CASTILLO COPPER LIMITED

ASX Release

28 September 2018

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Issued Capital:
580.1 million shares
84.5 million options

ASX Symbol:
CCZ

Assays infer polymetallic mineralisation potential at Broken Hill

- **Rock-chip assay results within the "Area 1" prospect at the Broken Hill project were up to 1,440ppm Co and 23,700ppm Cu**
- **Importantly, the rock-chip assay results provide evidence of potential exploration upside for polymetallic mineralisation within "Area 1" and more broadly across the tenure (as there are historic copper workings)**
- **Within the tenure neighbourhood, highlighting the polymetallic mineralisation potential, historic near surface assays up to 17.7% Zn, 12% Cu, 8.2% Pb and 1,200ppm Co have been recorded[1]**
- **CCZ has full mineral rights over the Broken Hill project and owns it 100%-outright**
- **Plans to further develop the "Area 1" prospect and identify incremental prospective polymetallic mineralisation targets within the tenure will now move to the next level:**
    - **The geology team are planning further field trips to undertake incremental mapping and surface sampling**
- **Meanwhile, work on the Cangai Copper Mine exploration program is continuing and the Board looks forward to updating shareholders shortly**

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Castillo Copper's Chairman Peter Meagher commented: *"The rock-chip assay results from the "Area 1" prospect, especially 1,440ppm cobalt and 23,700ppm copper, clearly underscore the potential exploration upside for polymetallic mineralisation. Having reviewed legacy assays and changing market dynamics, the Board has decided to broaden the exploration focus at Broken Hill from cobalt to include copper, zinc and lead mineralisation, given CCZ has full mineral rights and owns the tenure outright. As such, further site visits will be undertaken by the geology team to identify prospective areas for polymetallic mineralisation. However, this will not distract the Board from its current core strategic objective to re-open Cangai Copper Mine."*

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Castillo Copper Limited's ("CCZ" or **"the Company")** Board is pleased to present shareholders with the latest update on the Broken Hill project which focuses on the exploration upside for polymetallic mineralisation.

