CASTILLO COPPER LIMITED

ASX Release

19 April 2018

CASTILLO COPPER LIMITED
ACN 137 606 476

Level 6
105 St Georges Terrace
Perth WA, 6000
Australia

Tel: +61 8 6558 0886
Fax: +61 8 6316 3337

Contact:
Alan Armstrong
Executive Director

E-mail:
info@castillocopper.com

For the latest news:

www.castillocopper.com

Directors / Officers:
Peter Meagher
Alan Armstrong
Peter Smith

Issued Capital:
580.1 million shares
67.5 million options

ASX Symbol:
CCZ

Castillo looks to build on the Cangai Resource with new cobalt targets

- **An updated desktop review has identified new primary cobalt targets at surface which builds on currently known occurrences in the Cangai Cobalt project (re-named from Jackaderry North)**
- **Exploration for new cobalt targets is set to progress concurrently with the Cangai Copper Mine expansion campaign (located in the Cangai Copper project – formerly Jackaderry South)**
- **Next steps are reviewing geophysics, implement follow up geochemistry and field geological mapping**
- **The desktop review highlighted CCZ's ground has occurrences more than 300ppm cobalt at surface[1] – this is 150ppm[2] higher than neighbour Corazon's (ASX: CZN) latest soil sampling program across four new target areas[2]**
- **Initial assay results from the Smelter Creek stockpile were encouraging with up to 1.25% Cu, 2.57% Zn and 357ppm Co – the Board expects to receive Hetherington Exploration & Mining Title Services' interim recommendation, on how to monetise the five stockpiles, relatively soon**
- **Several outcomes of a strategic review held by the Board on-site at Cangai Copper Mine include:**
  - **Expediting the Phase II drilling campaign at Cangai Copper Mine, which has been submitted to the regulator for approval and targets 39 drill-holes focused on supergene ore near the historic workings; and**
  - **For the Broken Hill project:**
    1) **Process and acquire open-and-closed-file airborne electromagnetic data (where available) over the project area; and**
    2) **A geology team will be sent to site to commence follow up field work on prospective targets for cobalt mineralisation, especially with Cobalt Blue's (ASX: COB) ground 2-3km south and its recently announced strategic alliance with LG Group[3] enhancing the Broken Hill region's profile**

Castillo Copper's Chairman Peter Meagher commented: *"Our first on-site Board meeting at Cangai Copper Mine commenced with total agreement to re-brand the project name to Cangai Cobalt and Cangai Copper reflective of where mineralisation has been identified. While the core focus remains Cangai Copper Mine, the Board is keen to garner a greater understanding of the extent of cobalt mineralisation across the entire tenure and ramp up exploration efforts in Broken Hill. The Board is focused on creating value for shareholders where practical, which explains the recent move to monetise the legacy stockpiles."*

***

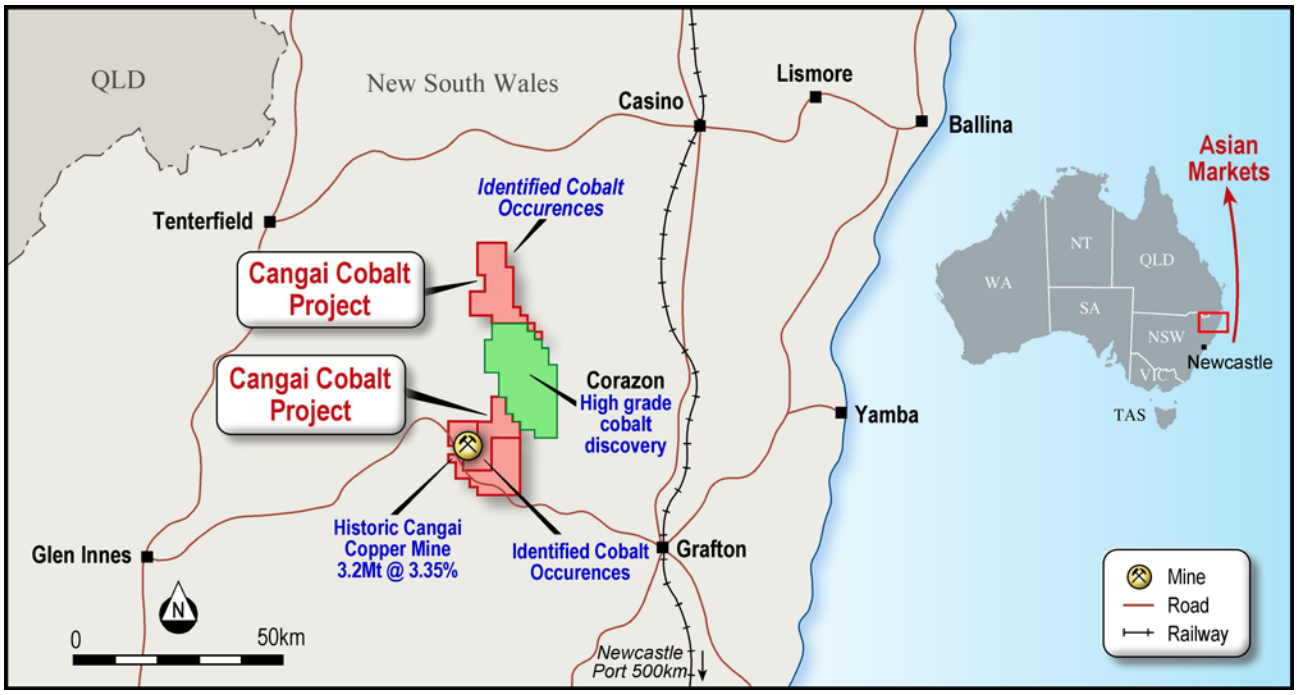
Castillo Copper Limited's ("CCZ" or **"the Company")** Board held an onsite strategic review at Cangai Copper Mine (CCM). The strategic review included reviewing and discussing historic deposits and data as well as forming a proactive forward agenda to elevate exploration activities for cobalt mineralisation across the Cangai Cobalt/Copper and Broken Hill projects.

