Phase II drilling targets high-grade supergene ore and massive sulphides at Cangai

CASTILLO COPPER LIMITED

ASX Release

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Issued Capital:
580.1 million shares
84.5 million options

ASX Symbol:
CCZ

- **Regulatory approval has been granted to start the Phase II RC drilling campaign at Cangai Copper Mine**
- **The 39 drill-hole program will focus on three areas along the line of lode targeting supergene ore near legacy workings and massive sulphide intersections identified during Phase I**
- **Earth clearing work is well underway, while the drilling contractor is on-site reviewing planned drill-pads and access routes to expedite the commencement of work**
- **Assay results from ten hand-picked rock specimens (including malachite and gossan) from around Volkhardts stockpile along the line of lode returned up to 23.9% Cu – this is consistent with supergene ore grades and in a priority drill target area**
- **Incrementally, assay results for samples collected from the recent trenching exercise at the Smelter Creek stockpile were up to 5.58% Cu, 3.31% Zn and 1,350ppm Co**
- **The initial four drill-holes are planned for the historic Smelter Creek stockpile**
- **Metallurgical test-work on samples from the Smelter Creek stockpile are continuing to be optimised, while discussions with prospective off-take partners are ongoing**

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Castillo Copper's Chairman Peter Meagher commented: *"Regulatory approval to commence the Phase II drilling campaign heralds another significant milestone towards the Board's strategic goal of re-opening Cangai Copper Mine. The Board is confident the geology team have mapped out a comprehensive drilling program, targeting supergene ore and massive sulphides, that has the potential to expand the resource size."*

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Castillo Copper Limited's ("CCZ" or **"the Company")** Board has received clearance from the NSW mining regulator to progress the Phase II drilling campaign at Cangai Copper Mine (CCM). This builds on the Phase I program and should significantly broaden the geology team's understanding of mineralisation apparent within the system.

PHASE II DRILLING CAMPAIGN

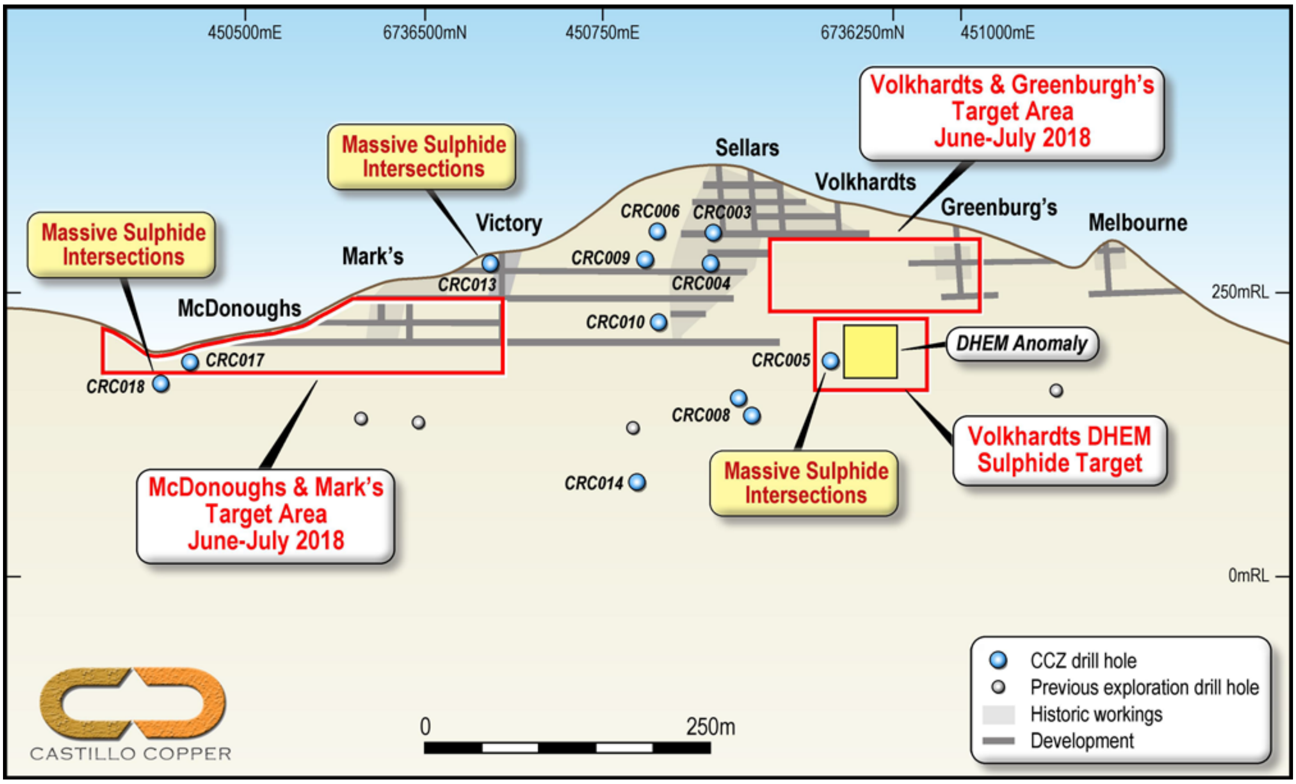
Approval

The NSW mining regulator has approved the Phase II RC drilling campaign at CCM, which comprises 39 drill-holes. As can be seen from Figure 1, there are three primary zones along the line of lode that the geology team are planning to drill (refer below for more details).

Key targets areas are supergene ore near the legacy workings and where massive sulphides were identified during the Phase I program. Once this second drilling campaign concludes, the geology team anticipates the resource size may potentially be materially expanded.

In preparation for the campaign to start, land clearing is already well underway. Furthermore, the drilling contractor has visited the project reviewing access routes and planned drill pads, so that work can commence as soon as practical.

FIGURE 1: TARGET AREAS FOR PHASE II DRILLING CAMPAIGN



Source: CCZ geology team

Key targets

The geology team have put a significant amount of work into planning the Phase II drilling campaign, as a core objective is build a greater understanding of the underlying mineralised system. The reasons for targeting three specific areas, around known lodes, is summarised in more detail below:

- **Greenburgs:** This is a blind lens discovered along strike to the east of the Sellars and Volkhardts workings (Figure 2). According to legacy reports (Carne 1908), Greenburgs was reputed to be the largest ore lens discovered at CCM until it was replaced by a horizontal fault.