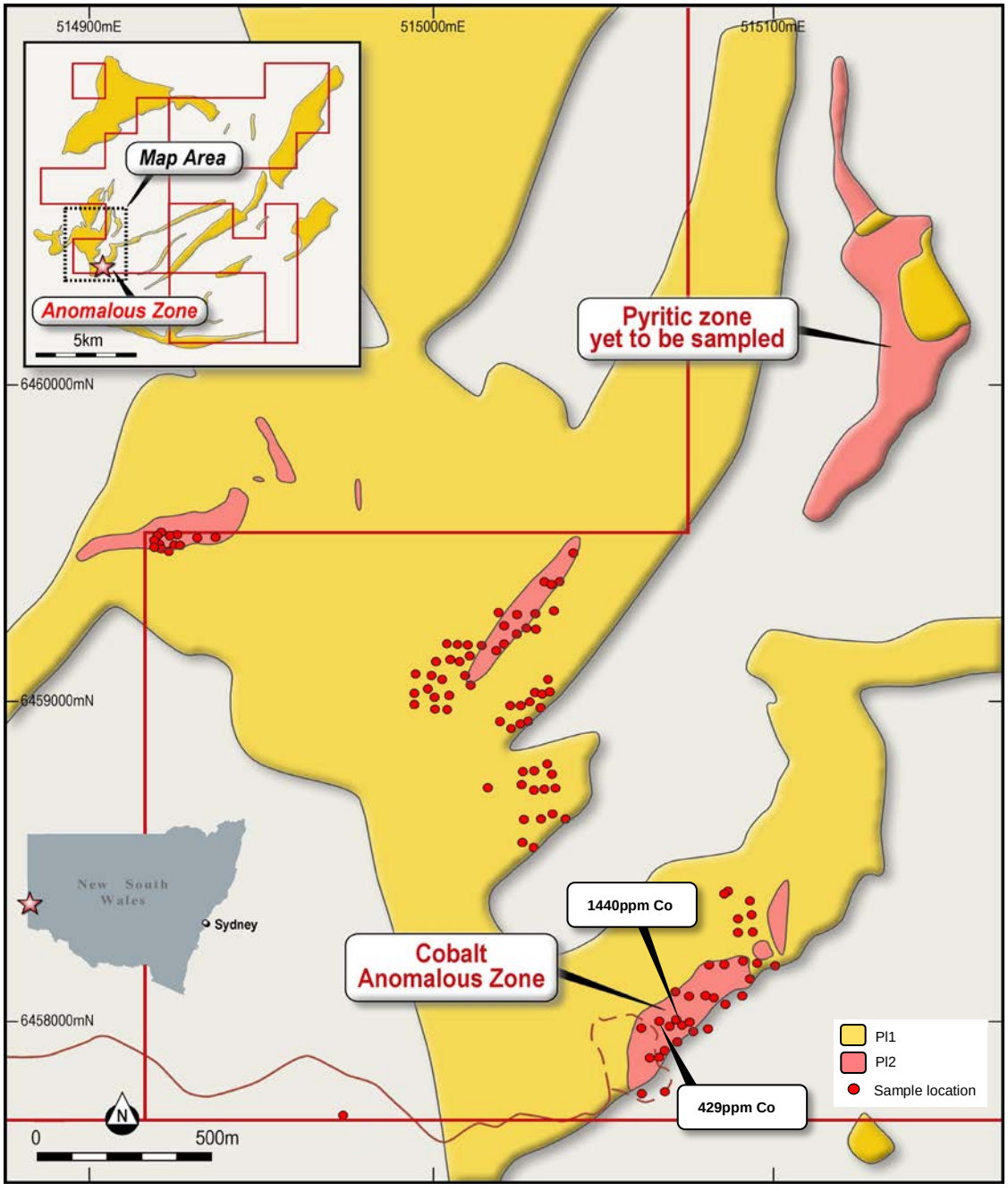
POLYMETALLIC MINERALISATION FOCUS

Rock chip assays – up to 1,440ppm Co, 23,700ppm Cu

A follow-up site visit by the geology team to the "Area 1" prospect, which is on the western border of the Broken Hill project, indicate the ground has potential for polymetallic mineralisation, warranting further scrutiny. Assays from 106 rock-chip samples from outcropping Himalaya Formation returned excellent results with up to 1,440ppm Co and 23,700ppm Cu within an anomalous zone within the "Area 1" prospect (Figure 1).

While the initial focus was cobalt, upon reflection, factoring in historic assay results - up to 17.7% Zn, 12% Cu, 8.2% Pb and 1,200ppm Co[1] - and changing market dynamics, the Board has decided to broaden the focus to polymetallic mineralisation.

FIGURE 1: "AREA 1" WITHIN 117KM^2 BROKEN HILL TENURE



Source: CCZ geology team and refer to Appendix A for further details

Polymetallic exploration upside

Notably, with less than 500 historic surface geochemistry samples located across CCZ's entire tenure (117km^2), which remains largely underexplored, there is upside potential to discover ore-grade polymetallic mineralisation.

Next steps

Plan next field trip to commence incremental detailed mapping and further surface sampling across known and prospective targets to boost the geology team's understanding of the polymetallic mineralisation potential within the tenure.

For and on behalf of Castillo Copper

Alan Armstrong

Executive Director

References

1) CCZ ASX Release 30 August 2017

COMPETENT PERSON STATEMENT

The information in this report that relates to the Geological Interpretation, Historical Exploration Results, or Historical Mineral Resources is based on information compiled by Christopher J Tedman-Jones BSc, MSc, Dip Ed, Dip Coal Geol(merit) a Competent Person who is a Member of the Geological Society of Australia and a Fellow of the Gemmological Society of Australia. Mr Tedman-Jones, who is employed by Xplore Resources Pty Ltd, has over 35 years' experience in international minerals exploration and has sufficient experience that is relevant to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Tedman-Jones consents to the inclusion in the report of the matters based on this information and 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 Inferred Resources for copper: 3.2Mt @ 3.35% Cu Inferred Resource reported according to the guidelines of the JORC Code (2012) (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 four prospects (three 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.

