



**CASTILLO COPPER  
LIMITED**

ASX Release

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**CASTILLO COPPER  
LIMITED**  
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**Directors / Officers:**

David Wheeler  
Alan Armstrong  
Neil Hutchison

**Issued Capital:**

580.1 million shares  
67.5 million options

**ASX Symbol:**  
CCZ

## Significant massive sulphide mineralisation drilled at Cangai Copper Mine

- Newly discovered massive sulphides intersected at Cangai Copper Mine (Cangai) with the best hole intersecting 30m thick mineralisation between known JORC modelled lodes
- Highly encouraging sulphide mineralisation intersected in 7 out of 8.5 drill-holes completed at drill-pad 3 (DP3), clearly demonstrates the halo between the lodes is mineralised
- Drill program designed to target sulphide mineralisation, with the clear objective to materially increase the current JORC compliant gross tonnage of Cu-Zn-Au-Ag
- Exceptional sulphide mineralisation floated off samples during the washing/logging process, highlighting metallurgical benefits to the project (refer Photo Gallery)
- Geology team is delighted with drilling campaign progress, as it confirms the accuracy of the current JORC modelled zone – assay results will be released in due course
- Wet weather halted the drilling program for several days, but it has resumed, with two remaining drill-holes to be completed at DP3 then four each at DP1 and DP2
- With a further 2,000m to be drilled (DP3: 1,280m) and a down-hole electromagnetic survey, the geology team is testing the halo for incremental high-grade sulphide mineralisation, extensions to existing lodes and conductors discovered during recent FLEM survey<sup>1</sup>
- Shallow drilling for high-grade supergene mineralisation, which is closer to historic workings, will be targeted in stage two of the drilling program – this is pending regulatory approval of the variation
- Bulk channel sampling all the legacy high-grade stockpiles is continuing; samples will be sent for analysis

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**Castillo Copper's Executive Director Alan Armstrong commented:**  
*"The Board is highly encouraged by the progress of the drilling campaign to date, particularly the news highly mineralised sulphide zones have been intersected. Our objective is to re-open Cangai Copper Mine and so far the evidence suggests we are on track to achieve this goal."*

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Castillo Copper Limited's ("CCZ" or "the Company") Board has received an updated drilling progress report from the geology team at Cangai Copper Mine (Cangai). Outstanding drilling logs confirmed that 7 out of 8.5 drill-holes intersected sulphide mineralisation, with the best 30m thick in an untested area, between two known JORC modelled lodes. Progress has been encouraging, especially intersecting highly mineralised sulphides ranging from disseminated and breccia sulphides on the outer zones trending to semi-massive/massive veins within the core of the shear zone. Importantly, the drilling program has confirmed the veracity of the current JORC model and clearly implies there is significant potential resource size upside.