UPDATED DESKTOP REVIEW

Exploration upside

A key finding from the updated desktop review is the material exploration upside for cobalt mineralisation across both Cangai Cobalt/Copper projects – previously the focus was on the former area given it is contiguous to CZN's tenure (Figure 1).

FIGURE 1: CANGAI COBALT/COPPER RELATIVE TO CZN; COBALT OCCURRENCES



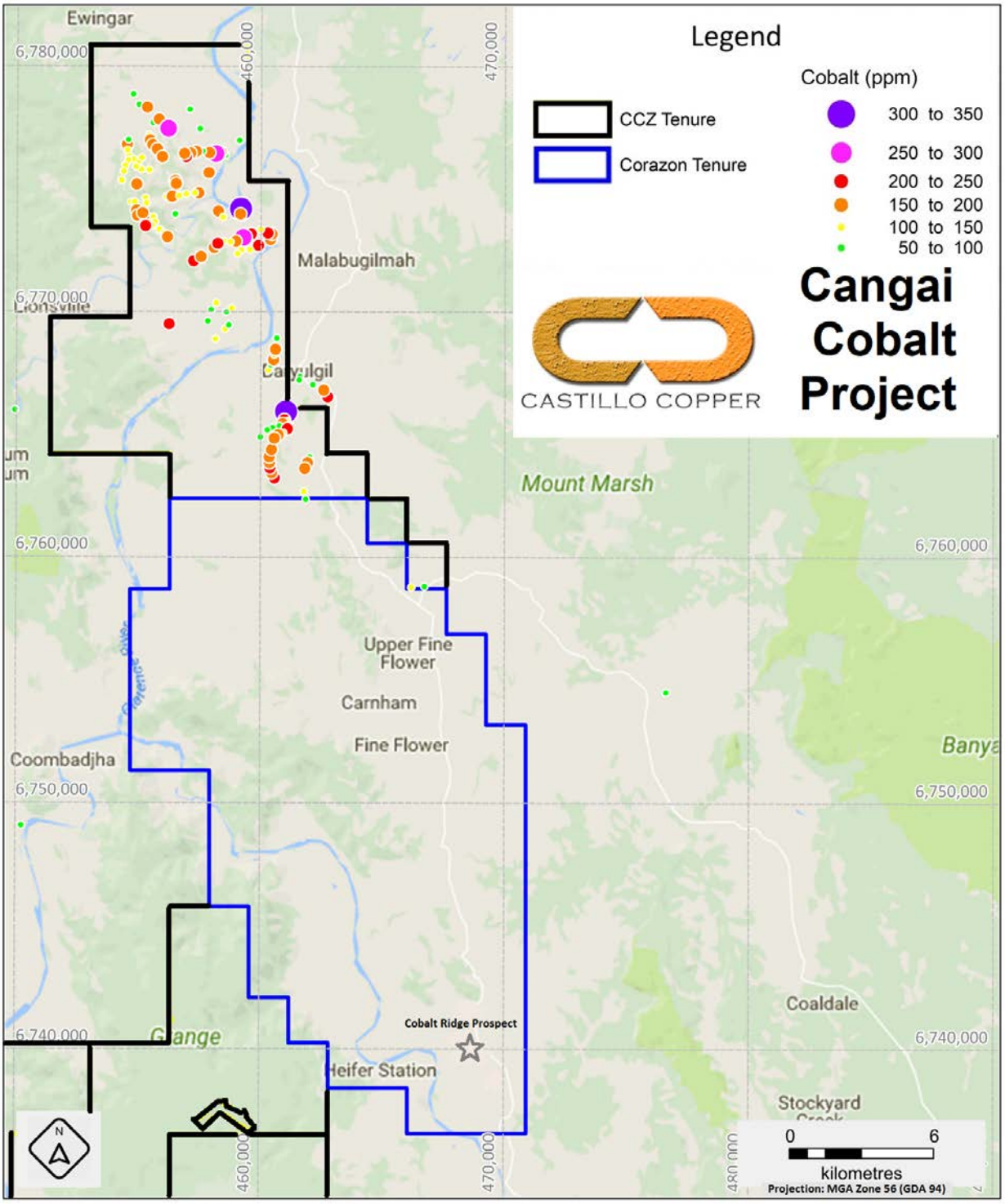
Source: CCZ geology team

The rationale for arguing both Cangai Cobalt/Copper are prospective for cobalt originates from interpreting results from CZN's Mt Gilmore project[2], which includes the historic Cobalt Ridge deposit. A drilling campaign in late 2016 confirmed Cobalt Ridge is a high-grade cobalt dominant deposit, with broad shallow mineralisation. A prominent fact is that CZN has grown its cobalt footprint from an initial historic surface occurrence to several targets, which extrapolating, suggests the entire region is prospective for high-grade cobalt mineralisation.

Geochemical analysis proving effective

The desktop report highlighted that within the Cangai Cobalt project there are extensive anomalous zones where historic soil sampling has taken place. A closer review of the legacy geochemistry data shows there are samples with readings >300ppm in two locations[1], which surpasses results reported by CZN[2].