  With only limited exploration undertaken, the geology team believe additional ore lens remains undiscovered and, hence, qualifies as a shallow target of interest for the Phase II campaign.

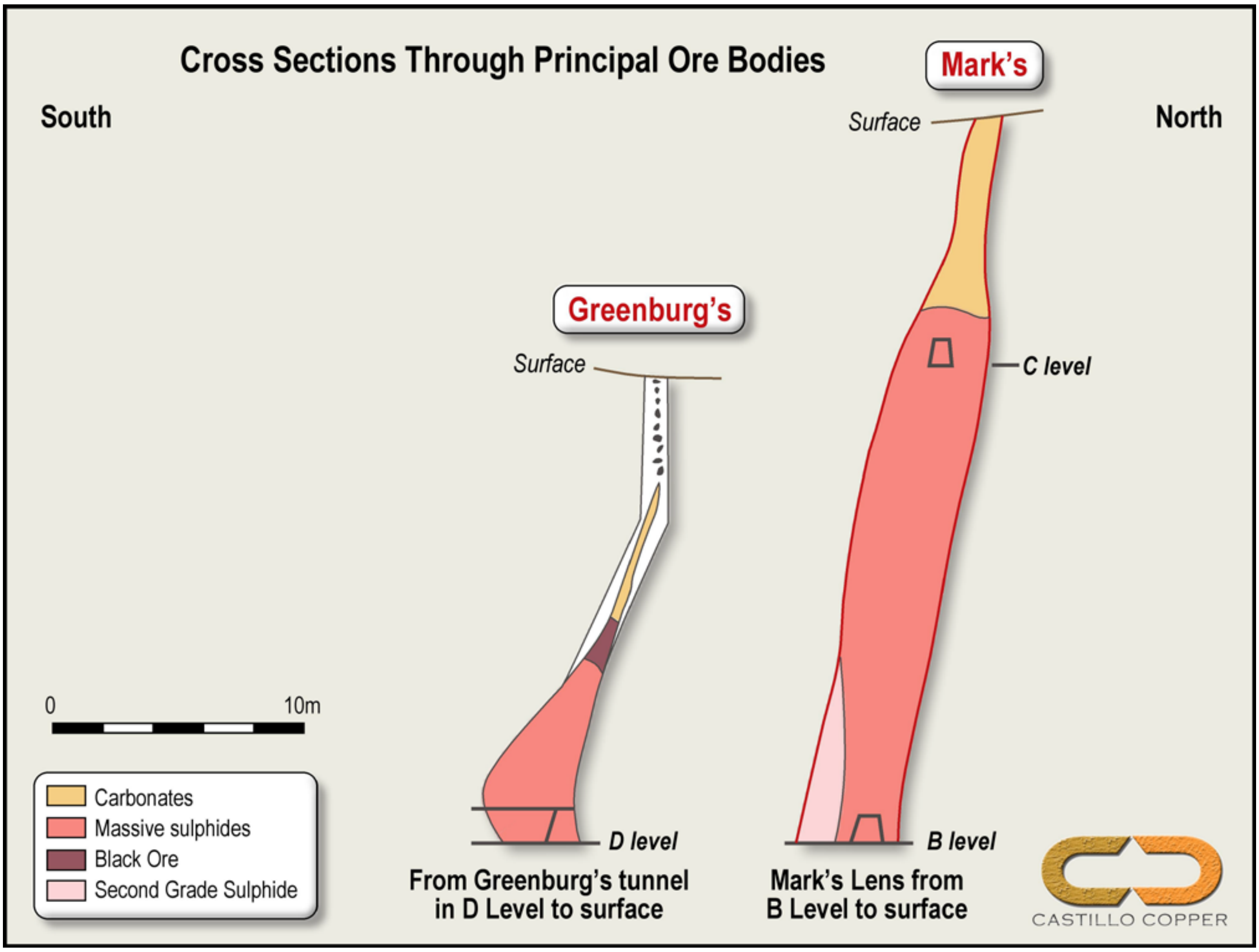
- **Volkhardts:** This is immediately to the east of the central Sellars workings area and where the main shear splits into two parallel shear zones (10m apart). This main shear splitting resulted in the grade in the original mine dropping below the 10% Cu threshold desired in the 1900's.

  The geology team believe current economic grades and widths exist between the two parallel shears which make it a shallow target for the upcoming Phase II drilling program. Moreover, beneath the Volhardts workings is where a DHEM target has been identified from the Phase I drilling campaign.

- **Marks:** This was the principal ore lens on the western side of the main Sellars workings (Figure 2), which is why it is a target. However, mining operations ceased when the grade dropped below 10% Cu. According to legacy mine records, the width of the ore body remained consistent, although at depth it comprised mainly second grade ore (i.e. less than 10% Cu).

- **McDonoughs:** This was the last ore lens found during the A-level adit development at the western end of the mine. Limited information is available on this ore lens, although it was in production until the mines closure, explaining why it is an area of interest for the geology team.

