



**CASTILLO COPPER
LIMITED**

ASX Release

4 December 2018

**CASTILLO COPPER
LIMITED**
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Directors / Officers:

Peter Meagher
Alan Armstrong
Peter Smith

Issued Capital:

580.1 million shares
84.5 million options

ASX Symbol:
CCZ

Capital Raising – Placement and SPP to Advance Cangai Copper Project

- CCZ has received firm commitments to raise approximately \$1.25 million (before costs)
- The Placement will be completed via the issue of approximately 62.5 million Shares at an issue price of 2 cents per Share with one free attaching option for every Share subscribed
- CCZ will offer Shares to Eligible Shareholders under a Share Purchase Plan (SPP) on identical terms as the Placement to raise up to an additional \$1.5 million
- CCZ intends to use the funds, other than for general working capital purposes, to ramp up exploration in the following areas:
 - Continue RC drill-testing newly identified down-hole electromagnetic (DHEM) massive sulphide conductors at Cangai Copper Mine, especially under Mark's, Greenberg's & Volkhardts lodes;
 - Undertake further DHEM survey work at Cangai Copper Mine to broaden the understanding of the underlying ore body;
 - Undertake a focused aeromagnetic survey to identify new targets within the Cangai Copper tenure, given the region remains largely underexplored; and
 - Conduct further field trips to the Broken Hill project and progress formulating an inaugural drilling campaign.
- Assay results from diamond drill core, which are expected to demonstrate high-grade polymetallic mineralisation apparent at Cangai Copper Mine, are still pending
- In addition, metallurgical test-work results on stockpile ore samples, as part of the MOU off-take agreement with Noble Group are due to be returned relatively soon

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Castillo Copper's Chairman Peter Meagher commented:

"With DHEM results showing several massive sulphide conductors under Mark's, Greenberg's & Volkhardts lodes open at depth, our first objective is to RC-drill test these to determine extensions to known high-grade mineralisation. Moreover, as there is significant incremental exploration upside within the Cangai Copper tenements, we will be undertaking an aero-magnetics program to identify new high-grade priority targets. On behalf of the Board, I would like to thank new and old shareholders alike for supporting our current funding initiative"

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Castillo Copper Limited (“CCZ” or “the Company”) is pleased to announced that is has received commitments for a placement to raise up to \$1.25 million (before costs) to continue advancing its high grade polymetallic Cangai Project in northeast NSW, where Castillo has recently announced highly encouraging results from recent drilling, including the intersection of massive sulphides (assays pending), and the identification of a number of compelling down-hole electromagnetic (DHEM) conductor targets that will provide further high priority drill targets.

Hartleys Limited is Lead Manager to the capital raising.

Use of funds

The immediate priority of funds raised under the Placement and the SPP will be to continue the RC-drilling program at Cangai Copper Mine to test new massive sulphide DHEM conductors under Mark’s, Greenberg’s & Volkhardts lodes. In addition, to further gain knowledge of the underlying ore body, more DHEM surveying will be progressed on legacy and new drill-holes.

In a fresh initiative to produce new targets within the broader Cangai Copper tenure, which is highly prospective for high-grade polymetallic mineralisation, an aeromagnetic survey is being planned to identify new priority targets.

Finally, other than for working capital purposes, a small portion of the fresh funds will be earmarked towards more development work on the Broken Hill project, with a view to developing an inaugural drilling program.

Share Placement

Castillo has received commitments for a placement to sophisticated and professional investors of approximately 62.5 million fully paid ordinary shares in CCZ (**Shares**) at 2 cents per Share, with one free attaching option for every Share subscribed for exercisable at 5 cents and expiring 3 years after the date of issue (**Options**) (**Placement**).

The majority of the Share component of the Placement is expected to be issued on or about 11 December 2018. The majority of the Shares to be issued under the Placement will be issued to non-related parties and therefore not be subject to shareholder approval and will fall within the Company’s placement capacity under ASX Liting Rule 7.1. CCZ Directors, Messrs Smith, Armstrong and Meagher will participate in the Placement and have subscribed for Shares up to the value of \$20,000 being \$10,000, \$5,000 and \$5,000 respectively indicating their support for Castillo’s current direction and strategy. Any Shares to be issued to related parties and the Options component of the Placement will be issued following the receipt of shareholder approval at a general meeting scheduled to occur in mid to late January 2018.

Share Purchase Plan

Castillo is also pleased to make the capital raising available to existing eligible shareholders through a Share Purchase Plan (**SPP**) to acquire up to \$15,000 worth of Shares (up to 750,000 Shares) at an issue price of 2 cents per Share, without any additional brokerage or other transaction costs, and with one free attached option for every Share subscribed for, exercisable at 5 cents and expiring 3 years after the date of issue. The SPP is not underwritten and will be capped at a total amount of \$1.5 million (before costs).

The SPP will be on a “first in first served basis” and any shortfall under the SPP may be allocated at the Directors’ discretion.

In the event the SPP is over-subscribed, the Company has the ability to scale-back applications in its absolute discretion, and in doing so, amongst other factors, the Board will consider the trading activity of shareholders after the SPP Record Date.

The issue price under the capital raising represents a 14% discount to the volume weighted average price of Shares on the ASX over the five-trading day period prior to the date of the announcement (which was 2.3 cents).

The SPP will provide shareholders with the opportunity to increase their holding at an attractive price without paying brokerage or transaction costs, as Castillo moves ahead with the Cangai Copper Project.

SPP and Options Offers

Participation in the SPP will be available exclusively to shareholders who were registered shareholders as at 5.00pm (WST) on 3 December 2018, and whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

Investors who subscribe for Shares under the Placement and Eligible Shareholders who subscribe for Shares under the SPP will also be offered one free attaching Option for every Share subscribed for (**Option Offers**). The Options will have an exercise price of 5 cents and expiry date 3 years after the date of the issue, and are intended to be quoted on ASX, subject to satisfying ASX listing criteria.

Fees

Castillo will pay a brokerage fee of 6% (excluding GST) on all funds raised under the Placement and SPP. The Company has agreed to issue up to 15 million Options to various brokers in connection with the Placement on the same terms as the Options (**Broker Options**).

Castillo intends to issue a prospectus for the Option Offers and the Broker Options, which will be subject to shareholder approval at a general meeting to be convened shortly.

Full details of the SPP and Options Offers will be announced and mailed to shareholders in due course.

Enquiries

If you have any enquiries in relation to the SPP or the Option Offers, please call Tim Slate, Company Secretary, on +61 8 6558 0886.

Next steps

Awaiting assay results for diamond drill core and metallurgical test-work on stockpile samples to enable Noble Group transaction to close.

For and on behalf of Castillo Copper

Alan Armstrong
Executive Director

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.