FIGURE 2: COBALT SURFACE SOIL GEOCHEMISTRY AT CANGAI COBALT PROJECT



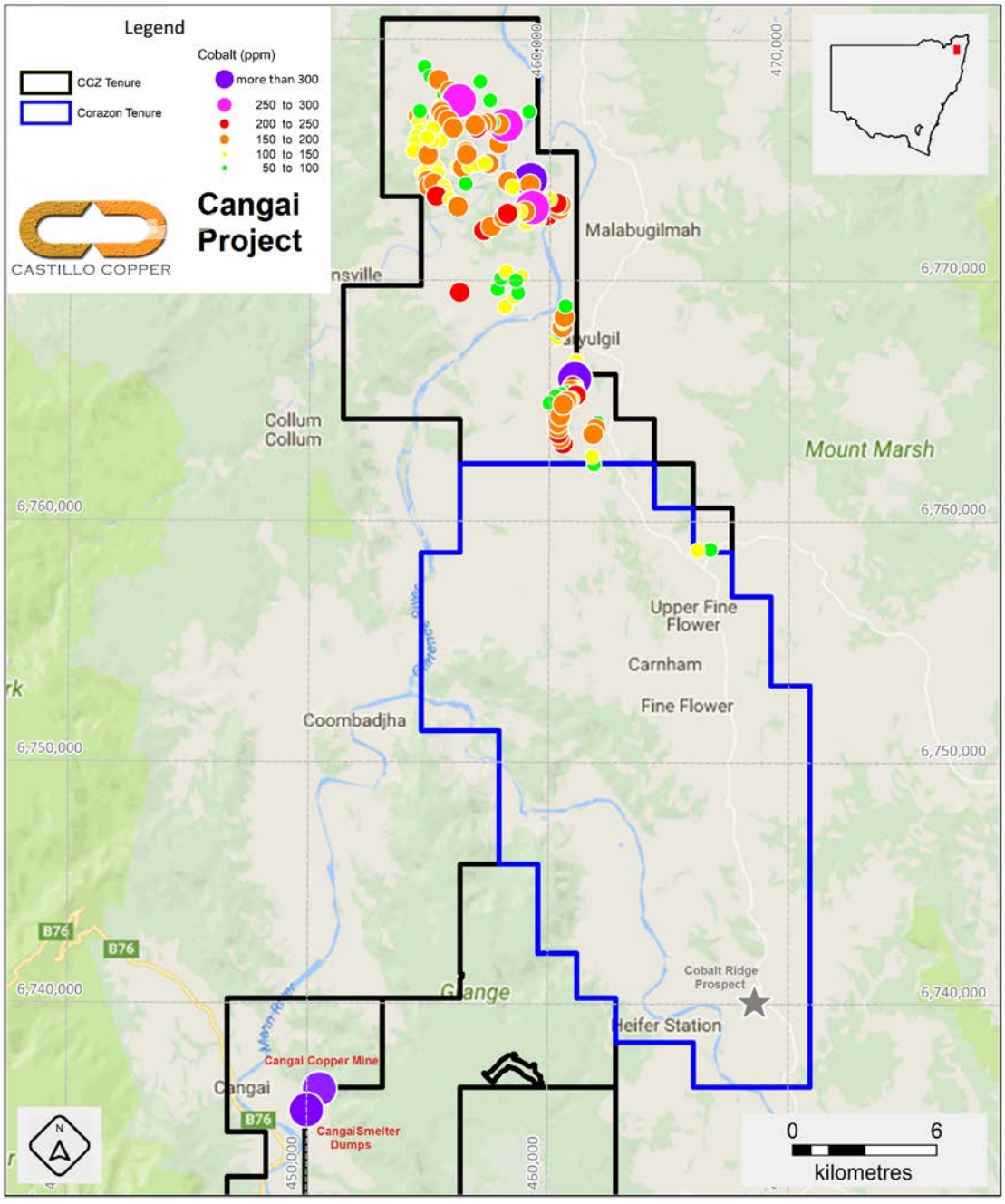
Source: CCZ geology team

With high cobalt soil anomalies in the Cangai Cobalt project, CCZ are solidly positioned to expedite exploring these zones. By employing a similar strategy deployed by CZN[2] at Cobalt Ridge, CCZ intends to expand the geochemical soil sampling across the combined Cangai Cobalt/Copper tenure to identify incremental cobalt targets and extend current focus areas.

Undiscovered cobalt potential

The Cangai Copper project, where the flagship CCM is located, remains largely under explored for cobalt (Figure 3). However, historic mining activities provide concrete evidence for the presence of cobalt. Legacy mining reports document the presence of cobalite[4], which resulted in its inclusion in the Mineral Resource estimate[5].

FIGURE 3: COBALT GEOCHEMISTRY AT CANGAI PROJECT



Source: CCZ geology team

Smelter Creek stockpile: assay results

Assay results from initial channel rock-chip sampling at the legacy Smelter Creek stockpile (Figure 4) were encouraging with up to 1.25% Cu, 2.57% Zn and 357ppm Co (Table 1). While further work needs to be undertaken, the Board remains committed to creating value for shareholders by monetising the stockpiles and is waiting for an interim report from Hetherington Exploration & Mining Title Services on ways to move forward.

Table 1: Assays for the initial Smelter Creek stockpile sampling is as follows

Sample	East (MGA56)	North (MGA56)	Copper (%)	Cobalt (ppm)	Zinc (%)	Silver (ppm)
1012521	450010E	6735565N	0.995%	357	2.30%	2
1012522	459995E	6735536N	1.04%	286	2.26%	2.2
1012523	459977E	6735557N	1.25%	319	2.57%	2.7

Source: ALS

FIGURE 4: PICTURES OF SMELTER CREEK STOCKPILE

Source: CCZ geology team

Next steps for Cangai Cobalt/Copper projects

Key recommendations from the desktop report include:

- Conduct infill soil and stream geochemistry sampling to identify additional cobalt anomalies throughout the project area;
- For Cangai Copper specifically:
  1) Undertake extensive, large scale geochemical sampling to constrain identified cobalt mineralisation and identify incremental targets;
  2) Follow up with a smaller scale soil and rock chip sampling program to fine tune exploration targets; and
- Utilising data from the geochemistry programs, formulate the inaugural drilling campaign.

