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CASTILLO COPPER

# CASTILLO COPPER LIMITED

ABN 52 137 606 476

Half-year Financial Report  
31 December 2015

**CORPORATE DIRECTORY**

**Directors**

Mr. Jack James (Non-Executive Director)

Mr. David Wheeler (Non-Executive Director)

Mr. Giuseppe (Joe) Graziano (Non-Executive Director)

**Company Secretary**

Mr. Jack James

**Registered Office and Principal Place of Business**

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Subiaco, WA 6008

Australia

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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

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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 2015. 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 Jack James	Non-Executive Director (appointed 13 August 2015)
Mr David Wheeler	Non-Executive Director (appointed 13 August 2015)
Mr Giuseppe (Joe) Graziano	Non-Executive Director (appointed 13 August 2015)
Mr. Brian McMaster	Executive Chairman (resigned 13 August 2015)
Mr. Matthew Wood	Executive Director (resigned 13 August 2015)
Dr. Nicholas Lindsay	Managing Director (resigned 13 August 2015)
Mr. Daniel Crennan	Non-Executive Director (resigned 13 August 2015)

### Results

The loss after tax for the half-year ended 31 December 2015 was \$172,156 (31 December 2014 loss of \$408,655).

### Review of Operations

During the financial period, the principal activity was mineral exploration and examination of new resource opportunities. The Group currently holds copper mining concessions in Chile.

### Chilean Copper Projects

In August 2015, the Board undertook a review of the Company's future strategy and implemented initiatives to reduce costs. As a result of the review, the following key matters took place:

- Preliminary discussions held with a number of parties regarding future investment opportunities aimed at improving shareholder value; and
- Rationalisation of tenements to reduce expenditure commitments.

As part of the rationalisation of tenements, the Company made a decision to discontinue its Chilean Copper Projects, being the Posada and Rio Rocin Projects. The Company continues to hold title of its Trueno mining concessions.

As announced on 13 November 2015, the Company received confirmation it successfully withdrew from the Posada and Rio Rocin Project option agreements.

### NSW Project

During the period, the Company relinquished its tenement holding in New South Wales.

### Corporate

#### Rights Issue

The Company undertook a fully underwritten renounceable entitlements issue of approximately 422,997,732 Shares at an issue price of \$0.002 on the basis of one (1) new Share for every one (1) Share held by Shareholders on the record date, to raise approximately \$845,995 (Offer) before costs.

## DIRECTORS' REPORT (continued)

On 11 November 2015, the Company advised that its fully underwritten renounceable rights issue of 1 new share for every 1 shares held, at an issue price of \$0.002 per share (Rights Issue), closed on 6 November 2015. In accordance with Appendix 7A of the ASX Listing Rules, Castillo advised that it received valid acceptances for 164,354,560 new shares with a shortfall of 258,643,172 shares.

On 3 December 2015, the Company announced that further to its ASX announcement dated 11 November 2015, the Company completed the allotment and issue of 258,643,172 shares pursuant to the renounceable entitlements issue to shareholders offered under a Prospectus dated 9 October 2015 (the Issue).

### *Management Changes*

On 13 August 2015, Messrs. Jack James, David Wheeler and Joe Graziano were appointed as Non-Executive Directors following the resignation of Dr Nicholas Lindsay and Messrs Brian McMaster, Matt Wood and Dan Crennan who resigned from the positions of Managing Director, Executive Chairman, Executive Director and Non-Executive Director respectively.

