



**CASTILLO COPPER
LIMITED**

ASX Release

20 December 2017

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Issued Capital:

579.7 million shares
67.5 million options

ASX Symbol:
CCZ

Cobalt anomalies more extensive at Broken Hill project

- **Thorough pre-site visit desktop work conducted by CCZ's geology team uncovered further evidence suggesting cobalt at surface for the Broken Hill project is more widespread than initially anticipated**
- **Updated magnetic imagery from the Geological Survey of NSW uncovered highly anomalous zones heading southwest across the tenure in an unsampled area**
- **CCZ's geology team is currently on-site conducting reconnaissance surface surveys on predetermined targets for cobalt mineralisation and new highly prospective areas uncovered by the updated magnetic imagery**
- **The Board anticipates once post-site visit lab-work and follow up analyses is complete, a drilling program for Broken Hill can be formalised**
- **CCZ and the landowner have formally agreed access arrangements**
- **At a time when the cobalt price is at a cyclical peak on the London Metal Exchange (>US\$70,000/t), the Board is highly committed to developing a cobalt resource at the Broken Hill project**
- **Meanwhile, drilling work commenced over the weekend at Cangai Copper Mine with significant drilling already completed; preliminary results will be available soon**

Castillo Copper's Executive Director Alan Armstrong commented:
"The recent uptick in the cobalt price above US\$70,000/t on the London Metal Exchange¹ is timely given the geology team is ramping up the search for cobalt mineralisation at our Broken Hill project. Moreover, it is pleasing the team has uncovered further evidence that suggests cobalt mineralisation at surface is more wide-spread than initially anticipated, while the updated magnetic imagery highlights new anomalous zones within the tenure previously unknown. The Board looks forward to updates from the geology teams at Broken Hill and Cangai Copper Mine and will inform shareholders once news comes to hand."

Castillo Copper Limited's ("CCZ" or "the Company") Board is delighted with the updated report from the geology team that suggests more extensive cobalt mineralisation than originally envisaged and shows additional anomalous zones uncovered by updated magnetic imagery.

¹ As at 19 December 2017.

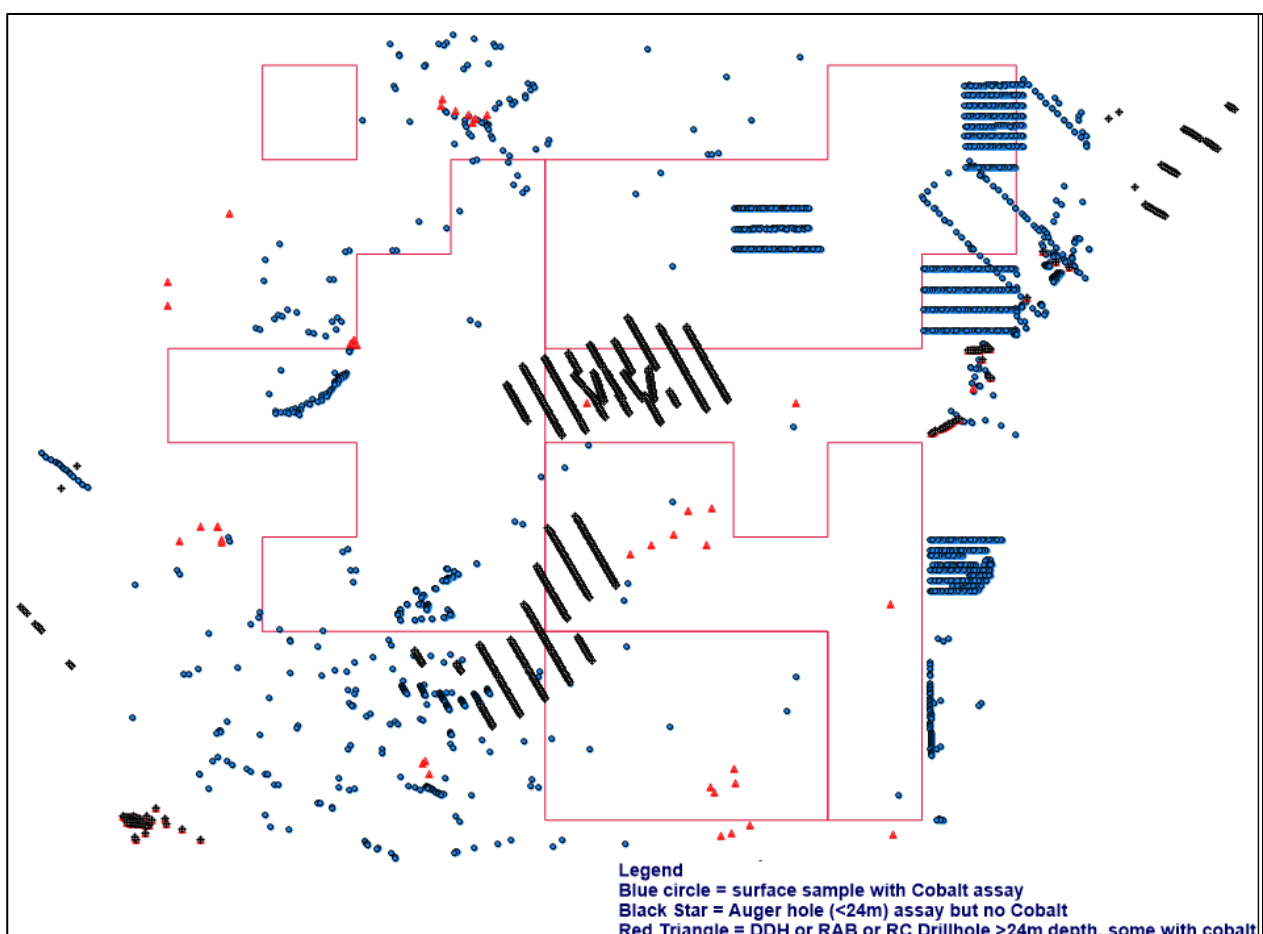
While the Cangai Copper Mine drilling program is the Board's top priority, the significant increase in the cobalt price in the current quarter has elevated the importance of fast-tracking the understanding of the geology at the Broken Hill project. Notably, this entails identifying potential drill targets with a view to develop a cobalt resource during 2018.

