



**CASTILLO COPPER
LIMITED**

ASX Release

31 January 2022

**CASTILLO COPPER
LIMITED**
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CCZ

DECEMBER 2021 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **NWQ Copper Project:**
 - ❖ Inaugural drilling campaign at the Arya Prospect completed
 - ❖ Plans to geologically model a JORC 2012 compliant resource at the Big One Deposit
- **Zambia Projects:**
 - ❖ Post-IP survey, 14 targets for test drilling identified at the Luanshya Project
 - ❖ Work on IP survey at Mkushi Project progressing

Castillo Copper Limited's ("CCZ" or "the Company") is pleased to present shareholders its latest quarterly report for the period 1 October to 31 December 2021.

DEVELOPMENT WORK

During the period, most of the focus remained on advancing the NWQ Copper Project in Queensland's copper-belt and undertaking geophysical work on the Luanshya & Mkushi properties in Zambia. An overview of key events follows:

NWQ COPPER PROJECT, MT ISA COPPER-BELT

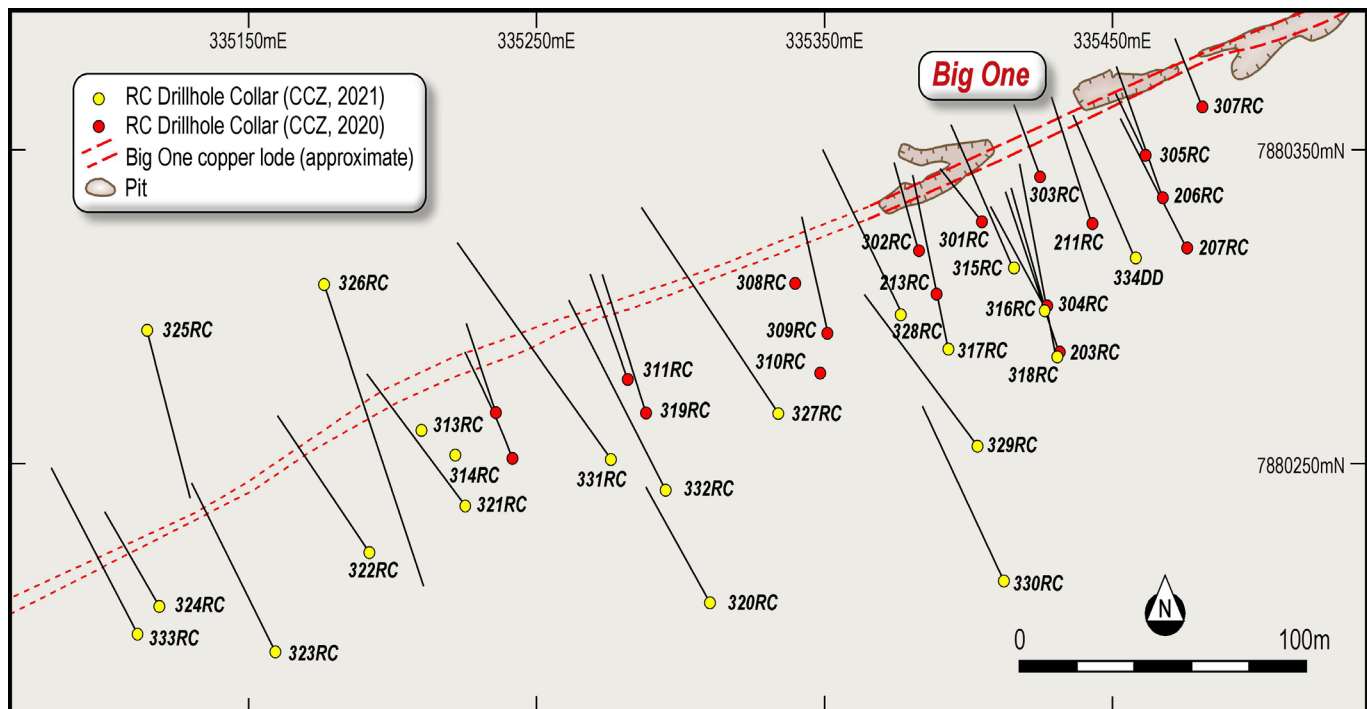
Big One Deposit

On 5 October 2021, CCZ announced that assays for the first four drill-holes of the second drilling campaign (Figure 1) extended known mineralisation at the Big One Deposit, as they were proximal to the dacite dyke, with the best intercepts comprising:

