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QUARTERLY ACTIVITIES REPORT

For the period ending 30 September 2020

Highlights

Rover Mineral Field

- Drilling rig mobilises to Rover 1 and drilling program begins in late August
- Holes 20CRD001 and 20CRD002 were completed by the end of the quarter
- Subsequent to September quarter end:

  Results for Hole 20CRD001 were returned delivering the best gold and co-products intercept ever produced from Rover 1:

  30.4m (True Width = 27.8m) @ 35.6g/t Au, 1.46% Cu, 0.18% Bi, 0.09% Co and 3.31g/t Ag from 506.5m*, including:

  13.2m (TW =12.1m) @ 76.27g/t Au, 1.16% Cu, 0.15% Bi, 0.1% Co and 4.43g/t Ag from 518.95m

Health and Safety

- No Lost Time Injuries (LTI's) were reported for the quarter
- COVID-19 policies were adhered to with no employee reported cases

Corporate

- Castile initiates a less than a marketable parcel share sale facility
- Cash balance at 30 September 2020 of $16.059M
- Strong Government support for Castile to continue as Labor Party wins the NT election and Country Liberal Party win the seat of Barkly

*See ASX:CST Announcements 14 October 2020 "Stunning Gold Intercepts from Rover 1 – Amended" and 20 October 2020 "Castile Receives significant Copper Results from Rover 1

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

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Shares on Issue
199,710,121

Cash as at 30 Sept 2020
$16.059M

ASX Announcement
29 October 2020

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Managing Directors Report

Castile Resources Limited (ASX:CST) ("Castile" or "the Company") was extremely pleased to commence its first drilling program at Rover 1, since listing on the ASX, during the September quarter. Our Tennant Creek staff and contractors completed road works and refurbished the camp for the drilling crews once approvals had been re-instated after COVID-19 related delays. The drilling rig was mobilised to site and drilling began on 22nd August 2020 with the first two holes of the program being completed by the end of September and a third hole started. A total of 1,528m was drilled in the quarter and we look forward to announcing the results of the assays as they come to hand.

Subsequent Event to the September Quarter:

Assays from Hole 20CRD001 (received in early October) deliver the best gold and co-products intercept ever produced from Rover 1:

30.4m @ 35.6g/t gold including 13m @ 76.27g/t Au, 1.46% Cu, 0.18% Bi, 0.09% Co and 3.31g/t from 506.5m*

The Company was extremely pleased with the high grades of gold and co-product mineralisation returned. The estimated true width of 27.8m also has extremely positive connotations for our modelling and mine design. We look forward with great anticipation to further results from the program as they come to hand.

COVID-19 protocols have been strictly adhered to throughout the quarter with no reported cases from our staff or contractors associated with activities related to Castile. The Northern Territory continues to remain COVID free with logistics and supplies to the camp and drilling team at Rover 1 running seamlessly.

The Rover 1 Pre-Feasibility Study (PFS) continued during the quarter with the appointment of Mining One as our Geotechnical Consultants. Metallurgical test work will continue with METS as they assess the fresh core from the current program. Northern Territory based EcOz continue to progress our Notice of Intent application to be lodged with the Northern Territory Government.

Our interaction with all levels of Government continues as the Northern Territory establishes portfolio responsibilities after the Territory election in late August which was won by the incumbent Labor Party. The NT Government has commenced its post-COVID stimulus strategy and is keen to support Castile Resources given our importance to the business community in the Tennant Creek township and wider Barkly region.

In early September, Castile Resources initiated a Less Than a Marketable Parcel Share Sale Facility for those shareholders who hold small parcels of shares that wish to sell them without incurring any fees.

Engineering Report

Development of a Rover 1 specific economic model has continued during the quarter using previous ore resource models. Underground mine plans have been devised developed for various materials handling with the focus on minimising the footprint and environmental impact of the operation. Our approach to mine planning has been focused on prioritising the gold and copper which contain the most value with other co-products being recovered as a consequence of mining the key metals. In a new development, the large coincidence of magnetite within the overall iron-oxide copper-gold style of mineralisation has promoted the study of a further magnetite co-product to be extracted from the tails streams which could service the coal washing magnetite market.