### **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 2015.

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



**David Wheeler**

**Director**

14 March 2016

### *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 was 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 2013 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 2015, 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  
14 March 2016**

**L Di Giallonardo  
Partner**

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**Condensed Consolidated Statement of Comprehensive Income**  
for the half-year ended 31 December 2015

	Note	31 December 2015 \$	31 December 2014 \$
Interest revenue		565	5,297
<b>Revenue</b>		<b>565</b>	<b>5,297</b>
Listing and public company expenses		(25,047)	(22,186)
Accounting and audit expenses		(35,478)	(53,851)
Consulting and directors' fees		(61,836)	(185,980)
Impairment of deferred exploration and evaluation expenditure	3	(7,551)	(78,226)
Other expenses		(42,809)	(73,709)
<b>Loss before income tax</b>		<b>(172,156)</b>	<b>(408,655)</b>
Income tax expense		-	-
<b>Loss after income tax</b>		<b>(172,156)</b>	<b>(408,655)</b>
<b>Other comprehensive (loss) / income</b>			
<i>Item that may be reclassified subsequently to profit or (loss)</i>			
Exchange differences on translation of foreign operations		(6,244)	123,585
<b>Total comprehensive loss for the half-year</b>		<b>(178,400)</b>	<b>(285,070)</b>
<b>Loss per share attributable to owners of Castillo Copper Limited</b>			
Basic and diluted loss per share (cents per share)		(0.03)	(0.10)

**Condensed Consolidated Statement of Financial Position**  
as at 31 December 2015

	Note	31 December 2015 \$	30 June 2015 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		371,312	37,565
Other receivables		121,394	107,951
<b>Total Current Assets</b>		<b>492,706</b>	<b>145,516</b>
<b>Non-Current Assets</b>			
Deferred exploration and evaluation expenditure	3	-	-
Plant and equipment		-	205
Other receivables		-	10,000
<b>Total Non-Current Assets</b>		<b>-</b>	<b>10,205</b>
<b>Total Assets</b>		<b>492,706</b>	<b>155,721</b>
<b>Current Liabilities</b>			
Trade and other payables		26,338	295,391
<b>Total Current Liabilities</b>		<b>26,338</b>	<b>295,391</b>
<b>Total Liabilities</b>		<b>26,338</b>	<b>295,391</b>
<b>Net Assets / (Liabilities)</b>		<b>466,368</b>	<b>(139,670)</b>
<b>Equity</b>			
Issued capital	4	9,620,465	8,836,027
Reserves		1,638,598	1,644,842
Accumulated losses		(10,792,695)	(10,620,539)
<b>Total Equity</b>		<b>466,368</b>	<b>(139,670)</b>

**Condensed Consolidated Statement of Changes in Equity**  
for the half-year ended 31 December 2015

	Issued Capital \$	Share-Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
<b>Balance as at 1 July 2015</b>	<b>8,836,027</b>	<b>1,773,742</b>	<b>(128,900)</b>	<b>(10,620,539)</b>	<b>(139,670)</b>
<b>Total comprehensive loss for the half-year</b>					
Loss for the half-year	-	-	-	(172,156)	(172,156)
Other comprehensive loss	-	-	(6,244)	-	(6,244)
<b>Total comprehensive loss for the half-year</b>	<b>-</b>	<b>-</b>	<b>(6,244)</b>	<b>(172,156)</b>	<b>(178,400)</b>
<b>Transactions with owners in their capacity as owners</b>					
Ordinary shares issued	845,995	-	-	-	845,995
Share issue costs	(61,557)				(61,557)
<b>Balance at 31 December 2015</b>	<b>9,620,465</b>	<b>1,773,742</b>	<b>(135,144)</b>	<b>(10,792,695)</b>	<b>466,368</b>
<b>Balance as at 1 July 2014</b>	<b>8,857,634</b>	<b>1,773,742</b>	<b>(278,228)</b>	<b>(6,166,385)</b>	<b>4,186,763</b>
<b>Total comprehensive loss for the half-year</b>					
Loss for the half-year	-	-	-	(408,655)	(408,655)
Other comprehensive income	-	-	123,585	-	123,585
<b>Total comprehensive loss for the half-year</b>	<b>-</b>	<b>-</b>	<b>123,585</b>	<b>(408,655)</b>	<b>(285,070)</b>
<b>Transactions with owners in their capacity as owners</b>					
Share issued during the period	(21,607)	-	-	-	(21,607)
<b>Balance at 31 December 2014</b>	<b>8,836,027</b>	<b>1,773,742</b>	<b>(154,643)</b>	<b>(6,575,040)</b>	<b>3,880,086</b>

