

# Castillo Copper Limited 30 June 2021 Annual Report

ABN 52 137 606 476



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# Corporate Directory

## Directors

Robert Scott (Non-Executive Chairman)

Simon Paull (Managing Director)

Gerrard (Ged) Hall (Non-Executive Director)

Geoff Reed (Non-Executive Director) (appointed 16 August 2021)

## Company Secretary

Dale Hanna

## Registered Office and Principal Place of Business

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West Perth, WA 6005 Australia

Telephone: + 618 6558 0886

Facsimile: + 618 6316 3337

## Share Registry

Automic Registry Services Pty Ltd

Level 2

267 St Georges Terrace

Perth, WA 6000 Australia

Telephone: 1300 288 664

## Auditors

HLB Mann Judd (WA Partnership)

Level 4

130 Stirling Street

Perth, WA 6000 Australia

## Securities Exchange Listing

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

ASX Code: CCZ

London Stock Exchange

LSE Code: CCZ

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## Chairman's Address

Dear Shareholders,

Overall, the 2021 financial year was a productive one for Castillo Copper despite the challenges presented by the COVID 19 pandemic. We embarked on our strategic journey to evolve into a copper producer, focusing mostly on exploring key targets in Queensland and Zambia.

In addition, Castillo Copper successfully listed on the London Stock Exchange, increased the footprint around the world-class Broken Hill silver-zinc-lead deposit and raised well over A\$10 million (£5 million) from placements and option conversions.

Moving forward, the Group is now well funded to ramp up exploration activities significantly in the Mt Isa and Zambia copper-belts. Our geology teams in Queensland and Zambia have identified some compelling targets at the Big One Deposit, Arya Prospect and Luanshya Project that we intend to drill in the 2022 financial year.

Reflecting on the 2021 financial year, there are several milestones and key decisions worthy of greater elaboration:

- The inaugural drilling campaign at the Big One Deposit intersected high-grade shallow copper mineralisation. Notably, there were two outstanding assay results, which highlighted the potential of the underlying system, comprising two 40-44m wide intercepts from surface with up to 16.65% Cu.
- Further comprehensive soil sampling campaigns across the Luanshya and Mkushi Projects in Zambia delineated significant anomalous areas for copper mineralisation warranting further exploration.
- To ensure the New South Wales assets, BHA Project and Cangai Copper Mine, are fully optimised, the Group decided it prudent to find suitable strategic partners to fund forward exploration.
- The support from new and current Australian and UK shareholders for our fund-raising initiatives exceeded expectations. As a result, the Group can now completely focus on exploring the flagship projects in the Mt Isa and Zambia copper-belts.
- With the ramp up in exploration activities, the Group decided to bring an experienced geologist onto the Board, which resulted in the appointment of Geoff Reed post year end.

With the global copper market still in an upcycle, the Board remains cautiously optimistic that Castillo Copper will make significant transformative progress in the 2022 financial year.

On behalf of the Board, I'd like to extend my sincere appreciation to all key stakeholders for their hard work and support over the 2021 financial year.

Rob Scott

Chairman

Perth, Western Australia

28 September 2021

# Managing Director's Address

Dear Shareholders,

To ensure Castillo Copper delivers on its strategy and creates value for shareholders, we are accelerating our exploration efforts in the Mt Isa and Zambia copper-belts. Our goal is to have an initial resource estimate for the Big One Deposit, with drilling underway at the Arya Prospect and Luanshya Project in Zambia during the first half of the 2022 financial year. We are now in a prime position, with excellent projects and a highly qualified Board, to potentially transform into a copper producer.

Building on what the Chairman outlined in his address, there has been a lot of activity across the Group in the 2021 financial year – a brief overview follows:

## **Mt Isa Copper-belt, North-West Queensland**

To better reflect our flagship asset, given it has over 20 prospective targets, we renamed it the NWQ (North-West Queensland) Copper Project. The Mt Isa copper-belt has seen a significant resurgence of interest since the base metal upcycle commenced in 2020. Notably, 29Metals (ASX: 29M) high-profile IPO has put the Mt Isa region back on the investors radar. The operating Capricorn Mine, which is owned by 29M, is 10km south of the NWQ Copper Project's footprint.

## **Big One Deposit**

The second drilling campaign, which commenced in June 2021, has been effective in building our understanding of the underlying mineralised system. Notably, a significant number of targets have been drill-tested, known mineralisation materially extended and encouragingly, a highlight of the early assay results included:

- **9m @ 1.42% Cu from 88m including 4m @ 3.06% Cu from 92m & 1m @ 9.19% Cu from 92m (BO\_317RC)**

The geology team will progress building up the model, with the ultimate strategic goal, if justified, to apply for a Mining Lease for the Big One Deposit.

## **Arya Prospect**

All logistics are in place for work to commence at the Arya Prospect during the first half of the 2022 financial year. There are three primary anomalies to be drill-tested including EG01, EG02 and EG10. However, most of the focus is on EG01 which is interpreted to be 130m thick, 1,500m long and 450m wide. Pleasingly, a recent review of historic data by Castillo Copper's geophysicist suggests EG01 is 100-200m deep, which is significantly shallower than initially interpreted.

Based on elevated copper readings at surface, coincident magnetic and electromagnetic readings, EG01 is likely one of the most sizeable targets slated for test drilling in the Mt Isa copper-belt in the 2022 financial year.

## **Zambia Projects**

Comprehensive soil sampling programs across the key Luanshya and Mkushi Projects, which are within Zambia's copper-belt, previously delineated significant surface anomalies for copper mineralisation. Currently, an Induced Polarisation survey is being conducted across both projects to identify underlying geophysical anomalies. Pleasingly, preliminary reports for the Luanshya Project, which has a known 6km strike event, indicates there are multiple targets that can potentially be test-drilled.

Once the final geophysical report is received, which should include a reconciliation with the surface anomalies, the geology team can plan for the inaugural drilling campaign to start at the Luanshya Project.

### **BHA Project, New South Wales**

The BHA Project comprises a sizeable footprint which surrounds the world class zinc-silver-lead deposit in Broken Hill. Pleasingly, a mandate has been awarded to CPS Capital Group to restructure then IPO the BHA Project, within a new holding vehicle on the ASX. The target is to raise a minimum of \$4.5 million, up to a maximum of \$7 million, to fund forward development work. Note, there are numerous primary iron-oxide-copper-gold and zinc-silver-lead targets across the project, which enhances its exploration potential.

This deal is a win-win for all stakeholders, as it enables a first-class project to be fully developed whilst Castillo Copper will potentially benefit through retaining a significant minority stake.

### **Cangai Copper Mine, New South Wales**

Due to the scarcity of available projects within Australia, Castillo Copper has been approached by several groups potentially interested in developing the Cangai Copper Mine. While no firm offers have been received, the Cangai Copper Mine is relatively advanced and has a JORC compliant inferred resource at 3.2Mt @ 3.35% Cu. Castillo Copper remains committed to finding a suitable strategic partner to fully develop this asset.

### **Prospects**

With ample funding and a strengthened Board due to the appointment of Geoff Reed, the Group is well positioned to make significant progress developing the Queensland and Zambia assets in the 2022 financial year. Moreover, successfully spinning off the BHA Project potentially opens up another avenue to create value for shareholders.

On behalf of my colleagues, I'd like to thank all stakeholders for their support as we continue to build Castillo Copper into a significant copper group.

Simon Paull

Managing Director

Perth, Western Australia

28 September 2021

## Castillo Copper Limited – Directors’ Report

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The Directors of Castillo Copper Limited and its subsidiaries (“Castillo”, “CCZ” or the “Group”) submit the financial report of the Group for the year ended 30 June 2021. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

### DIRECTORS

The names, qualifications and experience of the Company’s Directors in office during the year and until the date of this report are as follows. Directors were in office for the entire financial year unless otherwise stated.

#### **Mr Robert Scott**

##### **Non-Executive Chairman**

Mr Scott recently retired from the Sandfire Resources’ Board after 10 years, having overseen the development and commercialisation of the world-class, high-grade Degussa Copper-Gold Mine in Western Australia as well as its ongoing exploration commitment.

Current Board experience in the mining and energy sectors includes RTG Mining Inc. which has advanced copper & gold exploration interests in the Philippines and Bougainville. Previously, he served on the Boards of CGA Mining Ltd (a major gold producer in the Philippines) and NASDAQ-listed, Lonestar Resources US Inc. which is a Texas-based producer of shale oil.

Mr Scott is a Chartered Accountant with over 35 years’ experience as a corporate advisor at major accounting firms. He retired as an international partner from Arthur Andersen to pursue Non-Executive Director roles. Mr Scott is a fellow of Chartered Accountants Australia & New Zealand, member of the Taxation Institute of Australia and of the Australian Institute of Company Directors.

#### **Mr Simon Paull**

##### **Managing Director**

Mr Paull initially trained as an accountant in Perth prior to moving into the mining services industry as a financial controller. In the mid-1990s, Mr Paull moved to Ghana in West Africa with ASX-listed Ausdrill to oversee the finance and administration functions.

In-mid-2000, Mr Paull moved to Tanzania with Sandvik, where he was subsequently promoted to MD East Africa, with responsibilities for nine countries including Kenya, Uganda, Ethiopia, Eritrea and Sudan that comprised 350 employees. This role entailed significant travel across the region, coupled with successfully navigating local customs and cultures to achieve positive outcomes.

During his tenure, Sandvik’s market share across the East African Market Area expanded 300%. In addition, Mr Paull was on Sandvik’s regional African executive management team which oversaw a near doubling in revenues to US\$1.2bn over 2006-11.

Upon returning to Perth in 2014, Mr Paull worked for Danish emergency services group, Falck, as CEO. A notable achievement during his four-year stint was to almost triple work on hand through expanding customer relationships and staying in front of changing market dynamics.

Mr Paull has a Masters in Commerce & MBA from the University of New England. In addition, Mr Paull holds memberships with of the Institute of Public Accountants & Australian Institute of Directors.

#### **Mr Gerrard (Ged) Hall**

##### **Non-Executive Director**

For the past several years, Mr Hall has been aligned with SI Capital, working as a director in the corporate finance and broking division. Mr Hall’s core responsibilities encompass managing corporate relationships, broadening the HNW client base and business development.

## Castillo Copper Limited – Directors' Report

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In a varied career, spanning circa 25 years, Mr Hall has gained considerable frontline and managerial experience across a broad spectrum of financial products, with notable institutions. From 1994-2004, he worked with JP Morgan then UBS, focused mostly on trading equity & treasury derivatives as a primary trader and on behalf of clients.

Subsequently, Mr Hall spent six years in Bahrain, mostly with Saudi National Commercial Bank, as a Business Head of Asset Management & Treasury Products. Notably, he established the Structured Investment Product division and grew it into sub-business unit that generated US\$20m in annual revenues within four years.

Upon returning to the UK in 2010, Mr Hall joined Barclays Wealth as a Head of Strategic Alliances for the MENA region. In this role, he negotiated distribution agreements with Middle East banks and expanded the footprint across the Gulf States and into Egypt primarily.

Following a two-year hiatus to complete post-graduate studies, Mr Hall established his own strategic management consultancy in mid-2013 and has undertaken engagements for blue-chip groups including BFC Bank, Northern Trust Natixis and HSBC.

Mr Hall has a Bachelor of Arts, with honours, in Economics & Finance from the University of Greenwich as well as MBA and Masters of Science in Financial Management from Edinburgh Business School.

### **Mr Geoff Reed (appointed 16 August 2021)**

#### **Non-Executive Director**

Mr Reed, who is based in New South Wales, is a geologist with over 25 years' experience, focused on GIS and 3D technical work. Most of Mr Reed's experience relates to underground / open-cut metalliferous mining and various exploration projects.

During his career, Mr Reed has undertaken geological and resource management roles across several regions in Australia including Mt Isa / Century in Queensland; and Broken Hill / Cobar in New South Wales.

Incrementally, Mr Reed has worked on numerous international projects in Europe (Finland, Ireland, Portugal, Spain, Sweden), Africa (Angola, South Africa), Asia (China, Indonesia, Mongolia) and Canada.

Prior to establishing his own consultancy in 2008, Mr Reed held positions as a mine geologist with MIM/Xstrata in Mt Isa and Pasmaico / Perilya in Broken Hill.

Whilst Mr Reed is well versed in base-and-precious metals, he has worked on numerous copper-gold projects and has spent a considerable amount of time in the Mt Isa region. Consequently, this knowledge will be invaluable to the Company as it progresses development work at the Big One Deposit and Arya Prospect in the Mt Isa copper-belt.