Strategic review

The Board members made an inaugural visit to CCM to view progress with the recent drilling program and connect with the geology team. The Board took the opportunity to re-set CCZ's strategic intent and formulated a detailed action plan. Key priorities going forward include:

- Fast-track the Phase II drilling program, once regulatory approval granted;
- Ramp up efforts to explore for cobalt mineralisation within Cangai Cobalt/Copper project area; and
- Send a geology team to the Broken Hill project as soon as practical to commence field work on sites of interest already identified, which comes in the wake of LG Group[3] announcing a strategic alliance with COB (note: COB's ground is 2-3km south from CCZ's tenure).

For and on behalf of Castillo Copper

Alan Armstrong

Executive Director

COMPETENT PERSON STATEMENT

The information in this document that relates to Exploration Results is based on, and fairly represents, information and supporting documentation prepared by Mr Peter Smith, BSc (Geophysics) (Sydney) AIG ASEG, who is a Member of The Australasian Institute of Geoscientists (AIG). Mr Smith 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 Mineral Resources and Ore Reserves" (JORC Code). Mr Smith has approved and consented to the inclusion in this document of the matters based on his information in the form and context in which it appears.

REFERENCE LIST from ASX Announcements:

1) CCZ ASX Announcement dated 14 June 2017
2) CZN ASX Announcement 16 June 2016
3) COB ASX Announcement 23 March 2018
4) CCZ ASX Announcement dated 21 August 2017
5) CCZ ASX Announcement 6 September 2017

ABOUT CASTILLO COPPER

Castillo Copper Limited (ASX: CCZ) is an ASX-listed base metal explorer that's flagship project is the historic Cangai Copper Mine near Grafton in northeast NSW. The project comprises a volcanogenic massive sulphide ore deposit, with one of Australia's highest grade JORC compliant Inferred Resources for copper: 3.2Mt @ 3.35% (6 September 2017). In terms of contained metal, the Inferred Resource is 107,600t Cu, 11,900t Zn, 2.1Moz Ag and 82,900 Moz Au. A notable positive is the presence of supergene ore with up to 35% copper and 10% zinc which is ideal feedstock for direct shipping ore. Incrementally, the project holds five historic stock piles of high-grade ore located near Cangai Copper Mine.

In brief, CCZ's Australian assets are 100% owned and comprise four tenure groups detailed briefly as follows:

- **NSW assets:** Consists of two projects: 1) Cangai Copper and Cobalt, which includes the Cangai Copper Mine, is in an area highly prospective for copper-cobalt-zinc and made up of three tenements; and, 2) Broken Hill which consists of two contiguous tenements prospective for cobalt-zinc that are located within a 20km radius of Broken Hill and just north of Cobalt Blue's ground (ASX: COB).

- **Queensland assets:** Comprises two projects: 1) Mt Oxide made up of three prospects (two are contiguous) in the Mt Isa region, northwest Queensland, and are well known for copper-cobalt systems; and, 2) Marlborough which includes three prospects located north-west of Gladstone (adjacent to Queensland Nickel mining leases) in an area with proven high-grade cobalt-nickel systems.

Finally, CCZ' holds six exploration concessions in Chile.

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr>
<td>Sampling techniques</td>
<td>

Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.
Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.
Aspects of the determination of mineralisation that are Material to the Public Report.
In cases where ‘industry standard’ work has been done this would be relatively simple (e.g. ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30-g charge for fire assay’). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.

</td>
<td>

Castillo Copper completed smelter slag dump retesting of ore in the form of bulk samples. The samples were collected up the face of the slag dump at intervals 20m apart and sent for analysis at ALS using procedure ME-MS61-C which uses a 4 acid digest.

Cangai Smelter Site Sampling (ALS, Method ME-MS61-C)
<table>
<tr><th>Sample</th><th>East(MGA56)</th><th>North (MGA56)</th><th>Copper (%)</th><th>Cobalt (ppm)</th><th>Zinc (%)</th><th>Silver(ppm)</th><th>Gold (ppm)</th></tr>
<tr><td>1012521</td><td>450010E</td><td>6735565N</td><td>0.995%</td><td>357</td><td>2.30%</td><td>2</td><td>N/A</td></tr>
<tr><td>1012522</td><td>459995E</td><td>6735536N</td><td>1.04%</td><td>286</td><td>2.26%</td><td>2.2</td><td>N/A</td></tr>
<tr><td>1012523</td><td>459977E</td><td>6735557N</td><td>1.25%</td><td>319</td><td>2.57%</td><td>2.7</td><td>N/A</td></tr>
</table>

All other sampling used in this analysis was all historical from the period 1967-2016. The data was a combination of the NSW Geological Survey surface sampling database and historical annual and relinquishment reports revisited and additional data extracted. Additional analyses are currently being collated from a 1991 UNSW Honours Thesis (Brauhart 1991).
Nearly 870 sample analyses from stream sediment, soil, and rock chip sources were collated and combined.
Many of the sampling programs, especially from the 1990’s did include reference samples and duplicate analyses and other forms of QA/QC checking.
Sampling prior to 1985 generally has higher “below detection limits” and less QA/QC checks.
Regarding historical cores from holes held by the NSW Geological Survey at the Cangai Copper Mine (closed), selected sections have been reanalyzed using pXRF. The grades quoted for cored intervals described in section 2 have been measured using a handheld pXRF Analyser. These grades are indicative grades only as the pXRF Analyser does not have the same degree of accuracy as laboratory generated results.
Sample details from the pXRF machine are listed below. The actual results have

</td>
</tr>
</table>

been listed in Appendix 1 of the Geological Summary report, reported previously.