APPENDIX A: "AREA 1" PROSPECT ROCK-CHIP SAMPLE DATA

TABLE 1: 107 ROCK-CHIP SAMPLES

Sample No.	Easting	Northing	Co (ppm)	Cu (ppm)	Fe (%)	Pb (ppm)
387673	515337	6458823	42	441	25.6	32
387674	515296	6458562	1	3	0.42	27
387675	515261	6458582	10	26	0.99	26
387676	515269	6458646	7	7	1.91	11
387677	515319	6458652	62	114	5.98	12
387678	515342	6458663	4	6	1.55	6
387679	515389	6458650	3	6	0.56	30
387680	515359	6458749	5	6	1.7	29
387681	515330	6458748	15	30	2.35	7
387682	515297	6458746	9	13	2.68	11
387683	515263	6458762	6	10	1.96	9
387684	515264	6458800	6	3	2.01	3
387685	515298	6458806	7	27	2.67	10
387686	515349	6458795	3	4	0.81	23
387687	515286	6458967	9	27	1.11	10
387688	515101	6459103	15	46	11.7	8
387689	515112	6459076	12	33	3.03	22
387690	515202	6459199	8	17	1.72	9
387691	515186	6459178	5	7	1.43	6
387692	515149	6459197	12	20	2.12	19
387693	515195	6459300	2	15	1.19	100
387694	515248	6459297	5	3	1.11	14
387695	515302	6459299	3	4	3.55	10
387696	515356	6459305	8	2	1.91	21
387697	515369	6459401	5	4	1.27	14
387698	515349	6459391	5	8	1.97	17
387699	515327	6459402	3	4	0.91	35
387700	515414	6459490	10	12	2.05	33
387701	514988	6459059	4	16	1.12	5
387702	514740	6457726	20	23700	2.01	831
387703	514740	6457729	1	64	1.13	74
387705	514185	6459533	11	9	1.57	22
387706	514181	6459504	8	19	2.84	15
387707	514203	6459504	8	22	2.95	97
387708	514196	6459526	4	12	1	10
387709	514205	6459546	6	6	2.07	7
387710	514232	6459539	8	6	1.28	17
387711	514232	6459497	2	5	0.62	12

Sample No.	Easting	Northing	Co (ppm)	Cu (ppm)	Fe (%)	Pb (ppm)
387712	514256	6459516	125	40	13.8	8
387713	514248	6459547	6	31	1.11	7
387714	514316	6459533	10	14	0.96	11
387715	514366	6459531	15	58	2.52	11
387716	515201	6458957	5	19	1.08	12
387717	515237	6458941	19	54	5.87	4
387718	515260	6458955	11	11	3.24	8
387719	515277	6458953	9	42	1.01	30
387720	515316	6459004	20	5	3.7	27
387721	515287	6459021	11	3	2.42	22
387722	515256	6459009	34	65	1.53	24
387723	515232	6459006	29	3	40.6	5
387724	515296	6459051	27	15	2	2
387725	515321	6459043	6	6	1.7	4
387726	515343	6459064	4	7	0.58	6
387727	515338	6459081	20	9	34.1	2
387728	515100	6459199	12	17	2.78	17
387729	515074	6459201	10	9	1.35	10
387730	515043	6459203	7	5	1.14	9
387731	515010	6459151	5	12	1.71	13
387732	515010	6459151	23	101	13.25	6
387733	515052	6459153	11	25	2.19	31
387734	515078	6459146	12	23	2.45	27
387735	515105	6459160	6	9	2.75	14
387736	515022	6459097	9	21	11.4	20
387737	514997	6459104	5	14	2.09	25
387738	514954	6459105	4	10	1.29	18
387739	514952	6459057	3	10	1.32	26
387740	515007	6459036	12	19	2.96	17
387741	515049	6459046	9	4	1.27	10
387742	515046	6459000	4	6	1.76	30
387743	515010	6459000	17	4	3.32	29
387744	514948	6459012	7	13	2.67	11
387745	515161	6458749	74	724	22.3	18
387746	515210	6459261	7	8	1.14	27
387747	515246	6459233	7	26	0.89	13
387748	515274	6459251	4	12	2.37	14
387749	515303	6459250	6	10	1.68	21
387750	515613	6457792	21	77	2.29	19
387751	515629	6457905	23	17	2.13	21
387752	515662	6457907	5	8	2.04	14
387753	557115	6457912	7	20	0.9	19
387754	515809	6457997	47	12	2.56	43