- 9m @ 1.42% Cu from 88m including 4m @ 3.06% Cu from 92m & 1m @ 9.19% Cu from 92m (BO_317RC)¹
- 5m @ 1.06% Cu from 141m (BO_316RC)¹
- 16m @ 0.59% Cu from 166m including 3m @ 1.76% Cu from 176m (BO_318RC)¹
- 3m @ 1.22% Cu from 65m (BO_315RC)¹

The third drilling campaign at the Big One Deposit, comprising at least 22 drill-holes, will target several prime areas including the sizeable bedrock conductor on the north side of the dacite dyke. Significantly, the geophysical characteristics of the northern bedrock conductor are identical to the known system prevalent along the line of lode¹.

FIGURE 1: BIG ONE DEPOSIT – DRILL-HOLES ALONG THE LINE OF LODE



Source: CCZ geology team

On 30 November 2021, CCZ announced that based on fresh insights, post the chief geological consultant visiting the Big One Deposit, the Board has prioritised geologically modelling an inaugural JORC compliant resource plus a third infill drilling campaign.

There are several reasons including:

- 1) Recent and historical drilling campaigns have intersected relatively shallow copper mineralisation; and
- 2) There is a significant bedrock conductor, north of the line of lode, which is larger and of different character than the Induced Polarisation (IP) anomaly drilled in 2020, that is yet to be drill-tested¹.

