



**CASTILLO COPPER
LIMITED**

ASX Release

6 May 2019

**CASTILLO COPPER
LIMITED**
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Issued Capital:

641.6 million shares
84.5 million options

ASX Symbol:

CCZ

Strategic intent: mid-tier copper group; seeking approval to recommence activities at Cangai

- Recent Board meeting outlines clear agenda to reset strategic intent to develop CCZ into a mid-tier copper group focused on three core assets:
 - Flag-ship Cangai Copper Mine (CCM), Mt Oxide and potentially highly prospective emerging opportunities in the southern African copper belt
- The Board has fully cooperated with the NSW Resource Regulator (the Regulator) and undertaken all major rehabilitation work at CCM, which the Board consider should soon lead to official approval for exploration activities to resume
- As CCM remains one of Australia's highest grading historic copper mines, with further exploration work planned including: a detailed aeromagnetic program, thin section and petrography work
- In addition, CCZ is continuing its work with Noble Group on the legacy stockpiles – an update on further metallurgical test-work is anticipated once the results are finalised
- In a positive development, which delivers significant exploration upside, recently released government data shows an airborne electromagnetic (AEM) anomaly at the Mt Oxide project (in the Mt Isa Inlier and close to several producing mines):
 - Named the Arya prospect, CCZ's geologist rates it "highly" prospective for copper – an exploration program is being formulated and site visit planned; further details will be released in due course
- To potentially diversify the asset base and deliver incremental exploration upside, the Board has reviewed prospective opportunities in the southern African copper belt near major operating mines
- The Board looks forward to further updating shareholders on fresh developments as soon as they materialise

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Castillo Copper's Chairman Peter Meagher commented: "The team has worked tirelessly to ensure full compliance with regulatory demands and, once all issues relating to CCM are moving forward positively, then trading will resume. During this period, the Board's strategy has been revised, with the objective now to develop CCZ into a mid-tier copper group, diversified across several projects and jurisdictions. While CCM remains a core focus, the Mt Oxide project now offers potential exploration upside, given it is in a copper producing region. Further, the Board has reviewed some highly attractive African projects in the heart of the southern copper-belt that are located near large scale operating mines."

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Castillo Copper Limited's ("CCZ" or "the Company") Board is delighted to provide shareholders with an update on the new strategic intent and forward exploration plans across several projects. As most key issues relating to CCM were discussed in the recent quarterly¹, the key focus is the next steps following the anticipated approval from the Regulator to resume exploration activities.

STRATEGIC INTENT: MID-TIER COPPER GROUP

Following a recent meeting, the Board decided a diversified project portfolio – geographically and in differing jurisdictions – is strategically imperative to ensure the objective to transform into a primarily mid-tier copper group is achieved. Furthermore, the Board is cognizant if the need to ensure each project targeted for development delivers significant exploration upside.

Within the current Australian portfolio, CCM will remain the flagship project, followed by Mt Oxide. The Board has decided that the best way to create value from the Broken Hill and Marlborough projects is to find strategic partners to develop the projects through to Definitive Feasibility Study for a free-carried interest.

There are no immediate plans to develop the projects in Chile, however, the Board has reviewed several highly prospective projects in the southern African copper-belt near major mines.