Cangai Core pXRF Sample Details

Date	Field Label 1	Mode	Elapsed Time 1	Elapsed Time 2	Elapsed Time Total	Instrument SN	Model	Tube Anode	User Factor Name	Unit
01-06-17	SAMPLE ID#1	Geochem	29.29	59.72	89.01	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#2	Geochem	29.31	59.64	88.95	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#3	Geochem	29.3	59.65	88.95	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#4	Geochem	29.68	59.31	88.99	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#5	Geochem	29.69	59.31	89.01	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#6	Geochem	29.22	59.8	89.02	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#7	Geochem	29.31	59.78	89.08	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#8	Geochem	29.36	59.55	88.92	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#9	Geochem	29.57	59.8	89.37	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#10	Geochem	29.43	59.71	89.14	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#11	Geochem	29.46	59.84	89.3	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#12	Geochem	29.65	59.32	88.97	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#13	Geochem	29.65	59.52	89.17	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#14	Geochem	29.23	59.85	89.08	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#15	Geochem	29.44	59.8	89.24	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#16	Geochem	29.38	59.75	89.13	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#17	Geochem	29.24	59.87	89.11	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#18	Geochem	29.59	59.72	89.31	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#19	Geochem	29.42	59.69	89.11	550172	Delta Premium-50kV	Au	Factory-Default	%
01-06-17	SAMPLE ID#20	Geochem	29.36		29.36	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#21	Geochem	29.42	59.85	89.27	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#22	Geochem	29.73	59.81	89.54	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#23	Geochem	29.7	59.42	89.12	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#24	Geochem	29.41	59.74	89.15	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#25	Geochem	29.54	59.89	89.43	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#26	Geochem	29.34	59.82	89.16	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#27	Geochem	29.48	59.71	89.19	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#28	Geochem	29.4	59.68	89.09	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#29	Geochem	29.42	59.74	89.17	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#30	Geochem	29.32	59.79	89.11	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#31	Geochem	29.45	59.68	89.13	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#32	Geochem	29.23	59.86	89.09	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#33	Geochem	29.5	59.59	89.1	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#34	Geochem	29.62	59.9	89.51	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#35	Geochem	29.58	59.79	89.36	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#36	Geochem	29.68	29.11	88.15	550172	Delta Premium-50kV	Au	Factory-Default	%
02-06-17	SAMPLE ID#37	Geochem	29.21	28.85	87.91	550172	Delta Premium-50kV	Au	Factory-Default	%

Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	• There are several drillholes near EL 8625 that could be investigated for relevant and similar geology that are held by the department and could be retested. • The closest set of drill holes (ten (10) in total) with available core for analysis are in the tenure, at the Cangai copper mine. To the north of EL 8625, seventeen (17) drill holes were completed for copper-gold exploration at the Just-in-Time mine and Coaldale Prospects. Those cores are also available from the NSW Core Library. Drilling was a combination of RAB, RC with limited diamond cored holes.
Drill sample	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Not applicable in this study as no new drilling was undertaken.

recovery	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The drilling that did occur was completed to modern-day standards. • No downhole geophysical logging took place.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• No new samples were obtained. Historical cores from Cangai Mine lodged with the NSW Geological Survey are generally sawn with half or quarter core remaining. • Industry acceptable standards and blanks were used as certified reference material to ensure satisfactory performance of the pXRF • QAQC results indicate that the sampling is accurate and precise
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• All the analyses bar a few (<75 out 2,600) samples were laboratory tested in various NATA-registered laboratories throughout Australia. Many of the earlier CRA Exploration stream sediment and soil samples were analysed by CRA internal laboratories. • XRF geochemical data taken from field portable XRF Olympus. • Duration of sampling 30 seconds per filter (3 filters). • Calibration of the unit was carried out on the unit at the start of the sampling at the core library. • The following elements were analysed; Ag, As, Se, Ca, K, S, Ba, Sb, Sn, Cd, Pd, Zr, Sr, Rb, Pb, Hg, Zn, W, Cu, Ni, Co, V, Ti, Au, Fe, Mn, Cr, Sc, Mo, Th, U, Ta. • The Cangai smelter site samples were analysed by Atomic Absorption Spectroscopy for the following elements: Cu_pct, Co_ppm, Zn_pct, Ag_ppm and Au_ppm.

Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Over 220 samples have had their assays duplicated. • None of the historical data has been adjusted.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• In general, locational accuracy does vary, depending upon whether the samples were digitised off plans or had their coordinated tabulated. Many surface samples were reported to AGD66 or AMG84 and have been converted to MGA94. • Locational accuracy therefore varies between 2-50m. The list of historical drillholes investigated is shown in Table 2. *Table 2: Cangai Diamond Drilling*

