



QUARTERLY ACTIVITIES REPORT

For the period ending 31 March 2020



CASTILE
RESOURCES LIMITED

Castile Resources Limited

ASX Code: CST

ABN: 93 124 314 085

Board and Management
Non-Executive Chairman
Peter Cook

Managing Director
Mark Hepburn

Non-Executive Directors
Jake Russell
John Braham

Registered Office
Level 7, Ashton Chambers
189 St Georges Terrace
Perth WA 6000

Email
info@castile.com.au

Website
www.castile.com.au

Shares on Issue
199,710,121

Cash as at 31 March 2020
\$17.943m

ASX Announcement
April 22, 2020

Highlights

Rover Mineral Field

- Pre-Feasibility Study begins on the Rover 1 Project
- Extensive 8,000m+ exploration and resource definition drilling program planned for Rover 1 Project dry season beginning in April 2020
- Due to COVID-19 Government and Central Land Council access restrictions across the Northern Territory drilling operations on the Rover Mineral Field will be delayed until further notice
- Engagement with NT Government, Central Land Council and drilling contractor to ensure plans are in place for drilling to begin when restrictions are lifted

Health and Safety

- No Lost Time Injuries were reported for the quarter
- COVID-19 restrictions were adhered to with no employee reported cases

Corporate

- Castile Resources Limited was admitted to the official list of ASX Limited on 12 February 2020, and its 199,710,121 shares on issue commenced quotation on ASX on 14 February 2020
- The Company raised gross proceeds of \$19,968,861 in the IPO before costs in order to commence a Pre-Feasibility Study and continue exploration drilling
- Specialist firms or contractors selected for drilling, environmental impact and metallurgical studies for the PFS
- Core yard, administrative offices and workshops re-activated within the township of Tennant Creek

Preamble

Castile Resources Limited listed on the ASX on the February 14, 2020 after successfully completing a 92% underwritten rights issue raising a gross amount of A\$19.97M to fund the further exploration and development of its NT Assets.

The key asset of the Company is its Rover Project and the associated domination of tenure covering what is considered to be the undercover repetition of the prolific Tennant Creek goldfield. So far Castile has explored a handful of the many coincident magnetic and gravity anomalies resulting in three significant polymetallic discoveries. The most of advanced of these is the Rover 1 deposit.

Rover 1

Rover 1 is a typical Tennant Creek style iron oxide copper-gold (IOCG) discovery which sits approximately 300m below the surface. As with the major deposits that made the Tennant Creek Goldfield one of the richest in Australia's mining history, Rover 1 contains bonanza grades of gold and copper within a broader halo of lower grade mineralisation within the magnetic bodies of altered rock. The significant existence of bismuthinite occurs as a pathfinder to the high-grade gold.

The key objective of Castile in its early years is to guide this high-grade deposit through Pre-Feasibility and development studies culminating in Rover 1 becoming the newest significant mine development in the Northern Territory for many years.

