



Strategic update: Creating value developing core projects



Strategic Update

Castillo Copper's Managing Director Dr Dennis Jensen commented: *"The Board's core strategic intent is to create value for shareholders via developing the core projects. With cobalt remaining over US\$70,000/t, the priority is to extend known mineralisation across the BHA Project's East & West Zones via targeted drilling campaigns and formalising a clear path to market. Similarly, with copper above US\$9,000/t, the Board will apply the same formula for the Big One Deposit within the NWQ Copper Project. Concurrently, the Board intends to align with development partners to advance the Cangai Copper Mine and four prospective copper projects in Zambia".*

BHA PROJECT – EAST & WEST ZONE

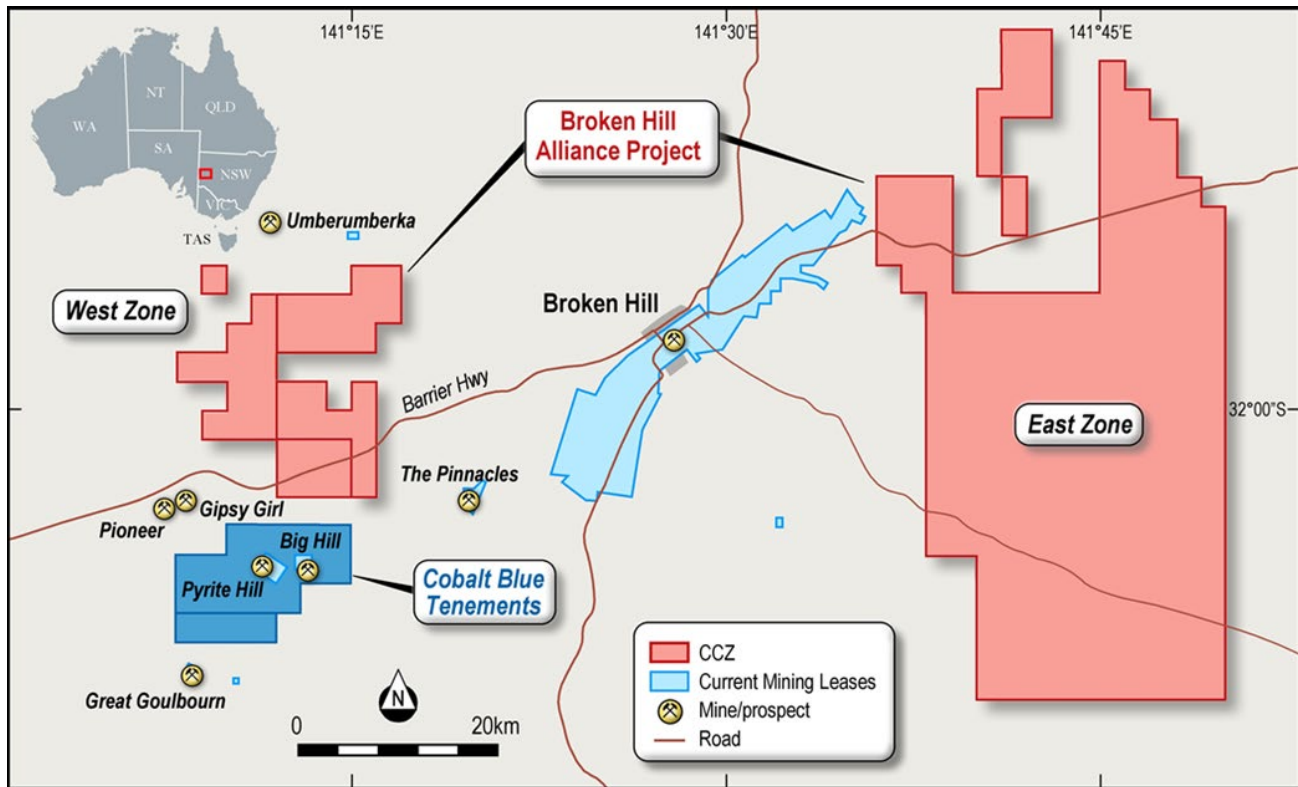
Following the announcement of a shallow inferred Mineral Resource Estimate (MRE) at **21,556t contained cobalt metal (64Mt @ 318 ppm Co)¹** for the BHA Project's East Zone, the geology team are defining an exploration target which will factor in several more prospects and deeper depths.