Castile continues to progress its development studies for Rover 1 and has appointed Mining One as a consultant to review mining and geotechnical designs and other mining infrastructure planning. Work has continued with EcOz

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for the preparation of a Notice of Intent for the Northern Territory Government. Ground Water and Waste Rock Characterisation reports for this submission are expected to be completed in the ensuing quarter.

Preparations are underway to conduct further sampling for more advanced and varied metallurgical test work aimed at co-product recovery from the Rover 1 ores. The first two holes from the drilling program currently underway are being prepped for this testing.

Geology Report

Castile immediately mobilised technical staff and drilling crews to Tennant Creek to start the 2020 drilling campaign upon the re-instatement of access and work permits. The first hole 20CRD001 was collared on the 22nd of August. A second hole was completed within the quarter and a third started which targets a wildcat extensional theory for a mineralisation repeat based on structural unravelling. A total of 1,528m was drilled for the quarter.

The objective of drillholes 20CRD001 and 20CRD002 is to extend the known high tenor gold zones associated with the Jupiter Ironstone. These gold zones which are typical of the bonanza gold lodes mined elsewhere in the Tennant Creek goldfield currently extend over 150 metres vertically, 100 metres along strike, with widths averaging 15 metres and plunge moderately west-wards in the roots of the ironstone system.

Subsequent Event to September Quarter Drilling – Hole 20CRD0001 delivers the best gold and co-products intercept ever produced from Rover 1:

30.4m (True Width = 27.8m) @ 35.6g/t Au, 1.46% Cu, 0.18% Bi, 0.09% Co and 3.31g/t Ag from 506.5m*

including: **13.2m (TW =12.1m) @ 76.27g/t Au, 1.16% Cu, 0.15% Bi, 0.1% Co and 4.43 g/t Ag from 518.95m**



Figure 1: Setting the collar pipe for 20CRD001 at Rover 1, August 2020

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Drilling is continuing with assays for the second hole, 20CRD002, due in the ensuing weeks.

Warumpi Project, NT

No on-ground exploration works took place during the quarter at Warumpi.

Corporate and Financials

Castile's cash position as at 30 September 2020 was $16.059m.

The Appendix 5B for the quarter ended 30 September 2020 provides an overview of the Company's financial activities. Exploration expenditure for the quarter was $0.624m for the activities reported above which included drilling costs and feasibility studies associated with the Tennant Creek project.

Further expenses included tenement rent, repairs, camp refurbishment, maintenance for the Rover 1 access road and all staff costs. The Company also expended $0.329m for property, vehicles, plant and equipment for the Tennant Creek Yard, Rover campsite and Perth office, and $0.232m for staff (geological, engineering, field, administrative and management personnel, and directors), administration and corporate costs. The total amount paid to Directors of the Company, their associates and other related parties was $0.120m for salary, fees and consulting fees.

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)** **$'000**	**Actual (9 months) inc of GST** **$'000**	**Variance** **$'000**	**Explanation of Material Variances**
Rover Project: Regional Exploration	1,600	-	(1,600)	Regional projects yet to commence
Drilling: Rover 1 Infill, Explorer 108 Extensional, Curiosity Prospect, Explorer 142 Extensional	6,800	899	(5,901)	(1) Timing issue – the Company listed on 14/2/2020 and funds are budgeted for expenditure over 8 quarters.
Rover 1 – Feasibility & Development Studies	3,600	98	(3,502)	See (1) above.
Warumpi Project – Regional Exploration	1,000	27	(973)	See (1) above.
Exploration capital costs – plant & equipment	660	368	(292)	(2) No material variance for the time elapsed since listing. The funds are budgeted for expenditure over 8 quarters.
Working capital reserves	2,460	-	(2,460)	See (2) above.
Corporate and equipment costs	400	14	(386)	See (2) above.
General working capital	2,424	1,001	(1,423)	See (2) above.
ASX listing and associated costs and repayments to Westgold Resources	450	1,210	760	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	559	(16)	No material variance.
Total	**19,969**	**4,176**	**(15,793)**	

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Securities on issue at 30 September 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**

Less Than Marketable Parcel Share Sale Facility

Castile initiated a process of re-organising its shareholding structure to reduce the number of small shareholders related to machinations of previous parents of the group prior to its demerger. The process established a facility whereby shareholders holding less than a marketable parcel would have their shares sold on their behalf at prevailing market prices and conditions. It was determined that shareholders with a holding of 1,851 Castile shares or less would fall into this category and their shares would be sold unless the specifically requested not to do so. At the record date, there were 4,191 shareholders (of a total of 6,123 holders) with less than a marketable parcel. These shareholders held 2,044,884 Castile Shares and constituting approximately 1.02% of the 199,710,121 total Castile Shares on issue.