FIGURE 2: CROSS SECTIONS OF KEY ORE BODIES

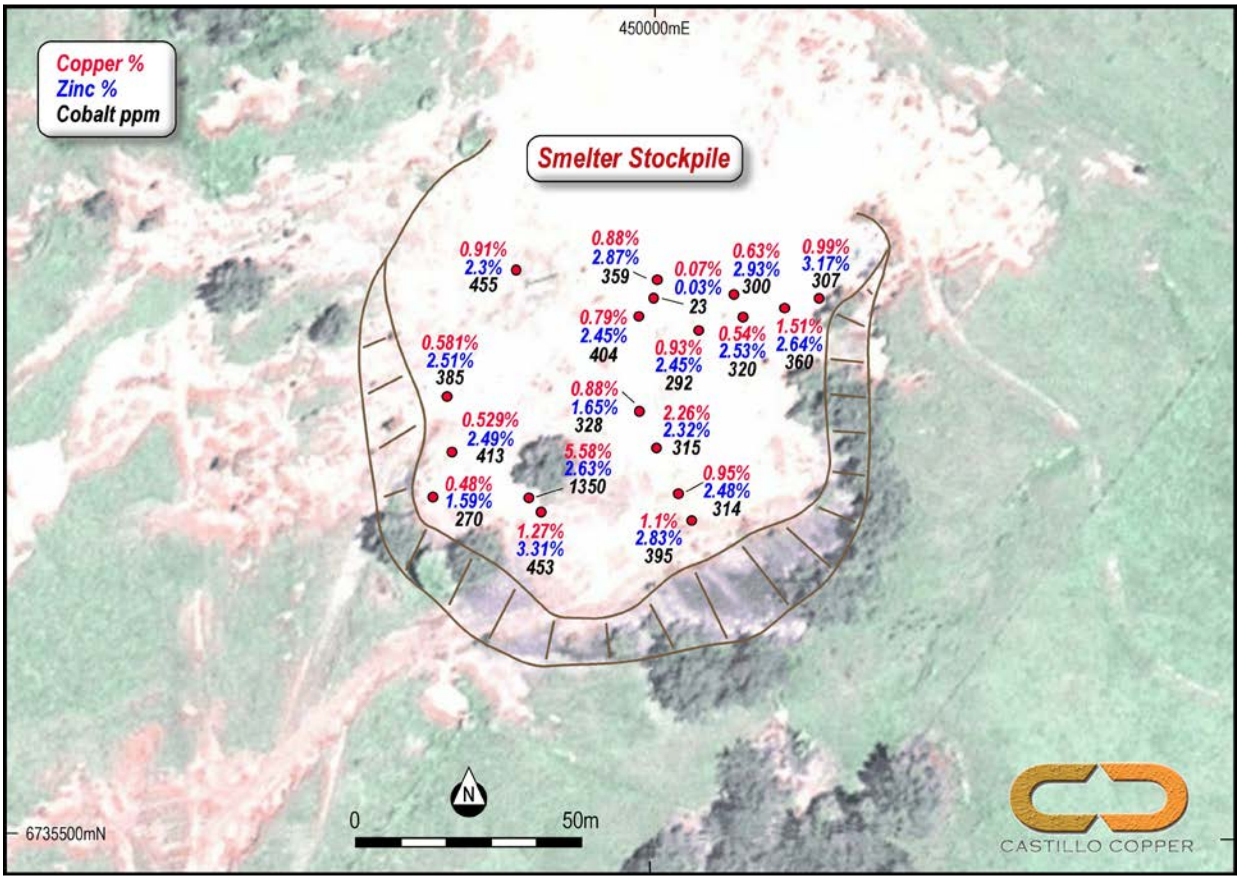


Source: CCZ geology team

UPDATE ON LEGACY STOCKPILES

A strategic objective of the Board is monetising legacy stockpiles along the line of lode and at Smelter Creek. Considerable work has already been done and some key assay results for Smelter Creek have been finalised that confirm significant mineralisation (Figure 3). The best results from the samples, which was from channel trenching, were up to 5.58% Cu, 3.31% Zn and 1,350ppm Co (refer Appendix A).

FIGURE 3: SUMMARY ASSAY RESULTS FOR SMELTER CREEK STOCKPILE



Source: CCZ geology team and ALS

In addition, from ten hand-picked rock specimens from around the Volkhardts stockpile, which included malachite and gossan, a reading of 23.9% Cu was recorded (refer Appendix B). This reading is consistent with supergene ore grades.

The laboratory is still optimising metallurgical test-work which is yet to run its course, while discussions with prospective off-take partners are ongoing.

Next steps

With work on CCM progressing on several fronts, the next focus will be an update on the Broken Hill project.

For and on behalf of Castillo Copper

Alan Armstrong

Executive Director

COMPETENT PERSON STATEMENT

The information in this document that relates to Exploration Results is based on, and fairly represents, information and supporting documentation prepared by Mr Peter Smith, BSc (Geophysics) (Sydney) AIG ASEG, who is a Member of The Australasian Institute of Geoscientists (AIG). Mr Smith has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves" (JORC Code). Mr Smith has approved and consented to the inclusion in this document 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 that's flagship project is the historic Cangai Copper Mine near Grafton in northeast NSW. The project comprises a volcanogenic massive sulphide ore deposit, with one of Australia's highest grade JORC compliant Inferred Resources for copper: 3.2Mt @ 3.35% (6 September 2017). In terms of contained metal, the Inferred Resource is 107,600t Cu, 11,900t Zn, 2.1Moz Ag and 82,900 Moz Au. A notable positive is the presence of supergene ore with up to 35% copper and 10% zinc which is ideal feedstock for direct shipping ore. Incrementally, the project holds five historic stock piles of high-grade ore located near Cangai Copper Mine.

In brief, CCZ's Australian assets are 100% owned and comprise four tenure groups detailed briefly as follows:

- **NSW assets:** Consists of two projects: 1) Jackaderry, which includes Cangai Copper Mine, is in an area highly prospective for copper-cobalt-zinc and made up of three tenements; and, 2) Broken Hill which consists of two contiguous tenements prospective for cobalt-zinc that are located within a 20km radius of Broken Hill and just north of Cobalt Blue's ground (ASX: COB).

- **Queensland assets:** Comprises two projects: 1) Mt Oxide made up of three prospects (two are contiguous) in the Mt Isa region, northwest Queensland, and are well known for copper-cobalt systems; and, 2) Marlborough which includes three prospects located north-west of Gladstone (adjacent to Queensland Nickel mining leases) in an area with proven high-grade cobalt-nickel systems.

Finally, CCZ' holds six exploration concessions in Chile.