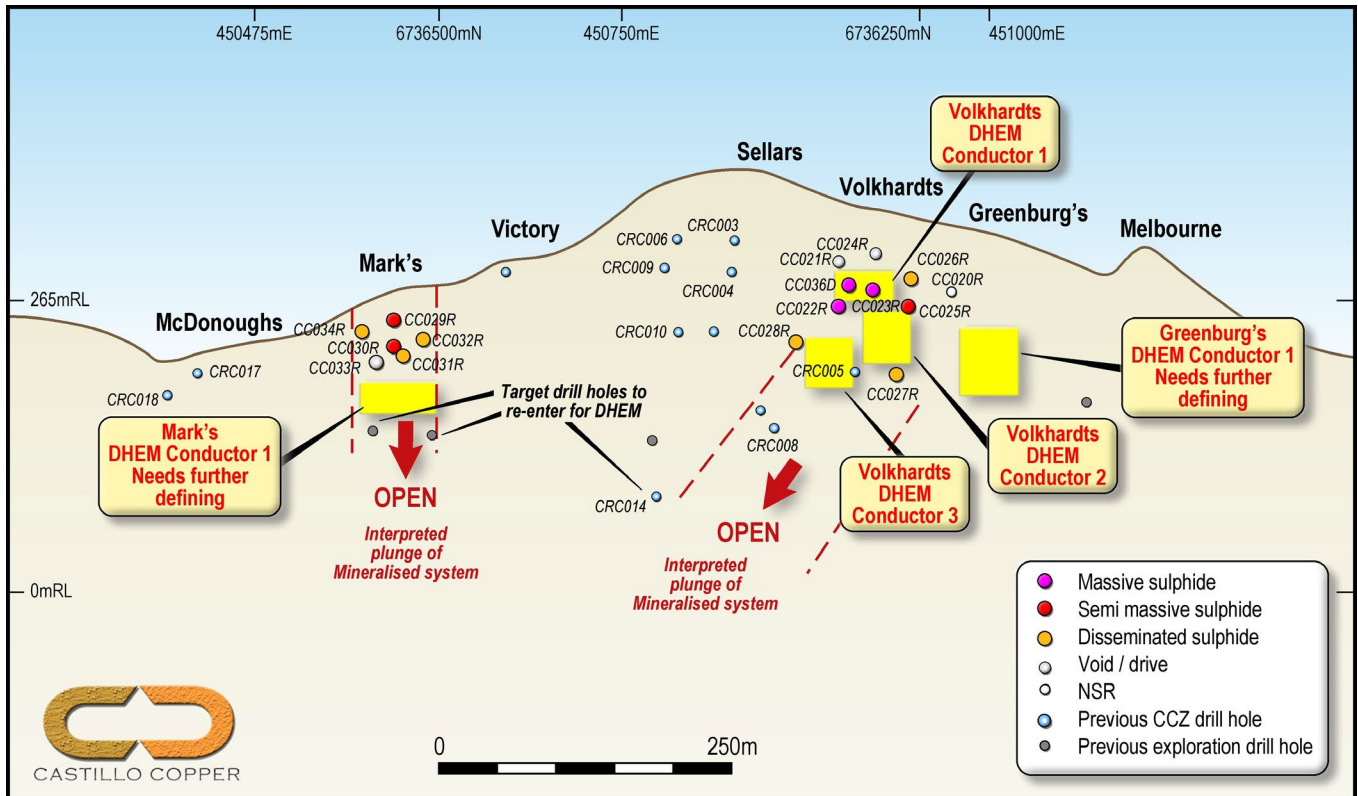
A more detailed discussion on the high-priority areas follows:

Cangai Copper Mine

Following completion of all rehabilitation work CCM, the Board has been working diligently with the Regulator in order to come to an agreement on the resumption of activities at Cangai. The Board will await the formal agreement from the Regulator regarding regulatory approval for the recommencement of exploration activities on the exploration licences. Upon receipt of regulatory approval to recommence exploration activities, the Board will make an announcement to the market to lift the voluntary suspension of its securities as per the 6 May 2019 voluntary suspension extension request.

In the Board's view, as CCM remains one of the highest grading historic copper mines in Australia, there is still considerably more exploration work to be undertaken. The first-priority is to progress an aeromagnetic survey to increase the scale of known high-grade copper mineralisation at Cangai and the nearby surrounding area. Drilling has identified DHEM conductors under Mark's, Greenberg's and Volkhardts lodes where massive sulphide copper mineralisation has historically been mined (Figure 1).