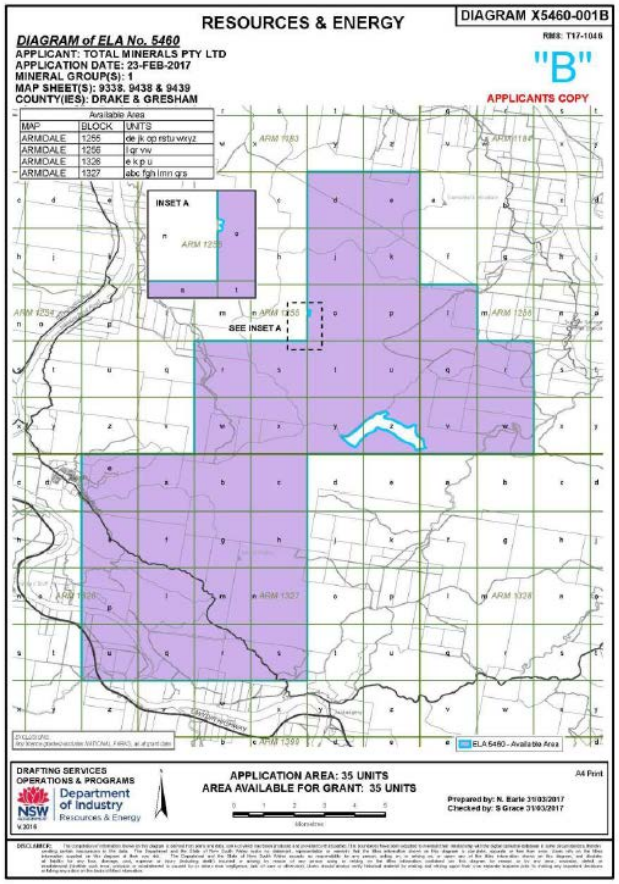
Company	Prospect Name	Hole Name	Title Code	Title Number	Total Depth	Completion Date
CRA Exploration Pty Ltd,	Cangai Copper Mine - Grafton	DD91CG2	EL	3665	421.1	1991
Western Mining Corporation Ltd,	Jackadgery - Cangai	BJAC2	EL	1809	193.5	1982
CRA Exploration Pty Ltd,	Cangai Copper Mine - Grafton	DD91CG4	EL	3665	180	1991
CRA Exploration Pty Ltd,	Cangai Copper Mine - Grafton	DD91CG1	EL	3665	15	1991
Western Mining Corporation Ltd,	Jackadgery - Cangai	BJAC1	EL	1809	226.7	1982
CRA Exploration Pty Ltd,	Cangai Copper Mine - Grafton	DD91CG5	EL	3665	275	1991
CRA Exploration Pty Ltd,	Cangai Copper Mine - Grafton	DD91CG3	EL	3665	402.4	1991
Union Corporation (Australia) Pty Ltd, Mineral wealth NL	Cangai Copper Mine - Grafton	DDH2	ML	6244	228.6	1972
Union Corporation (Australia) Pty Ltd, Mineral wealth NL	Cangai Copper Mine - Grafton	DDH5	ML	6244	132.7	1972

Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• The average surface sample spacing across the tenure varies per element, e.g. for cobalt the RMS spacing between sample points is 165m, ranging down to 124m for nickel. • No sample compositing has been applied.
Orientation of data in relation to	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• The current database does not contain any sub-surface samples, but these are currently being added (3rd August 2017). • Additional surface bedding and foliation data, and that from some of the accessible

geological structure	• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	underground mine adits is being compiled form a UNSW Honours thesis (Brauhart 1991)
Sample security	• *The measures taken to ensure sample security.*	• No additional samples have been obtained at this stage.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have yet been undertaken.

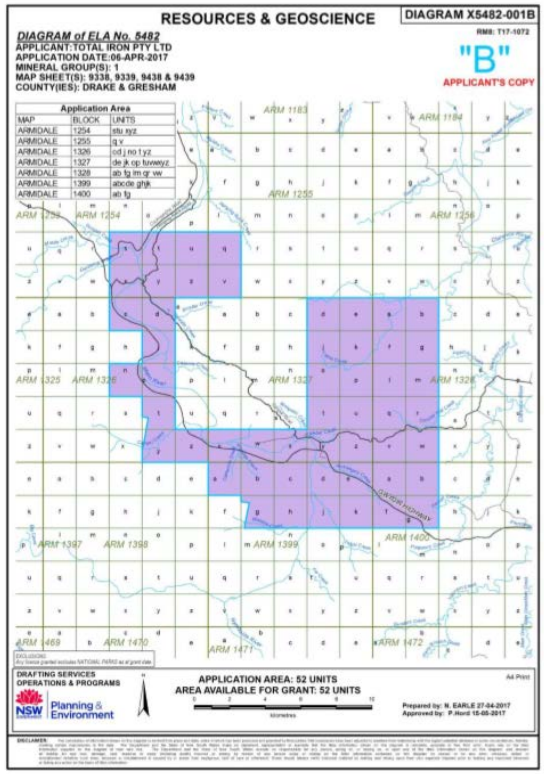
Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Castillo Copper holds EL 8625 of 35 units (155 km^2). The tenure has been granted for a period of thirty-six months until 17th July 2020, for Group 1 minerals. The location of the tenure is shown below: Location of EL 8625 Jackadgery North  	

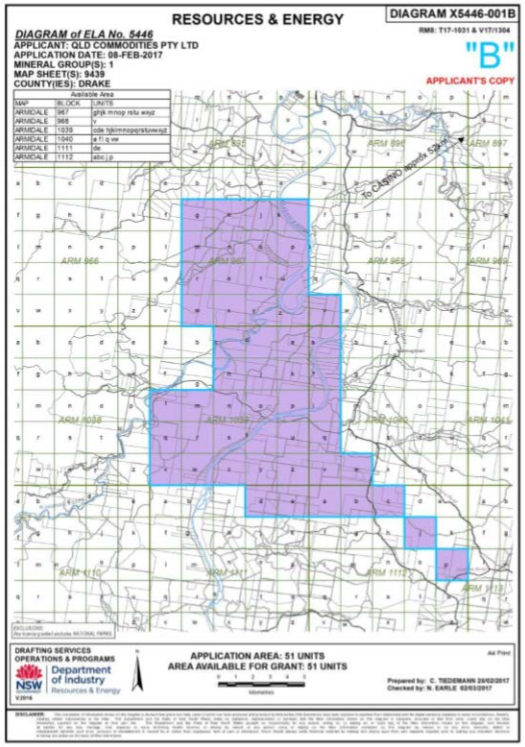
- Castillo Copper holds EL 8635 of 52 units. The tenure has been granted for a period of thirty-six months until 21st August 2020, for Group 1 minerals. The location of the tenure is shown in Figure 1 below:

Location of EL 8635 Jackadgery South



- Castillo Copper holds EL 8601 of 51 units. The tenure has been granted for a period of thirty-six months until 21st June 2020, for Group 1 minerals. The location of the tenure is shown in Figure 1 below:

Location of EL 8601 Kungabaran Hill

		
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	Previous explorers (Brownlow, 1989; Abraham-Jones, 2012) have noted that a 'basement window' of exposed magmatic hydrothermal alteration and historical copper workings may represent the western and upper extent of a much larger hydrothermal system concealed under Mesozoic cover to the east, prospective for: • Quartz-tourmaline-sulphide-cemented, magmatic-hydrothermal breccia hosted copper-gold-molybdenum-cobalt (Cu-Au-Mo-Co) deposit; • Concealed porphyry copper-gold-molybdenum-cobalt (Cu-Au-Mo-Co) ore body associated with quartz diorite to tonalitic porphyry apophyses proximal to the tourmaline-sulphide cemented breccia's; • Potential also exists for copper-gold (Cu-Au) skarn; Considerable exploration has taken place in and around the Cangai Copper Mine (closed) by several large explorers such as Western Mining and CRA

		Exploration, the results of which are covered in the Local Geology section.
Geology	• *Deposit type, geological setting and style of mineralisation.*	**Regional Geology** The underlying geology is contained within the Coffs Harbour Block, east of the Demon Fault. The major basement unit is the Silurian-Devonian Silverwood Group (locally the Willowie Creek Beds), a mixed sequence of tuffaceous mudstones, intermediate to basic igneous rocks, slates, and phyllites, a low stage of regional metamorphism. Overlying this rock formation is a younger tectonic melange of Early Carboniferous age – the Gundahl Complex of slates, phyllites and schist, with chert, greenstone and massive lithic greywackes. These rocks are intruded by the Early Permian Kaloe Granodiorite, which also in turn is intruded by numerous later-stage mafic dykes. **Local Geology** The local geology is well understood as considerable exploration has taken place in and around the Cangai Copper Mine (closed) by several major explorers such as Western Mining and CRA Exploration, the results of which are covered in the section below. **Western Mining 1982-1984** Western Mining found that the recognition of substantial amounts of pyrrhotite in high grade ore collected from mine dumps led to the reappraisal of previous explorer's ground magnetics (Brown, 1984). Two soil anomalies were identified @ +60ppm Cu (max 1100ppm) and several strong linear magnetic anomalies (=250nT above background). Soil sampling and detailed ground inspections conducted over the linear magnetic high failed to identify any anomalous geochemistry or a possible source lithology. A 180m diamond drill hole was drilled to test the anomaly. Given the poor results of both the drilling and the follow-up stream sediment sampling, no further work was recommended. The decision was made to relinquish the licence in 1984. **CRA Exploration 1991-1992** CRA Exploration examined the geological form, setting and genesis of the mineralisation at the Cangai Copper Mine over several years. The work carried out consisted of geological mapping, collection of rock chip samples, and

		underground investigations at the mine site. Drill core from a CRA exploration program and mine dumps were also inspected. They concluded that the Cangai Copper Mine is hosted by sedimentary rocks of the Siluro-Devonian Willowie Creek Beds of tuffaceous mudstones, tuffaceous sandstones and conglomerates. Mineralisation appears to be associated with steeply plunging ore shoots in and adjacent to the main shear zone. Massive primary ore consists of chalcopyrite, pyrite and pyrrhotite with lesser sphalerite and minor arsenopyrite and galena. A detailed, well documented report was produced, but no reasons were given for the relinquishment of the licence. *Rock Chip Sampling at Cangai Copper Mine* Appendix 5 Ore Sample Assays Similar dump samples to those collected by the author were submitted for analysis by CRA Exploration. Selected assays are presented below. Values are ppm unless otherwise stated. |	1	2	3	4	5	6
---	---	---	---	---	---	---
Cu	15.3%	28.6%	12.4%	14.8%	10.6%	11.0%
Pb	640	1200	1800	7550	800	2500
Zn	4.68%	1.27%	2.35%	9.50%	6400	5.10%
Ag	76	86	30	49	160	150
As	4750	1650	4850	3800	4750	7150
Mn	185	240	370	430	155	150
Au	1.80	2.50	0.72	2.30	1.32	1.85
Fe	30.9%	22.6%	28.2%	32.9%	33.8%	27.4%
S	27.5%	3.73%	16.6%	29.6%		
Co	70	25	300	330	370	300
V					<10	<10
Ba					<10	20
Ni					<5	<5
Bi					30	80
Cd					14	90	 Sample description 1 Massive chalcopyrite-pyrite ore 2 Oxide material 3 Massive pyrite chalcopyrite rock with gangue clasts 4 Well banded pyrite-sphalerite ore 5 Weakly banded massive sulfide 6 Weakly banded massive sulfide
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*	• During late May 2017, ROM Resources personnel visited the NSW Geological Survey core storage facility at Londonderry in the Western Sydney area, to view, log and resample Cangai Mine cores. Of the ten (10) drillholes completed by various exploration and mining companies (including Western Mining and CRA Exploration) during the period 1974-1995, eight (8) had core stored with the Department. • As this was a preliminary visit, and many of the core only had quarter core

- *dip and azimuth of the hole*
- *down hole length and interception depth*
- *hole length.*

- *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*

samples remaining it was decided to scan targeted areas with a portable pXRF machine, and record the average grade for a suite of minerals over that interval which were generally 0.5-2m in length.