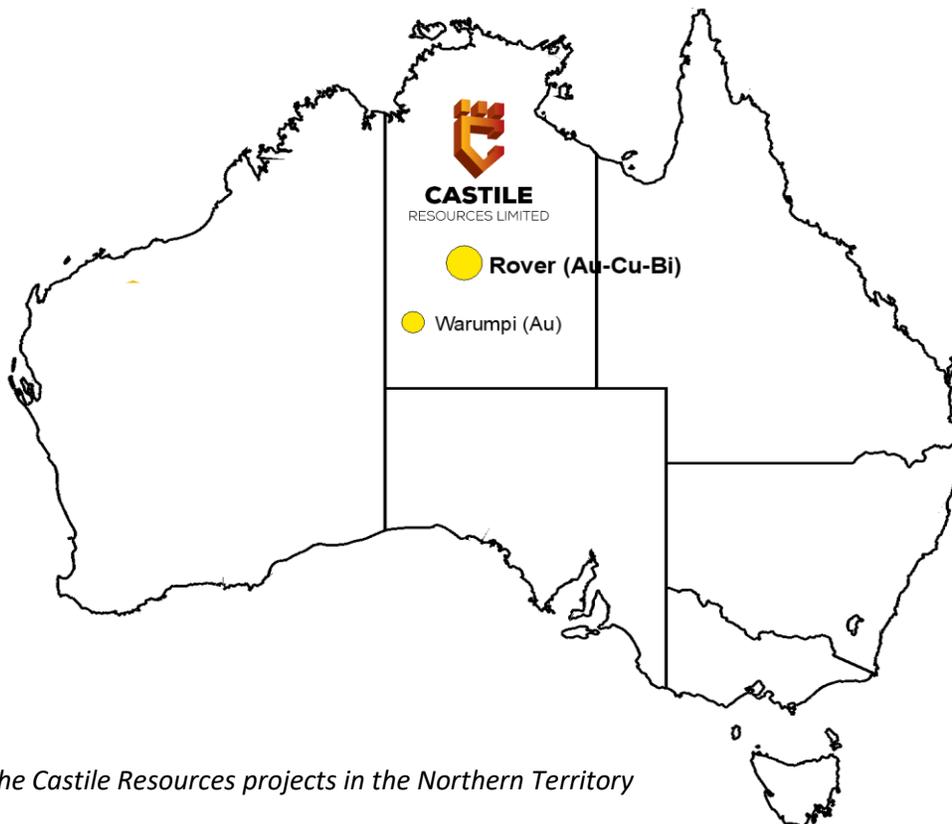


Figure 1: The Castile Resources projects in the Northern Territory



Alongside Rover 1 are two additional virgin discoveries made below the unconformable cover sequence of rock. Explorer 108 is a lead zinc deposit whilst Explorer 142 is a high-grade copper deposit. Development of these discoveries will continue to advance in parallel with Rover 1 and testing of the highest-ranking significant anomalies within Castile's tenure.

The Warumpi Project

The Company's tenement package also includes the Warumpi Project. This is a highly prospective grass-roots exploration project located approximately 300 km west of Alice Springs in the West Arunta region of the Northern Territory. The age of the Warumpi Province (1690–1610 Ma) is a particularly significant epoch in the evolution of the Australian continent.

The stratigraphy of this period hosts the world-class stratabound Pb-Zn-Ag mineralisation:

Broken Hill (1690 Ma)

Mount Isa Group (1654 Ma)

McArthur River (1640 Ma)

Century (1610 Ma)

Activities at Warumpi were limited for the quarter with priority given to advancing Rover 1.

Activities

The Board is pleased to present its inaugural quarterly activities statement for Castile Resources as an independent company. The substantial capital raising has enabled Castile to list on the ASX, repay its loan funds to former parent company Westgold and retain a net working capital position of \$18 million to fund its activities over the ensuing 2-3 years.

Effective drilling and associated exploration activities within the Rover Mineral Field is limited to the annual dry season typically between the months of April to November. Commencement of priority exploration and resource definition drilling was imminent when on March 17, 2020 Castile received notice that as a result of the COVID-19 virus, and on advice from the Federal and Northern Territory Governments, the Northern Territory's borders were going into lockdown. This means that access to all Central Land Council (CLC) areas had been suspended pending a review on April 30, 2020.

Castile is fortunate that it has no inhabitants or remote indigenous communities residing on any of our tenements. We remain fully engaged with the Northern Territory Government and the CLC as to when we can safely return to begin our drilling program. Our selected drilling contractor remains on standby and Castile has outlined solutions to safely isolate drilling teams and geology staff using our fenced core yard and remote exploration camp at Rover 1. The communities of Tennant Creek, the Barkly Region, the CLC and the Northern Territory Government are very supportive of Castile and the enormous economic benefits the Company is bringing to the region.

Rover 1 Pre-Feasibility Study Commences

Utilising existing geological models based on extensive work completed prior to listing by previous owners of the assets, Castile has commenced a Pre-Feasibility Study on Rover 1. Design work for an underground operation complete with Processing Facility has commenced. Figure 2 shows a preliminary design option.

