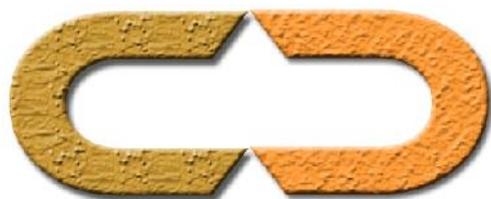


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CASTILLO COPPER

CASTILLO COPPER LIMITED

ABN 52 137 606 476

Half-year Financial Report

31 December 2014

CORPORATE DIRECTORY

Directors

Mr. Brian McMaster (Non-Executive Chairman)

Dr. Nicholas Lindsay (Managing Director)

Mr. Matthew Wood (Executive Director)

Mr. Daniel Crennan (Non-Executive Director)

Company Secretary

Mr. Jack James

Registered Office and Principal Place of Business

Level 1

330 Churchill Avenue,

Subiaco, WA 6008

Australia

Telephone: + 618 9200 4491

Facsimile: + 618 9200 4469

Share Registry

Automic Registry Services Pty Ltd

Level 1

7 Ventnor Ave,

West Perth, WA 6005

Telephone: + 618 9324 2099

Facsimile: + 618 9321 2337

Auditors

HLB Mann Judd

Level 4, 130 Stirling Street,

Perth WA 6000 Australia

Stock Exchange Listing

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

ASX Code: CCZ

Contents	Page
Directors' Report	1
Auditor's Independence Declaration	3
Condensed Consolidated Statement of Comprehensive Income	4
Condensed Consolidated Statement of Financial Position	5
Condensed Consolidated Statement of Changes in Equity	6
Condensed Consolidated Statement of Cash Flows	7
Notes to the Condensed Consolidated Financial Statements	8
Directors' Declaration	11
Independent Auditor's Review Report	12

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DIRECTORS' REPORT

The directors of Castillo Copper Limited and its subsidiaries ("Castillo" or the "Group") submit the financial report of the Group for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Brian McMaster	Non-Executive Chairman
Dr Nicholas Lindsay	Managing Director
Mr Matthew Wood	Executive Director
Mr Daniel Crennan	Non-Executive Director

Results

The loss after tax for the half-year ended 31 December 2014 was \$408,655 (31 December 2013 loss of \$667,941).

Review of Operations

During the financial period, the principal activity was mineral exploration and examination of new resource opportunities. The Group currently holds copper projects in Chile and a gold project in Australia.

Chilean Copper Projects

Rio Rocin

On 14 October 2014, the Company announced a favourable renegotiation of the Rio Rocin option agreement.

The revised agreement requires the Company to pay USD150,000 in August 2015, with no further payments required until August 2016 resulting in a significant reduction in the original commitments over the next 24 months.

This revised payment schedule does not affect the Company's rights or interests in the project but rather allows the Company further time to consider farm-in and/or joint venture opportunities for the asset.

The Rio Rocin project consists of about 2,200 hectares of exploration concessions located 140 km north of Santiago, within the Central Chilean copper belt. The tenements controlled by Castillo overlap the proven Andres-Amos porphyry copper deposit, and include the leached cap and structurally contiguous ground. The exploration target is high grade supergene copper mineralisation.

During the period, the Company has continued to seek a joint venture partner to further this high value project.

Posada

The Posada copper project occupies 2,188 hectares of exploration tenements on the northern Chilean copper-iron belt, and is 60 km south of Copiapo.

The Company has identified new drill targets for deeper drilling and testing lateral extensions of the zone of hydrothermal alteration which has possible porphyry copper affinities, identified from drilling undertaken previously.

DIRECTORS' REPORT (continued)

NSW Project

The Company continued to review its tenement holding in New South Wales.

New Projects

Castillo Copper maintains an aggressive position in continuous assessment of new opportunities as they arise in Chile and South and Central America generally and has acquired substantial areas of exploration concessions. In addition the Company continues to rationalise its tenement holding in New South Wales.

Corporate

Minimum Holding Buy-Back

The Company completed the acquisition of its unmarketable parcels on the 6 October 2014, resulting in the cancellation of 7,202,272 buy-back shares.