**Condensed Consolidated Statement of Cash Flows**  
for the half-year ended 31 December 2015

	31 December 2015 \$	31 December 2014 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(443,477)	(312,066)
Interest received	565	9,143
<b>Net cash outflow from operating activities</b>	<b>(442,912)</b>	<b>(302,923)</b>
<b>Cash flows from investing activities</b>		
Tenement expenditure guarantees refunded	-	10,000
Payments for exploration and evaluation expenditure	(7,779)	(324,571)
<b>Net cash outflow from investing activities</b>	<b>(7,779)</b>	<b>(314,571)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	845,995	-
Payments for share buy-back	-	(21,607)
Share issue costs paid	(61,557)	-
<b>Net cash inflow / (outflow) from financing activities</b>	<b>784,438</b>	<b>(21,607)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>333,747</b>	<b>(639,101)</b>
Cash and cash equivalents at 1 July 2015	37,565	812,502
Effect of exchange rate fluctuations on cash held	-	2,081
<b>Cash and cash equivalents at 31 December 2015</b>	<b>371,312</b>	<b>175,482</b>

**Notes to the Condensed Consolidated Financial Statements**

for the half-year ended 31 December 2015

**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 2015 was authorised for issue in accordance with a resolution of the directors on 14 March 2016.

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 2015 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 2015 and considered together with any public announcements made by Castillo Copper Limited during the half-year ended 31 December 2015 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 and methods of computation 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 2015 of \$172,156 and experienced net cash outflows from operating activities of \$442,912 and net cash outflows from investing activities of \$7,779. At 31 December 2015, the Group had a net current asset position of \$466,368. The cash and cash equivalents balance at the date of issuing this report is \$371,312. The Directors recognise the need to raise additional funds via equity raisings for future 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 2015

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Should the Group not obtain sufficient 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 2015, 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 2015.

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 2015. 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 2015

**NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE**

	31 December 2015 \$	30 June 2015 \$
Opening balance	-	3,328,152
Exploration expenditure during the period	7,551	405,271
Net exchange differences on translation	-	142,133
Impairment <sup>1</sup>	(7,551)	(3,875,556)
Closing balance	<u>-</u>	<u>-</u>

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

<sup>1</sup> 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 2015 \$	30 June 2015 \$
<b>Issued and paid up capital</b>		
Issued and fully paid	<u>9,620,465</u>	<u>8,836,027</u>

	6 months to 31 December 2015		Year ended 30 June 2015	
	Number of shares	\$	Number of shares	\$
<b>Movements in issued capital</b>				
Opening balance	422,997,732	8,836,027	430,200,004	8,857,634
Share issued during the period	422,997,732	845,995	-	-
Costs of shares issued	-	(61,557)	-	-
Share buy-back	-	-	(7,202,272)	(21,607)
Closing balance	<u>845,995,464</u>	<u>9,620,465</u>	<u>422,997,732</u>	<u>8,836,027</u>

**NOTE 5: DIVIDENDS**

No dividends have been paid or provided for during the half-year (2014: nil).

**NOTE 6: CONTINGENT LIABILITIES**

There has been no change in contingent liabilities 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 (the 'Company'), the directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 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 2015 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.



**David Wheeler**  
**Non-Executive Director**

14 March 2016

## **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 2015, 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 Group 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 Group's financial position as at 31 December 2015 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 Group's financial position as at 31 December 2015 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*

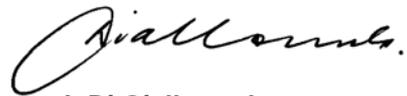
Without qualifying our conclusion, we draw attention to Note 1 to the financial statements which indicates that the ability of the Group to continue as a going concern is dependent on the ability to obtain sufficient funds through an equity issue.

Should the Group not be able to obtain sufficient 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.

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**14 March 2016**



**L Di Giallonardo**  
**Partner**

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