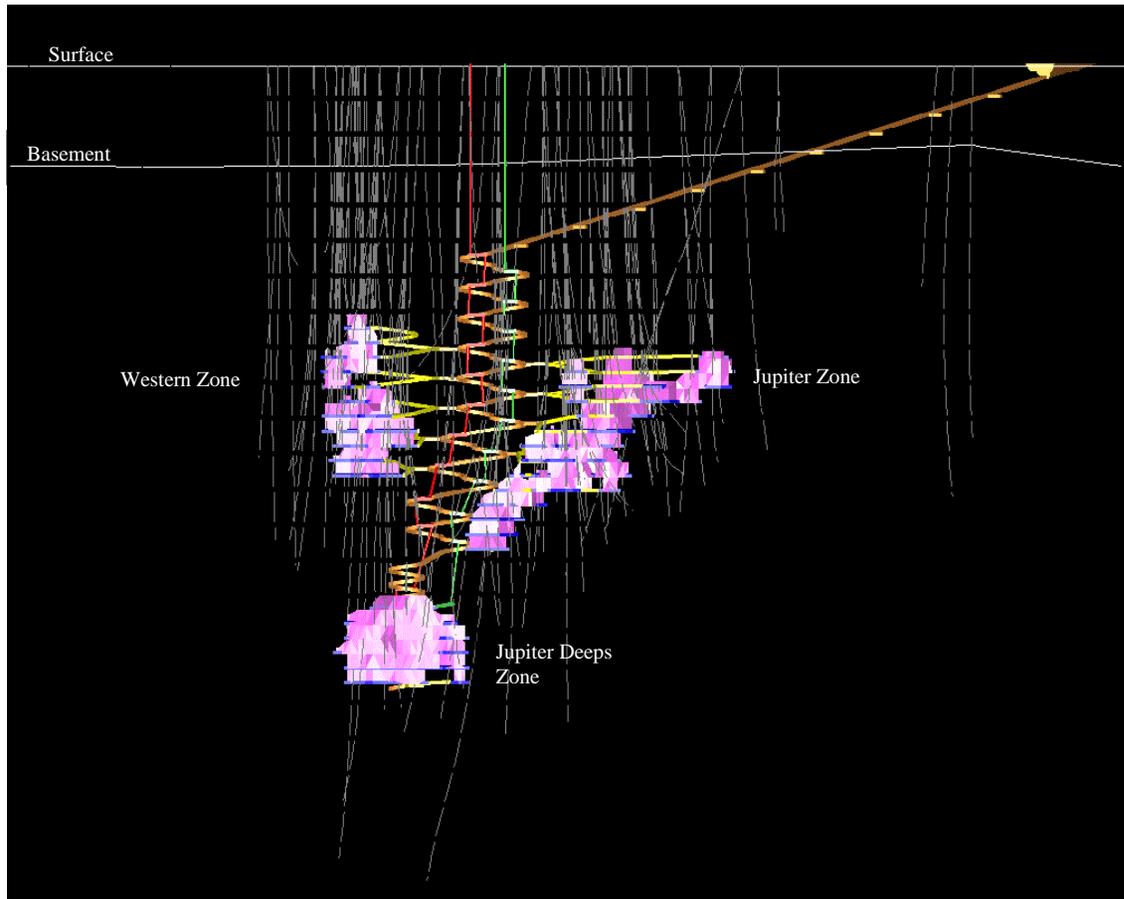


Figure 2: Rover 1 design option with the 85,000m of drilling coverage (grey lines) completed on Rover 1 by previous owners overlain. Capital development (brown), operating development (yellow) ore development (blue), stoping (purple), escapeway network (green) and ventilation network (red).

In conjunction with the development studies, work has commenced to engage an Environmental Consultant, Hydrological Consultants and a Metallurgical Testing Firm. Castile intends building Rover as model mine utilising the best of modern technology and ESG practices, including leveraging off the massive solar projects planned for the region.

Exploration Drilling Targets

Ganymede – A new target

In a previous drilling campaign, a daughter drillhole WGR1D043-2 down dip of the alteration corridor hosting the Jupiter ironstones, intersected significant gold mineralisation over 200m vertically below the Jupiter Deeps ironstone body.

Controls on gold mineralisation are similar to those seen at Jupiter Deeps and Jupiter, however this structure is located away from major ironstone bodies and may represent a feeder zone.

Significant mineralisation includes two discrete zones of 15m @ 6.0g/t down hole from 1,033m and 20m @ 3.2 g/t including 12m @ 4.6g/t down hole from 1,082m (Refer to the Independent Technical Assessment Report (including Appendix 2 “Significant Intersections”) in Section 6 of the Company’s Prospectus dated 3/12/2019, released on ASX on 12/2/2020).

Significantly, a 2010 HeliTEM at Rover 1 was able to distinguish an untested EM anomaly to the east of Rover 1 in the up-plunge position of Ganymede in addition to the Jupiter and Jupiter West ironstone bodies.

Two drillholes are designed to test the lateral up and down plunge mineralisation extents.