Mr Reed can provide Mineral Resource Estimations for metalliferous projects as a Competent Person in accordance with the JORC Code or a Qualified Person for technical reports that meet NI 43-101 standards. Further, Mr Reed has a Bachelor of Applied Science (Geology) from the University of Technology (Sydney), with memberships at the Australian Institute of Geoscientists (AIG), Australian Institute of Company Directors (AICD) and Australasian Institute of Mining and Metallurgy (AusIMM(CP)).



## Castillo Copper Limited – Directors’ Report

### DIRECTORS’ MEETINGS

During the financial year, in addition to regular Board discussions, the number of meetings of Directors held and the number of meetings attended by each director were as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Mr. Robert Scott	2	2
Mr. Simon Paull	2	2
Mr. Gerrard Hall	2	2

### DIRECTORSHIPS IN OTHER LISTED ENTITIES

Directorships of other listed entities held by current Directors of the Company during the last 3 years immediately before the end of the year are as follows:

Director	Company	Period of Directorship	
		From	To
Robert Scott	RTG Mining Inc. Twenty Seven Co. Limited Sandfire Resources Limited Resimac Group Limited	28 March 2013 12 April 2019 30 July 2010 9 November 2000	Current Current 31 December 2020 26 November 2018
Simon Paull	Nil		
Gerrard Hall	Nil		
Geoff Reed	Nil		

### COMPANY SECRETARY

Mr. Dale Hanna served as company secretary for the 2021 financial year. Mr. Hanna has 20 years’ experience working in CFO, Company Secretary, corporate advisory and governance roles. Mr Hanna commenced his career with Ernst & Young, Perth. Subsequently, he has worked with many listed-ASX groups primarily involved in the mining and natural resources sectors, ranging from exploration, development and production phases.

Mr Hanna is a Chartered Accountant and Secretary, with current memberships at Chartered Accountants Australia & New Zealand and Governance Institute of Australia respectively. In addition, Mr Hanna has a Bachelor of Commerce degree from Curtin University.

### REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and executives of Castillo Copper Limited in accordance with the requirements of the *Corporation Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any officer (whether executive or otherwise) of the Group.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

## Castillo Copper Limited – Directors’ Report

### Principles used to determine the nature and amount of remuneration

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Group does not link the nature and amount of the emoluments of such officers to the Group’s financial or operational performance. The expected outcome of this remuneration structure is to retain and motivate Directors.

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter. Due to the current size of the Group and number of Directors, the Board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

The rewards for Directors have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted. The Group has a policy which disallows executives and Directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

The table below shows the performance of the Group as measured by loss per share.

As at 30 June	2021	2020	2019	2018	2017
Net profit/(loss) before tax (\$)	(1,624,984)	(1,842,170)	(1,924,982)	(2,402,843)	(529,642)
Net profit/(loss) after tax (\$)	(1,624,984)	(1,842,170)	(1,924,982)	(2,402,843)	(529,642)
Share price at end of year	0.038	0.026	0.016	0.033	0.019
Basic loss per share (cents per share)	(0.16)	(0.25)	(0.31)	(0.45)	(0.24)
Diluted loss per share (cents per share)	(0.16)	(0.25)	(0.31)	(0.45)	(0.24)
Return on capital	(0.08)	(0.08)	(0.108)	(0.143)	(0.052)

### Details of Remuneration

#### Details of Key Management Personnel

Mr. Robert Scott (Non-Executive Chairman)

Mr. Simon Paull (Managing Director)

Mr. Gerrard Hall (Non-Executive Director)

Details of the nature and amount of each element of the emolument of each Key Management Personnel of the Group for the financial year are as follows:

	Short term		Options	Post-employment	Total	Remuneration linked to performance
	Directors’ Fees	Consulting Fees	Share-based Payments	Superannuation		
2021	\$	\$	\$	\$	\$	%
<b>Director</b>						
Mr. Robert Scott	48,000	-	52,710	-	100,710	-
Mr. Simon Paull	48,000	120,000	105,420	-	273,420	-
Mr. Gerrard Hall <sup>5</sup>	39,829	-	52,710	-	95,539	-
	<b>135,829</b>	<b>120,000</b>	<b>210,840</b>	-	<b>466,669</b>	-

## Castillo Copper Limited – Directors’ Report

2020	Short term		Options	Post-employment	Total	Remuneration linked to performance
	Directors’ Fees	Consulting Fees	Share-based Payments	Superannuation		
	\$	\$	\$	\$	\$	%
<b>Director</b>						
Mr. Robert Scott	48,000	-	-	-	48,000	-
Mr. Simon Paull <sup>1</sup>	42,732	78,100	25,056	-	145,888	17.2
Mr. Gerrard Hall <sup>5</sup>	36,062	-	13,920	-	49,982	27.9
Mr. Alan Armstrong <sup>2</sup>	12,000	21,850	-	-	33,850	-
Mr. Peter Smith <sup>3</sup>	24,000	31,725	13,920	-	69,645	20.0
Mr. Matthew Bull <sup>4</sup>	14,000	-	-	-	14,000	-
	<b>176,794</b>	<b>131,675</b>	<b>52,896</b>	-	<b>361,365</b>	<b>14.6</b>

<sup>1</sup>Mr. Simon Paull was appointed on 23 August 2019

<sup>2</sup>Mr. Alan Armstrong resigned as a director on 23 August 2019 and was appointed Chief Financial Officer (until 31 December 2019).

<sup>3</sup>Mr. Peter Smith resigned on 31 December 2019

<sup>4</sup>Mr. Matthew Bull was appointed on 31 December 2019 and resigned on 30 April 2020

<sup>5</sup>Mr Gerrard Hall is employed by SI Capital & his entitlement to director fees are included in SI Capital’s mandate.

There were no other key management personnel of the Group during the financial years ended 30 June 2021 and 30 June 2020.

### Service Agreements

#### Managing Directors’ remuneration

Mr Paull is entitled to an Executive Consultant fee of \$120,000 p.a. All fees are on an “as required” basis and as such, have no fixed termination clauses. Full details were announced to the ASX on 20 December 2019.

#### Non-Executive Directors’ remuneration

The aggregate remuneration for non-executive Directors has been set at an amount not to exceed \$500,000 per annum. This amount may only be increased with the approval of Shareholders at a general meeting.

#### Share-based compensation

##### Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2021.

##### Options

On 2 October 2020, Mr Scott and Mr Hall were issued 3 million options and Mr Paull was issued 6 million options, exercisable at \$0.05 each before 2 December 2022 in recognition of their services to the Company and to further incentivise their performance. These options were issued for nil cash consideration, were valued at \$210,840 in total and were recognised as share-based payments for the year ended 30 June 2021. The key terms of the options are shown below.

## Castillo Copper Limited – Directors’ Report

	Number of options	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Mr. Robert Scott	3,000,000	2/10/2020	30/09/2023	\$0.05	\$0.0176
Mr. Simon Paull	6,000,000	2/10/2020	30/09/2023	\$0.05	\$0.0176
Mr. Gerrard Hall	3,000,000	2/10/2020	30/09/2023	\$0.05	\$0.0176

No options have been granted as remuneration since the end of the financial year.

### Additional disclosures relating to key management personnel

#### Key Management Personnel Options

The number of options in the company held during the financial year ended 30 June 2021 by key management personnel of Castillo Copper Limited, including their personally related parties, is set out below.

	Balance at the start of the year	Balance at appointment	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at resignation	Balance at the end of the year
Mr. Robert Scott	5,000,000	-	3,000,000	-	-	-	8,000,000
Mr. Simon Paull	6,000,000	-	6,000,000	-	-	-	12,000,000
Mr. Gerrard Hall	3,000,000	-	3,000,000	-	2,941,176	-	8,941,176

#### Key Management Personnel Shareholdings

The number of shares in the company held during the financial year ended 30 June 2021 held by key management personnel of Castillo Copper Limited, including their personally related parties, is set out below.

	Balance at the start of the year	Balance at appointment	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at resignation	Balance at the end of the year
Mr. Robert Scott	1,405,361	-	-	-	-	-	1,405,361
Mr. Simon Paull	1,000,000	-	-	-	-	-	1,000,000
Mr. Gerrard Hall	5,100,000	-	-	-	3,041,837	-	8,141,837

#### Other transactions with key management personnel

Yingyang Pty Ltd, a company of which Mr Paull is a director, charged the Group director’s fees of \$48,000 (2020: \$41,032) and executive fees of \$120,000 (2020: \$70,000). There was nil outstanding at 30 June 2021 (2020: \$30,800).

Coverley Management Services Pty Ltd, a company of which Mr Scott is a director, charged the Group director’s fees of \$48,000 (2020: \$48,000). There was nil outstanding at 30 June 2021 (2020: \$11,000).

Strategic Business Analysis Ltd, a company of which Mr Hall is a director, charged the Group director’s fees of \$39,829 (2020: \$36,062). There was nil outstanding at 30 June 2021 (2020: nil)

Transactions with key management personnel were made at arm’s length at normal market prices and normal commercial terms. All remuneration amounts noted above are included in the remuneration table on page 7.

### END OF REMUNERATION REPORT

## Castillo Copper Limited – Directors’ Report

### INTERESTS IN THE SECURITIES OF THE GROUP

As at the date of this report, the interests of the Directors in the securities of Castillo Copper Limited were:

Director	Ordinary Shares	Unlisted Options	Performance Shares
Mr. Robert Scott	2,595,838	8,595,239	-
Mr. Simon Paull	2,190,477	12,595,239	-
Mr. Gerrard Hall	8,141,837	8,941,176	-
Mr. Geoff Reed	250,000	-	-

### RESULTS OF OPERATIONS

The net loss of the Group for the year after income tax was \$1,624,984 (2020: \$1,842,170) and the net assets of the Group at 30 June 2021 were \$19,025,358 (2020: \$8,494,325).

### DIVIDENDS

No dividend was paid or declared by the Group during the year and up to the date of this report.

### CORPORATE STRUCTURE

Castillo Copper Limited is a company limited by shares that is incorporated and domiciled in Australia.

### NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

During the financial year, the principal activity of the Group was mineral exploration and examination of new resource opportunities. The Group currently holds copper projects in Queensland and New South Wales in Australia as well as copper projects in Zambia.

### EMPLOYEES

Other than the Directors, the Group had no employees at 30 June 2021 (2020: Nil).

### REVIEW OF OPERATIONS

During the financial period, the principal activity of the Group was mineral exploration primarily focused on the NWQ Copper Project (previously known as Mt Oxide Project) in Queensland and the Zambian Copper Projects.

