



# SEPTEMBER 2022 QUARTERLY ACTIVITIES REPORT



## Highlights

- **EAST ZONE, BHA PROJECT, NEW SOUTH WALES**
  - ❖ Inaugural cobalt-focused drilling campaign – one diamond and 17 RC drill-holes for 2,100m – commenced shortly after the close of the review period<sup>1</sup>
  - ❖ Metallurgical test-work on diamond core from The Sisters Prospect delivered solid beneficiation results for cobalt-copper-gold<sup>1</sup>
- **NWQ COPPER PROJECT, QUEENSLAND**
  - ❖ Preliminary metallurgical test-work on samples extracted from drill-hole BO\_318RC1 at the Big One Deposit produced a concentrate with confirmed upgrades ranging from 5x to 10x for copper metal<sup>1</sup>

# ACTIVITIES REPORT

Castillo Copper Limited's ("CCZ") Board is pleased to present shareholders its latest quarterly report for the period 1 July to 30 September 2022.

During the period, most of the focus remained on developing the cobalt potential at the East Zone, BHA Project in Broken Hill.

An overview of key events follows:

## DEVELOPMENT WORK

CCZ has four properties comprising the NWQ Copper Project in Mt Isa's copper-belt, the BHA Project near Broken Hill's world class silver-zinc-lead deposit in NSW, the historic Cangai Copper Mine and four assets across Zambia's copper-belt.

### East Zone, BHA Project, NSW

On 2 August 2022, CCZ announced metallurgical test-work on BH1 drill-core extracted from The Sisters Prospect – BHA Project's East Zone (Appendix A) – delivered excellent beneficiation results for cobalt and, surprisingly, copper-gold – with the best outcomes:

- ❖ Cobalt: 200ppm head-grade up to 2,500ppm post-test-work; 12x upgrade<sup>1</sup>
- ❖ Copper: 520ppm head-grade up to 16,000ppm (1.6%) post-test-work; 30x upgrade<sup>1</sup>
- ❖ Gold: 0.02g/t Au head-grade up to 3.87g/t Au post-test-work; >190x upgrade<sup>1</sup>

Pleasingly, the metallurgical test-work showed that cobalt-copper-gold liberated easily from BH1 drill-core samples to produce a potentially viable concentrate. Further, the original BH1 drill-core the samples were extracted from comprised:

**24m @ 424ppm Co from 103m including 2m @ 1,120ppm Co from 107m; 1m @ 873ppm Co from 120m; and 2m @ 486ppm Co from 125m (BH1)<sup>1</sup>**

Moving forward, the Board's primary focus for the East Zone is to increase the confidence in the current inferred Mineral Resource Estimate which stands at 21,556t cobalt (64Mt @ 318 ppm Co) and 44,260t copper (63Mt @ 0.07% Cu)<sup>1</sup>.

On 9 August 2022, CCZ stated it had finalised targets for the upcoming drilling campaign at the BHA Project's East Zone which comprises one diamond core and 17 RC drill-holes for 2,100m, with depths ranging from 100m to 160m.

Of these, two drill-holes were earmarked for The Sisters, with the balance across Fence Gossan, Reefs & Tors Tanks Prospects (Appendix A).

Notably, for the Fence Gossan, Reefs & Tors Tanks Prospects, the campaign was designed to penetrate deep enough to intersect two lower cobalt-rich zones that are interpreted to host higher grade mineralisation than has been modelled to date<sup>1</sup>.

On 31 August 2022, CCZ announced the appointment of two key contractors:

- ❖ AllState Drilling's team will perform the campaign; and
- ❖ FieldCrew, which has performed work at the NWQ Copper Project in Queensland, will manage the day-to-day aspects of the drilling campaign<sup>1</sup>.

In addition, post-announcing Australia secured preferred status for the supply of critical minerals to the US's electric vehicle battery program<sup>1</sup>, the Board stated it wanted to deepen its understanding of the East Zone's Rare Earth Element (REE) potential at two targets:

- ❖ The Sisters Prospect: both planned RC drill-holes will be analysed for copper-cobalt-gold and REEs; and
- ❖ Iron Blow: having already confirmed the presence of REEs, the geology team is targeting to test additional drill-core samples from the core library to determine if there are further extensions to known mineralisation.