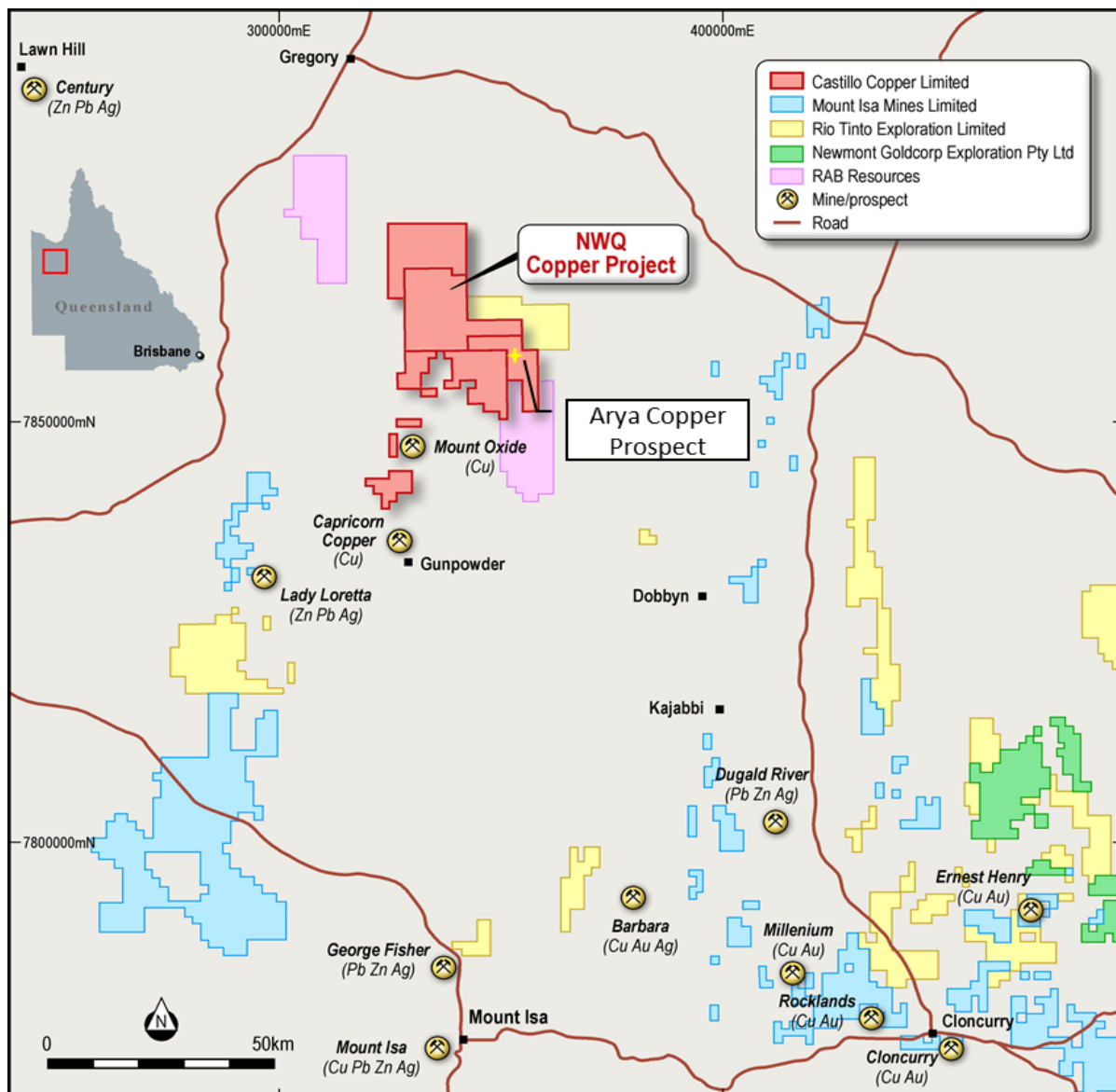
Arya Prospect

On 18 October 2021, CCZ advised the inaugural drilling campaign at the Arya Prospect commenced, after a massive logistical effort to prepare the drill-pads then heli-lift the rig and all supporting equipment to site. After reconciling the geochemical and geophysical data, the Board decided to orchestrate a strategic “proof of concept” campaign, comprising five initial RC drill-holes¹.

On 9 November 2021, in an operational update, CCZ announced that due to the diligent efforts of the team, pioneer drilling had progressed at the Arya Prospect, overcoming challenging operational conditions.

Encouragingly, it was noted that interest in the Mt Isa copper-belt continues to grow, with Rio Tinto recently acquiring contiguous ground on the eastern boundary of the NWQ Copper Project which is proximal to the Arya Prospect¹ (Figure 2).

FIGURE 2: REGIONAL MAP – NWQ COPPER PROJECT



Source: CCZ geology team

On 17 November 2021, CCZ announced that three drill-holes had been completed from two drill pads, with standout, AR_002RC, reaching a depth of 238m. Notably, around 200m of dark grey and black carbonaceous siltstone / schist was intersected (Figure 3), with scattered base-metal sulphides, fine-grained graphite mineralisation occurrences and remaining open at depth.

Encouragingly, visible but scattered chalcopyrite (copper sulphide mineralisation) was observed in drill-hole AR_001RC¹.

FIGURE 3: COMPLETE CHIP TRAY COLLECTION (AR_002RC)



Source: CCZ geology team

On 6 December 2021, CCZ announced the drilling campaign at the Arya Prospect had concluded, with five drill-holes completed and all samples having been despatched to the laboratory for analysis.