Further, the geology team are finalising planning and approvals for two RC drilling campaigns across the BHA Project. The first will focus on extending known cobalt mineralisation within the East Zone, while the second will test targets identified in the West Zone² which is proximal to Cobalt Resources' (ASX: COB) Broken Hill Project³ (Figure 1).

Since announcing the MRE, the Board has been approached by several groups interested in becoming potential off-take partners and providing a clear path to market. To aid progressing these discussions to an eventual definitive outcome, the Board has dispatched diamond drill core – extracted from The Sisters Prospect⁴ – for metallurgical analysis and potential to create a cobalt concentrate suitable for downstream applications.

As the BHA Project is listed on the NSW government's critical minerals list⁵, the Board intends to engage with key stakeholders to see what potential support can be secured to aid developing the cobalt potential at a faster pace.

FIGURE 1: WEST AND EAST ZONE – BHA PROJECT



Source: CCZ geology team

NWQ Copper Project

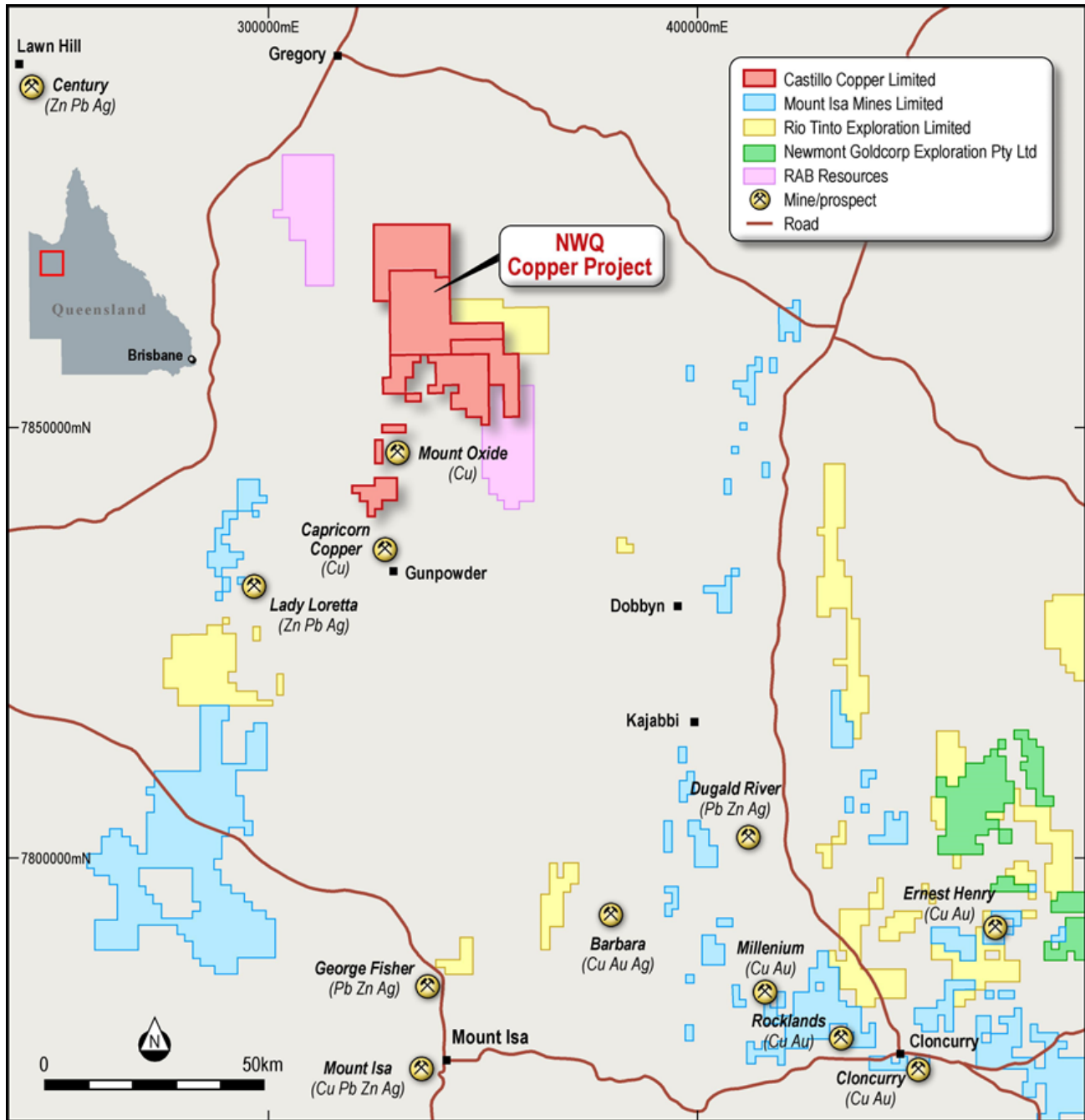
Big One Deposit