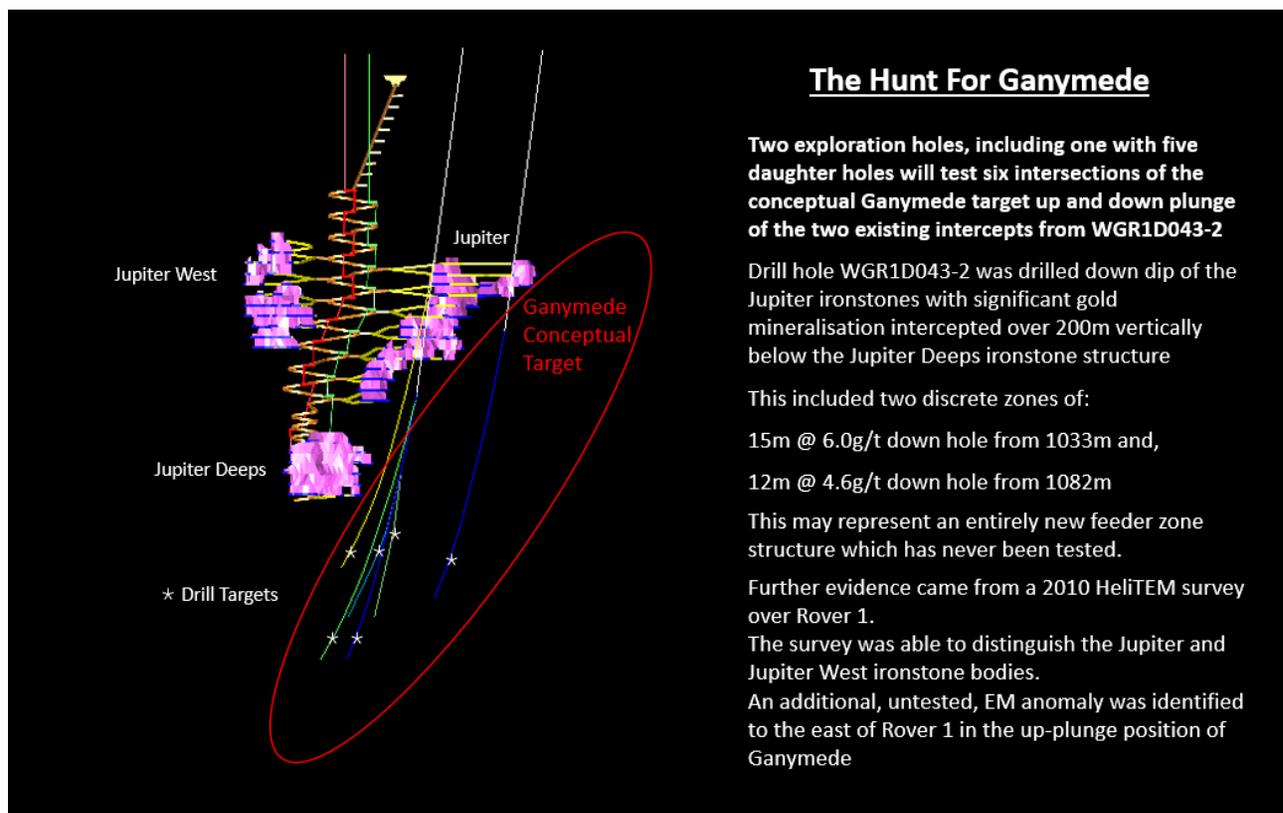


Figure 3: Ganymede conceptual target and drillhole strings



CASTILE
RESOURCES LIMITED

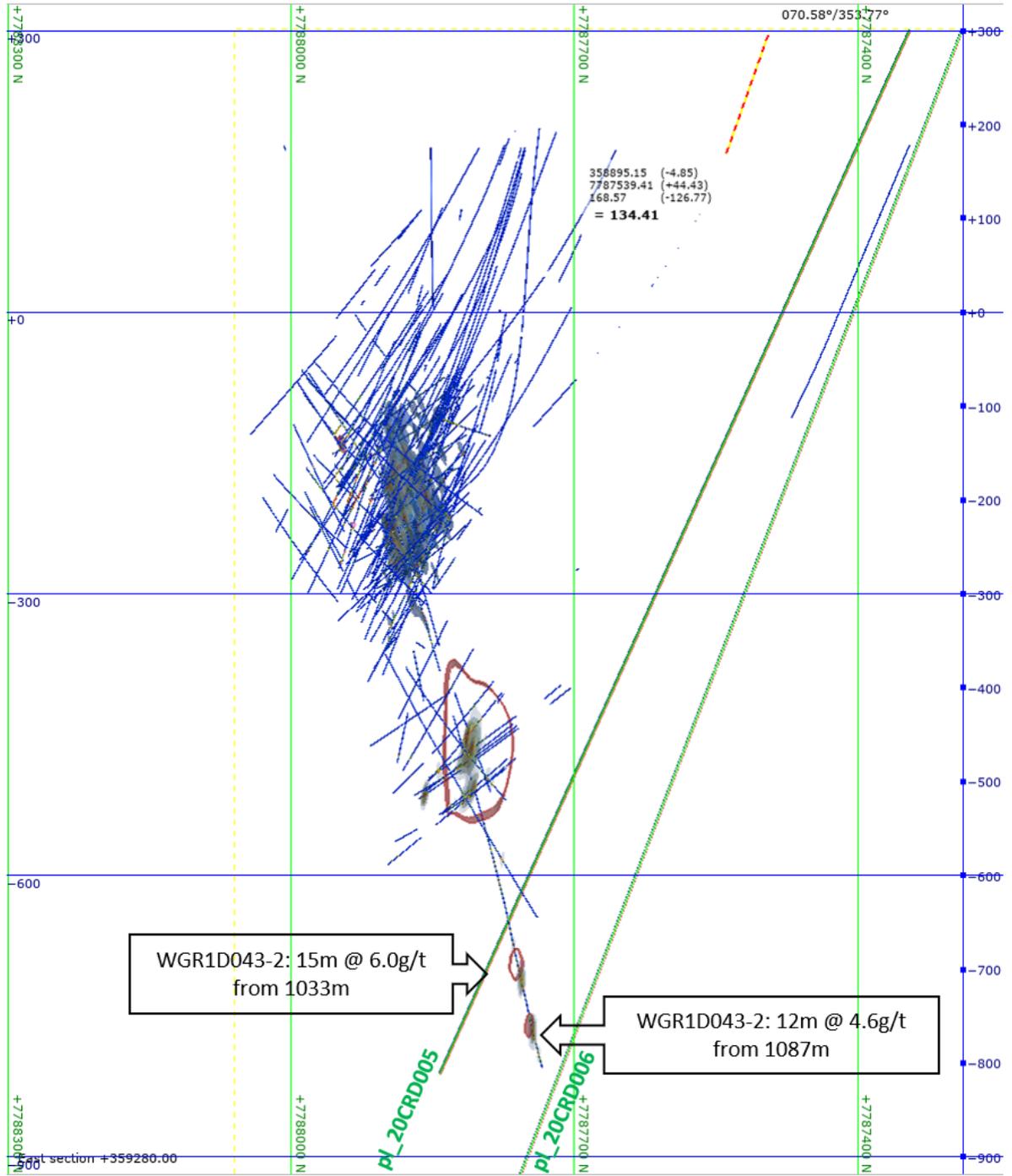


Figure 4: Cross section view of Ganymede Target

Jupiter West - Deeper Targets

Similar to Jupiter Deeps and Jupiter, the Jupiter West Deeps target is thought to be a massive to brecciated magnetite alteration zone hosting copper sulphide mineralisation. Below the copper mineralisation, a zone of stringer chlorite-magnetite-quartz veining with associated strong gold mineralisation is expected.

The structural framework controlling mineralisation at Rover 1 indicates that east-west upright folding has contributed to the production of sites of dilation and fluid traps. In the case of Jupiter West, the host ironstone lies within the same fold axis as Jupiter and shares the same interference pattern and as a result it is postulated that an equivalent structural framework exists. As a result, Castile expects to see another favourable dilatational site developed with a related alteration zone in the area down-dip of Jupiter West.

Downhole electromagnetics (DHEM) will be utilised on the first hole drilled to assist with follow-up hole targeting. This will allow for identification of an ironstone body within 200m of the initial hole in the case of a near miss, or directly target massive sulphides upon successful intersection of an ironstone body.

