

ASX ANNOUNCEMENT

8 September 2017

WITHDRAWAL OF METAL EQUIVALENT RESULTS

Following consultation with ASX, Castillo Copper Limited (**Castillo**) withdraws all metal equivalent results reported in its ASX announcement dated 6 September 2017 titled "High-grade JORC Inferred Resource at Cangai Copper Mine" (the **Announcement**). Shareholders should not rely on the metal equivalent results disclosed in the Announcement.

Castillo advises the withdrawal of metal equivalent results does not impact the JORC Inferred Resource for Cangai Copper Mine reported in Figure 2 of the Announcement.

Yours sincerely



Tim Slate
Company Secretary



6 September 2017

Mr Tim Slate
Company Secretary
Castillo Copper Limited

By email

Dear Mr Slate

Castillo Copper Limited (“CCZ”): query letter

ASX Limited (“ASX”) refers to the following:

- A. CCZ’s announcement entitled “High-grade JORC Inferred Resource at Cangai Copper Mine” lodged on the ASX Market Announcements Platform and released at 8:45 am on 6 September 2017 (the “Announcement”), disclosing results of and inferred resource estimate and metal equivalents (the “Resource Estimate”) as follows:

Figure 2: JORC Inferred Resource – Cangai Copper Mine

CANGAI COPPER MINE - INFERRED RESOURCE											
	Mass (Tonnes)	Cu (%)	Co (%)	Zn (%)	Au (g/t)	Ag (g/t)	Cu (Tonnes)	Co (Tonnes)	Zn (Tonnes)	Au (Oz)	Ag (Oz)
Oxide	814,267	4.1	0.010	0.63	0.06	27.34	33,391	78	5,165	14,550	715,667
Fresh	2,397,342	3.1	0.003	0.28	0.89	17.74	74,198	75	6,762	68,349	1,367,456
Total	3,211,609	3.35	0.005	0.37	0.8	20.17	107,589	153	11,927	82,899	2,083,123

Note: Totals may sum exactly due to rounding. Cut-off grade used: 1.0% Cu with top-cut applied: 10.0% Cu.

Figure 3: Metal Equivalent Results for Cangai Copper Mine

CANGAI COPPER MINE - METAL EQUIVALENT					
	Cu	Co	Zn	Au	Ag
Spot price (US\$)	3.1	27.5	1.4	1,300	17.8
Unit	(lb)	(lb)	(lb)	(oz)	(oz)
Metal equivalent	CuEq (%)	CoEq (%)	ZnEq (%)	AuEq (g/t)	AgEq (g/t)
100% recovery	4.22	0.48	9.34	6.9	503.9

Note: Cut-off grade used: 1.0% Cu. Metal Equivalent calculations represent total contained metal equivalents within insitu resource and do not factor in mining or recovery losses. This is displayed for comparison purposes only.

B. ASX Listing Rule 5.6 states:

“Subject to rule 5.10, a public report prepared by an entity must be prepared in accordance with rules 5.7 to 5.24 if applicable and Appendix 5A (JORC Code) if applicable if the report includes a statement relating to any of the following.

- *Exploration targets.*
- *Exploration results.*
- *Mineral resources or ore reserves.*
- *Production targets.”*

C. Clause 50 of the JORC Code which states the following:

The reporting of Exploration Results, Mineral Resources or Ore Reserves for polymetallic deposits in terms of metal equivalents (a single equivalent grade of one major metal) must show details of all material factors contributing to the net value derived from each constituent.

The following minimum information must accompany any Public Report that includes reference to metal equivalents, in order to conform to the principles of Transparency, Materiality and Competence, as set out in Clause 4:

- *individual grades for all metals included in the metal equivalent calculation,*
- *assumed commodity prices for all metals (Companies should disclose the actual assumed prices. It is not sufficient to refer to a spot price without disclosing the price used in calculating the metal equivalent. However where the actual prices used are commercially sensitive, the company must disclose sufficient information, perhaps in narrative rather than numerical form, for investors to understand the methodology it has used to determine these prices),*
- *assumed metallurgical recoveries for all metals and discussion of the basis on which the assumed recoveries are derived (metallurgical test work, detailed mineralogy, similar deposits, etc),*
- *a clear statement that it is the company’s opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold, and*
- *the calculation formula used.*

In most circumstances, the metal chosen for reporting on an equivalent basis should be the one that contributes most to the metal equivalent calculation. If this is not the case, a clear explanation of the logic of choosing another metal must be included in the report.

Estimates of metallurgical recoveries for each metal must be used to calculate meaningful metal equivalents.

Reporting on the basis of metal equivalents is not appropriate if metallurgical recovery information is not available or able to be estimated with reasonable confidence.

For many projects at the Exploration Results stage, metallurgical recovery information may not be available or able to be estimated with reasonable confidence. In such cases reporting of metal equivalents may be misleading.

Having regard to the above, ASX asks CCZ to respond separately to each of the following questions and requests for information:

1. Please provide further clarification of the CCZ's reasoning for reporting the different metal equivalent values within the Resource Estimate. This should include a clear statement that it is CCZ's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.
2. Please provide an explanation of the basis for spot price assumptions used for each of the elements included in the metal equivalent calculations.
3. Please provide the calculation formulas used for determining each of the metal equivalent values.
4. Please specify details of the assumed metallurgical recoveries for all metals included in the calculations and discussion of the basis on which the assumed recoveries are derived. We note that reporting on the basis of metal equivalents is not appropriate if metallurgical recovery information is not available or able to be estimated with reasonable confidence.
5. If CCZ cannot provide the requisite information required by Clause 50 of the JORC Code, please retract the Resource Estimate in full.
6. Please confirm that CCZ is in compliance with Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **3:00 pm (WST) on Thursday, 7 September 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in CCZ's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CCZ's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at chris.hesford@asx.com.au and tradinghaltspert@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to CCZ's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that CCZ's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in CCZ's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Chris Hesford
Geologist, ASX Listings Compliance (Perth)