Having produced a shallow MRE at **21,886t contained copper metal (2.1Mt @ 1.1% Cu)⁶**, the Board has been reviewing the optimal paths to market. This has involved discussions with several parties with processing operations in the Mt Isa copper-belt region that are potential off-take partners (Figure 2 & Appendix A). In tandem with this process, diamond drill core samples have been sent for metallurgical analysis and potential to produce a viable copper concentrate for downstream analysis.

The Board believes there is a reasonable prospect of securing an off-take partner, as many of the processing operators are operating below optimal capacity.

In addition, the Board is planning another RC and diamond core drilling campaign for the Big One Deposit which will focus on extending known mineralisation and elevating confidence in the MRE.

FIGURE 2: NWQ COPPER PROJECT, MT ISA COPPERBELT



Source: CCZ geology team

Arya Prospect

The Board is waiting for the final geological report on the graphite discovery⁷ which will include a metallurgical analysis on the flake size composition.

However, as there is still strong geochemistry and geophysical evidence suggesting copper mineralisation potential⁷, the geology team have developed another proof-of-concept campaign that will target a sizeable magnetic anomaly. This is interpreted to be massive sulphides with potential to host copper mineralisation. Note, this differs from the large electro-magnetic anomaly drilled in late 2021 which produced the graphite discovery.

