



**CASTILLO COPPER
LIMITED**

ASX Release

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**CASTILLO COPPER
LIMITED**
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Issued Capital:

457 million shares
21 million options

ASX Symbol:

CCZ

Broken Hill Project Holds Significant High-Grade Zinc Mineralisation

- A preliminary report by geology consultant, ROM Resources, highlights JORC modelling for the Broken Hill project is focused on the southern part of the tenure, which exhibits significant high-grade zinc mineralisation
- The area highlighted (refer Figure 2) includes tenure recently acquired from Total Minerals (refer ASX Announcement – 21 July 2017), which potentially delivers significant resource size upside as contiguous mineralisation is apparent between the two sub-tenements
- The ability to generate a JORC compliant Inferred Resource from legacy data for primarily zinc is timely, with the price at or near five-year highs
- Importantly, the project area is near third party concentrate processors and excellent transport infrastructure through to Adelaide port to ensure production can be fast-tracked
- Initial desktop work already published detailed maximum anomalous zones in the tenure neighbourhood at 12% copper, 17.7% zinc and 0.12% cobalt which highlights the enhanced exploration upside for the Broken Hill project (refer ASX Announcement - 11 July 2017)

Castillo Copper's Executive Director Alan Armstrong commented:
"While much recent focus has been on our very exciting Cangai Copper, Zinc and Cobalt Project, the Board is cognisant of the need to keep stakeholders informed of concurrent progress with other activities across the group. As such, preliminary data emanating from the geology team on the Broken Hill Project, indicates an area in the south of the tenure has significant zinc mineralisation and is the focus of JORC modelling. With plans to have two JORC compliant Inferred Resources nearing completion relatively soon the Company looks forward to reporting these results to the market as they come to hand."

Castillo Copper Limited's (**CCZ** or **Company**) second priority focus area, after the Cangai Copper Zinc and Cobalt Mine / Jackaderry Project, remains the renamed Broken Hill Project. As part of the due process, the Board recently received a preliminary report from geology consultant ROM Resources Pty Ltd (**ROM Resources**) outlining progress for the Broken Hill Project:

- Approximately 80% through encoding lithology and assay data across the tenure;
- JORC modelling focused on area in the south of the tenure which exhibits significant zinc mineralisation and an area which management recently visited (Figure 2);

- Identifying prospective target areas for inaugural drilling campaign; and
- Assessing all base metals data from across the entire tenure.

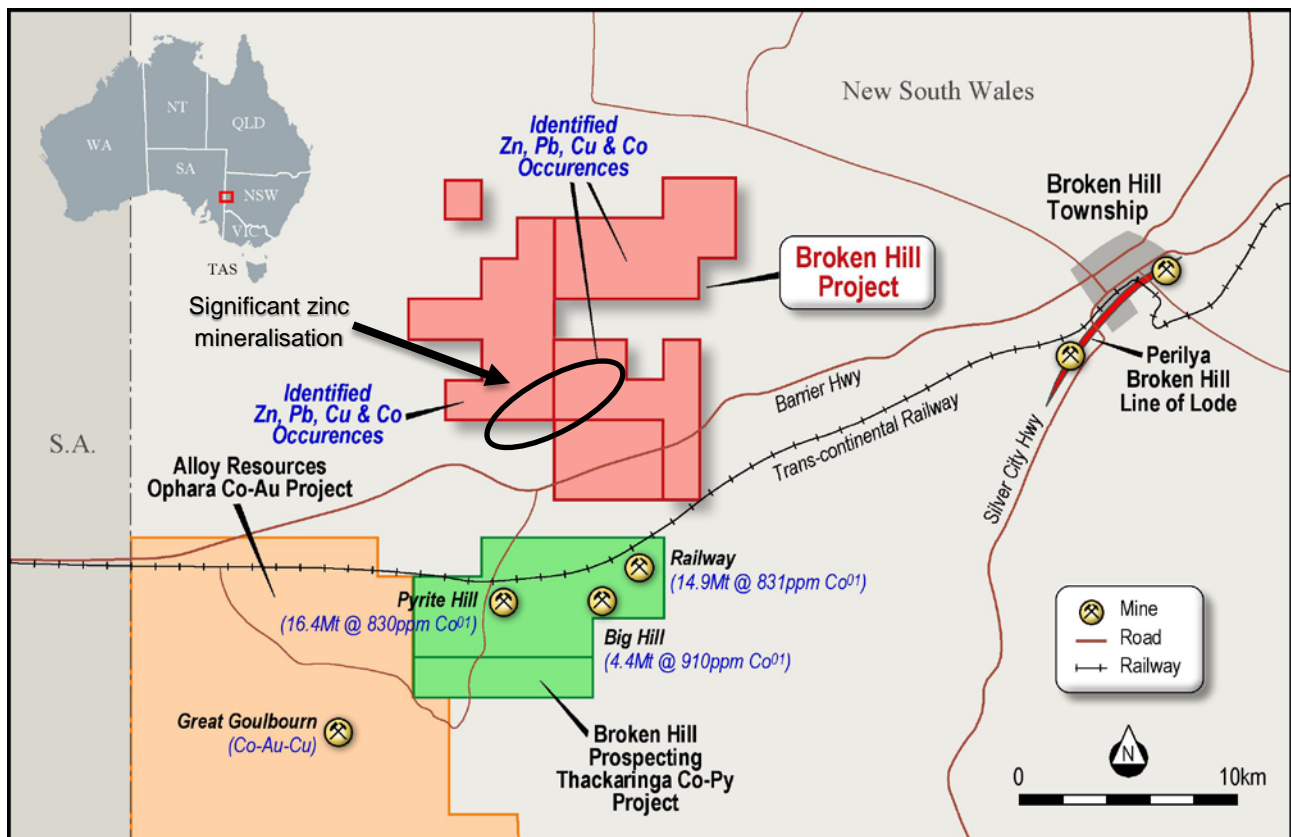
Figure 1: Executive Directors Alan Armstrong and Neil Hutchison visit Broken Hill project



