forecasts and production targets, continue to apply and have not materially changed.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Castile Resources Limited

ABN

93 124 314 085

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(14)	(14)
(b) development	-	-
(c) production	-	-
(d) staff costs	(159)	(717)
(e) administration and corporate costs	(329)	(887)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	60	188
1.5 Interest and other costs of finance paid	(1)	(3)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(443)	(1,433)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(4)
(d) exploration & evaluation	(220)	(3,230)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (tenement deposits)	(7)	529
2.6	Net cash from / (used in) investing activities	(227)	(2,705)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	5,490
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(334)
3.5	Proceeds from borrowings	-	21
3.6	Repayment of borrowings	(6)	(42)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(6)	5,135

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,104	4,431
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(443)	(1,433)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(227)	(2,705)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(6)	5,135

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,428	5,428

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,244	5,920
5.2	Call deposits	184	184
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,428	6,104

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	128
6.2	Aggregate amount of payments to related parties and their associates included in item 2	4
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Comprises Director salaries and superannuation. Note that the amount within item 1.2(d) includes salaries recharged.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	<div style="border: 1px solid black; padding: 5px; min-height: 100px;"> <p>N/A</p> </div>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(443)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(220)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(663)
8.4 Cash and cash equivalents at quarter end (item 4.6)	5,428
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	5,428
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	8.2
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer: N/A</p>	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
<p>Answer: N/A</p>	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 July 2023

Authorised by: Mark Hepburn, Managing Director of Castile Resources Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.