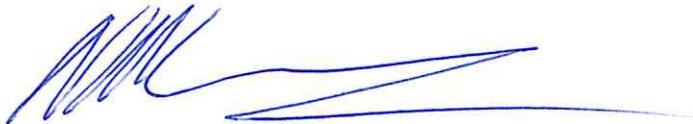
Management Changes

On 14 July 2014, Mr. Jack James was appointed as Company Secretary following the resignation of Mr. Scott Funston.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 3 and forms part of this directors' report for the half-year ended 31 December 2014.

This report is signed in accordance with a resolution of the Board of Directors.



Nicholas Lindsay
Managing Director

26 February 2015

Competent Person Statement

The information in this report that relates to Mineral Resources and Exploration Results are based on information compiled by Dr Nicholas Lindsay who is a Member of the Australian Institute of Geoscientists and the AusIMM. Dr Lindsay is a Director of Castillo Copper Limited. Dr Lindsay has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking 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'. Dr Lindsay consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Castillo Copper Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



**Perth, Western Australia
26 February 2015**

**L DiGiallonardo
Partner**

Condensed Consolidated Statement of Comprehensive Income
for the half-year ended 31 December 2014

	Note	31 December 2014 \$	31 December 2013 \$
Interest revenue		5,297	16,136
Revenue		5,297	16,136
Listing and public company expenses		(22,186)	(27,701)
Accounting and audit expenses		(53,851)	(51,989)
Consulting and directors' fees		(185,980)	(123,200)
Impairment of deferred exploration and evaluation expenditure	3	(78,226)	(411,292)
Other expenses		(73,709)	(69,895)
Loss before income tax		(408,655)	(667,941)
Income tax expense		-	-
Loss after income tax		(408,655)	(667,941)
Other comprehensive income / loss			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		123,585	(13,172)
Total comprehensive loss for the half-year		(285,070)	(681,113)
Loss per share attributable to owners of Castillo Copper Limited			
Basic and diluted loss per share (cents per share)		(0.10)	(0.28)

Condensed Consolidated Statement of Financial Position
as at 31 December 2014

	Note	31 December 2014 \$	30 June 2014 \$
Assets			
Current Assets			
Cash and cash equivalents		175,482	812,266
Other receivables		109,218	105,224
Total Current Assets		284,700	917,490
Non-Current Assets			
Deferred exploration and evaluation expenditure	3	3,687,950	3,328,152
Plant and equipment		850	1,165
Other receivables		10,000	20,000
Total Non-Current Assets		3,698,800	3,349,317
Total Assets		3,983,500	4,266,807
Current Liabilities			
Trade and other payables		103,414	80,044
Total Current Liabilities		103,414	80,044
Total Liabilities		103,414	80,044
Net Assets		3,880,086	4,186,763
Equity			
Issued capital	4	8,836,027	8,857,634
Reserves		1,619,099	1,495,514
Accumulated losses		(6,575,040)	(6,166,385)
Total Equity		3,880,086	4,186,763

Condensed Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2014

	Issued Capital \$	Share-Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
Balance as at 1 July 2014	8,857,634	1,773,742	(278,228)	(6,166,385)	4,186,763
Total comprehensive loss for the half-year					
Loss for the half-year	-	-	-	(408,655)	(408,655)
Other comprehensive income	-	-	123,585	-	123,585
Total comprehensive loss for the half-year	-	-	123,585	(408,655)	(285,070)
Transactions with owners in their capacity as owners					
Share buy-back	(21,607)	-	-	-	(21,607)
Balance at 31 December 2014	8,836,027	1,773,742	(154,643)	(6,575,040)	3,880,086
Balance as at 1 July 2013	5,601,778	1,773,742	16,276	(4,220,610)	3,171,186
Total comprehensive loss for the half-year					
Loss for the half-year	-	-	-	(667,941)	(667,941)
Other comprehensive loss	-	-	(13,172)	-	(13,172)
Total comprehensive loss for the half-year	-	-	(13,172)	(667,941)	(681,113)
Transactions with owners in their capacity as owners					
Share issued during the period	3,500,000	-	-	-	3,500,000
Costs of share issued	(244,144)	-	-	-	(244,144)
Balance at 31 December 2013	8,857,634	1,773,742	3,104	(4,888,551)	5,745,929

Condensed Consolidated Statement of Cash Flows
for the half-year ended 31 December 2014