BROKEN HILL PROJECT UPDATE

With the completion of the Total Minerals acquisition (refer ASX Announcement “Acquisition of historic copper cobalt mine & complementary assets” dated 21 July 2017), CCZ’s Broken Hill project now comprises two highly prospective project areas (Figure 2). In the southern sector of each sub-tenement is an area (marked in the map), which ROM Resources highlights as having significant zinc mineralisation and focus area for JORC modelling.

Figure 2: Broken Hill project – contiguous mineralisation across two tenements



While this is an encouraging start, further work needs to be completed in order to round out the JORC modelling process. However, early indications are ROM Resources is confident that a primary zinc Inferred Resource could be proven up relatively soon.

As previously detailed for Broken Hill, a desktop review was undertaken in July this year which highlighted numerous anomalous concentrations in the tenure neighbourhood, with near surface mineralisation up to a maximum 17.7% zinc, 12% copper, 8.2% lead and 0.12% cobalt (refer ASX Announcement - 11th July 2017).

Furthermore, there are circa 1,400 completed drill-holes completed within and around the Broken Hill Project, with maximum results recorded at 1.7% copper, 27.1% lead and 6.7% zinc. Minimal historic work has been done on cobalt, implying that legacy records are at best outliers – these will be re-assayed in due course.

STRATEGIC COMPARATIVE ADVANTAGES

Legacy data availability

One of CCZ's key comparative advantages over rivals is the ability to generate two JORC compliant Inferred Resources relatively quickly from legacy data for Cangai/Jackaderry South Project and the Broken Hill Project. This delivers a significant cost saving and the ability to jump-start rivals currently progressing the same agenda.

Highly focused business plan

From the outset, management have been very focused on developing a mineralised footprint across NSW and QLD, which explains the accelerated asset acquisitions. A key feature of the business plan has been focused on generating JORC compliant resources, with adequate ore to entice third party processors within range of the tenures to become strategic partners. The key reason for opting for the outsourced model is to avoid the timely and costly process of producing expensive feasibility studies and materially large funding requirements to build a processing plant onsite. Indeed, CCZ's enquires have revealed there is significant excess processing capacity across Australia, as a result of the long mining down-cycle, that are only too willing to process third party ore.