<sup>1</sup> Refer ASX release 8 January 2018

## CANGAI DRILLING CAMPAIGN UPDATE

### Results from DP3 – new mineralisation discovered in halo between lodes

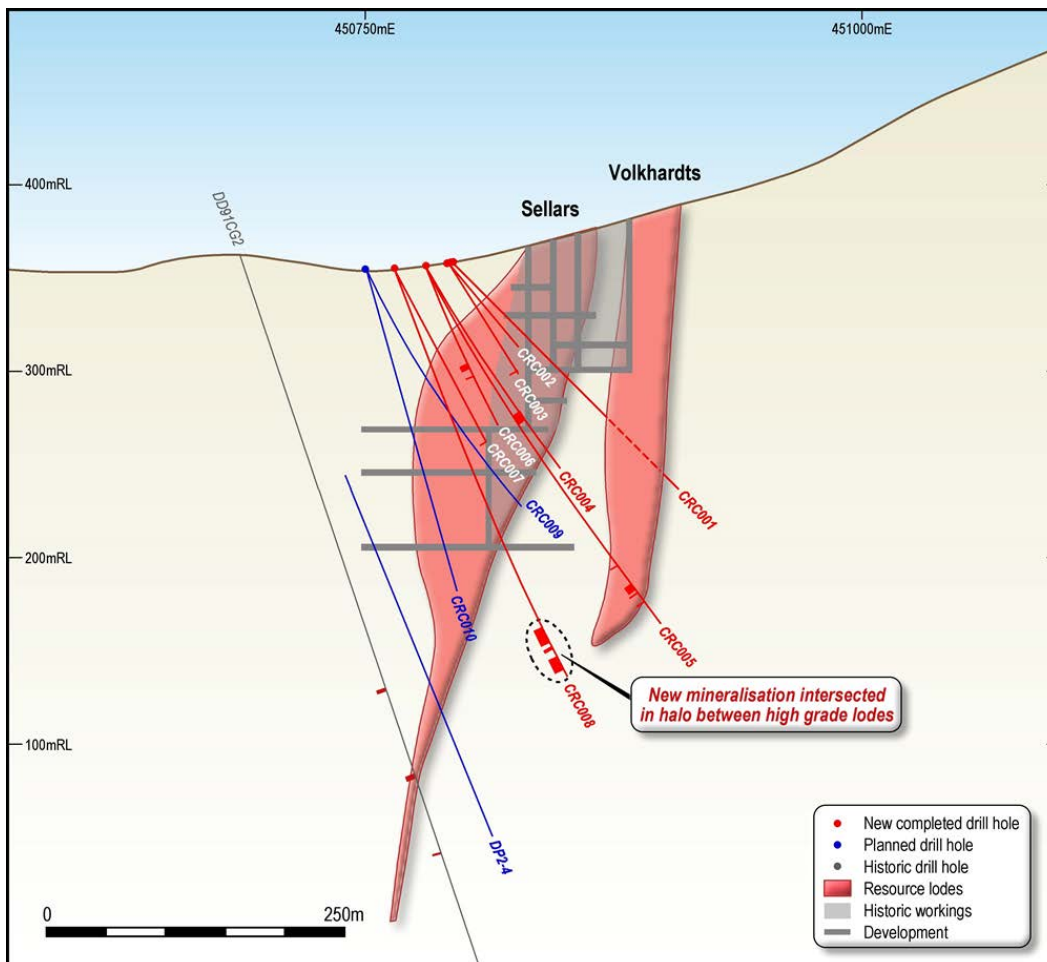
The initial plan for the drilling program, prior to undertaking the fixed loop electro-magnetic (FLEM) survey, was to:

- test the location of the historic workings;
- identify the extent of mineralisation within the resource shells; and
- explore the untested halo between the high-grade lodes.

However, following the FLEM survey, which identified five anomalies beneath and external to the line of lode<sup>1</sup>, the drilling plan was altered to accommodate 10 drill-holes at DP3, then four each at DP1 and DP2.

From DP3, which focused on difficult terrain near Sellars and Volkhardt's Lodes, 8.5 drill-holes (1,280m) were completed (prior to adverse weather setting in), resulting in new mineralisation being intersected between the high-grade lodes.