On 21 September 2022, the Board announced the drilling campaign at the BHA Project's East Zone was to commence imminently, after approval was secured from the New South Wales Resources Regulator.

## NWQ Copper Project, Queensland

On 19 July 2022, preliminary metallurgical test-work on samples extracted from drill-hole BO\_318RC1 at the Big One Deposit produced a concentrate (Figure 1) with confirmed upgrades ranging from 5x to 10x for copper metal. The best result for copper comprised: 0.72% head-grade to 7.2% post-test-work<sup>1</sup>.

Further test-work is underway on samples from the Big One Deposit to determine the final optimal results. Notably, this is an important proof of concept and de-risking exercise as part of the Board's strategic intent to secure a processing agreement.

With an inferred Mineral Resource Estimate at 21,886t contained copper metal (2.1Mt @ 1.1% Cu)<sup>1</sup>, the Big One Deposit has already been significantly de-risked.

**FIGURE 1: METALLURGICAL TESTING – FROTHER PRODUCT EXAMPLE**



Source: ALS Metallurgy, Perth, Western Australia

## Cangai Copper Mine

No work was undertaken at Cangai Copper Mine during the review period.

## Zambia

During the review period, CCZ's geology team continued to assist Hyperion Copper (UK), which have signed an option agreement to purchase the Zambia copper assets for circa A\$4m plus milestones, with ongoing due diligence.

## CORPORATE

- **Strategic update:** On 15 August 2022, Managing Director Dr Dennis Jensen summarised CCZ's latest strategy: *"Recent gyrations in global commodity markets have further galvanised the Board's resolve to create value for shareholders via developing the core copper-cobalt projects. Moreover, having signed an option agreement with Hyperion Copper to sell the Zambia assets, the Board's focus is now steadfast on advancing the Australian projects which all have Mineral Resource Estimates."*

## POST PERIOD EVENT

- **Cobalt-focused drilling campaign now underway at Broken Hill Project:** On 3 October 2022, the Board announced the cobalt-focused drilling campaign at the BHA Project's East Zone commenced.
- **Drilling hits targeted cobalt zones & wide pegmatite intercepts at Broken Hill:** On 12 October 2022, four drill-holes for 488m were completed at the Tors Tank Prospect, within the BHA Project's East Zone, which delivered encouraging initial observations.

## PAYMENTS TO, OR TO AN ASSOCIATE OF, A RELATED PARTY OF THE ENTITY DURING QUARTER DURING THE QUARTER

\$97,000 was paid to related parties of CCZ relating to executive director salary and non-executive director fees.

### SUMMARY OF THE EXPLORATION EXPENDITURE INCURRED DURING THE QUARTER

	<b>Consulting fees</b>	<b>Rates and mines departments fees</b>
Cangai	\$30,000	\$10,000
Broken Hill Alliance	\$107,000	\$14,000
Mt Isa	\$61,000	\$16,000
Zambia	\$17,000	\$5,000
<b>Total</b>	<b>\$215,000</b>	<b>\$45,000</b>

The Board of Castillo Copper Limited authorised the release of this announcement to the ASX.

**Dr Dennis Jensen**

**Managing Director**

1) Note – All information referenced is from CCZ ASX Releases, as dated in text, from 1 January 2022 to 28 April 2022 inclusive

# About Castillo Copper

Castillo Copper Limited is an Australian-based explorer primarily focused on copper across Australia and Zambia. The group is embarking on a strategic transformation to morph into a mid-tier copper group underpinned by its core projects:

- A large footprint in the in the Mt Isa copper-belt district, north-west Queensland, which delivers significant exploration upside through having several high-grade targets and a sizeable untested anomaly within its boundaries in a copper-rich region.
- Four high-quality prospective assets across Zambia's copper-belt which is the second largest copper producer in Africa.
- A large tenure footprint proximal to Broken Hill's world-class deposit that is prospective for cobalt-zinc-silver-lead-copper-gold and platinoids.
- Cangai Copper Mine in northern New South Wales, which is one of Australia's highest grading historic copper mines.

The group is listed on the LSE and ASX under the ticker "CCZ."