APPENDIX A: SMELTER CREEK STOCKPILE CHANNEL SAMPLING ASSAY RESULTS

(in reference to ppm to % conversion: 10,000ppm = 1%)

SAMPLE ID	E	N	Co (ppm)	Cu (ppm)	Zn (ppm)	COMMENTS
1012550	450009	6735507	395	11,000	28,300	Smelter slag, 0.5m cover, minor Cu carbonates
1012551	450006	6735576	314	9,480	24,800	Smelter slag, 0.5m cover, minor Cu carbonates, charcoal
1012552	450001	6735586	315	22,600	23,200	Smelter slag, 0.5m cover, minor Cu
1012553	449997	6735594	328	38,100	16,500	Smelter slag, 0.5m cover, significant Cu carbonates, charcoal
1012554	450037	6735619	307	9,940	31,700	Smelter slag, 0.3-0.5m cover, minor Cu carbonates, charcoal
1012555	450029	6735617	360	15,100	26,400	Smelter slag, 0.3-0.5m cover, minor Cu carbonates
1012556	450020	6735615	320	5,430	25,300	Smelter slag, 0.3-0.5m cover, minor Cu carbonates
1012557	450010	6735612	292	9,310	24,500	Smelter slag, 0.3-0.5m cover, minor Cu carbonates
1012558	450001	6735623	359	8,780	28,700	Smelter slag, 0.3-0.5m cover, minor Cu carbonates
1012559	450000	6725619	23	647	270	Brick foundations
1012560	449997	6735615	404	7,870	24,500	Saprolite, bricks, minor Cu carbonates and charcoal
1012561	450018	6735220	300	6,250	29,300	Smelter slag and minor Cu carbonates
1012562	449970	6735625	455	9,100	23,000	Smelter slag, 0.5m cover, minor Cu carbonates
1012563	449955	6735597	385	5,810	25,100	Smelter slag, 0.5m cover, minor Cu carbonates
1012564	449956	6735585	413	5,290	24,900	Smelter slag, 0.5m cover, minor Cu carbonates
1012565	449952	6735575	270	4,800	15,900	Smelter slag, 0.5m cover, minor Cu carbonates
1012566	449973	6735575	1,350	55,800	26,300	Smelter slag, 0.5m cover, minor Cu carbonates
1012567	449976	6735572	453	12,700	33,100	Smelter slag, 0.5m cover, minor Cu carbonates

Note: Samples taken from Smelter Creek stockpile on 29 April 2018

Source: ALS

APPENDIX B: CHANNEL AND HAND-PICKED SAMPLES FROM VOLKHARDTS STOCKPILE

SAMPLE ID	E	N	Co (ppm)	Cu (ppm)	Zn (ppm)	COMMENTS
1012524	450904	6736261	11	3,890	1,040	Surface channel sample dac., lap.t., felsic int
1012525	450898	6736251	73	6,530	440	Surface channel sample dac., lap.t., felsic int
1012526	450908	6736245	16	3,570	420	Surface channel sample dac., lap.t., felsic int
1012527	450908	6736254	31	14,500	830	Surface channel sample dac., lap.t., felsic int
1012528	450910	6736249	17	5,950	490	Surface channel sample dac., lap.t., felsic int
1012529	450910	6736247	32	6,290	740	Surface channel sample dac., lap.t., felsic int
1012530	450903	6736260	27	1,730	560	Sheared lapilli tuff malachite coatings
1012531	450904	6736259	58	29,100	3,870	Oxid felsic iontrusive malachite 10%
1012532	451023	6736185	75	10,400	2,250	Black sheares lappilli tuff trace sulphides
1012533	450940	6736215	10	5,720	440	Oxid dacite 5% sulphides and gossan
1012534	450901	6736260	13	28,800	440	Iron rich gossan and felsic intrusive
1012535	450905	6736260	33	53,100	810	Gossan and felsic intrusive
1012536	451163	6736167	146	79,600	1,820	Gossan and felsic intrusive
1012537	451162	6736162	177	31,300	430	Gossan after massive sulphides
1012538	451183	6736158	183	239,000	2,900	Malachite rich felsic intrusive
1012539	450944	6736202	18	26,400	4,740	Malachite rich felsic intrusive

Note: Samples taken from Volkhardts stockpile on 21 April 2018
Source: ALS

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30-g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Castillo Copper completed smelter stockpile sampling in the form of trench samples. The samples were collected from ditch witch tenches of the slag dump and sent for analysis at ALS using procedure ME-MS61-C which uses a 4 acid digest.

Table 1: Cangai Smelter Site Sampling (ALS, Method ME-MS61-C)

SAMPLE ID	E	N	Co (ppm)	Cu (ppm)	Zn (ppm)	COMMENTS
1012550	450009	6735507	395	11,000	28,300	Smelter slag, 0.5m cover, minor Cu carbonates
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1012567	449976	6735572	453	12,700	33,100	Smelter slag, 0.5m cover, minor Cu carbonates

Note: Samples taken from Smelter Creek stockpile on 29 April 2018

And from various old mining dumps along the line of lode.

SAMPLE ID	E	N	Co (ppm)	Cu (ppm)	Zn (ppm)	COMMENTS
1012524	450904	6736261	11	3,890	1,040	Surface channel sample dac., lap.t., felsic int
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1012539	450944	6736202	18	26,400	4,740	Malachite rich felsic intrusive

Note: Samples taken from Volkhardts stockpile on 21 April 2018

- All other sampling used in this analysis was all historical from the period 1967-2016. The data was a combination of the NSW Geological Survey surface sampling database and historical annual and relinquishment reports revisited and additional data extracted. Additional analyses are currently being collated from a 1991 UNSW Honours Thesis (Brauhart 1991).
- Nearly 870 sample analyses from stream sediment, soil, and rock chip sources were collated and combined.
- Many of the sampling programs, especially from the 1990's did include reference

samples and duplicate analyses and other forms of QA/QC checking.

- Sampling prior to 1985 generally has higher “below detection limits” and less QA/QC checks.
- Regarding historical cores from holes held by the NSW Geological Survey at the Cangai Copper Mine (closed), selected sections have been reanalyzed using pXRF. The grades quoted for cored intervals described in section 2 have been measured using a handheld pXRF Analyser. These grades are indicative grades only as the pXRF Analyser does not have the same degree of accuracy as laboratory generated results.
- Sample details from the pXRF machine are listed in Table 1, below. The actual results have been listed in Appendix 1 of the Geological Summary report.