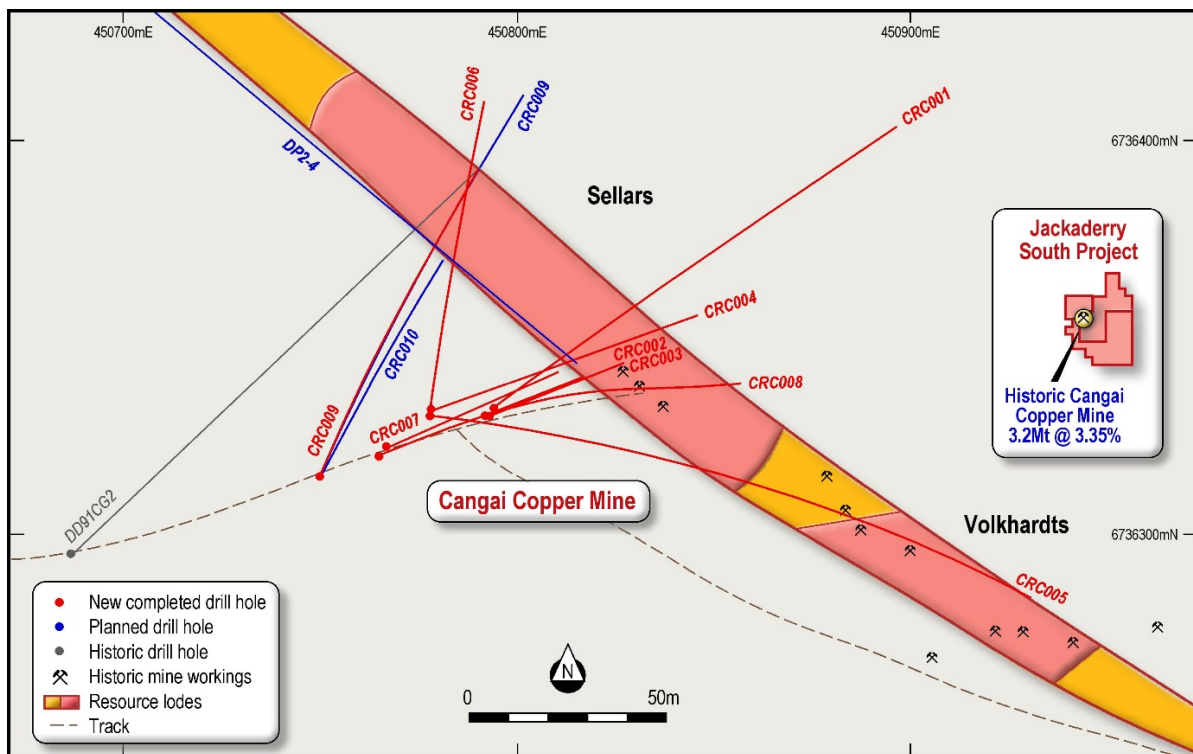
**FIGURE 1: CROSS SECTION – SELLARS AND VOLKHARDTS LODES**



Source: CCZ geology team

Zooming in for greater clarity from a top-down view, Figure 2 shows the completed and planned final drilling from DP3 as well as one prospective drill-hole from DP2 along the line of lode.

**FIGURE 2: ZOOMED IN PLAN OF THE COMPLETED DRILLING AT SELLARS LODE**



Source: CCZ geology team

A summary of the drilling results for the first eight drill-holes follows:

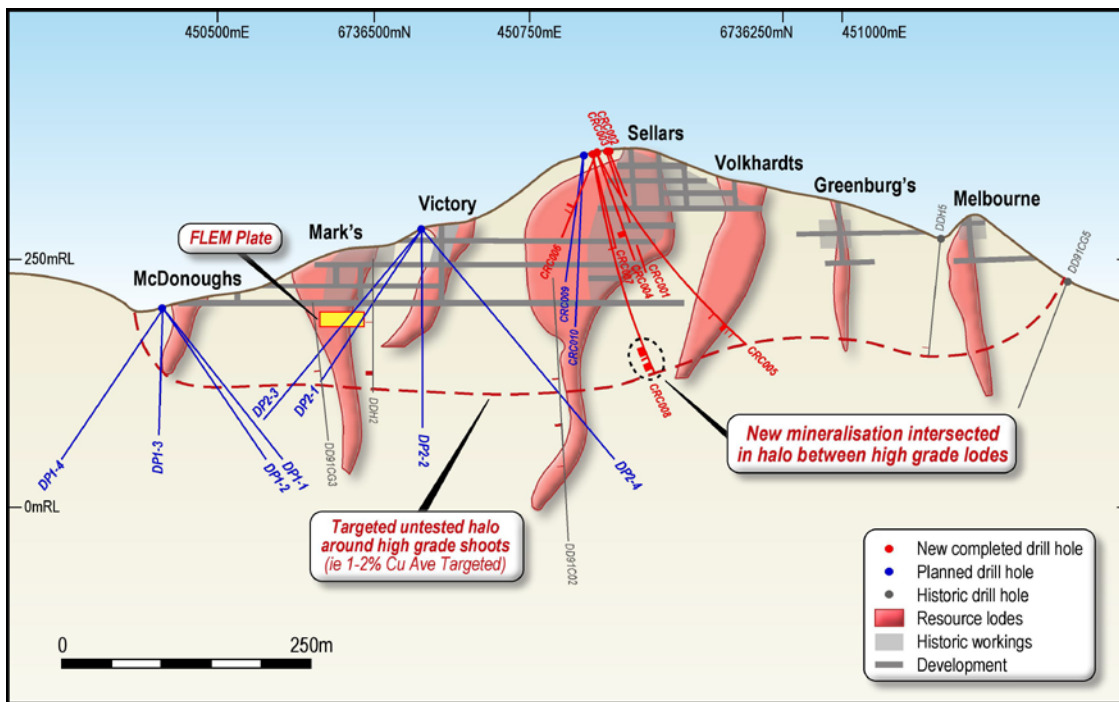
- Sulphide mineralisation was intersected in seven drill-holes (Drill-holes CRC003-CRC009 which are detailed in Appendix A);
- Four drill-holes (CRC002-CRC004 & CRC007) intersected Sellars' Lode workings which enabled accurate 3D model calibration, positioning of the historic workings and mineralisation within the Line of Lode;
- The veracity of the initial resource model was supported by drilling (CRC004) that intersected mineralisation in the halo prior-to-and-beyond the workings;
- In addition, the model's accuracy was confirmed at Volkhardts' Lode which was successfully intersected at 222m (CRC005), returning exceptional sulphide mineralisation that floated off samples during the washing/logging process which highlighted the metallurgical values of the project (refer Photo Gallery);
- Mineralisation was intersected within the unmined portion of Sellars' resource shell (CRC006), which is away from the historic workings;
- Demonstrating the geology team's theory – that the halo between high-grade historic lodes is mineralised – a 30m thick zone of extremely encouraging sulphide mineralisation was intersected between Sellars and Volkhardts Lodes (CRC008);
- Specifically, the sulphide mineralisation ranged from disseminated and breccia sulphides on the outer zones trending to semi-massive/massive veins within the core of the shear zone; and
- Samples from this first round of drilling have been sent to the laboratory for complete analysis with results due soon.