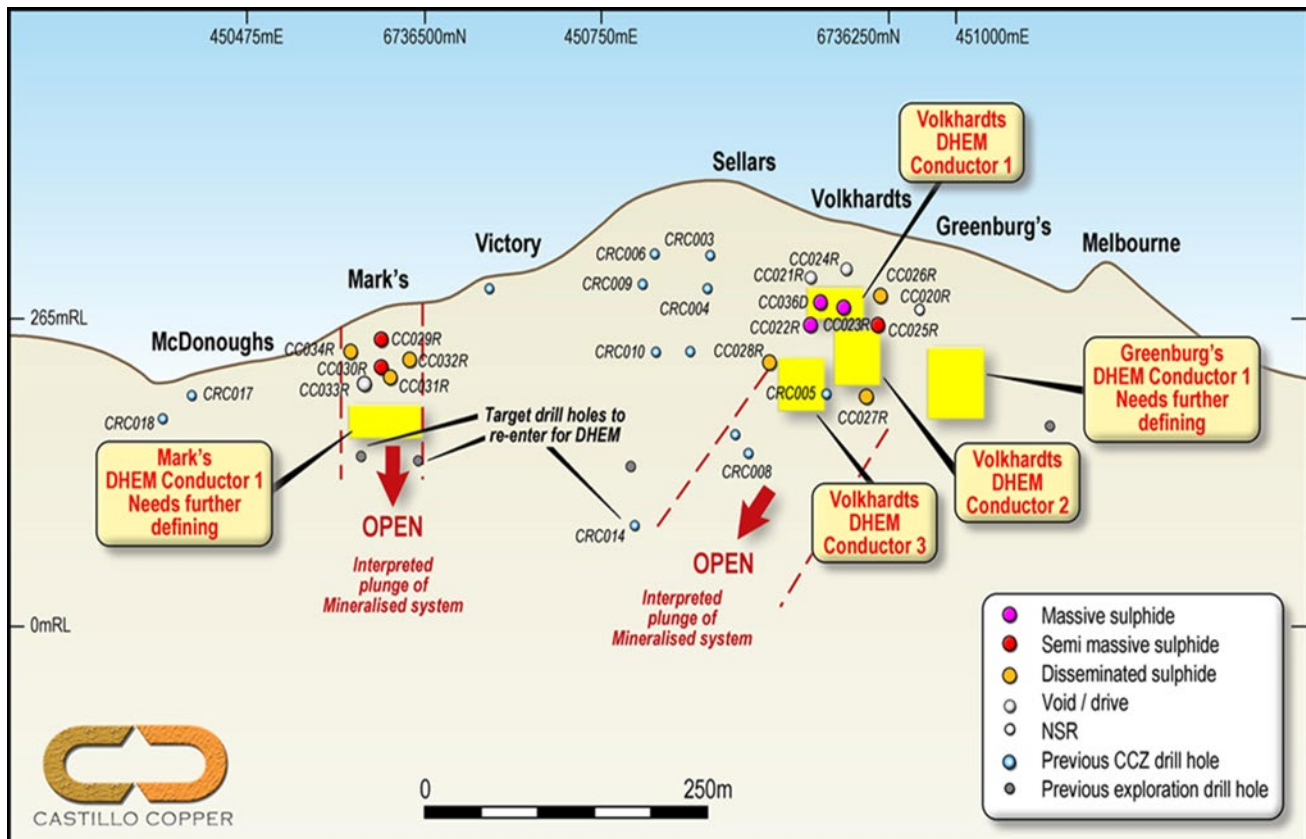
Cangai Copper Mine

Like its sister project in NSW, the Cangai Copper Mine features on the NSW government's critical minerals list⁵. As such, the Board intends to see the degree of government support that can be secured to aid further advancing the Cangai Copper Mine, considering it has an MRE at **107,589t contained copper metal (3.2Mt @ 3.35%)**⁸ and is one of Australia's highest grading historic copper mines.

In addition, the Cangai Copper Mine still delivers significant exploration potential as there are several untested bedrock conductors that are interpreted to be open at depth⁸.

Factoring in these positive points, the Board is in preliminary discussions with several prospective development partners to further advance the Cangai Copper Mine.