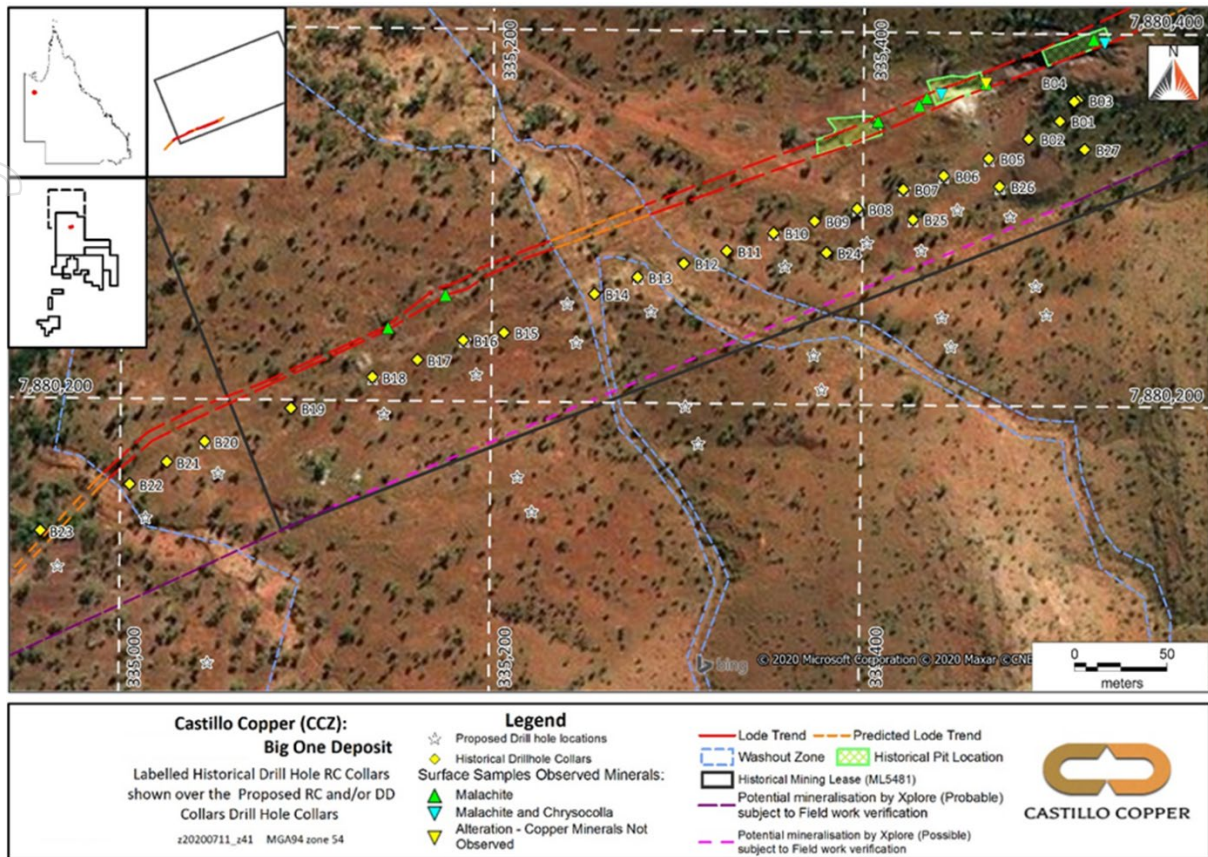
### NWQ COPPER PROJECTS

#### Big One Deposit

On 14 July 2020, the Group released detailed plans for the Big One Deposit drilling campaign. This comprised a 4,385m RC drilling campaign, over 35 drill-holes, focused 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, is set to test primarily for shallow mineralisation from ~26m up to ~52m below surface (Figure 1).

# Castillo Copper Limited – Directors’ Report

**FIGURE 1: 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, as part of pre-drilling formalities, the geology team visited the Big One Deposit and noted:

- A prominent shear zone and surface outcrop with visible copper mineralisation; and
- The preliminary site visit confirmed the location of the three pits with visible copper mineralisation.

On 19 August 2020, the 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 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.

On 31 August 2020, the Group 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. Note, 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 NWQ Copper Project, Depco Drilling have agreed, subject to legal review and necessary approvals, to accept a material proportion of their fees in Castillo Copper shares, with a six-month voluntary escrow period.

On 14 September 2020, the geology team’s interpretations on 24 rock-chip samples collected from historic workings at the Big One Deposit, which were reconciled against desktop reports, highlighted the following:

- Most of the rock-chip samples are 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

## Castillo Copper Limited – Directors' Report

- The 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.

On 24 September 2020, assay results from 24 rock chip samples – taken from excavated ore and unexplored areas across the Big One Deposit – 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.

On 27 October 2020, the inaugural RC drilling campaign at Big One Deposit commenced (Figure 2).

**FIGURE 2: DRILLING STARTING AT BIG ONE DEPOSIT**



Source: Location: 7,880,306E, 335,422N Source: CCZ geology team (ASX Release – 27 October 2020)

On 16 November 2020, after inspecting samples from the first seven drill-holes completed at Big One Deposit, the geology team confirmed observing visible copper oxide (malachite) and sulphide (chalcocite) mineralisation in wide intercepts up to 13m at shallow depths.

On 30 November 2020, assays verified shallow copper mineralisation up to 4.14% Cu at Big One Deposit. The results, which were based on visually logged mineralised intersects, highlighted shallow copper mineralisation apparent within four drill-holes, with the best intercepts:

- RC\_213: 7m @ 1.37% Cu from 57m incl: 3m @ 2.18% Cu from 58m
- RC\_211: 1m @ 4.14% Cu from 65m
- RC\_206: 7m @ 0.54% Cu from 55m incl: 2m @ 1.35% Cu from 60m
- RC\_207: 4m @ 0.43% Cu from 85m incl: 2m @ 1.03% Cu from 85m

On 14 December 2020, a further six drill-holes completed at Big One Deposit had all intersected visible, shallow copper oxides & sulphides up to 12m indicating potential extensions to known mineralisation at depth. These included:

- BO\_301RC: 12m cumulative – 3m from 28-31m & 9m from 32-41m – Black copper oxides and malachite (oxide)

## Castillo Copper Limited – Directors’ Report

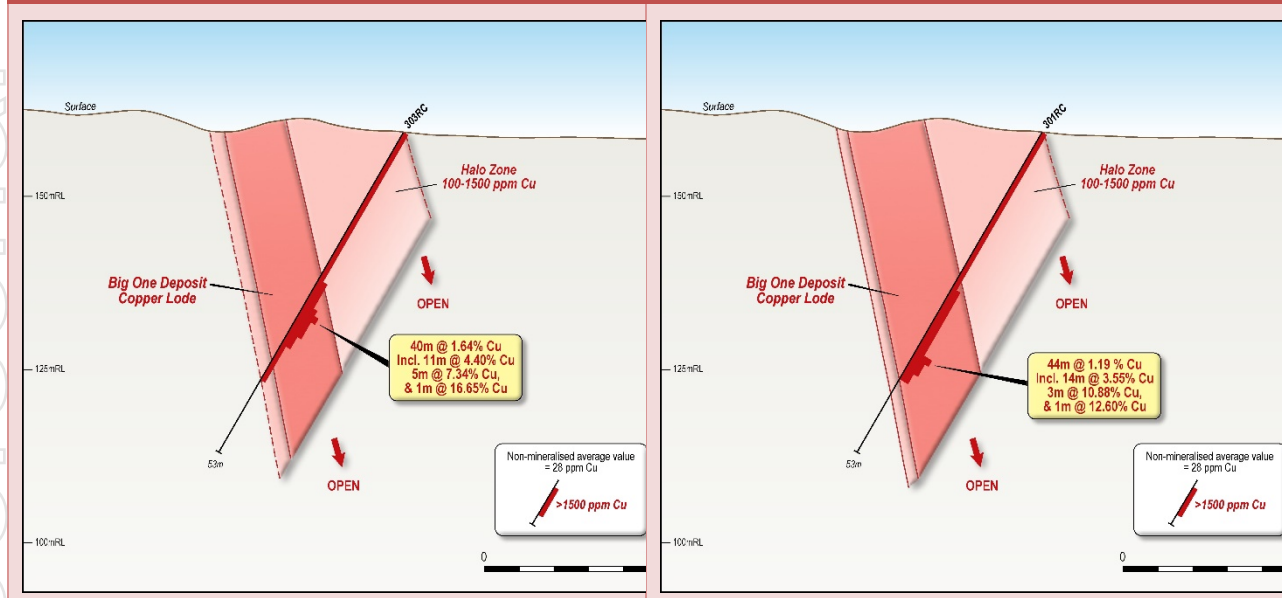
- BO\_303RC: 10m cumulative - 3m from 25-28m & 7m from 28-35m – Black copper oxides, malachite (oxide), and chalcocite (sulphide)
- BO\_306RC: 7m cumulative – 4m from 93-97m and 3m from 99-102m – Malachite, pyrite, and chalcocite
- BO\_305RC: 5m cumulative – 4m from 30-34m & 1m from 39-40m – Malachite and chalcocite
- BO\_302RC: 3m from 36-39m – Black copper oxides
- BO\_304RC: 1m from 81-82m – Azurite and malachite

On 11 January 2021, assays, which comprised final laboratory reporting for the 200 (complete) and 300 (partial) series, including two 40-44m wide intercepts from surface, with up to 16.65% Cu:

- 303RC: 40m @ 1.64% from surface including 11m @ 4.40% from 24m, 5m @ 7.34% from 28m & 1m @ 16.65% from 29m (Figure 3)
- 301RC: 44m @ 1.19% Cu from surface including 14m @ 3.55% from 27m, 3m @ 10.88% from 37m & 1m @ 12.6% from 37m (Figure 4)

**FIGURE 3: NW-SE CROSS-SECTION LOOKING EAST AT 303RC**

**FIGURE 4: NW-SE CROSS-SECTION LOOKING EAST AT 301RC**



Source: CCZ geology team

These are excellent assays results, as they make the geological case more compelling via confirming there is potential for a high-grade, shallow copper system to be apparent at the Big One Deposit. Notably, the assays extend known mineralisation and build on high-grade historical results which produced stellar intercepts from supergene copper mineralisation up to 28.4% Cu.

On 19 January 2021, the Group appointed two key service providers to facilitate accelerating developing the new copper discovery at the Big One Deposit, detailed as follows:

- ROM Resources was appointed to utilise legacy and current data to progress the modelling of an inaugural JORC compliant inferred resource; and,
- GeoDiscovery Group, has been mandated to undertake an extensive geophysical survey with two core goals:
  - 1) Potentially extend known mineralisation through the identification of massive sulphide bedrock conductors along the 1,200m strike extent; and
  - 2) Deliver fresh geophysical insights into several known yet under-explored nearby anomalies, particularly previously mapped gossanous outcrops north-east of the recent drilling campaign.



## Castillo Copper Limited – Directors’ Report

### PHOTO GALLERY: SURFACE COPPER MINERALISATION AT BIG ONE DEPOSIT



Location: 335504mE; 7880388mN Source: CCZ geology team

On 10 February 2021, the geology consultant, ROM Resources, uncovered comprehensive historical assays from a drilling campaign undertaken by previously listed Forsyth Minerals Exploration NL (FME). Combining these findings from FME, with the final assay results from CCZ’s 2020 campaign, clearly extended the known mineralisation at the Big One Deposit.

The best intercepts include the standout B0017 with up to 9.4% Cu:

- B0017: 34m @ 1.51% Cu from surface including 21m @ 2.25% Cu from surface, 12m @ 3.44% Cu from 3m, 6m @ 4.79% Cu from 3m and 1m @ 9.4% from 9m.
- B0015: 18m @ 0.86% Cu from 11m including 6m @ 1.85% Cu from 20m, 3m @ 2.98% Cu from 20m and 1m @ 8% from 20m

Note: Due to the lack of QA/QC and a positional accuracy of  $\pm 10$ -20m, FME’s drill-holes are regarded as historical “Exploration Results” and whilst providing support to the existing information cannot form the basis alone of any resource estimate.

On 7 April 2021, the geology team resumed exploratory work at the Big One Deposit, with the conclusion of the rainy season. Notably, pre-drilling work would comprise a geophysical survey campaign designed to extend known mineralisation.

On 20 May 2021, findings from the inaugural Induced Polarisation (IP) survey were released. Pleasingly, preliminary interpretations from CCZ’s geophysicist consultant delivered outstanding results:

- There is compelling evidence significant incremental mineralisation is located along fault structures rather than constrained within the trachyte dyke; and
- Consequently, this increases the potential structural targets across the Big One Deposit.

Findings from line 3 – which is 700m long (Figure 5) – highlight a significant untested bedrock conductor north of the line of lode that is materially larger than the high-grade anomaly drilled in 2020 – where the two 40-44m intercepts are located. Further, three more untested prospective anomalies along line 3 were discovered south of the line of lode.



# Castillo Copper Limited – Directors’ Report

survey that copper mineralisation is controlled by major structural trends rather than constrained purely within the trachyte dyke. More significantly, fresh interpretations from the preliminary observations verify that known mineralisation has clearly been extended.