## Directors

**Gerrard Hall**

**Dr Dennis Jensen**

**Geoff Reed**

## ASX/LSE Symbol

**CCZ**

## Contact

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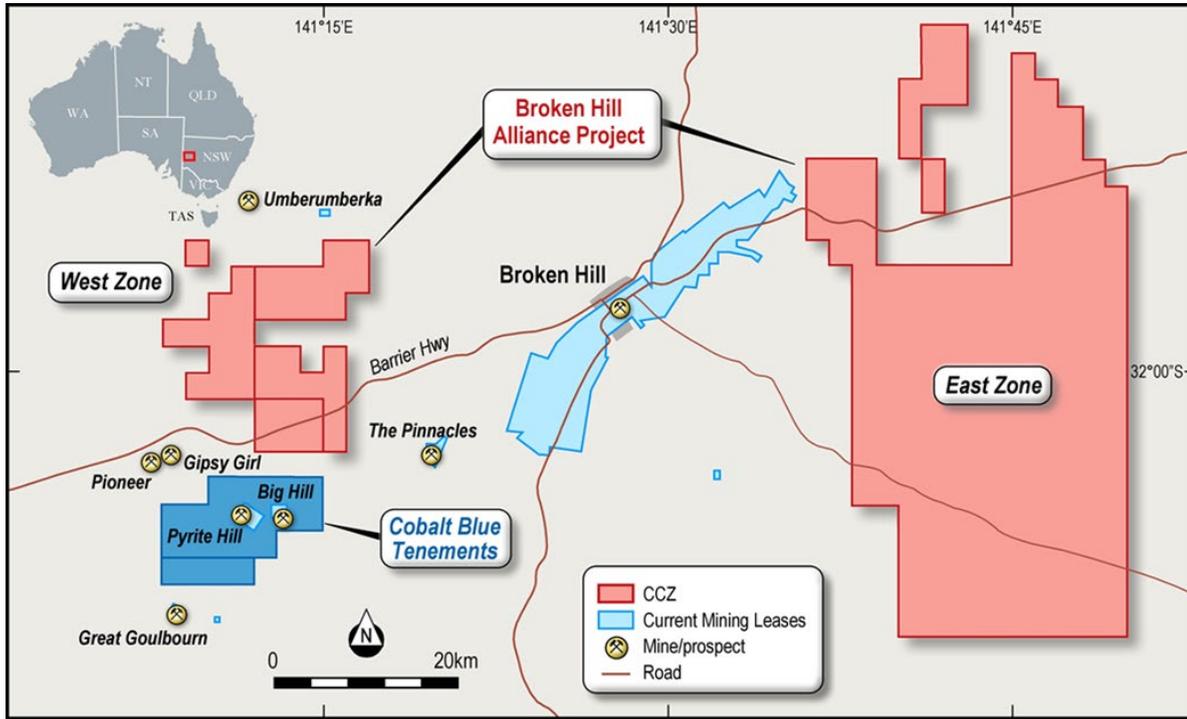
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**FOR THE LATEST NEWS** [www.castillocopper.com](http://www.castillocopper.com)