Sample No.	Easting	Northing	Co (ppm)	Cu (ppm)	Fe (%)	Pb (ppm)
387755	515760	6457993	5	29	0.85	16
387756	515720	6458010	1440	193	34.1	66
387757	515693	6458002	429	239	21	31
387758	515700	6458001	7	31	1.55	28
387759	515661	6458016	29	23	4.16	26
387760	515611	6458000	11	4	2.67	37
387761	515706	6458108	11	45	3.92	10
387762	515751	6458095	19	25	2.2	20
387763	515800	6458100	25	17	3	31
387764	515822	6458096	4	5	0.87	24
387765	515848	6458078	2	2	0.63	2
387766	515900	6458100	8	19	4.65	36
387767	515931	6458154	5	14	1.62	23
387768	515996	6458195	31	23	1.28	9
387769	515948	6458202	6	8	0.62	4
387770	515908	6458209	13	27	3.32	15
387771	515848	6458200	8	22	3.12	26
387772	515809	6458199	20	85	4.39	20
387773	515931	6458301	10	7	1.86	21
387774	515893	6458299	9	11	2.37	27
387775	515891	6458343	8	6	3.87	52
387776	515932	6458356	20	25	2.5	24
387777	515924	6458404	17	17	2.46	14
387778	515855	6458423	4	5	0.71	37
387779	515862	6458428	17	8	3.18	25

Source: ALS

APPENDIX B: JORC Code, 2012 EDITION – TABLE 1

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 (eg 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 (eg '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.*
		• A total of 107 rock chip samples were analysed
		  • Samples were dispatched to ALS Adelaide for preparation. They were crushed to 6mm then pulverized to 75µm before being split and bulk residue retained.
		  • Analysis was via HF-HNO3-HCL04 acid digest + HCL leach ICP-AES finish (ME-ICP61)
		  • 1 sample was analysed via HF-HNO3-HVlO4, HCl leach and ICP-AES for ore-grade Pb (ME-OG62)
		  • 1 sample was analysed via HF-HNO3-HVlO4, HCl leach and ICP-AES for ore-grade Cu (ME-OG62)
		• As previously reported on 31st July 2018, a total of 7 rock chips were analysed
		  • Samples were dispatched to ALS Brisbane for preparation. They were crushed to 6mm then pulverized to 75µm before being split and bulk residue retained.
		  • Analysis was via HF-HNO3-HCL04 acid digest + HCL leach ICP-AES finish (ME-ICP61).
		• As previously reported on 27th June 2018 62 rock chip samples were analysed
		  • Samples were dispatched to ALS Adelaide for preparation. They were crushed to 6mm then pulverized to 75µm before being split and bulk residue retained.
		  • Analysis was via HF-HNO3-HCL04 acid digest + HCL leach ICP-AES finish (ME-ICP61).
		• Historic sampling used in this announcement are from 1964-2017, details for these samples can be found via the NSW Geological Survey surface sampling database and historical annual and relinquishment reports. Specifically, the DIGS reports referred to include:GS1995/160, GS1996/021, GS1980/117, GS1979/063, GS981450, GS1982/477,

Criteria	JORC Code explanation	Commentary
		GS1980/166 • Sampling details referring to the above were previously reported in the Table 1 on 2nd May 2018
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg 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).*	• No exploration drilling undertaken to date • Historical drilling was previously reported in the Table 1 on 2nd May 2018
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.*	• No exploration drilling undertaken to date. • Historical drilling was previously reported in the Table 1 on 2nd May 2018
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.*	• No exploration drilling undertaken to date • Historical drilling was previously reported in the Table 1 on 2nd May 2018

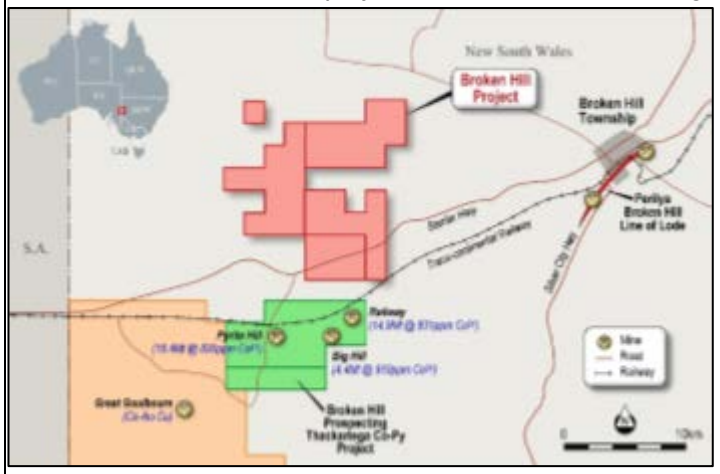
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*
	• *For all sample types, the nature, quality and appropriateness of the sample 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.*
		• Procedure for rock chip sample collection:
		  • 1-1.5kg of sample collected via geopick
		  • Samples were bagged and tagged with unique assay number for analysis