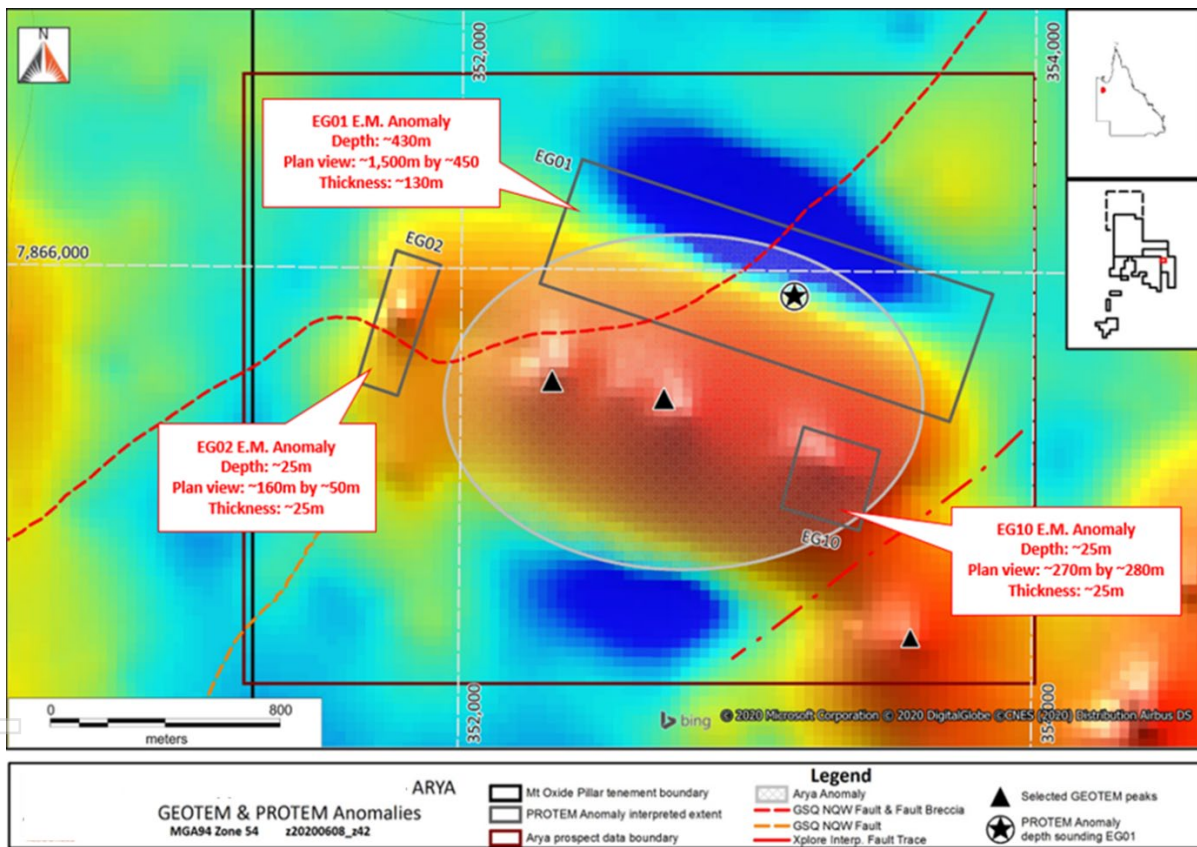
## Arya Prospect

On 1 July 2020, the geology team finalised the RC drilling campaign for the Arya project (Figure 8), 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 the 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.

**FIGURE 8: DRILL TARGETS AT ARYA PROSPECT – ELECTROMAGNETIC ANOMALIES**



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

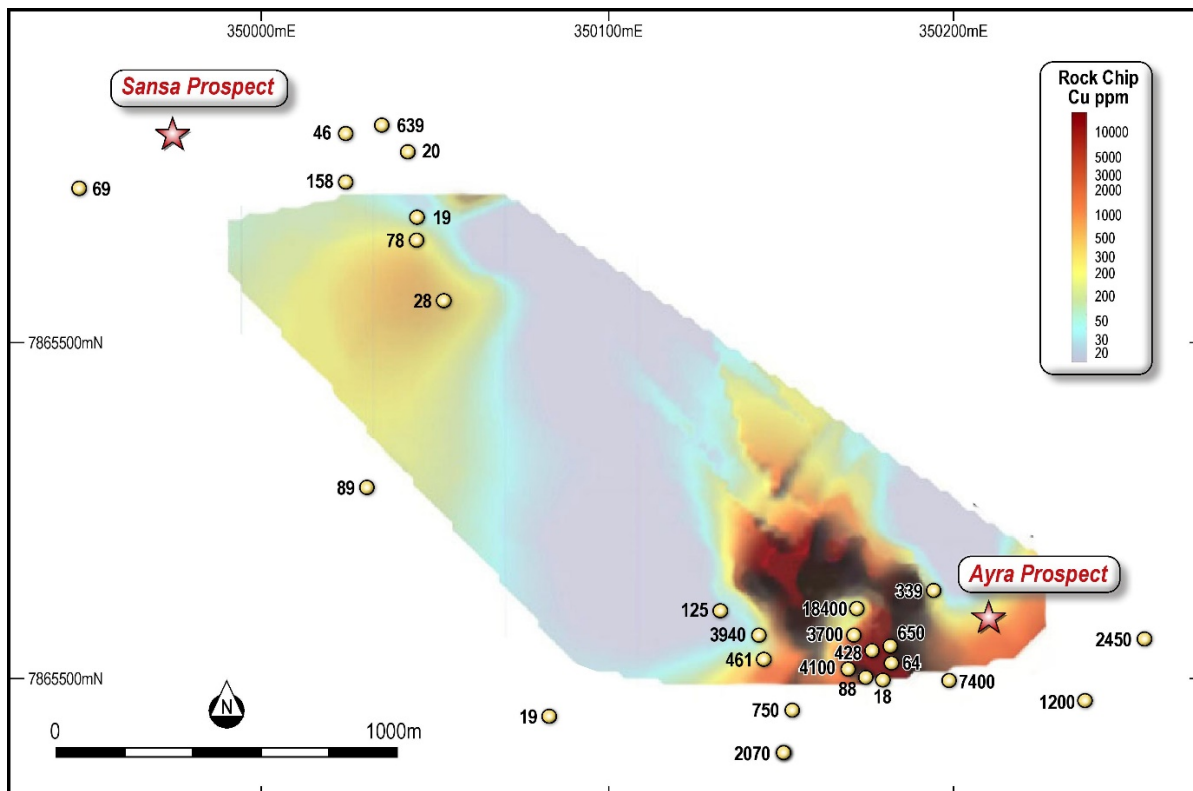
## Castillo Copper Limited – Directors’ Report

On 13 April 2021, the geology team reviewed key historical reports – including several commissioned by BHP & Mt Isa Mines (MIM) in the 1990s. In a 1997 annual tenement report, BHP identified 11 GEOTEM anomalies worthy of attention (within the NWQ Copper Project), however, ground geophysics and rock chip sampling was only completed on four (leaving seven viable targets yet to be investigated):

- At the time, BHP rated EG01 as the priority drill-test target.
- Secondary targets, comprising EG02 & EG10, are interpreted to be shallow and may contain supergene copper mineralisation.

Using aggregated historical rock-chip assay data – up to 1.84% Cu (MIM) – the geology team created a maiden copper heat map (Figure 9) which seamlessly reconciles with geophysical findings to boost confidence in drill-test targets at the Arya Prospect.

**FIGURE 9: COPPER HEAT MAP ACROSS ARYA & SANSA PROSPECTS**



Source: CCZ geology team

In a fresh development, another deep bedrock conductor was identified at the newly named Sansa Prospect (Figure 9), which is immediately west of the Arya Prospect. Encouragingly, there are elevated surface copper readings at the Sansa Prospect – above the bedrock conductor – though further interpretation work is required to formulate dimensions and assess the geological potential.

### Tenement granted

The Queensland government’s Department of Resources granted the final key tenement (EPM 27440) that expands the NWQ Copper Project’s overall footprint in Mt Isa’s copper-belt by circa 23% to 980km<sup>2</sup>. Within the granted ground are five well-profiled targets (Crescent, Pancake, Flapjack, The Wall & Johnnies) that are prospective for IOCG, Mt Isa Style & shear-hosted copper mineralisation.

Overall, factoring incremental forensic work undertaken by the geology team, there are over 20 prospects across the NWQ Copper Project which delivers a considerable pipeline of forward exploratory work.

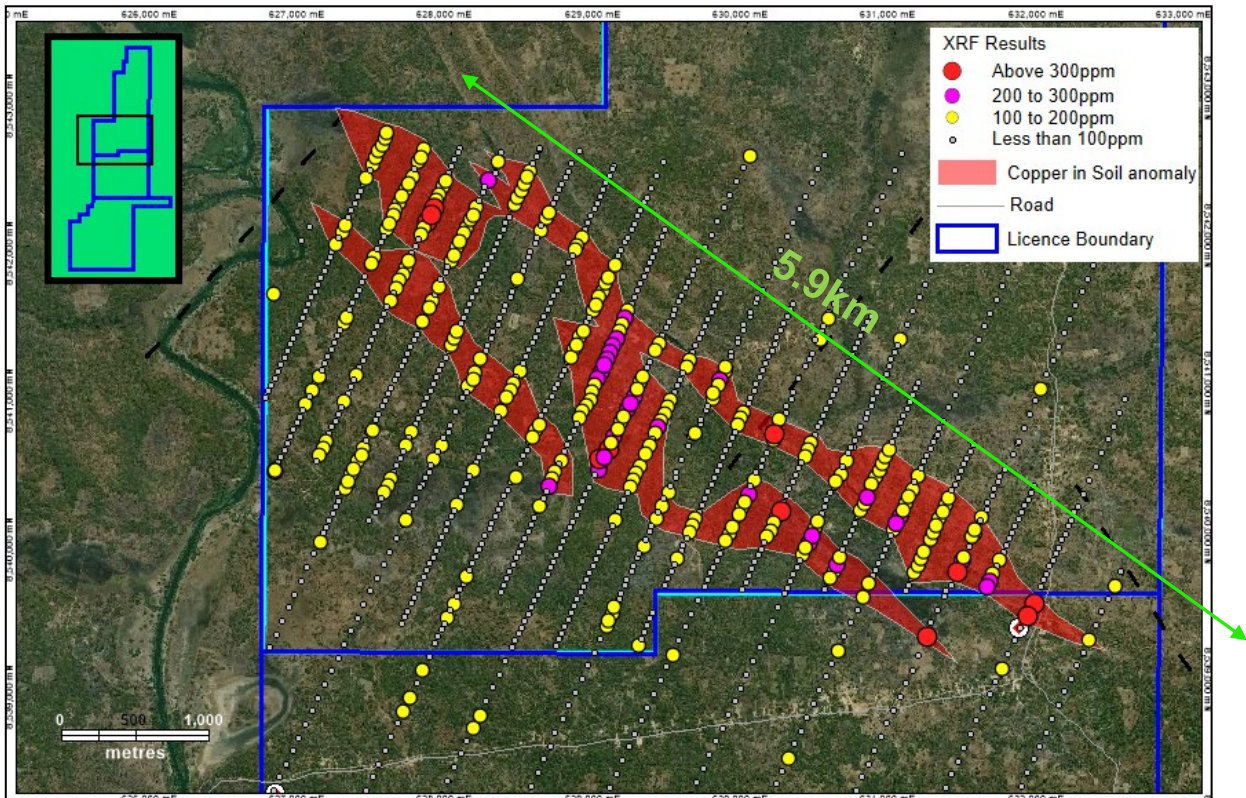
# Castillo Copper Limited – Directors’ Report

## ZAMBIA PILLAR

On 3 September 2020, the geology team completed a comprehensive infill surface sampling campaign at the prospective Luanshya Project (Figure 10) in Zambia’s copper-belt 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.