Table 2: Cangai Core pXRF Sample Details

Date	Field Label 1	Mode	Elapsed Time 1	Elapsed Time 2	Elapsed Time Total	Instrument SN	Model	Tube Anode	User Factor Name	Unit
01-06-17	SAMPLE ID#1	Geochem	29.29	59.72	89.01	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#2	Geochem	29.31	59.64	88.95	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#3	Geochem	29.3	59.65	88.95	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#4	Geochem	29.68	59.31	88.99	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#5	Geochem	29.69	59.31	89.01	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#6	Geochem	29.22	59.8	89.02	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#7	Geochem	29.31	59.78	89.08	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#8	Geochem	29.36	59.55	88.92	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#9	Geochem	29.57	59.8	89.37	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#10	Geochem	29.43	59.71	89.14	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#11	Geochem	29.46	59.84	89.3	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#12	Geochem	29.65	59.32	88.97	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#13	Geochem	29.65	59.52	89.17	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#14	Geochem	29.23	59.85	89.08	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#15	Geochem	29.44	59.8	89.24	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#16	Geochem	29.38	59.75	89.13	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#17	Geochem	29.24	59.87	89.11	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#18	Geochem	29.59	59.72	89.31	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#19	Geochem	29.42	59.69	89.11	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#20	Geochem	29.36		29.36	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#21	Geochem	29.42	59.85	89.27	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#22	Geochem	29.73	59.81	89.54	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#23	Geochem	29.7	59.42	89.12	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#24	Geochem	29.41	59.74	89.15	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#25	Geochem	29.54	59.89	89.43	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#26	Geochem	29.34	59.82	89.16	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#27	Geochem	29.48	59.71	89.19	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#28	Geochem	29.4	59.68	89.09	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#29	Geochem	29.42	59.74	89.17	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#30	Geochem	29.32	59.79	89.11	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#31	Geochem	29.45	59.68	89.13	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#32	Geochem	29.23	59.86	89.09	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#33	Geochem	29.5	59.59	89.1	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#34	Geochem	29.62	59.9	89.51	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#35	Geochem	29.58	59.79	89.36	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#36	Geochem	29.68	29.11	88.15	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#37	Geochem	29.21	28.85	87.91	550172	Delta Premium-50kV	Au	Factory-Default	%

Drilling techniques

- *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and*

- There are several drillholes near EL 8625 that could be investigated for relevant and similar geology that are held by the department and could be retested.

	details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	• The closest set of drill holes (ten (10) in total) with available core for analysis are in the tenure, at the Cangai copper mine. To the north of EL 8625, seventeen (17) drill holes were completed for copper-gold exploration at the Just-in-Time mine and Coaldale Prospects. Those cores are also available from the NSW Core Library. Drilling was a combination of RAB, RC with limited diamond cored holes.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Not applicable in this study as no new drilling was undertaken.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The drilling that did occur was completed to modern-day standards. • No downhole geophysical logging took place.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• No new samples were obtained. Historical cores from Cangai Mine lodged with the NSW Geological Survey are generally sawn with half or quarter core remaining. • Industry acceptable standards and blanks were used as certified reference material to ensure satisfactory performance of the pXRF • QAQC results indicate that the sampling is accurate and precise
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading*	• All the analyses bar a few (<75 out 2,600) samples were laboratory tested in various NATA-registered laboratories throughout Australia. Many of the earlier CRA Exploration stream sediment and soil samples were analysed by CRA internal laboratories. • XRF geochemical data taken from field portable XRF Olympus. • Duration of sampling 30 seconds per filter (3 filters).