UNCOVERING MORE EXTENSIVE COBALT ANOMALIES

Surface

As part of the current exploration program, CCZ's geology team sourced updated surface sampling and compilations of regional geophysical surveys (gravity, radiometrics and magnetics). This incremental data highlighted more extensive cobalt anomalism at surface across the tenure (Figure 1) than previously reported. Notably, there are several prominent and more subtle trends, mainly north-south, and northeast to southwest across the project area.

FIGURE 1: COBALT SURFACE OCCURRENCES AT BROKEN HILL



Source: Geological Survey of NSW

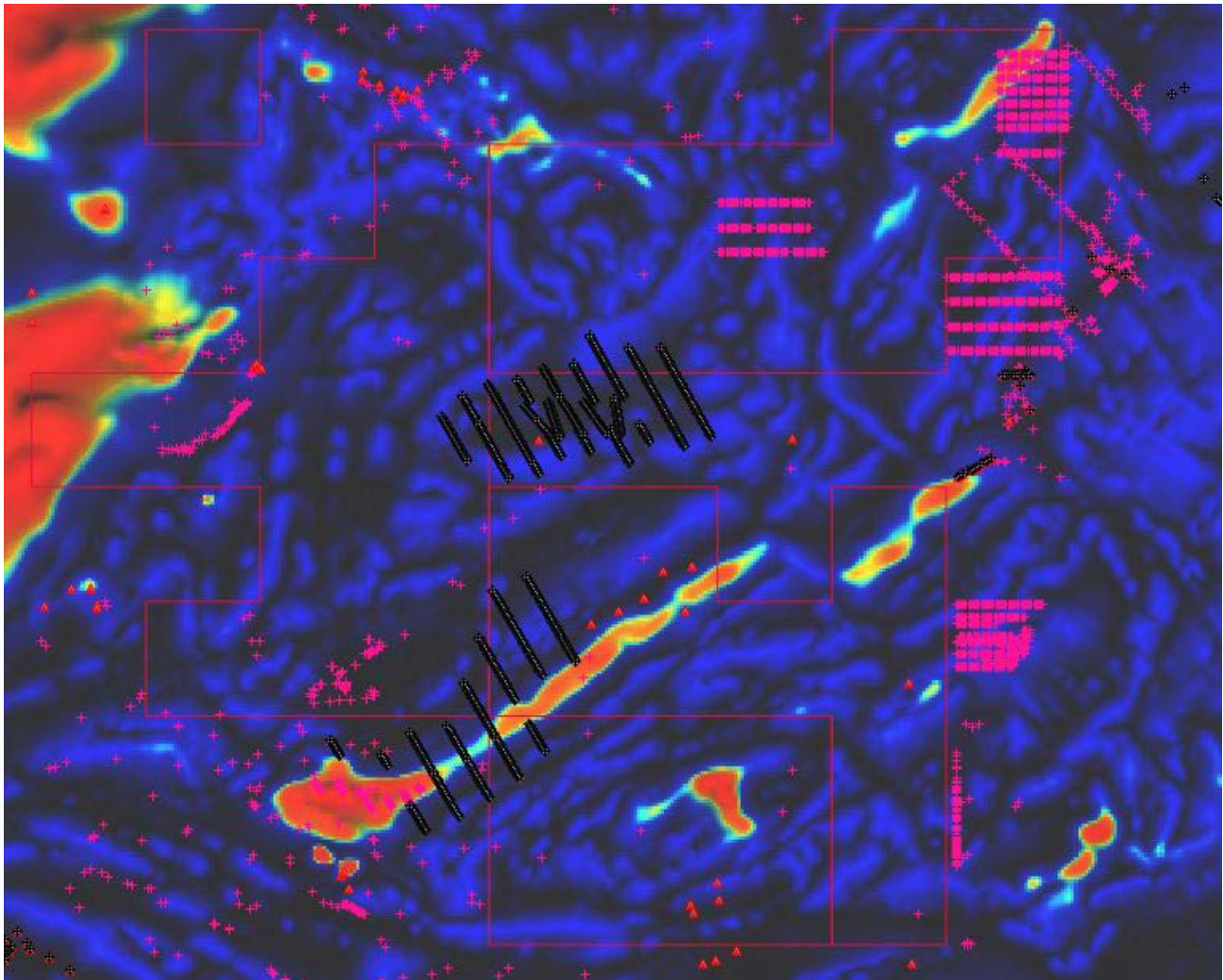
Magnetic imagery

A review of available geophysical imagery for the area uncovered some updated airborne magnetics (Figure 2). This is a composite image recently made available by the Geological Survey of NSW that has been through a complicated filtering process to extract the highest possible resolution. It shows the underlying surface occurrences (pink and black diagonal lines that align with Figure 1) against the magnetic anomalies in red-yellow-orange pigmentation.

As outlined previously, due to the presence of alluvial sand across a material-portion of the Broken Hill project, circa 50% of the area has not been sampled or tested for cobalt mineralisation (refer ASX Release dated 27 November 2017).

Consequently, the updated magnetic imagery uncovered new highly anomalous zones trending south-west across the tenure, which had not been previously sampled or drilled.

FIGURE 2: MAGNETIC IMAGERY – COBALT SAMPLING AT BROKEN HILL



Source: Geological Survey of NSW

Current fieldwork

These new areas uncovered by the magnetic imagery, in addition to priority targets disclosed earlier (refer ASX Announcement dated 27 November 2017), are now focal points for the geology team to conduct reconnaissance surface surveys.

CCZ's geology team's planned fieldwork comprises:

- establishing larger grid patterns over the magnetic anomalies;
- soil and rock chip sampling that will be analysed with a portable XRF; and
- follow up laboratory analysis using the HALO testing methodology.