**FIGURE 10: SOIL SAMPLES XRF RESULTS COLOURED BY GRADE RANGES**



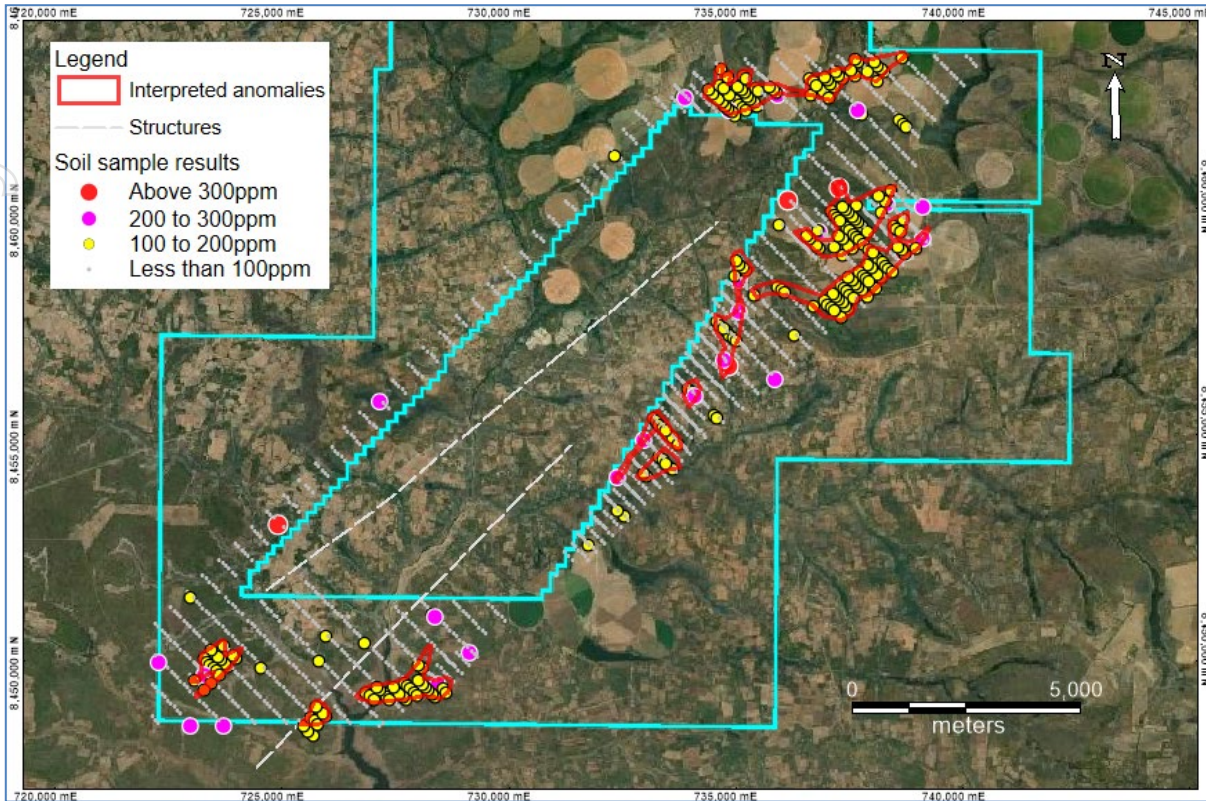
Note: Shows spatial distribution of previous and infill soil sample results coloured using their copper grades

Source: CCZ geology team

On 2 November 2020, the geology team completed a systematic infill soil sampling campaign at the prospective Mkushi Project (Figure 11). The campaign, which comprised 702 infill samples, was undertaken to derive a better understanding of copper anomalism apparent within the tenure boundaries.

The samples were analysed using a portable XRF analyser which is consistent with previous field work. Overall, the results confirmed eight target areas with significant copper anomalism and extended strike lengths, ranging 1.5km - 4.2km, compared with the January 2020 campaign.

**FIGURE 11: SOIL SAMPLES XRF RESULTS COLOURED BY GRADE RANGES**



Note: Shows spatial distribution of previous and infill soil sample results coloured using their copper grades

Source: CCZ Zambian geology team (ASX Release – 2 November 2020)

## NEW SOUTH WALES PROJECTS

### Broken Hill Alliance (BHA) Project

On 30 September 2020, in a transformational move, which delivered a large footprint proximal to Broken Hill's world-class silver-zinc-lead deposit, the Group agreed terms to acquire Wyloo Metals tenements. The acquisition delivers the Group 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.

On 19 January 2021, following a strategic review, the Group decided it was an opportune time to capitalise on the prevailing base and precious metal upcycle to fast-track creating additional shareholder value. Noting a significant resurgence of interest in groups with footprints around Broken Hill, the Group decided to consider divestment opportunities including a possible spin-off of its sizeable Broken Hill asset into a new vehicle which could be listed in either London or Australia.

### Cangai Copper Mine

No exploration work was undertaken on the high-grade Cangai Copper Mine, which has JORC compliant inferred resource at 3.2Mt @ 3.35% Cu. However, the Group continues to market the project to potential strategic partners that are prepared to fund development work on an earn in basis.

## LONDON STOCK EXCHANGE

In a landmark development for the Group, its shares were admitted to the London Stock Exchange (LSE), with dealings commencing on 4 August 2020. This follows on from the publication of the Group's prospectus a week earlier, which related to the admitting the ordinary shares to the Standard Segment of the Official List of the Financial Conduct Authority and LSE.

## Castillo Copper Limited – Directors' Report

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### CAPITAL RAISING

On 4 June 2021, the Group secured ample funding, A\$11.7m (£6.4m) before costs, to rapidly progress developing core projects in Australia and Zambia. Pleasingly, the placement was well supported by institutional and sophisticated investors in Australia and the UK.

The Group has issued a total of 278,395,961 New Shares at \$0.042 (£0.023) per share. 140,592,523 New Shares were issued using the existing 7.1 capacity, 97,502,707 New Shares were issued using the Group's existing 7.1A capacity and 40,300,731 New Shares were issued upon obtaining shareholder approval in a General Meeting held on 30 July 2021.

In addition, the Group will issue a total of 157,041,087 Listed Options, all of which were subject to shareholder approval at the above-mentioned general meeting.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the year, other than as outlined elsewhere in this report.

### SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The following significant events occurred after 30 June 2021:

#### NWQ Copper Project

Drilling continued at the Big One Deposit, with initial assays for drill-holes BO\_315-317RC returning up to 9.19% Cu and clearly extending known mineralisation. The best intercepts are summarised below:

- 9m @ 1.42% Cu from 88m including 4m @ 3.06% Cu from 92m & 1m @ 9.19% Cu from 92m (BO\_317RC)
- 5m @ 1.06% Cu from 141m (BO\_316RC)
- 3m @ 1.22% Cu from 65m (BO\_315RC)

#### Zambia

The Group confirmed a comprehensive IP survey will commence across the key Luanshya and Mkushi Projects. Given the scale of the campaign, it will take 6-8 weeks to complete and fully analyse the results. However, reconciling these findings with known anomalous areas at surface should identify priority targets to test-drill.

#### BHA Project

The Group appointed CPS Capital Group, to restructure and then list, on a best endeavours basis, via an IPO on the ASX, its wholly-owned BHA Project which comprises a large footprint proximal to Broken Hill's world-class zinc-lead-silver deposit. A new entity, Newco, will be formed to house the BHA Project, with the Group slated to retain a significant interest post-IPO.

Newco will be led by Managing Director, Dr Dennis Jensen, a former Federal Member of Parliament and CSIRO scientist who has significant experience consulting in the mining industry.

Subject to final approvals to progress the IPO, Newco is targeting to raise a minimum of \$4.5m up to a maximum of \$7.0m (and will include a preferential subscription allocation to CCZ shareholders) to fund a comprehensive exploration campaign to develop the BHA Project.

#### Board Changes

On 16 August 2021, Mr Geoff Reed was appointed as a Non-Executive Director.

#### New Shares/Options Issued

In August 2021, the Company issued 40,300,731 new ordinary shares and 159,439,781 listed options to complete the recent capital raising on the Australian Stock Exchange and London Stock Exchange. Total proceeds raised were \$1,368,966 (AUD) and £177,245 (GBP) (\$1,692,631 AUD total).

## Castillo Copper Limited – Directors' Report

Other than as set out in the Review of Operations, there were no other known material significant events from the end of the financial year to the date of this report that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Castillo Copper remains focused on progressing its three (3) pillared strategy which includes continued exploration efforts at NWQ Copper Project in Queensland, Cangai Copper Mine in New South Wales and its four Zambian properties.

### ENVIRONMENTAL REGULATION AND PERFORMANCE

The operations of the Group are presently subject to environmental regulation under the laws of the Commonwealth of Australia and the States of Queensland and New South Wales and the Republic of Zambia. The Group is, to the best of its knowledge, at all times in full environmental compliance with the conditions of its licenses.

### SHARE OPTIONS

As at the date of this report, there were 358,362,757 unissued ordinary shares under options. The details of the unlisted options at the date of this report are as follows:

Number	Exercise Price \$	Expiry Date
15,000,000	0.05	1 February 2022
5,000,000	0.05	31 December 2023
17,000,000	0.10	31 December 2023
57,716,574	0.05	1 August 2022
52,491,667	0.05	2 December 2022
9,000,000	0.05	31 December 2022
102,454,545	0.05	30 June 2023
1,582,353	£0.017	1 September 2023
79,117,618	£0.028	1 September 2023
19,000,000	0.05	30 September 2023

In addition to the unlisted options, there are 220,939,781 listed options (ASX:CCZO, CCZA, CCZB). The details of the listed options at the date of this report are as follows:

Number	Exercise Price \$	Expiry Date
61,500,000	\$0.05	27/03/2023
127,418,042	\$0.08	31/07/2024
32,021,739	£0.044	01/08/2024

No option holder has any right under the options to participate in any other share issue of the Group or any other entity.

### PERFORMANCE SHARES

As part of the Zed Copper acquisition in the 2020 financial year, the Group issued 2 classes of performance shares to the vendors on 20 February 2020:

#### 46,875,000 Class A performance shares

Conditions precedent - converting to an equal number of CCZ shares on delineation of a JORC resource of 200,000 tonnes of contained copper at a minimum grade of 0.5% within 5 years of execution of the Share Sale Agreement.

#### 46,875,000 Class B performance shares

Conditions precedent - converting to an equal number CCZ shares on completion of a preliminary feasibility study demonstrating an internal rate of return greater than 25% within 5 years of execution of the Share Sale Agreement.



## Castillo Copper Limited – Directors' Report

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### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group has made an agreement indemnifying all the Directors and Officers of the Group against all losses or liabilities incurred by each Director or Officer in their capacity as Directors or Officers of the Group to the extent permitted by the Corporation Act 2001. The indemnification specifically excludes wilful acts of negligence. The Group paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Group. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as Officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

### PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of the court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

### INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

### CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Castillo Copper Limited support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council and considers that Castillo Copper is in compliance with those guidelines to the extent possible, which are of importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost effective corporate governance policy for the Group. The Group's Corporate Governance Statement and disclosures can be found at <https://test.castillocopper.com/corporate-governance/>.

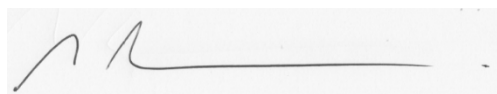
### AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Group's auditors to provide the Directors of Castillo Copper Limited with an Independence Declaration in relation to the audit of the financial report. A copy of that declaration is included on page 52.

Non-audit services provided by the Group's auditor amounted to \$10,000 in relation to preparation of various reports in relation to the London Stock Exchange Listing completed in August 2020.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors.



**Simon Paull**

**Managing Director**

28 September 2021

## Castillo Copper Limited – Directors' Report

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### Competent Person's Statement

*The information on the pages that relate to Exploration Results for the Zambian Projects is based on information compiled or reviewed by Mr Matt Bull, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Bull is a beneficiary of Southern River Investments, a trust which is a shareholder of Castillo Copper Limited. Mr Bull is a shareholder and director of Trilogy Metals Pty Ltd, a company which provides ad hoc geological consultancy services to Castillo Copper Limited. Mr Bull is a Consultant of Castillo Copper Limited. Mr Bull has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity being undertaken 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". Mr Bull has provided his prior written consent to the inclusion in this report of the matters based on information in the form and context in which it appears.*

*The information on the pages that relates to Exploration Results for the New South Wales and Queensland Projects are based on information compiled or reviewed by Mr Mark Biggs. Mr Biggs is both a shareholder and director of ROM Resources, a company which is a shareholder of Castillo Copper Limited. ROM Resources provides ad hoc geological consultancy services to Castillo Copper Limited. Mr Biggs is a member of the Australian Institute of Mining and Metallurgy (member #107188) and has sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, and Mineral Resources. Mr Biggs holds an AusIMM Online Course Certificate in 2012 JORC Code Reporting. Mr Biggs also consents to the inclusion in this report of the matters based on information in the form and context in which it appears.*

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

*for the year ended 30 June 2021*

	Notes	2021 \$	2020 \$
Interest received		591	708
Other income		10,734	81,005
		<b>11,325</b>	<b>81,713</b>
Listing and public company expenses		(302,671)	(122,175)
Accounting and audit expenses		(119,396)	(83,056)
Consulting and Directors' fees		(524,552)	(660,660)
Impairment of deferred exploration and evaluation expenditure	8	-	(19,011)
Share-based payments	22	(318,830)	(229,095)
Finance expense		-	(60,220)
Other expenses	4	(370,860)	(749,666)
<b>LOSS BEFORE INCOME TAX</b>		<b>(1,635,718)</b>	<b>(1,842,170)</b>
Income tax expense	5	-	-
<b>LOSS AFTER INCOME TAX</b>		<b>(1,624,984)</b>	<b>(1,842,170)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(335)	(28,520)
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>(335)</b>	<b>(28,520)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(1,625,319)</b>	<b>(1,870,690)</b>
Basic and diluted loss per share (cents per share)	14	(0.16)	(0.25)

The accompanying notes form part of these financial statements.