Criteria	JORC Code explanation	Commentary
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 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.*	• Rock chip and soil samples were delivered in person to ALS Brisbane Laboratories • ALS has an in-house QA-QC protocol
Verification of sampling and assaying	• *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.*	• All assay data was delivered in both csv and pdf/certified assay certificate format from ALS • Data was manually checked, and all QA/QC samples assessed for analytical precision and variance. The data was entered into Pitney Bowes MapInfo Professional and validated by the CCZ Geology Team. • All electronic data is backed up and no hard copy data is retained.
Location of data points	• *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.*	• Rock chip and soil samples locations (easting, northing, RL) were picked up by handheld Garmin Oregon 750t. • This is adequate for current requirements with lateral accuracy of plus or minus 10m.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to 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.*	• Rock chip sample spacing is irregular and results are indicative only. • The results are not appropriate for Mineral Resource and Ore Reserve estimation. • Samples from both rock chips and soil are appropriate for guiding the and refining the selection of areas for exploration drilling.
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.*	• Rock chip samples were taken opportunistically where outcropping Pl2 units were observed within the tenements. • Samples locations were selected based on the GSNSW mapping targeting the Himalaya Formation

Criteria	JORC Code explanation	Commentary
Sample security	• *The measures taken to ensure sample security.*	• All samples were temporarily stored at site accommodation then delivered in person to ALS Minerals Laboratory in Brisbane. This acted as physical security in the chain of custody, with sample itinerary sheets used for handing samples over to the ALS Minerals Laboratory.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No reviews or audits have been conducted to this point.

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 ("CCZ") holds:
		  • EL8599 consisting of 20 units (approx. 60 km2). The tenure has been formally granted for the term of 36 months until 20 June 2020.
		  • EL 8572 consisting of 19 units (approx. 57km2). The tenure has been formally granted for the term of 36 months until 23 May 2020.
		• The location of the CCZ project tenures are shown in Figure 4 below:
		 
		
		Figure 4: Location of EL8599 and EL8572 of Broken Hill

Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previously reported in Table 1 on 2nd May 2018
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Previously reported in Table 1 on 2nd May 2018

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:*
	  o *easting and northing of the drill hole collar*
	  o *elevation or RL (Reduced Level – elevation above sea level in*
		• Previously reported in Table 1 on 2nd May 2018
		• No new drilling completed and reported in this announcement.

Criteria	JORC Code explanation	Commentary
	metres) of the drill hole collar o *dip and azimuth of the hole* o *down hole length and interception depth* o *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 case.*	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of 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.*	• Previously reported in Table 1 on 2nd May 2018 • No new drilling completed and reported in this announcement • Historical drilling information is available to the public via the NSW's Department of Primary Industries Division of Resources & Energy platforms of DIGS and Minview
Relationship between mineralisation widths and intercept lengths	• *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 (eg 'down hole length, true width not known').*	• The exact structural controls relationship between the surface sample anomalies to any subsurface anomalous intersections is not yet determind, what is cleat that mineralisation is associated with the Himalaya Formation (pl2 unit) and the weathered sediments that are derived from the Himalaya Formation. • Rock chip were collected at surface from areas interpreted to overlie the Himalaya Formation (pl2 unit) • No exploration drilling undertaken to date.
Diagrams	• *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.*	• No significant discovery reported to date. • No new exploration drilling undertaken to date • Himalaya formation and
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 to avoid misleading reporting of Exploration Results.*	• Rock Chip Geochemistry Samples (results in ppm) are reported in Appendix 1 of the announcement; these are discussed within the body of this announcement:

Criteria	JORC Code explanation	Commentary
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.*	• Previously reported in Table 1 on 2nd May 2018
Further work	• *The nature and scale of planned further work (eg 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.*	Future work proposed for EL 8599 and EL 8572 includes: • Expanded rock chip sampling program over the Himalaya Formation and any other areas deemed prospective by the field geologists • Soil sampling program to delineate potential mineralised bodies at depth • Exploration drilling program at Target Area 1