Upon conclusion of the current field trip, the geology team expects to be in a position to identify key targets for the inaugural Broken Hill drilling program.

PHOTO GALLERY

Field trip to Broken Hill showing outcropping bedrock



For and on behalf of Castillo Copper

David Wheeler

Chairman

COMPETENT PERSON STATEMENT

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.

The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

ABOUT CASTILLO COPPER

Castillo Copper Limited (ASX: CCZ) is an ASX-listed base metal explorer – primarily focused on copper, cobalt, zinc and nickel – that has the bulk of its core operating assets in eastern Australia.

The Australian assets comprise four tenure groups that collectively hold 11 highly prospective copper-cobalt-zinc-nickel project areas in New South Wales and Queensland, detailed briefly as follows:

- **Jackaderry Project** – comprises three prospects (two in the south that are contiguous) in the New England Orogen in NSW which are highly prospective for copper-cobalt-zinc. Of significance is the historic Cangai Copper Cobalt Mine (within Jackaderry South) as legacy data confirms the presence of supergene ore with up to 35% copper and 10% zinc which implies direct shipping ore is potentially feasible. On 6 September 2017, CCZ announced one of Australia's highest grade JORC compliant Inferred Resources for copper: 3.2Mt @ 3.35%.
- **Broken Hill Project** – consists of two contiguous tenements that are located within a 20km radius of Broken Hill, NSW, that are prospective for copper-cobalt-zinc. A key feature of the project is an area in the southern part of the tenure, which exhibits significant high-grade zinc mineralisation.
- **Mt Oxide Project** – made up of three prospects (two are contiguous) in the Mt Isa region, northwest Queensland, and are well known for copper-cobalt systems.
- **Marlborough Project** – includes three prospects that are located north-west of Gladstone (adjacent to Queensland Nickel mining leases) in an area, which is made up of proven high-grade cobalt-nickel systems.

Castillo Copper also holds 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.