**Consolidated Statement of Financial Position**  
as at 30 June 2021

	Notes	2021 \$	2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	10,854,829	3,129,958
Other receivables	7	221,444	63,718
<b>TOTAL CURRENT ASSETS</b>		<b>11,076,273</b>	<b>3,193,676</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	7	349,100	117,100
Deferred exploration and evaluation expenditure	8	8,171,821	5,748,198
<b>TOTAL NON-CURRENT ASSETS</b>		<b>8,520,921</b>	<b>5,865,298</b>
<b>TOTAL ASSETS</b>		<b>19,597,194</b>	<b>9,058,974</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	571,836	443,559
Rehabilitation provision	11	-	121,090
<b>TOTAL CURRENT LIABILITIES</b>		<b>571,836</b>	<b>564,649</b>
<b>TOTAL LIABILITIES</b>		<b>571,836</b>	<b>564,649</b>
<b>NET ASSETS</b>		<b>19,025,358</b>	<b>8,494,325</b>
<b>EQUITY</b>			
Issued capital	12	34,464,159	23,034,322
Reserves	13	3,940,650	3,214,470
Accumulated losses		(19,379,451)	(17,754,467)
<b>TOTAL EQUITY</b>		<b>19,025,358</b>	<b>8,494,325</b>

The accompanying notes form part of these financial statements.

**Consolidated Statement of Changes in Equity**  
for the year ended 30 June 2021

	Issued capital \$	Share based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2020</b>	<b>23,034,322</b>	<b>3,366,315</b>	<b>(151,845)</b>	<b>(17,754,467)</b>	<b>(8,494,325)</b>
Loss for the year	-	-	-	(1,624,984)	(1,624,984)
Other Comprehensive Income	-	-	(335)	-	(335)
<b>Total Comprehensive Loss</b>	<b>-</b>	<b>-</b>	<b>(335)</b>	<b>(1,624,984)</b>	<b>(1,625,319)</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued in London Stock Exchange IPO	2,454,515	-	-	-	2,454,515
Shares issued to sophisticated investors	9,965,973	-	-	-	9,965,973
Shares issued to advisors	276,139	-	-	-	276,139
Share issue costs	(1,576,790)	407,685	-	-	(1,169,105)
Shares issued from exercise of options	310,000	-	-	-	310,000
Share based payments	-	318,830	-	-	318,830
<b>Balance as at 30 June 2021</b>	<b>34,464,159</b>	<b>4,092,830</b>	<b>(152,180)</b>	<b>(19,379,451)</b>	<b>19,025,358</b>
<b>Balance at 1 July 2019</b>					
<b>Balance at 1 July 2019</b>	<b>17,870,979</b>	<b>3,023,570</b>	<b>(123,325)</b>	<b>(15,912,297)</b>	<b>4,858,927</b>
Loss for the year	-	-	-	(1,842,170)	(1,842,170)
Other comprehensive loss	-	-	(28,520)	-	(28,520)
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>(28,520)</b>	<b>(1,842,170)</b>	<b>(1,870,690)</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued to sophisticated investors	3,920,013	-	-	-	3,920,013
Shares issued to advisors	75,000	-	-	-	75,000
Conversion of convertible notes	880,610	-	-	-	880,610
Shares issued to consultants	128,970	-	-	-	128,970
Shares issued per Zed Copper	562,500	-	-	-	562,500
Share issue costs	(403,750)	-	-	-	(403,750)
Share-based payments	-	169,125	-	-	169,125
Option payments	-	113,400	-	-	113,400
Equity component on convertible	-	60,220	-	-	60,220
<b>Balance as at 30 June 2020</b>	<b>23,034,322</b>	<b>3,366,315</b>	<b>(151,845)</b>	<b>(17,754,467)</b>	<b>8,494,325</b>

The accompanying notes form part of these financial statements.

**Consolidated Statement of Cash Flows**  
for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		591	708
Other receipts – insurance proceeds		-	81,005
Payments to suppliers and employees		<u>(1,208,781)</u>	<u>(1,126,983)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>6</b>	<b><u>(1,208,190)</u></b>	<b><u>(1,045,270)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Tenement expenditure guarantees		(232,000)	(18,500)
Refund from rent		-	23,993
Payment for acquisition of tenements		(217,285)	-
Payments for subsidiaries		-	(25,000)
Exploration and evaluation expenditure	6	<u>(2,236,420)</u>	<u>(376,194)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b><u>(2,685,705)</u></b>	<b><u>(395,701)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from share issues	12	12,420,488	3,920,013
Proceeds from exercise of options	12	310,000	-
Proceeds from convertible note issue		-	880,610
Prepayment for issue of shares		-	(10,000)
Share issue costs	12	<u>(1,132,902)</u>	<u>(403,750)</u>
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b><u>11,597,586</u></b>	<b><u>4,386,873</u></b>
Net increase in cash and cash equivalents		7,703,691	2,945,902
Cash and cash equivalents at beginning of year		3,129,958	177,972
Foreign exchanges variances on cash		<u>21,180</u>	<u>6,084</u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b>6</b>	<b><u>10,854,829</u></b>	<b><u>3,129,958</u></b>

The accompanying notes form part of these financial statements.

# Castillo Copper Limited

## ***Notes to the consolidated financial statements at and for the year ended 30 June 2021***

### **1. Corporate Information**

The financial report of Castillo Copper Limited and its subsidiaries ("Castillo Copper" or "the Group") for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 28 September 2021.

Castillo Copper Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange and London Stock Exchange. The nature of the operations and the principal activities of the Group are described in the Directors' Report.

### **2. Summary of Significant Accounting Policies**

#### **(a) Basis of Preparation**

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on an accrual basis and is based on historical costs. Material accounting policies adopted in preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The presentation currency is Australian dollars.

#### **(b) Statement of Compliance**

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

#### **(c) Adoption of new and revised standards**

##### *Standards and Interpretations applicable 30 June 2021*

In the year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and therefore, no material change is necessary to Group accounting policies.

##### *Standards and interpretations issued, but not yet effective*

The Directors have also reviewed all Standards and Interpretations issued, but not yet effective for the period 30 June 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations issued but not yet effective on the Company.

#### **(d) 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 for the year ended 30 June 2021 of \$1,624,984 and net cash outflows from operating activities of \$1,208,190, net cash outflows from investing activities of \$2,685,705 and net cash inflows from financing

## Castillo Copper Limited

### ***Notes to the consolidated financial statements at and for the year ended 30 June 2021***

activities of \$11,597,586. At 30 June 2021, the Group had a net asset position of \$19,025,358. The cash and cash equivalents balance at 30 June 2021 was \$10,854,829.

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.

#### **(e) Basis of Consolidation**

The consolidated financial statements comprise the financial statements of Castillo Copper Limited and its subsidiaries as at 30 June each year ('the Company').

Subsidiaries are all those entities (including special purpose entities) over which the Company has control. The Company controls an entity when the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-company transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Company and cease to be consolidated from the date on which control is transferred out of the Company.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

#### **(f) Foreign Currency Translation**

##### *(i) Functional and presentation currency*

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of Castillo Copper Limited is Australian dollars. The functional currency of the Chilean subsidiary is Chilean Peso. The functional currency of the Zambian subsidiaries is United States Dollars.

##### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

##### *(iii) Group entities*

The results and financial position of all the Company entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;



## Castillo Copper Limited

### Notes to the consolidated financial statements at and for the year ended 30 June 2021

- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to foreign currency translation reserve.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, as part of the gain or loss on sale where applicable.

#### **(g) Plant and Equipment**

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenditure is charged to the statement of comprehensive income during the financial period in which it is incurred.

#### *Depreciation*

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Furniture, Fixtures and Fittings	10%
Computer and software	20% - 35%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

#### *Derecognition*

Additions of plant and equipment are derecognised upon disposal or when no further future economic benefits are expected from their use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the statement of comprehensive income.

#### **(h) Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

## Castillo Copper Limited

### ***Notes to the consolidated financial statements at and for the year ended 30 June 2021***

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### **(i) Exploration and evaluation expenditure**

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is impaired; furthermore, the Directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 6 Exploration for and evaluation of mineral resources. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to in AASB 6 is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

## Castillo Copper Limited

### ***Notes to the consolidated financial statements at and for the year ended 30 June 2021***

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Group's rights of tenure to that area of interest are current.

#### **(j) Trade and Other Receivables**

Trade receivables, which generally have 30 – 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Furthermore, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term, discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

#### **(k) Cash and Cash Equivalents**

Cash and short term deposits in the statement of financial position include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as current liabilities in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above.

#### **(l) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

## Castillo Copper Limited

### Notes to the consolidated financial statements at and for the year ended 30 June 2021

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### *Restoration and rehabilitation*

Refer to Note 2(n) for the Group's policy in respect of restoration and rehabilitation.

#### **(m) Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *Capitalised exploration and evaluation expenditure*

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

#### *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model, using the assumptions detailed in note 12.

#### *Rehabilitation provision*

The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

## Castillo Copper Limited

### *Notes to the consolidated financial statements at and for the year ended 30 June 2021*

#### **(n) Rehabilitation provision**

A provision for rehabilitation and restoration is recognised when there is a present obligation as a result of activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

#### **(o) Income Tax**

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained. Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

#### **(p) Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## Castillo Copper Limited

### **Notes to the consolidated financial statements at and for the year ended 30 June 2021**

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#### **(q) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### *Interest income*

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

#### **(r) Earnings / loss per share**

##### *Basic earnings / loss per share*

Basic earnings / loss per share is calculated by dividing the profit/loss attributable to equity holders of the Group, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

##### *Diluted earnings / loss per share*

Diluted earnings / loss per share is calculated as net profit/loss attributable to members of the Group, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

#### **(s) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### **(t) Trade and other payables**

Liabilities for trade creditors and other amounts are measured at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the Group.

#### **(u) Share-based payment transactions**

The Group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the Group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

## Castillo Copper Limited

### ***Notes to the consolidated financial statements at and for the year ended 30 June 2021***

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 12(e).

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Castillo Copper Limited ('market conditions').

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share (see note 14).

#### **(v) Comparative information**

When required by Accounting Standards, comparative information has been reclassified to be consistent with the presentation in the current year.

#### **(w) Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

#### **(x) Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly

## Castillo Copper Limited

### ***Notes to the consolidated financial statements at and for the year ended 30 June 2021***

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transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

#### **(y) Parent entity financial information**

The financial information for the parent entity, Castillo Copper Limited, disclosed in Note 18 has been prepared on the same basis as the consolidated financial statements, except as set out below.

#### *Investments in subsidiaries, associates and joint venture entities*

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.