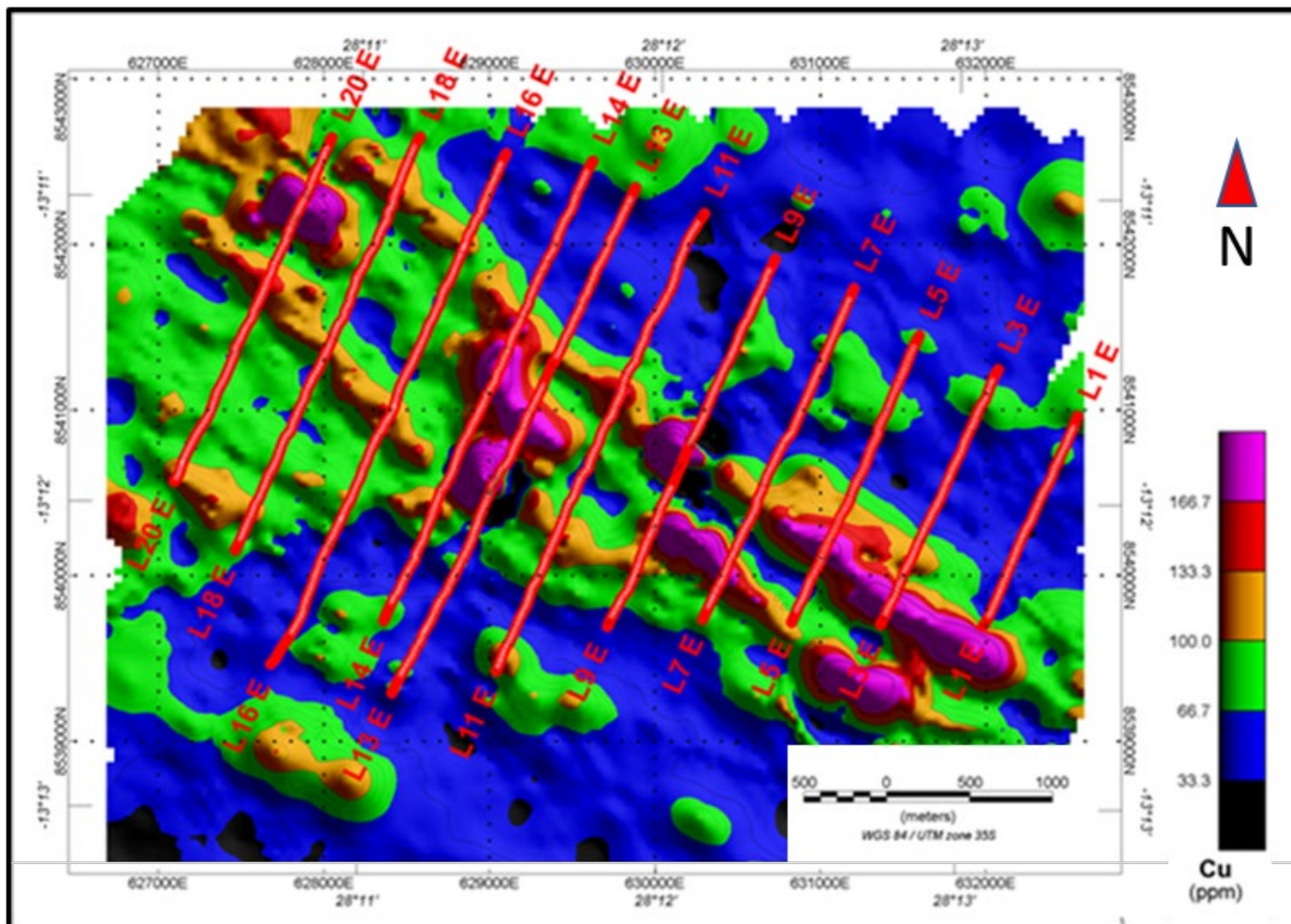
Based on indicative field observations from the team at site, the Board is optimistic that geological interpretations will affirm the exploration potential of the Arya Prospect. If this is validated, then a fuller drilling campaign will potentially be commissioned in 1H 2022¹.

LUANSHYA & MKUSHI PROJECTS, ZAMBIA COPPER-BELT

On 25 October 2021, CCZ announced that up to 14 drill targets were identified at the Luanshya Project. Notably, the 14 chargeable zones were identified post an Induced Polarisation (IP) survey – within a 6km zone of copper surface anomalism¹ (Figure 4).

Modelling was undertaken by CCZ's consultant geophysicist, who interpreted the IP survey results that covered the 6km long soil anomaly, which were defined after extensive soil sampling campaigns¹.