	31 December 2014 \$	31 December 2013 \$
Cash flows from operating activities		
Payments to suppliers and employees	(312,066)	(626,244)
Interest received	9,143	8,360
Net cash outflow from operating activities	(302,923)	(617,884)
Cash flows from investing activities		
Tenement expenditure guarantees refunded	10,000	40,000
Payments for exploration and evaluation expenditure	(324,571)	(875,635)
Net cash outflow from investing activities	(314,571)	(835,635)
Cash flows from financing activities		
Repayment of borrowings	-	(200,000)
Proceeds from issue of shares	-	3,500,000
Payments for share buy-back	(21,607)	-
Share issue costs paid	-	(250,570)
Net cash (outflow) / inflow from financing activities	(21,607)	3,049,430
Net (decrease) / increase in cash and cash equivalents	(639,101)	1,595,911
Cash and cash equivalents at 1 July 2014	812,502	145,581
Effect of exchange rate fluctuations on cash held	2,081	16,850
Cash and cash equivalents at 31 December 2014	175,482	1,758,342

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

This general purpose half-year financial report of Castillo Copper Limited and its subsidiaries (the Group) for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 26 February 2015.

Castillo Copper Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

Basis of Preparation

This financial report for the half-year ended 31 December 2014 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

These half-year financial statements do not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements.

It is recommended that the half-year financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2014 and considered together with any public announcements made by Castillo Copper Limited during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations of the ASX listing rules.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period. The accounting policies adopted are consistent with those of the previous financial year.

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss after tax for the half-year ended 31 December 2014 of \$408,655 and experienced net cash outflows from operating activities of \$302,923 and net cash outflows from investing activities of \$314,571. At 31 December 2014, the Group had a net current asset position of \$181,286. The cash and cash equivalents balance at the date of issuing this report is \$144,692. The Directors recognise the need to raise additional funds via equity raisings for future exploration activities.

In considering the above, the Directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will be successful in securing additional funds through an equity issue.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2014

Should the Group not obtain funds through an equity issue, there is a material uncertainty that may cast significant doubt whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

New and amending Accounting Standards and Interpretations

In the half-year ended 31 December 2014, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2014.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to the Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to the Group accounting policies.

NOTE 2: SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information.

The Board of Directors reviews internal management reports on a monthly basis that are consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2014

NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2014	30 June 2014
	\$	\$
Opening balance	3,328,152	3,586,803
Exploration expenditure during the period	326,546	1,349,860
Net exchange differences on translation	111,478	(210,025)
Impairment ¹	(78,226)	(1,398,486)
Closing balance	<u>3,687,950</u>	<u>3,328,152</u>

The ultimate recoument of costs carried forward as exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

¹ The impairment loss in the comparative period relates to the withdrawal from various tenements held on which the Group has made a decision to not continue exploration work and accordingly wrote down the carrying value to nil.

NOTE 4: ISSUED CAPITAL

	31 December 2014	30 June 2014
	\$	\$
Issued and paid up capital		
Issued and fully paid	<u>8,836,027</u>	<u>8,857,634</u>

	6 months to 31 December 2014		Year ended 30 June 2014	
	Number of shares	\$	Number of shares	\$
Movements in issued capital				
Opening balance	430,200,004	8,857,634	80,200,004	5,601,778
Share issued during the period	-	-	350,000,000	3,500,000
Costs of shares issued	-	-	-	(244,144)
Share buy-back	(7,202,272)	(21,607)	-	-
Closing balance	<u>422,997,732</u>	<u>8,836,027</u>	<u>430,200,004</u>	<u>8,857,634</u>

NOTE 5: DIVIDENDS

No dividends have been paid or provided for during the half-year (2013: nil).

NOTE 6: CONTINGENT LIABILITIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

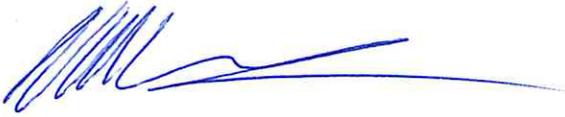
NOTE 7: SUBSEQUENT EVENTS

There have been no known significant events subsequent to the end of the period.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Castillo Copper Limited and its subsidiaries (the 'Company'), the directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 10, are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Nicholas Lindsay
Managing Director

26 February 2015

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Castillo Copper Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Castillo Copper Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Castillo Copper Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which indicates that the Group is dependent on raising sufficient funds through an equity issue to enable it to continue as a going concern. If the Group is unable to raise sufficient funds through an equity issue, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

HLB Mann Judd

**HLB Mann Judd
Chartered Accountants**

**Perth, Western Australia
26 February 2015**



**L DiGiallonardo
Partner**