## Castillo Copper Limited

### Notes to the consolidated financial statements at and for the year ended 30 June 2021

#### 3. Segment Information

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 has four geographical segments being exploration in Northwest Queensland (NWQ), New South Wales (Cangai), New South Wales (Broken Hill) (to be divested in 2022) and Zambia. Revenue attributable to all segments is immaterial. Allocation of asset, liabilities, income and expenses to each segment is shown below:

	NWQ (QLD)	Cangai (NSW)	Broken Hill (NSW)	Zambia	Unallocated	Total
<b>2021</b>						
<b>Segment assets and liabilities</b>	\$	\$	\$	\$	\$	\$
Current assets	-	-	-	-	11,076,273	11,076,273
Non-current assets	1,973,078	5,380,977	289,580	877,167	119	8,520,921
Current liabilities	-	-	-	-	(571,836)	(571,836)
<b>Segment income and expenses</b>						
Interest income	-	-	-	-	591	591
Other income	-	-	-	-	10,734	10,734
Impairment	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Other expenses	-	-	-	-	(1,636,309)	(1,636,309)
<b>Total</b>	-	-	-	-	(1,624,984)	(1,624,984)
<b>2020</b>						
<b>Segment assets and liabilities</b>	\$	\$	\$	\$	\$	\$
Current assets	-	-	-	-	3,193,676	3,193,676
Non-current assets	149,177	4,993,206	10,865	711,930	120	5,865,298
Current liabilities	-	(121,090)	-	-	(443,559)	(564,649)
<b>Segment income and expenses</b>						
Interest income	-	-	-	-	708	708
Other income	-	-	-	-	81,005	81,005
Impairment	-	-	-	-	(19,011)	(19,011)
Interest expense	-	-	-	-	(60,220)	(60,220)
Depreciation expense	-	-	-	-	-	-
Other expenses	-	-	-	-	(1,844,652)	(1,844,652)
<b>Total</b>	-	-	-	-	(1,842,170)	(1,842,170)

#### 4. Other expenses

	2021	2020
	\$	\$
Travel and accommodation	112	64,789
Legal	49,827	444,101
Insurance	72,221	12,691
Foreign Exchange (Gains)/Losses	(23,056)	(28,250)
Investor Relations	252,766	179,565
Other	18,990	76,770
<b>Total other expenses</b>	<b>370,860</b>	<b>749,666</b>

## Castillo Copper Limited

### Notes to the consolidated financial statements at and for the year ended 30 June 2021

5. Income Tax	2021	2020
	\$	\$

#### (a) Income tax expense

Major component of tax expense for the year:

Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

#### (b) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting result before income tax multiplied by the Group's applicable tax rate is as follows:

Loss from continuing operations before income tax expense	(1,624,984)	(1,842,170)
Tax at the Australian rate of 30% (2020: 30%)	(487,495)	(552,651)
Non-allowable expenses	96,145	-
Income tax benefit not brought to account	391,350	552,651
Income tax expense	<u>-</u>	<u>-</u>

#### (c) The following deferred tax balances have not been brought to account:

	2021	2020
Assets	\$	\$
Total losses available to offset against future taxable income	8,397,012	7,125,637
Total accrued expenses	53,960	72,184
Total share issue costs deductible over five years	565,080	322,869
Deferred tax liability on capitalised exploration costs	(2,188,397)	(1,510,880)
Deferred tax assets not brought to account as realisation is not regarded as probable	<u>(6,827,655)</u>	<u>(6,010,229)</u>
Deferred tax asset recognised	<u>-</u>	<u>-</u>

	2021	2020
	\$	\$

#### (d) Unused tax losses

Unused tax losses	<u>27,990,034</u>	<u>24,810,474</u>
Potential tax benefit not recognised at 30% (2020: 30%)	<u>8,397,012</u>	<u>7,443,142</u>

The benefit for tax losses will only be obtained if:

- (i) the Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and
- (iii) no changes in tax legislation in Australia, adversely affect the Group in realising the benefit from the deductions for the losses.

## Castillo Copper Limited

### Notes to the consolidated financial statements at and for the year ended 30 June 2021

#### 6. Cash and cash equivalents

Reconciliation of operating loss after tax to net the cash flows used in operations	2021	2020
	\$	\$
Loss from ordinary activities after tax	(1,624,984)	(1,842,170)
<b>Non-cash items</b>		
Exploration expenditure impaired	-	19,011
Share-based payments	318,830	229,095
Adviser invoices settled in shares	169,000	-
Foreign exchange (gain)/loss	(21,164)	(28,520)
Finance expense	-	60,220
<b>Profit &amp; loss items classed as investing activities</b>		
Consulting fees relating to exploration expenditure	120,000	-
<b>Changes in assets and liabilities</b>		
Increase / (decrease) in trade and other payables	(10,142)	560,675
(Increase) / decrease in other receivables	(159,730)	(43,581)
Net cash flow used in operating activities	<u>(1,208,190)</u>	<u>(1,045,270)</u>

#### (b) Reconciliation of cash

Cash balance comprises:

Cash at bank	<u>10,854,829</u>	<u>3,129,985</u>
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Cash at bank earns interest at floating rates based on daily bank deposit rates.

Part of the cash flows for exploration expenditure have been reclassified as investing activity cash flows in the annual report, these cash flows were previously classified as operating activity cash flows in the Appendix 5B quarterly cash flows.

#### 7. Other Receivables

	2021	2020
	\$	\$
<b>Current</b>		
GST/VAT receivable	178,642	44,143
Prepayments	42,802	19,575
	<u>221,444</u>	<u>63,718</u>
<b>Non-Current</b>		
Tenement guarantees	<u>349,100</u>	<u>117,100</u>

There are no current tenement guarantees.

## Castillo Copper Limited

### Notes to the consolidated financial statements at and for the year ended 30 June 2021

8. Deferred Exploration and Evaluation Expenditure	2021	2020
	\$	\$
<b>Exploration and evaluation phase:</b>		
Opening balance	5,748,198	4,777,776
Exploration and evaluation expenditure on acquisition of Zed Copper Pty Ltd <sup>1</sup>	-	612,500
Exploration and evaluation expenditure on acquisition of Wyloo metals tenements (note 9)	215,000	-
Exploration and evaluation expenditure during the period	2,329,713	376,933
Rehabilitation (note 11)	(121,090)	-
Impairment <sup>2</sup>	-	(19,011)
Closing balance	<b>8,171,821</b>	<b>5,748,198</b>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploration or sale of respective areas.

<sup>1</sup>Expenditure acquired on completion of the acquisition of Zed Copper Pty Ltd.

<sup>2</sup>These impairments relate predominantly to the Marlborough Project in the prior year as the tenements were relinquished.

#### 9. Asset Acquisition

The group completed the acquisition of two New South Wales exploration tenements (EL 8434 & 8435) from Wyloo Metals Ltd ("the Wyloo Tenements") on 15 October 2020 for a total purchase consideration of \$215,000.

The Wyloo tenements are not considered a business under AASB 3 Business Combinations; and the acquisition is accounted for as an acquisition of exploration assets.

10. Trade and other payables	2021	2020
Current	\$	\$
Trade and other payables	383,303	130,270
Accruals	188,533	313,289
	<b>571,836</b>	<b>443,559</b>

Trade and other payables are non-interest bearing and payable on demand. Due to their short-term nature, the carrying value of trade and other payables is assumed to approximate their fair value.

#### 11. Rehabilitation Provision

	2021	2020
	\$	\$
Rehabilitation provision	-	121,090
	<b>-</b>	<b>121,090</b>

#### Rehabilitation provision

Opening balance	121,090	121,090
Rehabilitation completed during the year	(121,090)	-
Closing balance	<b>-</b>	<b>121,090</b>

## Castillo Copper Limited

### Notes to the consolidated financial statements at and for the year ended 30 June 2021

<b>12. Issued Capital</b>	<b>2021</b>	<b>2020</b>
	\$	\$
<b>(a) Issued and paid up capital</b>		
Ordinary shares fully paid	<b>34,464,159</b>	<b>23,034,322</b>

	2021		2020	
	Number of shares	\$	Number of shares	\$
<b>(b) Movements in ordinary shares on issue</b>				
Opening balance	926,723,065	23,034,322	641,594,475	17,870,979
Shares issued in London Stock Exchange IPO	81,117,618	2,454,515	-	-
Shares issued to sophisticated investors	237,155,313	9,965,973	186,329,545	3,920,013
Shares issued to advisors	4,382,991	276,139	3,750,000	75,000
Conversion of convertible notes	-	-	57,716,574	880,610
Shares issued from exercise of options	7,133,333	310,000	-	-
Shares issued to consultants	-	-	6,082,471	128,970
Shares issued per Zed Copper acquisition	-	-	31,250,000	562,500
Transaction costs on share issue	-	(1,576,790)	-	(403,750)
	<b>1,256,512,320</b>	<b>34,464,159</b>	<b>926,723,065</b>	<b>23,034,322</b>

#### (c) Ordinary shares

The Group does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

#### (d) Share options

At 30 June 2021 there were 358,362,757 (30 June 2020: 278,462,786) unlisted options with various exercise prices and expiry dates and 61,500,000 listed options (ASX:CCZO), with an exercise price of \$0.05 per option and an expiry date of 27 March 2023 on issue. In addition, there were 17,241,379 listed options issued after the end of the year that relate to share based payments for services rendered during the year ended 30 June 2021.

The following share-based payment arrangements were in place during the period:

Series	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date	Vesting date
1	15,000,000	5 July 2017	5 July 2020	\$0.03	\$0.008	5 July 2017
2	17,000,000	16 May 2018	31 December 2023	\$0.10	\$0.018	16 May 2018
3	15,000,000	1 February 2019	1 February 2022	\$0.05	\$0.003	1 February 2019
4	5,000,000	1 February 2019	31 December 2023	\$0.05	\$0.005	1 February 2019
5	19,200,000	3 December 2019	2 December 2022	\$0.05	\$0.005	3 December 2019
6	3,000,000	3 December 2019	2 December 2022	\$0.05	\$0.005	3 December 2019
7	3,000,000	31 December 2019	31 December 2022	\$0.05	\$0.005	31 December 2019
8	6,000,000	31 December 2019	31 December 2022	\$0.05	\$0.004	30 June 2020
9	7,000,000	23 June 2020	30 June 2023	\$0.05	\$0.013	23 June 2020
10	1,582,353	2 October 2020	1 September 2023	£0.017	\$0.023	2 October 2020
11	19,000,000	2 October 2020	30 September 2023	\$0.05	\$0.018	2 October 2020
12	14,285,714	15 June 2021	31 July 2024	\$0.08	\$0.0218	15 June 2021
13	2,955,665	16 June 2021	1 August 2024	£0.044	\$0.0205	16 June 2021

## Castillo Copper Limited

### Notes to the consolidated financial statements at and for the year ended 30 June 2021

During the period 12,666,667 options expired, with an exercise price of \$0.03 and a fair value at grant date of \$0.008. During the period 2,333,333 options were exercised, with an exercise price of \$0.03 and a fair value at grant date of \$0.008 and 4,800,000 options were exercised with an exercise price of \$0.05.

No unlisted options have been issued since the end of the year. Since the end of the year, 159,439,781 listed options have been issued as free attaching options and as consideration to brokers in the most recent capital raising.

Weighted remaining contractual life (years) 1.83

Weighted average exercise price \$0.0532

Options granted as equity compensation benefits to Key Management Personnel during the year are set out in the audited remuneration report.

#### (e) Weighted average fair value

The fair value of the equity-settled options granted during the period was estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which they were granted, as follows:

	Series												
	1	2	3	4	5	6	7	8	9	10	11	12	13
Expected volatility (%)	120	100	87	87	92	92	92	93	100	104	104	104	104
Risk-free interest rate (%)	2.2	1.9	2.0	2.0	0.77	0.77	0.77	0.77	0.27	0.18	0.18	0.09	0.10
Expected life of option (years)	3	5.6	3	4.9	3	3	3	3	3	2.9	3	3.1	3.1
Exercise price (cents/pence)	3	10	5	5	5	5	5	5	5	1.7p	5	8	4.4p
Grant date share price (cents/pence)	1.8	3.9	1.6	1.6	1.8	1.8	2.0	1.7	2.6	2.6p	4.2	4.2	2.2p

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

#### (f) Performance Shares – issue for Zed Copper Pty Ltd acquisition

During the 2020 financial year, 46,875,000 Class A performance shares and 46,875,000 Class B performance shares were issued to vendors of Zed Copper Pty Ltd.

##### 46,875,000 Class A performance shares

Conditions precedent - converting to an equal number of CCZ shares on delineation of a JORC resource of 200,000 tonnes of contained copper at a minimum grade of 0.5% within 5 years of execution of the Share Sale Agreement.

##### 46,875,000 Class B performance shares

Conditions precedent - converting to an equal number CCZ shares on completion of a preliminary feasibility study demonstrating an internal rate of return greater than 25% within 5 years of execution of the Share Sale Agreement.

## 13. Reserves

### *Share based payment reserve*

The share based payment reserve is used to record the value of equity benefits provided to Directors and executives as part of their remuneration and non-employees for their services.

## Castillo Copper Limited

### Notes to the consolidated financial statements at and for the year ended 30 June 2021

#### Foreign currency translation reserve

The foreign exchange differences arising on translation of balances originally denominated in a foreign currency into the functional currency are taken to the foreign currency translation reserve. The reserve is recognised in profit or loss when the net investment is disposed of.

#### 14. Loss per Share

	2021	2020
	\$	\$
Loss used in calculating basic and dilutive EPS	(1,624,894)	(1,842,170)
<b>Number of Shares</b>		
Weighted average number of ordinary shares used in calculating basic loss per share:	1,019,444,466	744,344,197
<b>Effect of dilution:</b>		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	1,019,444,466	744,344,197
Basic and diluted loss per share (cents per share)	(0.16)	(0.25)

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

There are no potential ordinary shares on issue that are considered to be dilutive, therefore basic earnings per share also represents diluted earnings per share.

#### 15. Auditor's Remuneration

The auditor of Castillo Copper Limited is HLB Mann Judd.