FIGURE 4: LUANSHYA PROJECT – IP SURVEY RELATIVE TO COPPER SURFACE ANOMALISM



Source: CCZ geology team

On 17 November 2021, in an operational update, CCZ announced the geology team is now focused on formulating an inaugural drilling campaign for the Luanshya Project.

Meanwhile, work on the IP survey at the Mkushi Project, which is focusing on known surface copper anomalies, is now in progress. Upon completion, a geophysical interpretation report will be published which will determine the next course of action.

NEW SOUTH WALES ASSETS

- **Broken Hill Alliance Group** – Work is continuing to ready Broken Hill Alliance Group – which has significant tenure around the world-class Broken Hill zinc-silver-lead deposit – for an IPO in 1Q 2022, subject to securing all key regulatory approvals.
- **Cangai Copper Mine** - No material work was undertaken during the review period.

CORPORATE

- **Notice of AGM and results:** On 29 October 2021, CCZ announced the AGM would be held on 30 November 2021 with six resolutions to be presented to shareholders. Subsequently, on 30 November 2020, CCZ announced that all resolutions were passed.

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

\$116,000 was paid to related parties of the Company relating to executive director salary and non-executive director fees.

SUMMARY OF THE EXPLORATION EXPENDITURE INCURRED DURING THE QUARTER

| | Consulting fees | Rates and mines departments fees |
|----------------------|--------------------|----------------------------------|
| Cangai | \$7,000 | - |
| Broken Hill Alliance | \$5,000 | - |
| Mt Isa | \$2,457,000 | - |
| Zambia | \$40,000 | - |
| Total | \$2,509,000 | - |

Simon Paull

Managing Director

- 1) Note – All information referenced is from CCZ ASX Releases, as dated in text, from 1 October 2022 to 28 January 2021 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:

- The Mt Oxide project 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 zinc-silver-lead-copper-gold.
- 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."

Competent Person Statement

The information in this report that relates to Exploration Results for "Big One Deposit" is based on information compiled or reviewed by Mr Mark Biggs. Mr Biggs is both a shareholder and 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 information in this announcement that relates to exploration results is based on and fairly represents information reviewed or compiled by Mr Matt Bull, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Bull is a beneficiary of Southern River Investments, a trust which is a shareholder of Castillo Copper Limited. Mr Bull is a shareholder and director of Trilogy Metals Pty Ltd, a company which provides ad hoc geological consultancy services to Castillo Copper Limited. Mr Bull is a Consultant of Castillo Copper Limited. Mr Bull has sufficient experience that is relevant to the styles of mineralisation and types 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". Mr Bull has provided his prior written consent to the inclusion in this announcement of the matters based on information in the form and context in which it appears.

The information in this report that relates to Exploration Results for "Litchfield" and "Picasso" is based on information compiled or reviewed by Mr Geoffrey Reed, a Non- Executive Director of CCZ. Mr Reed is both a shareholder and director of Bluespoint Mining Services, a company which is a shareholder of Castillo Copper Limited. Bluespoint Mining Services provides ad hoc geological consultancy services to Castillo Copper Limited. Mr Reed is a member of the Australian Institute of Mining and Metallurgy (CP) (member #250422) 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 Reed is a member of the Australian Institute of Geoscientists. Further, Mr Reed consents to the inclusion in this report of the matters based on information in the form and context in which it appears. Mr Reed has not verified any of the information regarding any of the properties or projects referred to herein other than the "Litchfield" and "Picasso" Properties.

The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

APPENDIX 1: INTEREST IN MINING TENEMENTS HELD

| JACKADERRY (CANGAI) | | | |
|----------------------------|-------------------------------|-----------------------------|---------------------------|
| 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% | - |

| BROKEN HILL | | | |
|--|-------------------------------|-----------------------------|---------------------------|
| 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% |

| MT OXIDE | | | |
|-------------------------------------|-------------------------------|-----------------------------|---------------------------|
| 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% |

| ZAMBIA | | | | |
|---------------|--------------|-------------------------------|-----------------------------|---------------------------|
| 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