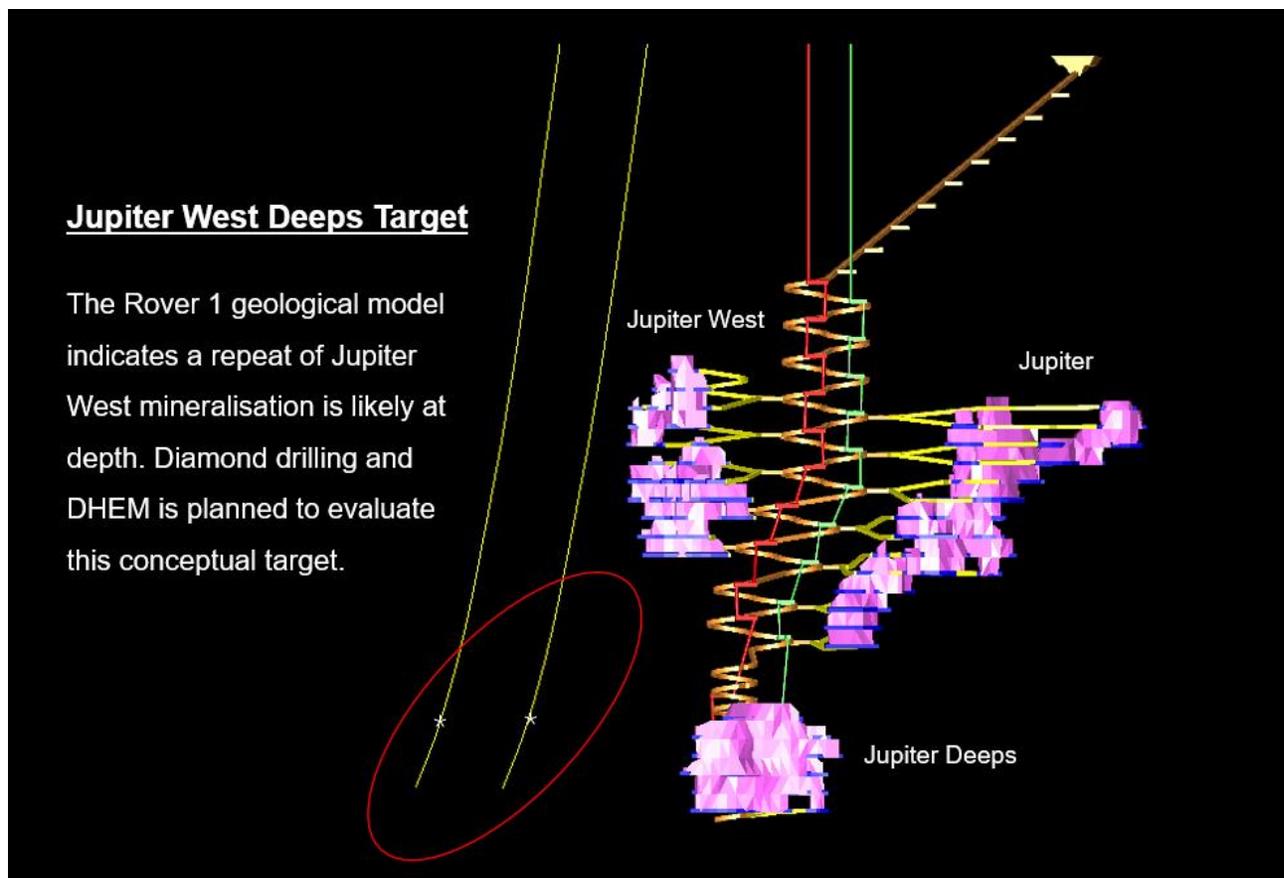


Figure 5: Long projection view of Rover West Deeps target zone

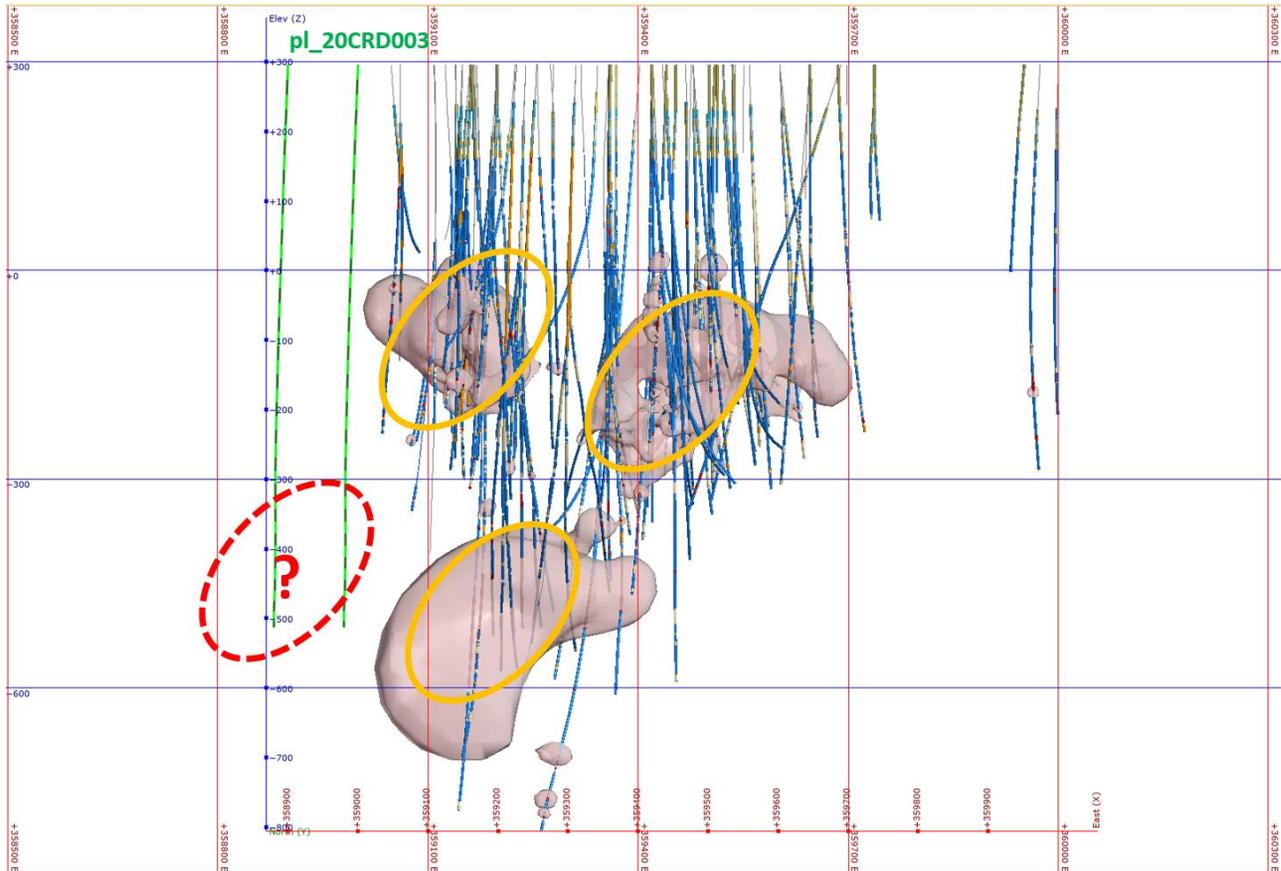


Figure 6: Long projection view of Rover West Deeps target

Jupiter

Gold mineralisation at Jupiter is characterised by moderate density, narrow, chlorite-magnetite \pm quartz \pm sulphide veining within zones of strongly chlorite altered rock within and around brecciated massive magnetite. Two holes have been designed at Jupiter to confirm the tenor of the gold mineralisation along with the underlying geological model, which will allow mine planning to proceed with confidence.

The first proposed hole (pl_20CRD001) is planned to verify the following nearby intersections:

- WGR1D002-2 – 23m @ 6.7g/t from 483m downhole (14.8mTW)
- WGR1D003 – 30m @ 22.0g/t from 469m downhole (17.0mTW)

- WGR1D003-1 – 27m @ 3.1g/t from 449m downhole (17.0mTW)
- ROV1DDH4 – 33m @ 3.6g/t from 539m down hole (31mTW)

The second proposed hole (pl_20CRD002 – Figure 7 below) is planned to verify the following nearby intersections:

- WGR1D002 – 26m @ 8.4g/t from 504m downhole (13mTW)
- WGR1D002-1 – 44m @ 6.2g/t from 501m downhole (19.3mTW)
- WGR1D053 – 15m @ 4.9g/t from 645m downhole (12.4mTW)

(Refer to the Independent Technical Assessment Report (including Appendix 2 “Significant Intersections”) in Section 6 of the Company’s Prospectus dated 3/12/2019, released on ASX on 12/2/2020)