FIGURE 3: CANGAI COPPER MINE



Source: CCZ geology team

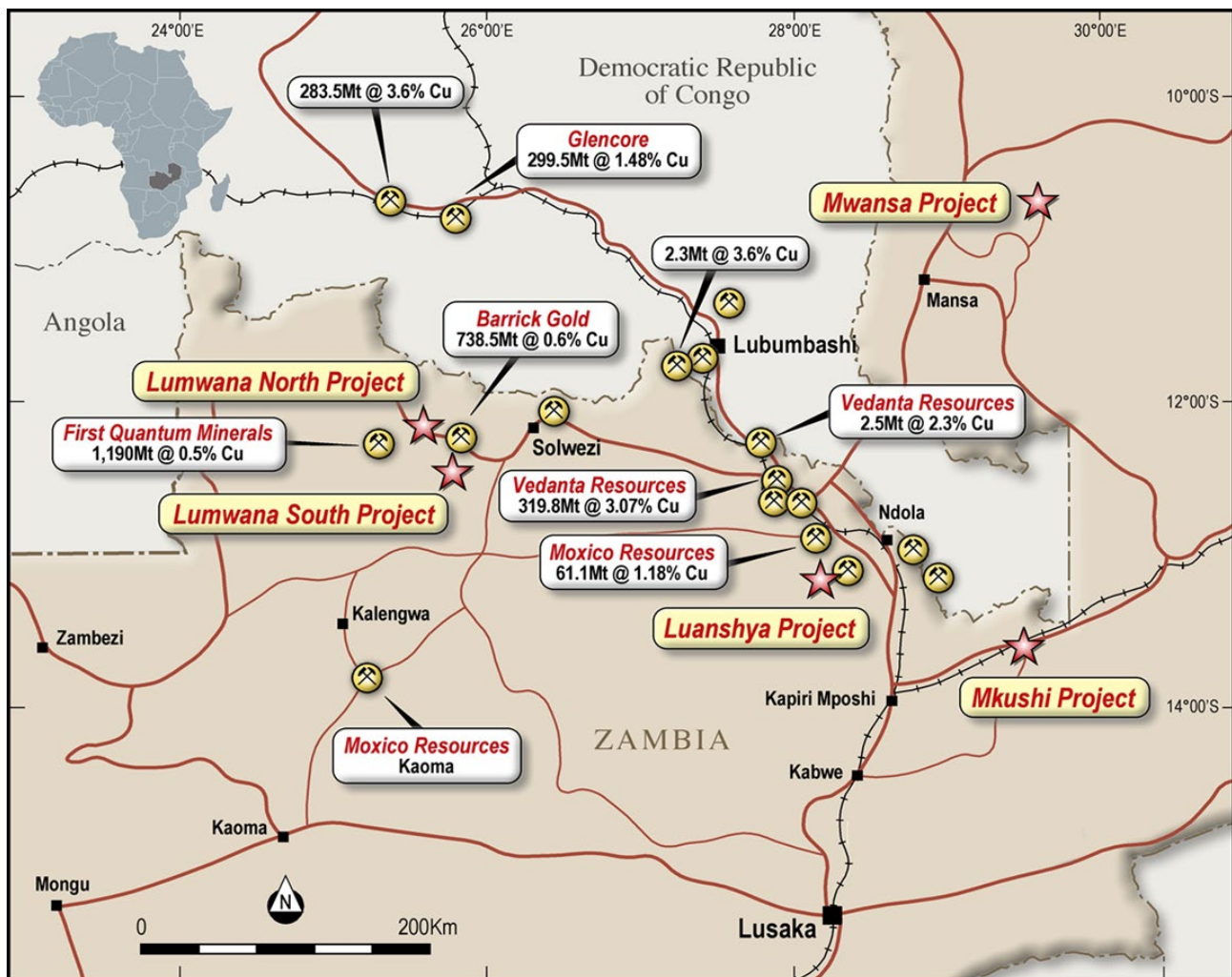
Zambia Copper Projects

The comprehensive geochemistry and geophysical campaigns undertaken at the Luanshya and Mkushi Projects in Zambia (Figure 4) have identified multiple high quality copper targets for drill-testing⁹.

Pleasingly, several prospective development partners have expressed an interest in forming a Joint-Venture to advance these two projects via funding drilling campaigns.

Moving forward, the Board is optimistic that progressing discussions further could potentially secure an outcome.

FIGURE 4: ZAMBIA PROJECTS



Source: CCZ geology team

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

Dr Dennis Jensen

Managing Director

Competent Person Statement

The information in this report that relates to Exploration Results and mineral resource estimates for “BHA Project, East Zone” is based on information compiled or reviewed by Mr Mark Biggs. Mr Biggs is a director of ROM Resources, a company which is a shareholder of Castillo Copper Limited. ROM Resources provides ad hoc geological consultancy services to Castillo Copper Limited. Mr Biggs is a member of the Australian Institute of Mining and Metallurgy (member #107188) and has sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, and Mineral Resources. Mr Biggs holds an AusIMM Online Course Certificate in 2012 JORC Code Reporting. Mr Biggs also consents to the inclusion in this report of the matters based on 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.

References

- 1) CCZ ASX Release – 1 June 2022
- 2) CCZ ASX Release – 27 June 2018
- 3) COB ASX Release – 28 September 2022 (Annual Report 2021)
- 4) CCZ ASX Release – 5 May 2022
- 5) CCZ ASX Release – 28 January 2022 AND NSW government – Critical Minerals. Available at: <https://www.regional.nsw.gov.au/meg/nsw-resources/critical-minerals>
- 6) CCZ ASX Release – 28 February 2022
- 7) CCZ ASX Release – 17 November 2022
- 8) CCZ ASX Release – 28 September 2018 (Annual Report 2018), 3 September 2018, 19 February 2020 & 28 April 2020
- 9) CCZ ASX Release – 25 October 2021 & 5 April 2022