Castile is providing the Facility to holders (including custodians and nominees) of Less Than a Marketable Parcels to sell their Castile Shares without difficulty, and without incurring any costs that might otherwise make a sale of their shares uneconomic. In addition, Castile expects to reduce the administrative costs associated with maintaining such a large number of relatively small holdings on its share register, in particular costs associated with printing and mailing documents to shareholders.

Canaccord Genuity (Australia) Limited has been appointed as broker for the shares to be sold under the Facility. Castile will forward all sale proceeds to participating shareholders as soon as practicable following settlement. All associated costs and brokerage fees will be paid by Castile, excluding any tax consequences which are the responsibility of participating shareholders.

The key dates for the Facility are detailed below.

EVENT	DATE
Less Than a Marketable Parcel Record Date	5pm AWST, 28 August 2020
Castile Announces Less Than a Marketable Parcel Share Sale Facility	1 September 2020
Letter Sent to Holders of Less Than a Marketable Parcel of Castile Shares	4 September 2020
Closing Date for Receipt of Share Retention Forms	19 October 2020

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Tenements held at 30 September 2020

Castile held the following tenements as at 30 June 2020 and did not acquire or dispose of any tenements during the quarter.

Tenement	Project	Location	Interest	Status
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 26/05/2021
EL 27372	Rover	Northern Territory	100%	Expiry 26/05/2021
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

Social and Community Activity

Castile continues discussions with the Wirrpanda Foundation, the Northern Territory Government and the local member for the Barkly region on structuring training and employment programs in Tennant Creek and the greater Barkly Region. We anticipate the Wirrpanda Foundation assisting Castile to begin programs complementing the existing government initiatives as we move towards development.

With the Northern Territory now entering less stringent phases of COVID lockdown, sporting clubs and communities have begun re-commencing activities within the Barkly region. Castile has already been an active sponsor and participant in sporting events and will continue to do so at all levels within the community in which we operate.

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 30th September 2020 were approved for release by Castile's Managing Director, Mark Hepburn.

The Exploration Results contained in this announcement were first disclosed to the market on 14 October 2020. See ASX:CST Announcement "Stunning Gold Intercepts from Rover 1 – Amended" and ASX:CST 20 October 2020 "Castile Receives significant Copper Results from Rover 1", and Castile is not aware of any new information or data that materially affects these Exploration Results included in this announcement.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Castile Resources Limited

ABN	Quarter ended ("current quarter")
93 124 314 085	30 September 2020

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(105)	(105)
	(e) administration and corporate costs	(127)	(127)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	35	35
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (payment for tenement deposits)	-	-
1.9	**Net cash from / (used in) operating activities**	**(197)**	**(197)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(329)	(329)
	(d) exploration & evaluation (if capitalised)	(624)	(624)
	(e) investments	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(953)**	**(953)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	(1)	(1)
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(1)**	**(1)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	17,210	17,210
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(197)	(197)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(953)	(953)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1)	(1)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**16,059**	**16,059**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	4,071	2,215
5.2	Call deposits	12,000	15,000
5.3	Bank overdrafts	-	-
5.4	Other (credit cards)	(12)	(5)
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**16,059**	**17,210**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	94
6.2	Aggregate amount of payments to related parties and their associates included in item 2	26

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Comprises Director salaries & fees (including GST).

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**-**	**-**

7.5	**Unused financing facilities available at quarter end**	-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

Includes amounts paid/payable to Westgold Resources Limited subsequent to the de-merger from Westgold Resources Limited.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(197)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(624)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(821)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	16,059
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	16,059
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	19.6

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2020

Authorised by: Mark Hepburn, Managing Director of Castile Resources Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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