### Objectives for balance of the drilling program

After reviewing the results from DP3, the geology team is aiming to develop a large bulk open pit resource at Cangai. The team will be gathering further evidence over the balance of the drilling campaign to increase the current JORC compliant Cu-Zn-Au-Ag resource.

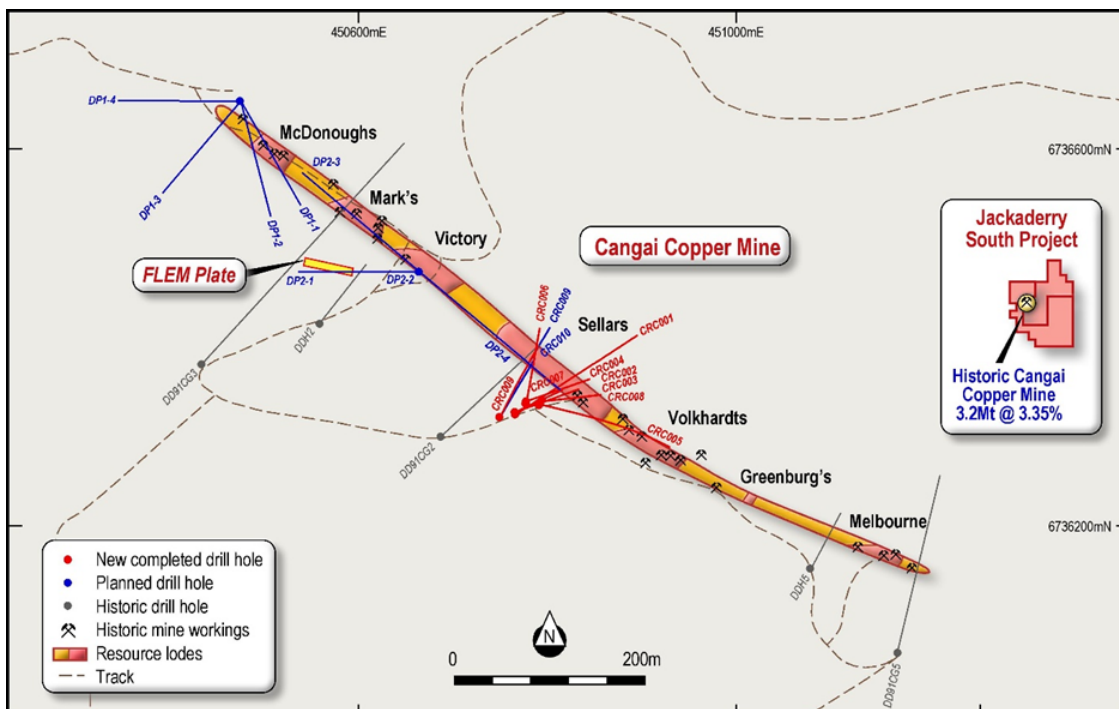
The positions of DP1 and DP2 have been configured to assess the degree of mineralisation within the untested halo as well as testing the Anomaly B FLEM target (Figure 3 and 4).