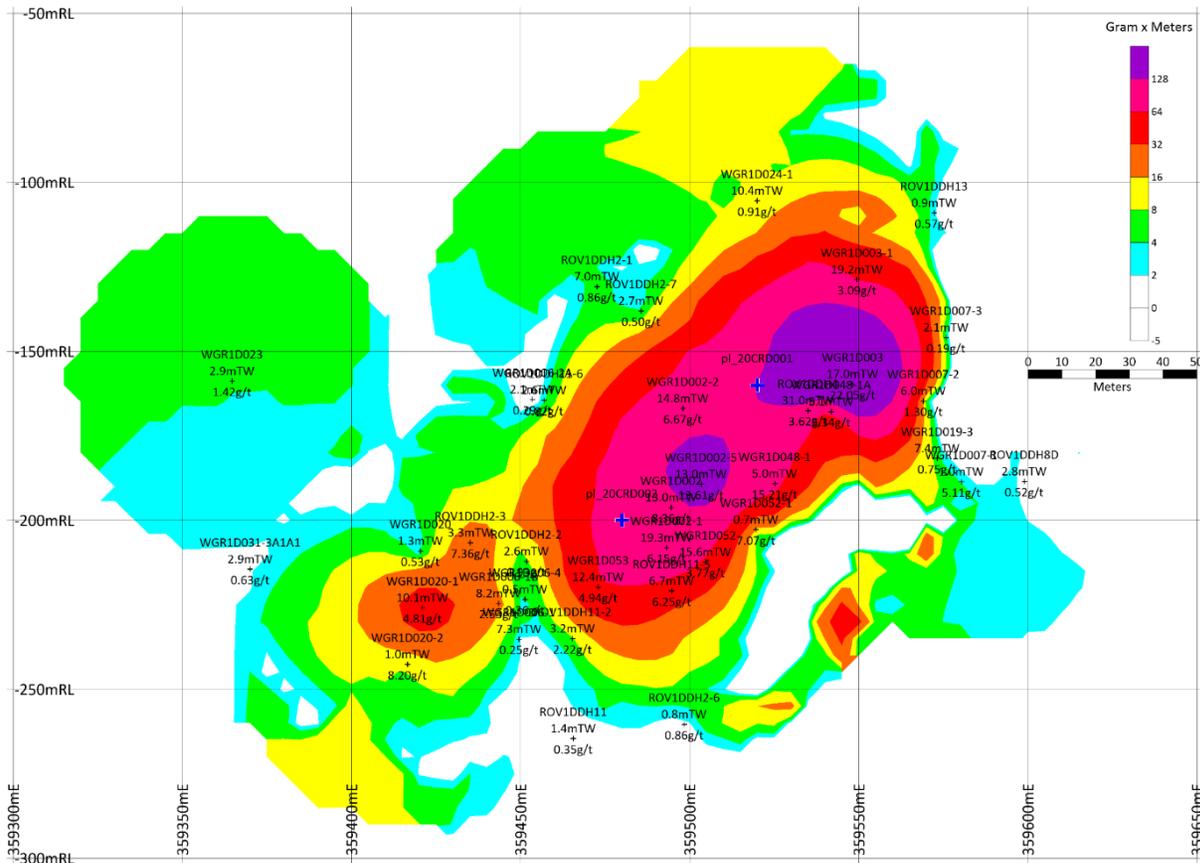


Figure 7: Long projection view of Rover 1, showing gram-meter contours and drill target

Corporate and Financials

Castile's cash position as at 31 March 2020 was \$17.943m.

Use of Funds

Castile provides the following disclosures required by ASX Listing Rule 5.3.4 regarding a comparison of its actual expenditure to date since listing on 14/2/2020 against the "use of funds" statement in its Prospectus dated 3/12/2019 (released on ASX on 12/2/2020).

Expenditure Item	Forecast (2 years) \$'000	Actual (3 months) inc of GST \$'000	Variance \$'000	Explanation of Material Variances
Rover Project: Regional Exploration	1,600	120	(1,480)	(1) Timing issue (the Company listed during the quarter on 14/2/2020 and funds are budgeted for expenditure over 8 quarters) and no land access due to wet season.
Drilling: Rover 1 Infill, Explorer 108 Extensional, Curiosity Prospect, Explorer 142 Extensional	6,800	-	(6,800)	See (1) above. Below forecast as a result of the wet season dictating no land access for drilling.
Rover 1 – Feasibility & Development Studies	3,600	22	(3,578)	See (1) above.
Warumpi Project – Regional Exploration	1,000	2	(998)	See (1) above.
Exploration capital costs - plant & equipment	660	7	(653)	See (1) above.
Working capital reserves	2,460	-	(2,460)	(2) Timing issue (the Company listed during the quarter on 14/2/2020 and funds are budgeted for expenditure over 8 quarters).
Corporate and equipment costs	400	-	(400)	See (2) above.
General working capital	2,424	331	(2,093)	See (2) above.
ASX listing and associated costs and repayments to Westgold Resources	450	1,199	749	Includes remaining ASX listing and legal associated costs, amounts repayable to Westgold Resources Limited, and transaction management fee of 2% of underwritten funds paid to the broker to the issue.
Underwriting fees & expenses	575	551	(24)	N/A
Total	19,969	2,232	(17,737)	

Securities on issue at 31 March 2020

	Quoted on ASX	Unquoted	Total
Fully paid ordinary shares	199,710,121	-	199,710,121
\$0.25 unquoted options expiring 26 November 2022	-	2,000,000	2,000,000
Total	199,710,121	2,000,000	201,710,121

Tenements held at 31 March 2020

Castile held the following tenements as at 31 March 2020 and did not acquire or dispose of any tenements during the quarter.

EL 24541	Rover	Northern Territory	100%	Expiry 17/12/2021
EL 25511	Rover	Northern Territory	100%	Expiry 17/12/2021
EL 27039	Rover	Northern Territory	100%	Expiry 14/05/2021
EL 27292	Rover	Northern Territory	100%	Expiry 26/05/2020
EL 27372	Rover	Northern Territory	100%	Expiry 26/05/2020
ELR 29957	Rover	Northern Territory	100%	Expiry 16/09/2023
ELR 29958	Rover	Northern Territory	100%	Expiry 16/09/2023
EL 10397	Warumpi	Northern Territory	100%	Expiry 10/09/2021
EL 29747	Warumpi	Northern Territory	100%	Expiry 12/10/2023
EL 31794	Warumpi	Northern Territory	100%	Expiry 27/02/2024

During the quarter the Company re-established existing infrastructure including the Rover 1 exploration camp, the Tennant Creek offices, workshops and core farms.



Figure 8: The Castile Tennant Creek core yard



Figure 9: The Rover 1 Exploration camp southwest of Tennant Creek

Mark Hepburn
Managing Director
Castile Resources Limited

For further enquiries please contact
info@castile.com.au

The activities report and Appendix 5B cashflow report for the quarter ended 31 March 2020 were approved for release by Castile's Managing Director, Mark Hepburn.

JORC Statement

The Exploration Results contained in this announcement were first disclosed to the market in the Company's Prospectus dated 3/12/2019 which was released on the ASX on 12/2/2020. The Company confirms that at it is not aware of any new information or data that materially affects the Exploration Results disclosed in this announcement.