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CASTILLO COPPER LIMITED

ASX Release

30 October 2020

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CCZ

SEPTEMBER 2020 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Mt Oxide Project:**
  - **Drilling campaign finalised for high-grade Big One Deposit and Arya Prospect which has an interpreted potential massive sulphide target ~130m thick, ~1,500m by ~450m and ~426m below surface[1]**
- **Zambia Projects:**
  - **Ratification that a high-priority target for copper mineralisation, along a circa 6km strike event, is apparent at the Luanshya Project[1]**
- **Broken Hill Project:**
  - **Acquired additional tenure which delivers a large footprint proximal to Broken Hill's world-class silver-zinc-lead deposit[1]**
- **Corporate:**
  - **Prospectus for London Stock Exchange dual listing published and trading in shares commenced**
  - **Adequate funding in place to progress developing key projects**
- **Subsequent to the period close:**
  - **Drilling commenced at Big One Deposit within Mt Oxide Project Area**

Castillo Copper Limited ("CCZ" or **"the Company")** is pleased to present shareholders its latest quarterly report for the period 1 July to 30 September 2020.

During the period, much of the focus remained on developing the Mt Oxide Project, especially progressing drilling campaigns at the Big One Deposit and Arya prospect. In addition, CCZ successfully listed on the London Stock Exchange and secured sufficient capital to fund forward development work.

An overview of key events follows:

DEVELOPMENT WORK

To recap, CCZ now has four properties comprising the Mt Oxide Project in Mt Isa's copper-belt, four assets across Zambia's copper-belt, the historic Cangai Copper Mine and a large footprint near Broken Hill's world class silver-zinc-lead deposit in NSW.