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<td>times, calibrations factors applied and their derivation, etc.
Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</td>
<td>Calibration of the unit was carried out on the unit at the start of the sampling at the core library.
The following elements were analysed; Ag, As, Se, Ca, K, S, Ba, Sb, Sn, Cd, Pd, Zr, Sr, Rb, Pb, Hg, Zn, W, Cu, Ni, Co, V, Ti, Au, Fe, Mn, Cr, Sc, Mo, Th, U, Ta.
The Cangai smelter site samples were analysed by Atomic Absorption Spectroscopy for the following elements: Cu_pct, Co_ppm, Zn_pct, Ag_ppm and Au_ppm.</td>
</tr>
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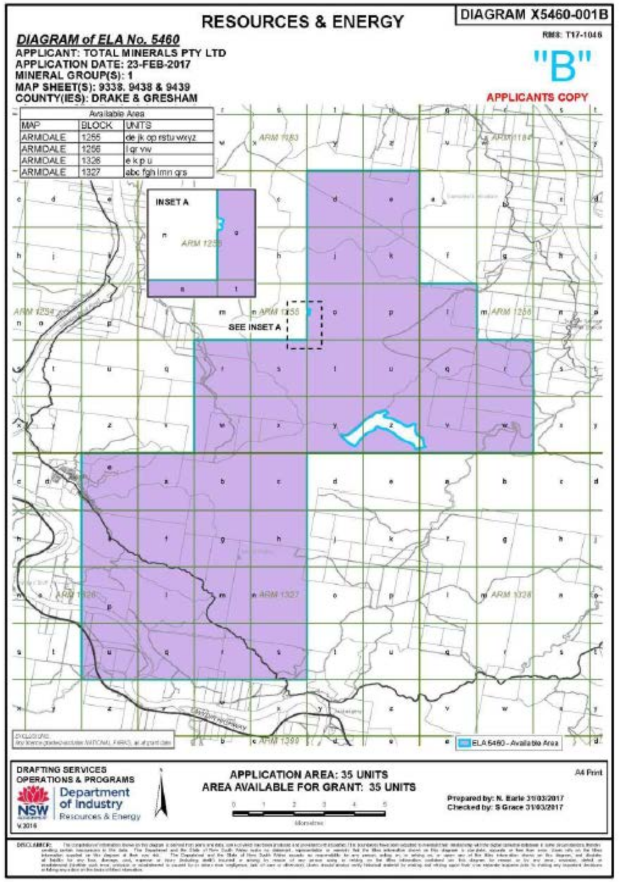
<td>Verification of sampling and assaying</td>
<td>The verification of significant intersections by either independent or alternative company personnel.
The use of twinned holes.
Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.
Discuss any adjustment to assay data.</td>
<td>Over 220 samples have had their assays duplicated.
None of the historical data has been adjusted.</td>
</tr>
<tr>
<td>Location of data points</td>
<td>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.
Specification of the grid system used.
Quality and adequacy of topographic control.</td>
<td>In general, locational accuracy does vary, depending upon whether the samples were digitised off plans or had their coordinated tabulated. Many surface samples were reported to AGD66 or AMG84 and have been converted to MGA94.
Locational accuracy therefore varies between 2-50m. The list of historical drillholes investigated is shown in Table 2.
Table 2: Cangai Diamond Drilling
<table>
<tr><th>Company</th><th>Prospect Name</th><th>Hole Name</th><th>Title Code</th><th>Title Number</th><th>Total Depth</th><th>Completion Date</th></tr>
<tr><td>CRA Exploration Pty Ltd,</td><td>Cangai Copper Mine - Grafton</td><td>DD91CG2</td><td>EL</td><td>3665</td><td>421.1</td><td>1991</td></tr>
<tr><td>Western Mining Corporation Ltd,</td><td>Jackadgery - Cangai</td><td>BJAC2</td><td>EL</td><td>1809</td><td>193.5</td><td>1982</td></tr>
<tr><td>CRA Exploration Pty Ltd,</td><td>Cangai Copper Mine - Grafton</td><td>DD91CG4</td><td>EL</td><td>3665</td><td>180</td><td>1991</td></tr>
<tr><td>CRA Exploration Pty Ltd,</td><td>Cangai Copper Mine - Grafton</td><td>DD91CG1</td><td>EL</td><td>3665</td><td>15</td><td>1991</td></tr>
<tr><td>Western Mining Corporation Ltd,</td><td>Jackadgery - Cangai</td><td>BJAC1</td><td>EL</td><td>1809</td><td>226.7</td><td>1982</td></tr>
<tr><td>CRA Exploration Pty Ltd,</td><td>Cangai Copper Mine - Grafton</td><td>DD91CG5</td><td>EL</td><td>3665</td><td>275</td><td>1991</td></tr>
<tr><td>CRA Exploration Pty Ltd,</td><td>Cangai Copper Mine - Grafton</td><td>DD91CG3</td><td>EL</td><td>3665</td><td>402.4</td><td>1991</td></tr>
<tr><td>Union Corporation (Australia) Pty Ltd, Mineral wealth NL</td><td>Cangai Copper Mine - Grafton</td><td>DDH2</td><td>ML</td><td>6244</td><td>228.6</td><td>1972</td></tr>
<tr><td>Union Corporation (Australia) Pty Ltd, Mineral wealth NL</td><td>Cangai Copper Mine - Grafton</td><td>DDH5</td><td>ML</td><td>6244</td><td>132.7</td><td>1972</td></tr>
</table></td>
</tr>
<tr>
<td>Data spacing</td>
<td>Data spacing for reporting of Exploration Results.
Whether the data spacing and distribution is sufficient to</td>
<td>The average surface sample spacing across the tenure varies per element, e.g. for cobalt the RMS spacing between sample points is 165m, ranging down to 124m for nickel.</td>
</tr>
</table>

and distribution	*establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• No sample compositing has been applied.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The current database does not contain any sub-surface samples, but these are currently being added (3rd August 2017). • Additional surface bedding and foliation data, and that from some of the accessible underground mine adits is being compiled form a UNSW Honours thesis (Brauhart 1991)
Sample security	• *The measures taken to ensure sample security.*	• No additional samples have been obtained at this stage.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have yet been undertaken.

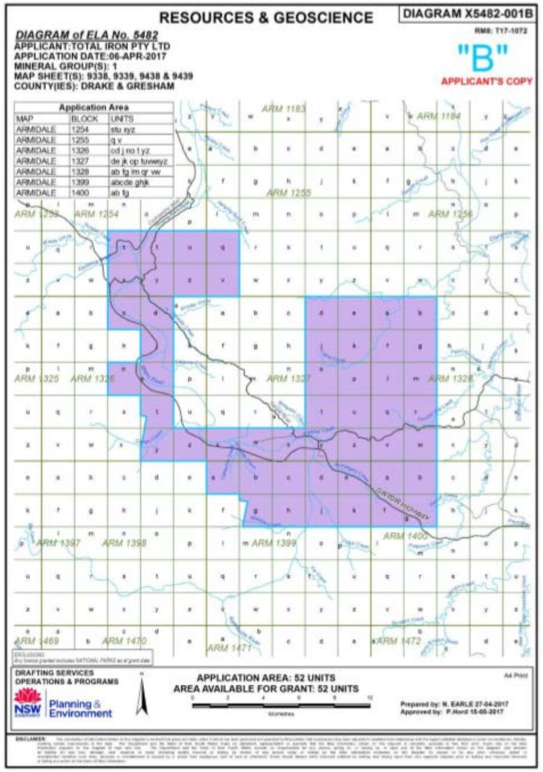
Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Castillo Copper holds EL 8625 of 35 units (155 km^2). The tenure has been granted for a period of thirty-six months until 17th July 2020, for Group 1 minerals. The location of the tenure is shown in Figure 1 below: Figure 1: Location of EL 8625 Jackadgery North  • Castillo Copper holds EL 8635 of 52 units. The tenure has been granted for a period of thirty-six months until 21st August 2020, for Group 1 minerals. The

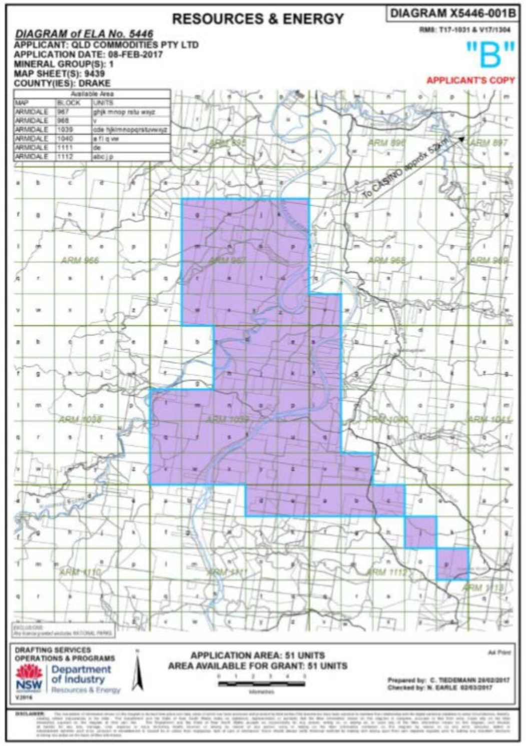
location of the tenure is shown in Figure 1 below:

Figure 1: Location of EL 8635 Jackadgery South



- Castillo Copper holds EL 8601 of 51 units. The tenure has been granted for a period of thirty-six months until 21st June 2020, for Group 1 minerals. The location of the tenure is shown in Figure 1 below:

Figure 1: Location of EL 8601 Kungabaran Hill

		
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	Previous explorers (Brownlow, 1989; Abraham-Jones, 2012) have noted that a ‘basement window’ of exposed magmatic hydrothermal alteration and historical copper workings may represent the western and upper extent of a much larger hydrothermal system concealed under Mesozoic cover to the east, prospective for: • Quartz-tourmaline-sulphide-cemented, magmatic-hydrothermal breccia hosted copper-gold-molybdenum-cobalt (Cu-Au-Mo-Co) deposit; • Concealed porphyry copper-gold-molybdenum-cobalt (Cu-Au-Mo-Co) ore body associated with quartz diorite to tonalitic porphyry apophyses proximal to the tourmaline-sulphide cemented breccia’s; • Potential also exists for copper-gold (Cu-Au) skarn; Considerable exploration has taken place in and around the Cangai Copper Mine (closed) by several large explorers such as Western Mining and CRA Exploration, the results of which are covered in the Local Geology section.

Geology	• *Deposit type, geological setting and style of mineralisation.*	**Regional Geology** The underlying geology is contained within the Coffs Harbour Block, east of the Demon Fault. The major basement unit is the Silurian-Devonian Silverwood Group (locally the Willowie Creek Beds), a mixed sequence of tuffaceous mudstones, intermediate to basic igneous rocks, slates, and phyllites, a low stage of regional metamorphism. Overlying this rock formation is a younger tectonic melange of Early Carboniferous age – the Gundahl Complex of slates, phyllites and schist, with chert, greenstone and massive lithic greywackes. These rocks are intruded by the Early Permian Kaloe Granodiorite, which also in turn is intruded by numerous later-stage mafic dykes. **Local Geology** The local geology is well understood as considerable exploration has taken place in and around the Cangai Copper Mine (closed) by several major explorers such as Western Mining and CRA Exploration, the results of which are covered in the section below. **Western Mining 1982-1984** Western Mining found that the recognition of substantial amounts of pyrrhotite in high grade ore collected from mine dumps led to the reappraisal of previous explorer's ground magnetics (Brown, 1984). Two soil anomalies were identified @ +60ppm Cu (max 1100ppm) and several strong linear magnetic anomalies (=250nT above background). Soil sampling and detailed ground inspections conducted over the linear magnetic high failed to identify any anomalous geochemistry or a possible source lithology. A 180m diamond drill hole was drilled to test the anomaly. Given the poor results of both the drilling and the follow-up stream sediment sampling, no further work was recommended. The decision was made to relinquish the licence in 1984. **CRA Exploration 1991-1992** CRA Exploration examined the geological form, setting and genesis of the mineralisation at the Cangai Copper Mine over several years. The work carried out consisted of geological mapping, collection of rock chip samples, and underground investigations at the mine site. Drill core from a CRA exploration program and mine dumps were also inspected. They concluded that the Cangai Copper Mine is hosted by sedimentary rocks of the Siluro-Devonian Willowie Creek Beds of tuffaceous mudstones, tuffaceous sandstones and conglomerates. Mineralisation appears to be associated with steeply plunging ore shoots in and

adjacent to the main shear zone (Figure 2). Massive primary ore consists of chalcopyrite, pyrite and pyrrhotite with lesser sphalerite and minor arsenopyrite and galena. A detailed, well documented report was produced, but no reasons were given for the relinquishment of the licence.

Figure 2 Rock Chip Sampling at Cangai Copper Mine

Appendix 5 Ore Sample Assays

Similar dump samples to those collected by the author were submitted for analysis by CRA Exploration. Selected assays are presented below. Values are ppm unless otherwise stated.

	1	2	3	4	5	6
Cu	15.3%	28.6%	12.4%	14.8%	10.6%	11.0%
Pb	640	1200	1800	7550	800	2500
Zn	4.68%	1.27%	2.35%	9.50%	6400	5.10%
Ag	76	86	30	49	160	150
As	4750	1650	4850	3800	4750	7150
Mn	185	240	370	430	155	150
Au	1.80	2.50	0.72	2.30	1.32	1.85
Fe	30.9%	22.6%	28.2%	32.9%	33.8%	27.4%
S	27.5%	3.73%	16.6%	29.6%		
Co	70	25	300	330	370	300
V					<10	<10
Ba					<10	20
Ni					<5	<5
Bi					30	80
Cd					14	90

Sample description

1 Massive chalcopyrite-pyrite ore
2 Oxide material
3 Massive pyrite chalcopyrite rock with gangue clasts
4 Well banded pyrite-sphalerite ore
5 Weakly banded massive sulfide
6 Weakly banded massive sulfide

Drill hole Information

- *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
  - *easting and northing of the drill hole collar*
  - *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
  - *dip and azimuth of the hole*
  - *down hole length and interception depth*
  - *hole length.*
- *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the*

- During late May 2017, ROM Resources personnel visited the NSW Geological Survey core storage facility at Londonderry in the Western Sydney area, to view, log and resample Cangai Mine cores. Of the ten (10) drillholes completed by various exploration and mining companies (including Western Mining and CRA Exploration) during the period 1974-1995, eight (8) had core stored with the Department.
- As this was a preliminary visit, and many of the core only had quarter core samples remaining it was decided to scan targeted areas with a portable pXRF machine, and record the average grade for a suite of minerals over that interval which were generally 0.5-2m in length.
- The drillholes were sited in and around the mined-out areas and generally the target intervals were of andesite or tuff that had been brecciated and displaying multi-sulphide mineralisation were tested. Some of the intervals

case.

tested had normal laboratory results available, but only for Cu, Au, Ag, Pb and Zn. Comparisons have yet to be made with the pXRF values, only to note that pXRF copper values were higher than the comparable assayed interval.