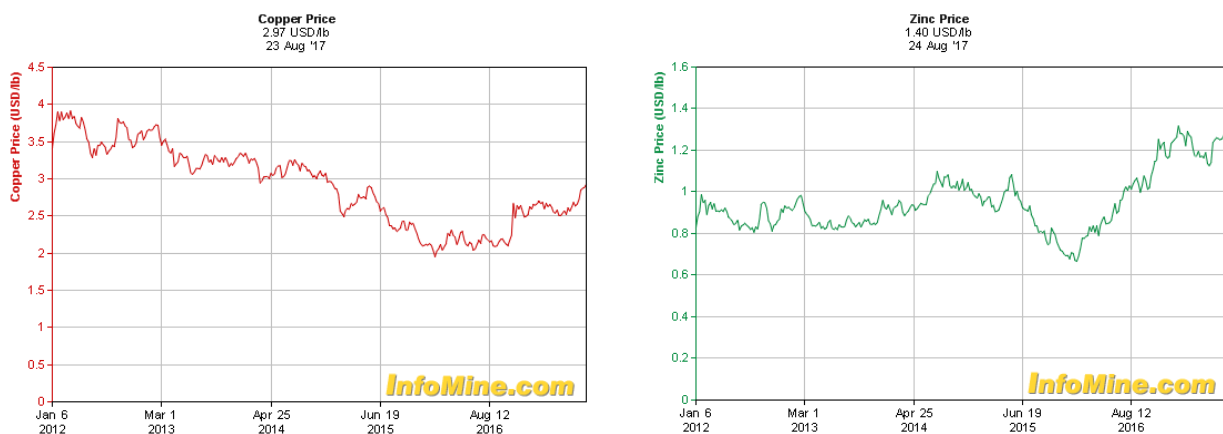
This key aspect of the business model provides a clear point of difference, with a demonstrable action plan to fast track end product to market (via selling on the spot or forward markets utilising the London Metal Exchange) and commence cash flow generation. A key feature in this part of the plan is having tenure, which is close to excellent transportation infrastructure and pathway to key Asian markets.

Fortuitous timing

While the cobalt price has surged >150% over the past 18-months, due to supply constraints and accelerating demand for lithium-ion batteries, other key base metals – copper and zinc – have commenced an upcycle (Figure 3). One of the main drivers has been a lack of investment in new global supply chains over the past few years, due to the downturn in base metals. However, with demand starting to turn, particularly in China, the perception is copper-zinc supply deficits are potentially on the horizon; this has largely seen prices trading at 5 year highs.

For CCZ, base metals are our primary focus, the ability to deliver JORC compliant Inferred Resources for copper-zinc, with easy paths to export markets as the cycle is turning upwards, is highly fortuitous. Notably, it dovetails in timing-wise with CCZ ramping up its exploration activities.

Figure 3: LME Copper & Zinc 5-year price charts



Source: InfoMine.com

For and on behalf of Castillo Copper

David Wheeler
Chairman

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Competent Persons Statement

Regarding both the Castillo Copper Ltd exploration tenures, the information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Neil Hutchison, a Competent Person who is a Member of the Australian Institute of Geoscientists. Neil Hutchison is an executive director of Castillo Copper Ltd.

Neil Hutchison has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Neil Hutchison consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

ABOUT CASTILLO COPPER

Castillo Copper Limited (ASX: CCZ) is an ASX-listed explorer that has assets in eastern Australia and Chile.

The Australian assets, which were acquired outright in mid-2017, comprise six highly prospective copper-cobalt-zinc project areas in New South Wales and Queensland, detailed briefly as follows:

- Jackaderry North and Jackaderry South cobalt projects, which are in the New England Orogen in NSW, are prospective for copper-cobalt;
- Peak Hill and Total minerals projects, are located within a 20km radius of Broken Hill, NSW, are prospective for copper-cobalt-zinc; and
- Big Oxide North and Hill of Grace cobalt projects are in the Mt Isa region, northwest Queensland, and are prospective for copper-cobalt.

Of significance is the historic Cangai Copper Cobalt Mine (within Jackaderry South prospect) as legacy data confirms the presence of supergene ore with up to 35% copper.

The Board is looking to prove up three JORC compliant resources across the Australian project areas then utilise third party processors to fast track product to market via the London Metal Exchange.

The wholly-owned Chilean assets comprise of six exploration concessions across a total area of 1,800 hectares that are well known for high grade copper-gold projects.