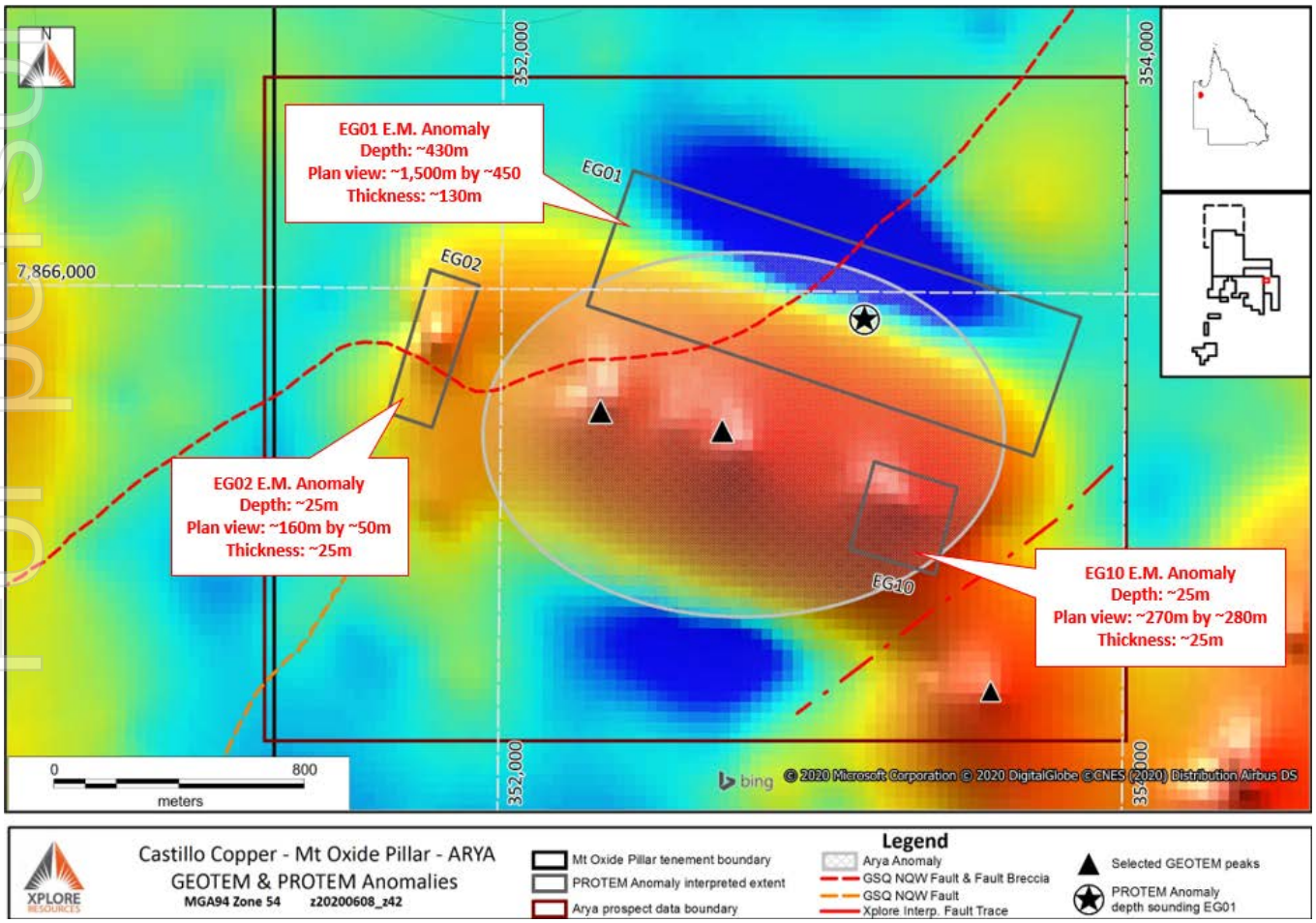
Mt Oxide Project

On 1 July 2020, CCZ's geology team finalised the RC drilling campaign for the Arya project (Figure 1), which comprises ~3,432m over 14 drill-holes, within an area ~1,500m by ~1,000m, with targets near surface and interpreted deeper geophysical anomalies.

Three deep vertical drill-holes, spaced ~210m apart, will target an interpreted potential massive sulphide bedrock conductor (EG01), which is ~130m thick, with dimensions ~1,500m by ~450m, and ~426m deep.

The remaining eleven drill-holes will focus on several near surface targets including bedrock conductors, EG02 and EG10, which have the potential to be supergene mineralisation. Both are ~25m below surface and ~25m thick, with dimensions ~160m by 50m and ~270m by 280m respectively[1].