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

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ASX/LSE Symbol

CCZ

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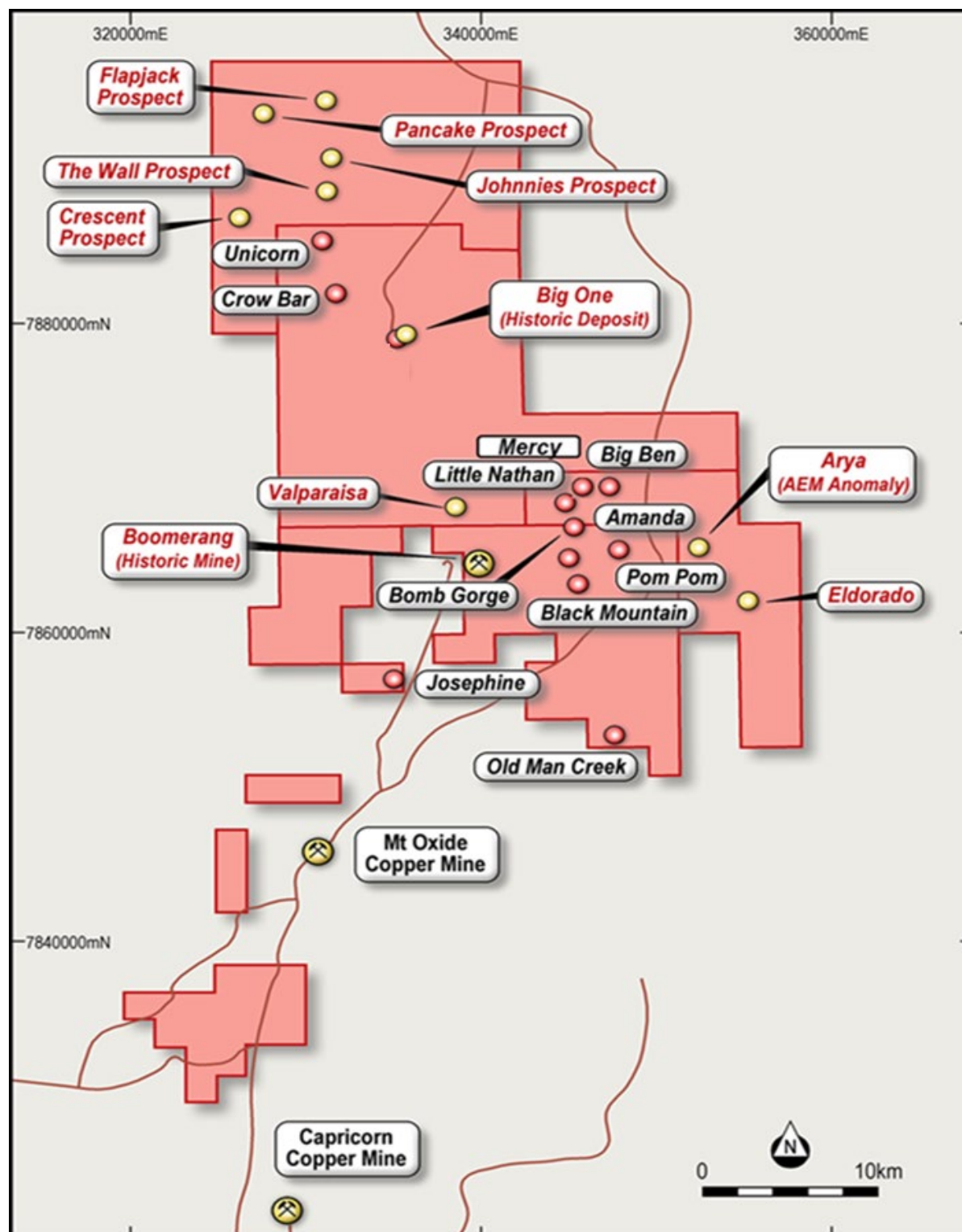
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Appendix A: NWQ Copper Project

FIGURE A 1 : PROSPECTS ACROSS NWQ COPPER PROJECT



Source: CCZ geology team