FIGURE 1: MASSIVE SULPHIDE DHEM CONDUCTORS AT CANGAI COPPER MINE²



Source: CCZ geology team

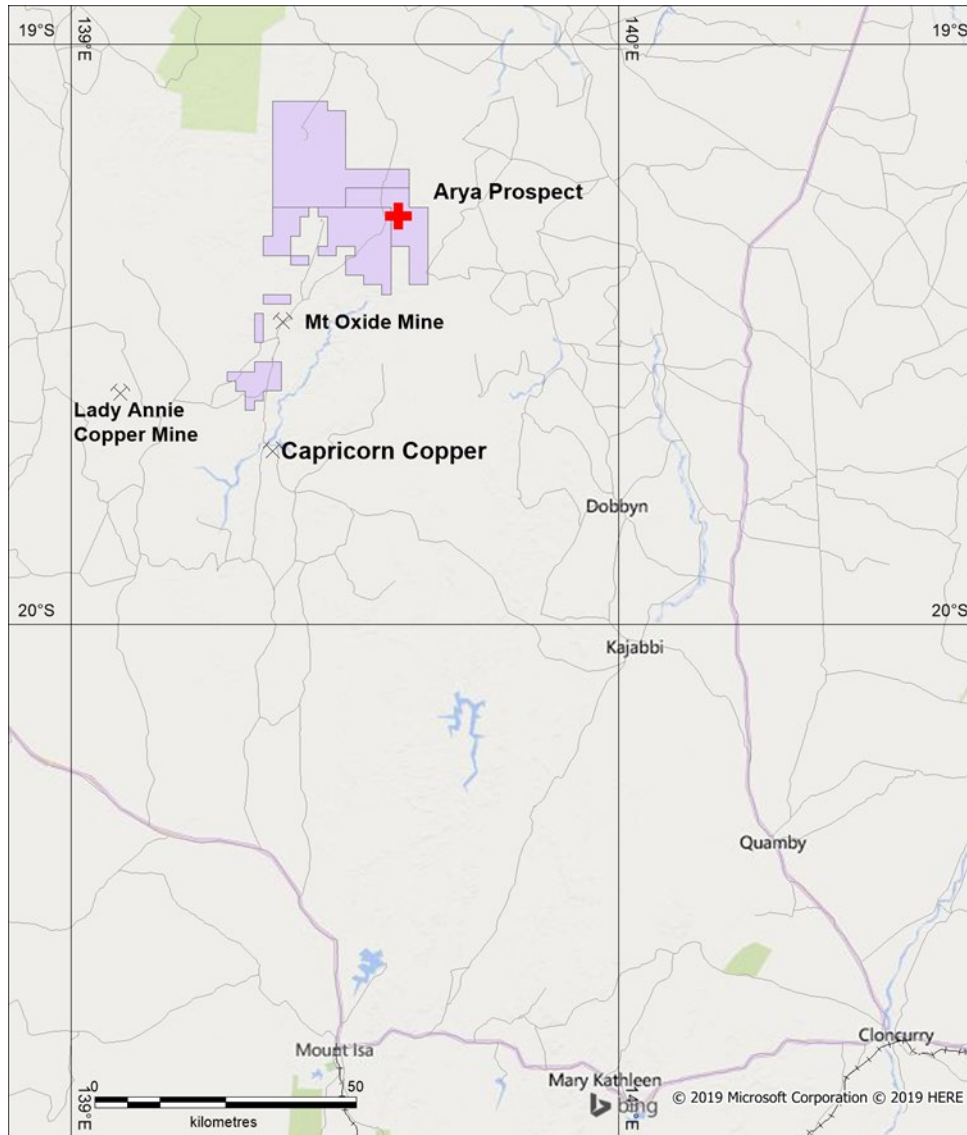
Secondly, further DHEM surveys will likely be conducted to identify new target areas that extend the known ore body and demonstrate CCM's potential scalability around the existing mine area.

During the past few months, the Board has maintained an open dialogue with Noble Group about processing CCM's legacy stockpiles. An update on further metallurgical test-work results is expected to be released once these have been received from the laboratory.

Mt Oxide

In mid-March 2019, Geoscience Australia³ released an Airborne Electromagnetic (AEM) survey that highlighted a bedrock conductor in the eastern part of the Mt Oxide project area (circa 180km north of Mt Isa). Castillo have named the AEM conductor the Arya prospect, it is in a region with several known copper mines including Capricorn, Lady Annie and Mt Oxide (Figure 2).

FIGURE 2: ARYA PROSPECT – MT OXIDE PROJECT



Source: CCZ geology team

The geology team are undertaking further work to formulate an exploration plan and inaugural site visit; further details will be released in due course.

Emerging opportunities

As part of the strategy to diversify the asset base geographically to deliver incremental exploration upside, the Board has reviewed several projects in the southern African copper belt near major producing mines. This is an exciting region that has highly prospective available ground but requires considerable reflection and due diligence to find a suitable project and reliable business partners.

The Board has made a definitive decision not to progress developing the Chile project for now but will continue reviewing emerging copper projects outside Australia. Shareholders will be apprised in due course if the Board decides to move forward with any new project.

Next steps

The key focus is to secure regulatory approval to resume activities at CCM and fully develop the exploration plan for the Mt Oxide project.

For and on behalf of Castillo Copper

Alan Armstrong

Executive Director

References

- 1) CCZ ASX Release dated 30 April 2019
- 2) CCZ ASX Release dated 27 November 2019
- 3) Geoscience Australia (19 March 2019)

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 Peter Smith, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Peter Smith is employed by Castillo Copper Pty Ltd. Peter Smith 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'. Peter Smith 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 that's flagship project is the historic Cangai Copper Mine near Grafton in northeast NSW.

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.