FIGURE 1: DRILL TARGETS AT ARYA PROSPECT – ELECTROMAGNETIC ANOMALIES

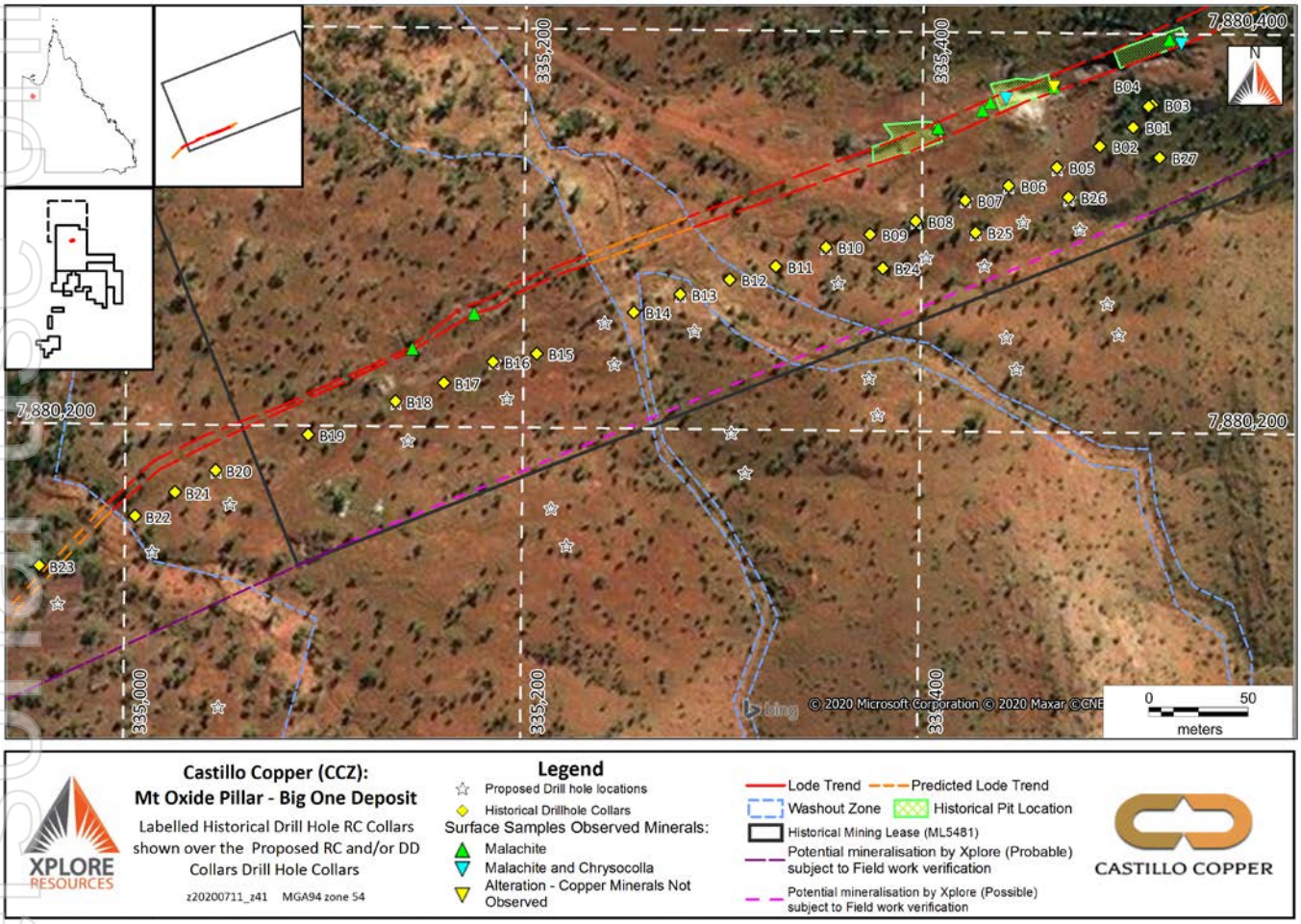


Source: CCZ geology team (refer CCZ ASX Release – 4 September 2019)

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On 14 July 2020, CCZ released detailed plans for the Big One Deposit drilling campaign which comprises a 4,385m RC drilling campaign, over 35 drill-holes, which will focus on a strike zone (~580m by ~120m) to test for mineralisation from ~26m up to ~190m below surface. Further, an incremental 160m diamond drilling campaign, targeting two drill-holes that are testing primarily for shallow mineralisation from ~26m up to ~52m below surface[1] (Figure 2).

FIGURE 2: RC & DD DRILLING TARGETS AT BIG ONE DEPOSIT



Source: Xplore Resources (for the first releases of the historical RC drill hole information and other geological data refer to CCZ ASX Releases - 14 January, 3 June and 14 July 2020)

On 10 August 2020, CCZ announced it is now fully funded to ramp up its exploration efforts across tier one assets, with the Mt Oxide Project being the priority. As part of pre-drilling formalities, CCZ's geology team visited the high-grade Big One Deposit and noted:

- A prominent shear zone and surface outcrop with visible copper mineralisation; and
- The preliminary site visit at the Big One Deposit confirmed the location of the three pits with visible copper mineralisation[1].

On 19 August 2020, CCZ's geology team pegged 35 drill-sites at Big One Deposit in readiness for the upcoming drilling campaign. In addition, massive hematite / cuprite chalcocite vein mineralisation was visually identified which provides credence that the Big One Deposit could potentially be part of a larger IOCG mineralised system.

Concurrently, the team collected 24 rock chip samples along strike – for follow up analysis – from stockpiles and historic pit workings which visually confirmed the presence of supergene oxide (malachite) and massive sulphide (chalcocite) mineralisation at surface[1].

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On 31 August 2020, CCZ secured an agreement in-principle to appoint Depco Drilling as the lead contractor for the upcoming RC and diamond drilling campaigns at the Big One Deposit and Arya Prospect. Depco Drilling is a privately owned Queensland based group, which has been operating since the early 1960s and has significant experience across multiple projects in the Mt Isa Basin area.