- The drillholes were sited in and around the mined-out areas and generally the target intervals were of andesite or tuff that had been brecciated and displaying multi-sulphide mineralisation were tested. Some of the intervals tested had normal laboratory results available, but only for Cu, Au, Ag, Pb and Zn. Comparisons have yet to be made with the pXRF values, only to note that pXRF copper values were higher than the comparable assayed interval.
- A summary of selected results for all holes combined is given below. In all 22 elements were tested.
- Total Minerals considers that if laboratory retesting of the core for cobalt is achieved then, combined with the mine working data and other geological information, sufficient data exists to calculate a small copper-cobalt-zinc resource based on the unmined portions of the now closed Cangai Copper Mine.

Summary of Cangai pXRF Testing

Element	Total Tests	Anomalous Threshold (ppm)	Number of Anomalous Values	Highest Value ppm
Cu	37	500	17	190,000 (19%)
Pb	37	600	3	2,500
Zn	37	600	5	1,860
Co	37	50	4	730
Au	37	5 ppb	1	25ppb
Ag	37	2	2	15
U	37	50	1	170

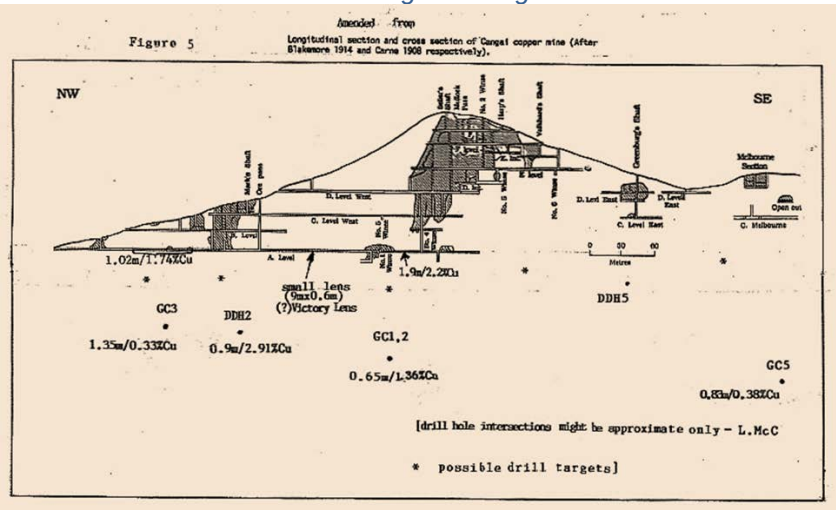
Note: pXRF testing is indicative only, and further laboratory testing is required. It should be noted that the main purpose of the pXRF testing was to confirm the presence of cobalt which was previously not analysed.

- The smelter slag dump resulting from the smelting of ore from the historical workings at Cangai was sampled to determine the order of magnitude of remaining mineralisation.
- Castillo Copper completed smelter slag dump retesting of ore in the form of bulk samples. The samples were collected up the face of the slag dump at intervals 20m apart and sent for analysis at ALS using procedure ME-MS61-C which uses a 4 acid digest.

Cangai Smelter Site Sampling (ALS, Method ME-MS61-C)

Sample	East(MGA56)	North	Copper	Cobalt	Zinc (%)	Silver(ppm)	Gold

		(MGA56)	(%)	(ppm)				(ppm)
1012521	450010E	6735565N	0.995%	357	2.30%	2	N/A
1012522	459995E	6735536N	1.04%	286	2.26%	2.2	N/A
1012523	459977E	6735557N	1.25%	319	2.57%	2.7	N/A

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No compositing has taken place.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• Below is a cross-section showing the four (4) main near vertical mineralised zones at the Cangai Mine. *NW to SE Cross-section of workings at Cangai Mine*  • Follow-up work is recommended (Phase 2), particularly the anomalous zones (which are in the process of being digitised off the 1908 and 1912 mine plans (Brauhart 1991), should become priority targets for geological mapping, ground magnetic and EM surveys.

		• Data is also being extracted from a thorough UNSW Honours Thesis as referenced below: Brauhart, C. (1991). The Geology & Mineralisation of the Cangai Copper Mine, Coffs Harbour Block Northeastern New South Wales. CRAE Report No: 17739. University of NSW.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Current surface anomalies are shown on maps in the report. All historical surface sampling has had their coordinates converted to MGA94, Zone 54.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced avoiding misleading reporting of Exploration Results.*	• No new exploration results have been reported, but regarding the surface sampling, no results other than duplicates or reference standard assays have been omitted.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Historical explorers have also conducted airborne and ground gravity, magnetic, EM, and resistivity surveys over parts of the tenure area but this is yet to be collated.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	While further desktop work is still required, as cobalt was not the focus of previous exploration activities, CastilloCopper intends to commence suitable fieldwork within the next few months to assist in gathering data that could identify a resource to 2012 JORC standards. Drillhole and assay data will have to be encoded and validated. New laboratory assaying will be required of the historic core to confirm pXRF readings. Conclusions by CRA Exploration in 1991 noted “that because of uncertainty over shoot pitch and correlation between longitudinal sections generated by the various mining companies it is not clear whether the historic drilling was well suited to test for copper ore extensions”. No JORC Resources have been outlined to date at Cangai, but there is potential for further economic mineralisation of (probably) moderate size: • As lower grade aureoles (3+%) around and below stopes (CRAE's drilling was 90-150m below the deepest level worked); • Blind deposits between the shoots in areas not tested to date (e.g. below the 1m @ 1.74% over 60m in “A” Level northwest of Marks Shoot;

		• Along the lateral extension of the line of lode as suggested by ground magnetics (part of which may fall outside EL 8625).