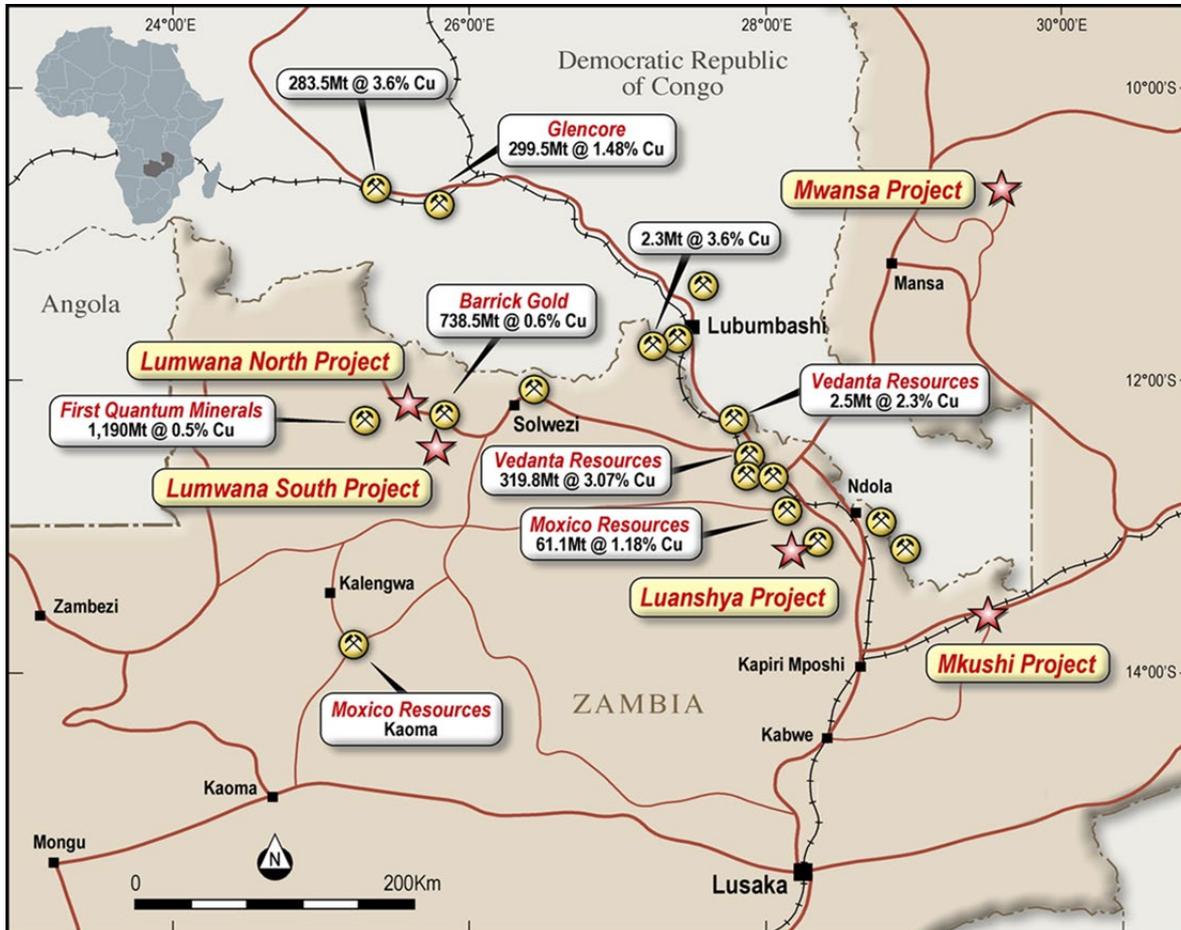
# APPENDIX A: KEY PROJECTS

**FIGURE A1: WEST AND EAST ZONE – BHA PROJECT, BROKEN HILL REGION**



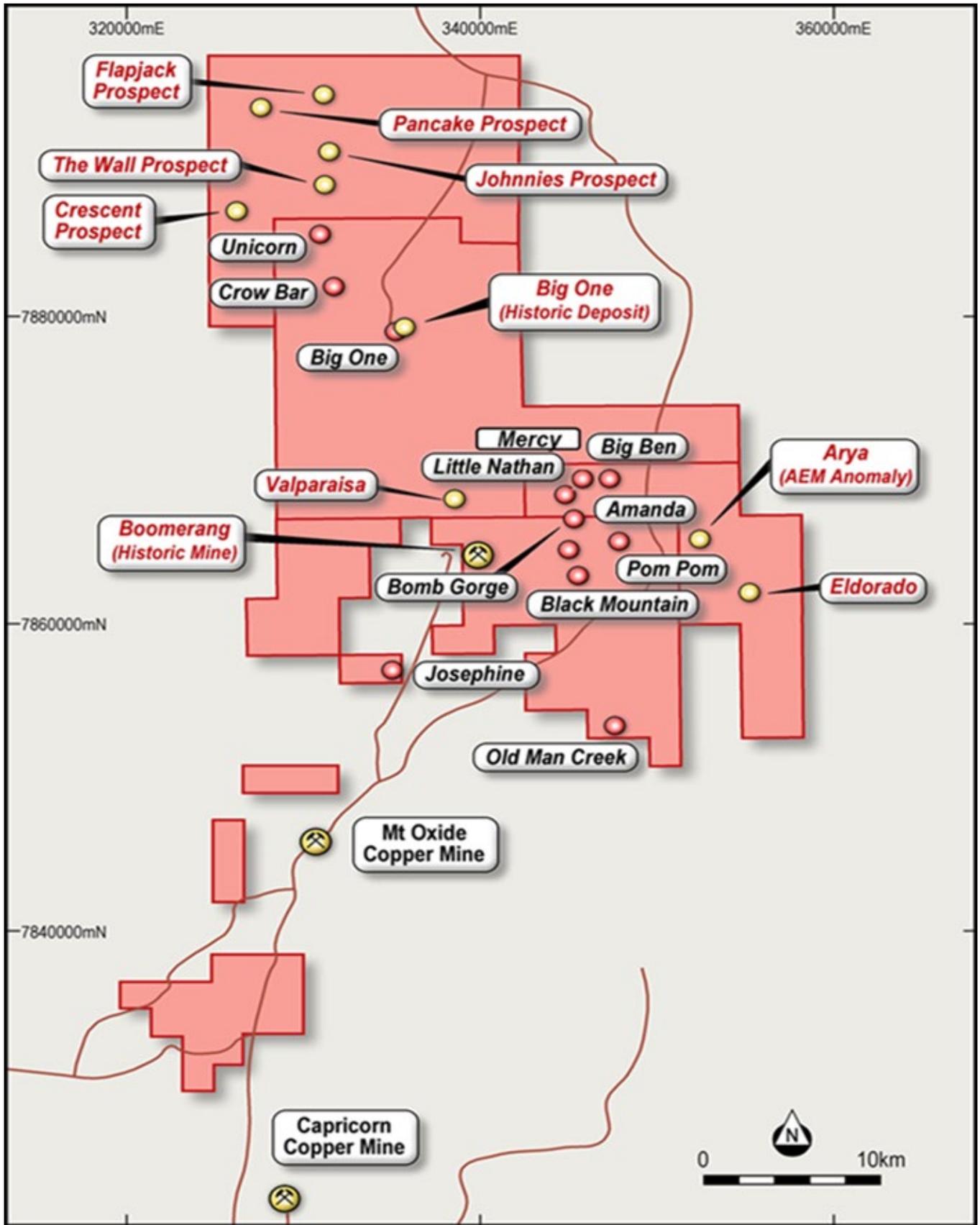
Source: CCZ geology team

**FIGURE A2: ZAMBIA COPPER-BELT PROJECTS**



Source: CCZ geology team

**FIGURE A3: NWQ COPPER PROJECT, MT ISA REGION**



Source: CCZ geology team

## APPENDIX 1: INTEREST IN MINING TENEMENTS HELD

<b>JACKADERRY (CANGAI)</b>			
New England Orogen in NSW			
Tenement ID	Ownership at start of Quarter	Ownership at end of Quarter	Change during the Quarter
EL8635	100%	100%	-
EL8625	100%	100%	-
EL8601	100%	100%	-

<b>BROKEN HILL</b>			
located within a 20km radius of Broken Hill, NSW			
Tenement ID	Ownership at start of Quarter	Ownership at end of Quarter	Change during the Quarter
EL8599	100%	100%	-
EL8572	100%	100%	-
EL 8434	-	100%	100%
EL 8435	-	100%	100%

<b>MT OXIDE</b>			
Mt Isa region, northwest Queensland			
Tenement ID	Ownership at start of Quarter	Ownership at end of Quarter	Change during the Quarter
EPM 26513	100%	100%	-
EPM 26525	100%	100%	-
EPM 26574	100%	100%	-
EPM 26462	100%	100%	-
EPM 27440	-	100%	100%

<b>ZAMBIA **</b>				
Project	Tenement ID	Ownership at start of Quarter	Ownership at end of Quarter	Change during the Quarter
Lumwana North	23914-HQ-SEL	100%	100%	-
Lumwana North	23913-HQ-SEL	100%	100%	-
Mkushi	24659-HQ-LEL	100%	100%	-
Luanshya *	22448-HQ-LEL	-	-	-
Luanshya	25195-HQ-LEL	55%	55%	-
Luanshya	25273-HQ-LEL	55%	55%	-
Mwansa	25261-HQ-LEL	100%	100%	-

\* CCZ can earn up to 80% by meeting previously disclosed milestones

\*\* These tenements are the subject of an option agreement to be acquired by Hyperion Copper (UK). Refer to ASX announcement dated 22 June 2022.