Further, in a major validation for the Mt Oxide Project, Depco Drilling have agreed, subject to legal review and CCZ shareholder approval if required, to accept a material proportion of their fees in CCZ shares, with a six-month voluntary escrow period[1].

On 7 September 2020, as part of an ongoing geological review, CCZ's geology team completed a review of the Valparaisa Prospect, interpreting it to be prospective for structurally controlled copper mineralisation[1].

On 14 September 2020, CCZ announced its geology team continued detailed field analysis at the Big One Deposit with 24 rock-chip samples collected from historic workings at the Big One Deposit, being reconciled against desktop reports which determined the following:

❖ Most of the rock-chip samples are interpreted to be from highly mineralised ore, since they comprise high-grade copper oxide and supergene mineralisation;

❖ Specifically, observed copper mineralisation occurs as massive veinlets / crackfill veins, while at surface as malachite, azurite, cuprite and chalcocite; and

❖ CCZ's geology team believe the previous operator excavated high-grade mineralised ore but never dispatched it for processing, possibly due to financial constraints at the time[1].

On 24 September 2020, CCZ released assay results from 24 rock chip samples – taken from excavated ore and unexplored areas across the Big One Deposit which confirmed the existence of high-grade copper mineralisation. Notably, the best results comprised 33.2% Cu (11515), 32.1% Cu (11518) and 26.6% Cu (11508) respectively with the average 6.7% Cu across the 24 samples[1].

During the quarter, the Company paid $167,000 in consultants fees and $1,000 in rates and mines departments fees.

Zambia Pillar

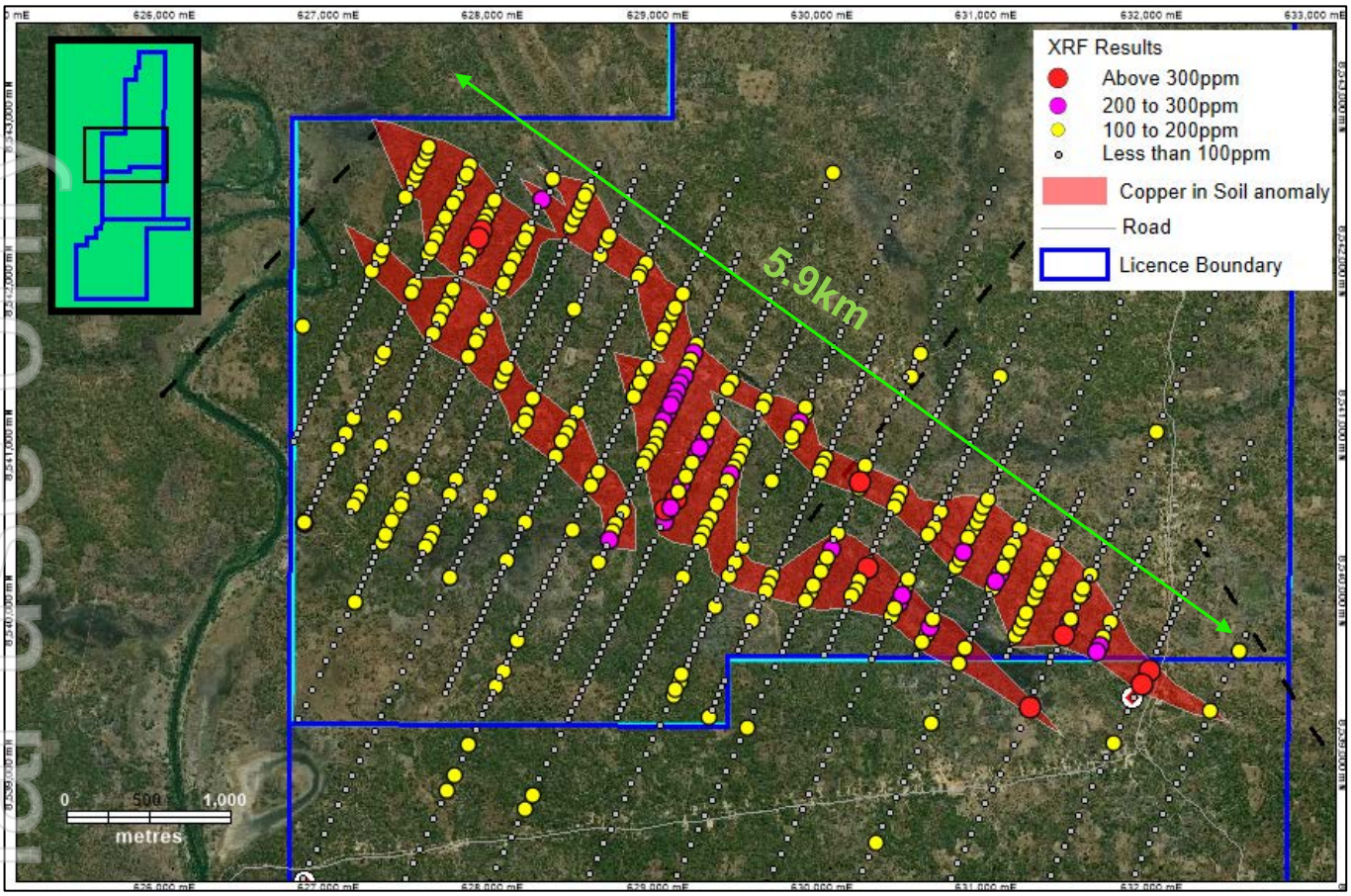
On 3 September 2020, CCZ's Zambian geology team completed a comprehensive infill surface sampling campaign at the highly prospective Luanshya Project which delivered encouraging results including:

❖ Ratification that a high-priority target for copper mineralisation, along a circa 6km strike event, is apparent; and

❖ Building on the first campaign, undertaken in April 2020, the geology team properly demarcated the anomalous area which highlighted portable XRF results up to 2,600ppm Cu[1].

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FIGURE 3: SOIL SAMPLES XRF RESULTS (OLD AND INFILL) COLOURED BY GRADE RANGES



Source: CCZ geology team (refer CCZ ASX Release – 3 September 2020)

During the quarter the Company paid $19,000 in consultants fees and $17,000 in rates and mines departments fees.

BROKEN HILL ALLIANCE

On 30 September 2020, in a transformational move, which delivered a large footprint proximal to Broken Hill's world-class silver-zinc-lead deposit, CCZ agreed terms to acquire Wyloo Metals tenements. The acquisition delivers CCZ a commanding ground position in Broken Hill, while significant technological advances now infer this footprint is prospective for Broken Hill Type zinc-silver-lead and Iron-Oxide-Copper-Gold mineralisation[1].

During the quarter, the Company paid $5,000 in consultants fees.

CANGAI COPPER MINE

During the quarter, the Company paid $25,000 in consultants fees and $11,000 in rates and mines departments fees.

CORPORATE

- **Publication of Prospectus:** On 27 July 2020, CCZ's prospectus, which relates to admitting its ordinary shares to the Standard Segment of the Official List of the Financial Conduct Authority (FCA) and London Stock Exchange's (LSE), was published.
- **LSE admission update:** On 3 August 2020, CCZ announced that Admission to the LSE would become effective and that dealings would commence at 8am on 4 August 2020.

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POST PERIOD EVENT

- **Eldorado Prospect, Mt Oxide Project:** On 6 October 2020, to conclude the Mt Oxide Project geological review, CCZ's geology team interpreted the Eldorado prospect, which is circa 4km south-east from the Arya prospect, to be prospective for structurally controlled copper mineralisation[1].
- **Drilling commences at Big One Deposit:** On 27 October 2020, CCZ confirmed that drilling commenced at Big One Deposit and will then progress to the Arya Prospect[1].

Simon Paull

Managing Director

1) Note – All information referenced is from CCZ ASX Releases, as dated in text, from 1 July to 28 October 2020 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."

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APPENDIX 1: INTEREST IN MINING TENEMENTS HELD

JACKADERRY			
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%	-

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	-	-	Application

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	-	0%*	0%*
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

^ Indicates the tenement is still under application

APPENDIX 2: SUMMARY OF EXPLORATION EXPENDITURE INCURRED PER PROJECT

Project	**Quarter Cash Spend** $A'000
Jackaderry	33
Broken Hill	2
Mt Oxide North	143
Zambia	36
Total	**214**

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