**FIGURE 3: CROSS SECTION VIEW – TARGETS FOR UNTESTED HALO**



Source: CCZ geology team

**FIGURE 4: TOP DOWN VIEW – TARGETS FOR UNTESTED HALO**



Source: CCZ geology team

Looking forward, to conclude the current drill program the following is planned:

- The priority will be completing drill-holes CRC009 and CRC010 at DP3, then move the rig down the hill to DP2;
- An incremental 2,000m is slated to be drilled across eight drill-holes at DP1 and DP2, which should conclude stage 1 of the campaign and focus on identifying sulphide mineralisation; and
- For the deeper drill-holes (including CRC005 & CRC008 which originated from DP3), down-hole electromagnetic surveying is planned to test the halo for the presence of additional high-grade sulphide shoots and extensions/thickening of the existing modelled lodes.

### **Next steps**

As the current drilling program has targeted sulphide mineralisation at depth, the next phase is to undertake shallower drilling targeting supergene mineralisation. This requires approval from the regulator as new tracks and drill pads will need to be set up closer to legacy workings.

The other task the geology team is focusing on is completing bulk channel sampling the legacy stockpiles, so they can be analysed to determine if they are suitable for direct shipping ore.

### **Conclusion**

The Board is pleased with the progress of the current drilling campaign and looks forward to updating the market as further results materialise.

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 12 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.

## PHOTO GALLERY

**Photo 1: Sulphides floating off the geologists logging samples in hole CRC005: 222 to 223m**



**Photo 2: Sulphides hosted in andesitic volcanics from Sellars Lode in CRC003: 67 to 86m**



**Photo 3: Surface gossans - copper oxide and sulphidic rocks from Sellars Lode / stockpiles**



**Photo 4: Oxide & sulphide mineralisation occurring in drill chips through Sellars Lode**



## APPENDIX A: RC-DRILLING SUMMARY AT CANGAI COPPER MINE

HOLE_ID	EAST	NORTH	RL	DIP	AZI_GDA	DEPTH_TARGET	DEPTH-EOH	PLANNED DHEM	LODE	COMMENTS
CRC001	450794	6736332	358	-45	53.7		174	N	North of Sellars	No Significant mineralisation
CRC002	450792	6736330	358	-50	56.7	60	58	N	Sellars	Hit workings @ 52-58m
CRC003	450793	6736330	358	-60	66.7	70	71	N	Sellars	Sulphides from 67-69m. Hit workings @ 69m-71m
CRC004	450778	6736331	357	-60	67.2	95	133	N	Sellars	Sulphides from 92-102m. Cavities @ 79-81m, 85-87m & 97-98m
CRC005	450778	6736330	357	-60	93.2	190	252	Y	Volkhardts	Sulphides from 221-226m & 234-235m
CRC006	450778	6736330	357	-50	9.7	75	120	N	Sellars	Sulphides from 69-73m
CRC007	450765	6736320	356	-65	63.7	150	107	Y	Sellars	Weak sulphide 106-107m. Hit workings at 107m
CRC008	450765	6736320	356	-70	67.7	195	240	Y	Halo Zone	Sulphide from 209-239m
CRC009	450750	6736315	355	-55	22.7	125	126	Y	Sellars	Sulphide from 100-103m. Hole in progress to 170m depth
							<b>1281m</b>			