- A summary of selected results for all holes combined is given below in Table 3. In all 22 elements were tested.
- Total Minerals considers that if laboratory retesting of the core for cobalt is achieved then, combined with the mine working data and other geological information, sufficient data exists to calculate a small copper-cobalt-zinc resource based on the unmined portions of the now closed Cangai Copper Mine.

Table 3: Summary of Cangai pXRF Testing

Element	Total Tests	Anomalous Threshold (ppm)	Number of Anomalous Values	Highest Value ppm
Cu	37	500	17	190,000 (19%)
Pb	37	600	3	2,500
Zn	37	600	5	1,860
Co	37	50	4	730
Au	37	5 ppb	1	25ppb
Ag	37	2	2	15
U	37	50	1	170

Note: pXRF testing is indicative only, and further laboratory testing is required. It should be noted that the main purpose of the pXRF testing was to confirm the presence of cobalt which was previously not analysed.

- The smelter slag dump resulting from the smelting of ore from the historical workings at Cangai was sampled to determine the order of magnitude of remaining mineralisation.
- Three bulk samples were collected up the face of the slag dump at intervals 20 meters apart and sent for AAS Analysis; results in Table 4.

Table 4: Cangai Smelter Site Sampling

Sample ID	Easting	Northing	Copper (%)	Cobalt (ppm)	Zinc (%)	Silver(ppm)	Gold (ppm)
1012521	0450010	6735565	0.995%	357	2.30%	2	N/A
1012522	0459995	6735536	1.04%	286	2.26%	2.2	N/A
1012523	0459977	6735557	1.25%	319	2.57%	2.7	N/A

Data aggregation methods

- *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*
- *Where aggregate intercepts incorporate short lengths of*

- No compositing has taken place.

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<td>high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.
• The assumptions used for any reporting of metal equivalent values should be clearly stated.</td>
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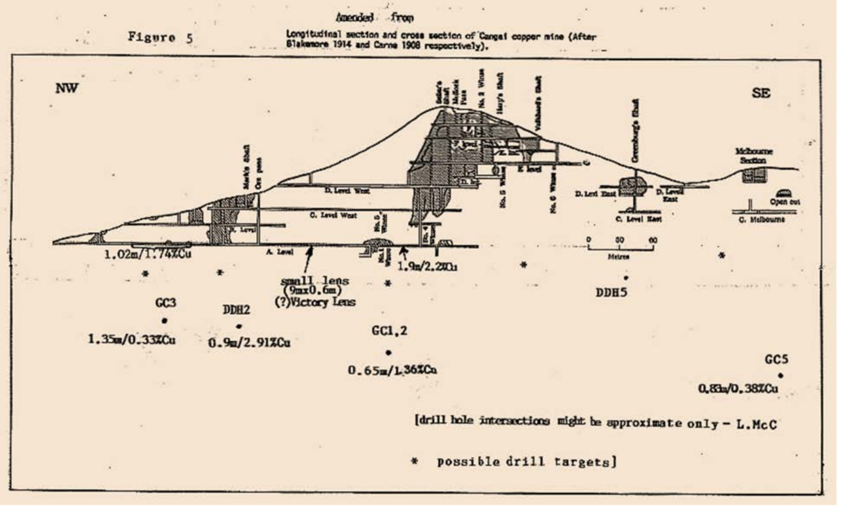
<tr>
<td>Relationship between mineralisation widths and intercept lengths</td>
<td>• These relationships are particularly important in the reporting of Exploration Results.
• If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.
• If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. ‘down hole length, true width not known’).</td>
<td>• Figure 3, below is a cross-section showing the four (4) main near vertical mineralised zones at the Cangai Mine.
Figure 3 NW to SE Cross-section of workings at Cangai Mine


• Follow-up work is recommended (Phase 2), particularly the anomalous zones (which are in the process of being digitised off the 1908 and 1912 mine plans (Brauhart 1991), should become priority targets for geological mapping, ground magnetic and EM surveys.
• Data is also being extracted from a thorough UNSW Honours Thesis as referenced below:
Brauhart, C. (1991). The Geology & Mineralisation of the Cangai Copper Mine, Coffs Harbour Block Northeastern New South Wales. CRAE Report No: 17739. University of NSW.</td>
</tr>
<tr>
<td>Diagrams</td>
<td>• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</td>
<td>• Current surface anomalies are shown on maps in the report. All historical surface sampling has had their coordinates converted to MGA94, Zone 54.</td>
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</table>

Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced avoiding misleading reporting of Exploration Results.*	• No new exploration results have been reported, but regarding the surface sampling, no results other than duplicates or reference standard assays have been omitted.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Historical explorers have also conducted airborne and ground gravity, magnetic, EM, and resistivity surveys over parts of the tenure area but this is yet to be collated.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	While further desktop work is still required, as cobalt was not the focus of previous exploration activities, CastilloCopper intends to commence suitable fieldwork within the next few months to assist in gathering data that could identify a resource to 2012 JORC standards. Drillhole and assay data will have to be encoded and validated. New laboratory assaying will be required of the historic core to confirm pXRF readings. Conclusions by CRA Exploration in 1991 noted “that because of uncertainty over shoot pitch and correlation between longitudinal sections generated by the various mining companies it is not clear whether the historic drilling was well suited to test for copper ore extensions”. No JORC Resources have been outlined to date at Cangai, but there is potential for further economic mineralisation of (probably) moderate size: • As lower grade aureoles (3+%) around and below stopes (CRAE's drilling was 90-150m below the deepest level worked); • Blind deposits between the shoots in areas not tested to date (e.g. below the 1m @ 1.74% over 60m in “A” Level northwest of Marks Shoot; • Along the lateral extension of the line of lode as suggested by ground magnetics (part of which may fall outside EL 8625).