Amounts received or due and receivable for:

Audit or review of the financial report of the entity and any other entity in the Group	41,607	35,166
Non-audit services – preparation of various reports in relation to the LSE listing	10,000	5,000
	51,607	40,166

#### 16. Related party disclosures

##### a) Key management personnel

	2021	2020
	\$	\$
<i>Compensation of key management personnel</i>		
Short term employee benefits	255,829	308,469
Post-employment benefits	-	-
Share-based payments	210,840	52,896
<b>Total remuneration</b>	466,669	361,365

##### b) Other transactions with key management personnel

Yingyang Pty Ltd, a company of which Mr Paull is a director, charged the Group director's fees of \$48,000 (2020: \$41,032) and executive fees of \$120,000 (2020: \$70,000). There was nil outstanding at 30 June 2021 (2020: \$30,800).

## Castillo Copper Limited

### Notes to the consolidated financial statements at and for the year ended 30 June 2021

Coverley Management Services Pty Ltd, a company of which Mr Scott is a director, charged the Group director's fees of \$48,000 (2020: \$48,000). There was nil outstanding at 30 June 2021 (2020: \$11,000).

Strategic Business Analysis Ltd, a company of which Mr. Hall is a director, charged the Group directors fees of \$39,829 (2020: nil). There was nil outstanding at 30 June 2021 (2020: nil).

#### c) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of Castillo Copper Limited and the following subsidiaries:

Name of Entity	Country of Incorporation	Equity Holding	
		2021	2020
Castillo Copper Chile SPA	Chile		
Castillo Exploration Limited	Australia	100%	100%
Qld Commodities Pty Ltd	Australia	100%	100%
Total Iron Pty Ltd	Australia	100%	100%
Total Minerals Pty Ltd	Australia	100%	100%
BHA No. 1 Pty Ltd	Australia	100%	100%
Atlantica Holdings (Bermuda)	Bermuda	75%	75%
Zed Copper Pty Ltd	Australia	100%	100%
Chalo Mining Group Ltd	Zambia	100%	100%
Lufilian Resources Zambia Ltd	Zambia	100%	100%
Belmt Resources Mining Company Ltd	Zambia	50%	50%

Castillo Copper Limited is the ultimate Australian parent entity and ultimate parent of the Group.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and not disclosed in this note.

#### 17. Financial Risk Management

Exposure to interest rate, liquidity, and credit risk arises in the normal course of the Group's business. The Group does not hold or use derivative financial instruments. The Group's principal financial instruments comprise mainly of deposits with banks. The totals for each category of financial instruments are as follows:

	2021	2020
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	10,854,829	3,129,958
Other receivables (current and non-current)	527,741	161,243
	<u>11,382,570</u>	<u>3,291,201</u>
<b>Financial Liabilities</b>		
Trade and other payables	571,836	443,559

The Group uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

##### (a) Capital risk management

The Group's capital comprises share capital and reserves less accumulated losses. As at 30 June 2021, the Group has net assets of \$19,025,358 (2020: \$8,494,325). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders.



## Castillo Copper Limited

### Notes to the consolidated financial statements at and for the year ended 30 June 2021

#### (b) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing future capital needs include the cash position and future equity raising alternatives. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. The Board expects that, assuming no material adverse change in a combination of our sources of liquidity, present levels of liquidity will be adequate to meet expected capital needs.

#### Maturity analysis for financial liabilities

Financial liabilities of the Group comprise trade and other payables. As at 30 June 2021 any financial liabilities that are contractually maturing within 60 days have been disclosed as current. Trade and other payables that have a deferred payment date of greater than 12 months have been disclosed as non-current.

#### (c) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Group's exposure to changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

	2021	2020
	\$	\$
Cash and cash equivalents	10,854,829	3,129,958

#### Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's statement of comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

Change in Basis Points	Effect on Post Tax Loss (\$)		Effect on Equity including retained earnings (\$)	
	Increase/(Decrease)		Increase/(Decrease)	
	2021	2020	2021	2020
Increase 100 basis points	108,548	31,300	108,548	31,300
Decrease 100 basis points	(108,548)	(31,300)	108,548	(31,300)

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. This would represent two to four movements by the Reserve Bank of Australia.

#### (d) Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

At 30 June 2021, the Group held cash at bank. These were held with financial institutions with a rating from Standard & Poors of AA- or above (long term). The Group has no past due or impaired debtors as at 30 June 2021.

## Castillo Copper Limited

### Notes to the consolidated financial statements at and for the year ended 30 June 2021

#### (e) Fair Value Measurement

There were no financial assets or liabilities at 30 June 2021 requiring fair value estimation and disclosure as they are either not carried at fair value or in the case for short term assets and liabilities, their carrying values approximate fair value.

#### (f) Foreign Exchange

The Group undertakes certain transactions denominated in foreign currencies hence exposures to exchange rate fluctuations arise. The Group does not manage these exposures with foreign currency derivative products. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

##### Chilean Peso (CLP)

	2021	2020
	\$	\$
Assets	101,338	98,205
Liabilities	(12,135)	(11,760)
	<u>89,203</u>	<u>86,445</u>

##### British Pound Sterling (GBP)

	2021	2020
	\$	\$
Assets	3,631,057	46,934
Liabilities	(13,063)	-
	<u>3,617,994</u>	<u>46,934</u>

The Group is exposed to Chilean Peso (CLP) and British Pound Sterling (GBP) currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit and equity where the Australian Dollar weakens against the respective currency. For a strengthening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and equity and the balances below would be negative.

#### 10% Increase

	2021	2020
	\$	\$
Profit/(loss) and equity – CLP	8,920	8,645
Profit/(loss) and equity – GBP	361,799	4,693
	<u>370,719</u>	<u>13,338</u>

## Castillo Copper Limited

### Notes to the consolidated financial statements at and for the year ended 30 June 2021

#### 10% Decrease

	2021	2020
	\$	\$
Profit/(loss) and equity – CLP	(8,920)	(8,645)
Profit/(loss) and equity – GBP	(361,799)	(4,693)
	<u>(370,719)</u>	<u>(13,338)</u>

#### 18. Parent Entity Information

The following details information related to the parent entity, Castillo Copper Limited, at 30 June 2020. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	2021	2020
	\$	\$
Current assets	11,074,975	3,192,418
Non-current assets	5,885,974	3,395,588
<b>Total assets</b>	<b>16,960,949</b>	<b>6,588,006</b>
Current liabilities	559,701	552,890
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>559,701</b>	<b>552,890</b>
<b>Net assets</b>	<b>16,401,248</b>	<b>6,035,116</b>
Issued capital	34,464,159	23,034,322
Reserves	4,092,830	3,366,314
Accumulated losses	(22,155,741)	(20,365,520)
<b>Total equity</b>	<b>16,401,248</b>	<b>6,035,116</b>
Loss of the parent entity	1,790,221	(2,568,488)
Other comprehensive income for the year	-	-
<b>Total comprehensive loss of the parent entity</b>	<b>1,790,221</b>	<b>(2,568,488)</b>

#### a) Guarantees

Castillo Copper Limited has not entered into any guarantees in relation to the debts of its subsidiary.

#### b) Other Commitments and Contingencies

Castillo Copper Limited has not entered into any commitments and does not have any known contingent liabilities at year end.

## Castillo Copper Limited

### Notes to the consolidated financial statements at and for the year ended 30 June 2021

#### 19. Contingent liabilities

The Company has entered into the following royalty agreements:

- 1% net smelter return royalty in respect of the area covered by the tenements acquired from Qld Commodities Pty Ltd vendors (or their nominee);
- 3% net smelter return royalty in respect of the area covered by the tenements acquired from Total Minerals Pty Ltd vendors (or their nominee);
- 3% net smelter return royalty in respect of the area covered by the tenements acquired from Total Iron Pty Ltd vendors (or their nominee).
- 2% net smelter return royalty in respect of the area covered by the tenements acquired from Zed Copper Pty Ltd vendors (or their nominee).

Other than outlined above, there are no contingent liabilities.

#### 20. Commitments

In order to maintain current contractual rights concerning its mineral projects, the Group has certain commitments to meet minimum expenditure requirements. The current minimum commitments at balance date but not recognised as liabilities are as follows:

	2021 \$	2020 \$
Within one year	643,668	420,719
After one year but not more than five years	968,475	1,255,000
Longer than five years	-	-
	<u>1,612,143</u>	<u>1,675,719</u>

#### 21. Dividends

No dividend was paid or declared by the Group in the period since the end of the financial year, and up to the date of this report. The Directors' do not recommend that any amount be paid by way of a dividend for the financial year ended 30 June 2021.

The balance of the franking account is Nil at 30 June 2021 (2020: Nil).

#### 22. Share-based payments

(a) **Shares issued to suppliers** During the year, 5,952,206 fully paid ordinary shares were issued to suppliers in lieu of cash payment of invoices.

(b) **Reconciliation to share based payments expense in profit or loss:**

	\$
Options issued to advisors and consultants	107,990
Options issued to directors	<u>210,840</u>
	<u>318,830</u>

#### (c) Fair value of options

The fair value of all options noted above have been determined using the Black & Scholes model taking in to account the inputs outlined in Note 12(e).

## Castillo Copper Limited

### ***Notes to the consolidated financial statements at and for the year ended 30 June 2021***

#### **(d) Performance Rights**

During the 2020 financial year, 46,875,000 Class A performance shares and 46,875,000 Class B performance shares were issued to vendors of Zed Copper Pty Ltd. As the performance conditions are dependent upon future exploration results, no value has been ascribed to the Class A & Class B Performance Shares as at balance date

#### **46,875,000 Class A performance shares**

Conditions precedent - converting to an equal number of CCZ shares on delineation of a JORC resource of 200,000 tonnes of contained copper at a minimum grade of 0.5% within 5 years of execution of the Share Sale Agreement.

#### **46,875,000 Class B performance shares**

Conditions precedent - converting to an equal number CCZ shares on completion of a preliminary feasibility study demonstrating an internal rate of return greater than 25% within 5 years of execution of the Share Sale Agreement.

#### **23. Subsequent events**

The following significant events occurred after 30 June 2021:

##### **NWQ Copper Project**

Drilling continued at the Big One Deposit, with initial assays for drill-holes BO\_315-317RC returning up to 9.19% Cu and clearly extending known mineralisation. The best intercepts are summarised below:

9m @ 1.42% Cu from 88m including 4m @ 3.06% Cu from 92m & 1m @ 9.19% Cu from 92m (BO\_317RC)

5m @ 1.06% Cu from 141m (BO\_316RC)

3m @ 1.22% Cu from 65m (BO\_315RC)

##### **Zambia**

The Group confirmed a comprehensive IP survey will commence across the key Luanshya and Mkushi Projects. Given the scale of the campaign, it will take 6-8 weeks to complete and fully analyse the results. However, reconciling these findings with known anomalous areas at surface should identify priority targets to test-drill.

##### **BHA Project**

The Group appointed CPS Capital Group, to restructure and then list, on a best endeavours basis, via an IPO on the ASX, its wholly-owned BHA Project which comprises a large footprint proximal to Broken Hill's world-class zinc-lead-silver deposit. A new entity, Newco, will be formed to house the BHA Project, with the Group slated to retain a significant interest post-IPO.

Newco will be led by Managing Director, Dr Dennis Jensen, a former Federal Member of Parliament and CSIRO scientist who has significant experience consulting in the mining industry.

Subject to final approvals to progress the IPO, Newco is targeting to raise a minimum of \$4.5m up to a maximum of \$7.0m (and will include a preferential subscription allocation to CCZ shareholders) to fund a comprehensive exploration campaign to develop the BHA Project.

##### **Board Changes**

On 16 August 2021, Mr Geoff Reed was appointed as a Non-Executive Director.

##### **New Shares/Options Issued**

In August 2021, the Company issued 40,300,731 new ordinary shares and 159,439,781 listed options to complete the recent capital raising on the Australian Stock Exchange and London Stock Exchange. Total proceeds raised were \$1,368,966 (AUD) and £177,245 (GBP) (\$1,692,631 AUD total).

Other than set out above, there were no known material significant events from the end of the financial year to the date of this report that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

## Castillo Copper Limited

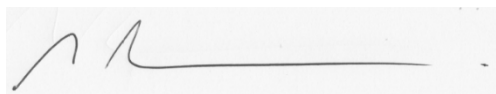
### *Directors' Declaration*

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The directors of the company declare that:

1. in the directors' opinion, the financial statements and accompanying notes set out on pages 24 to 50 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards and the *Corporations Regulations 2001*, professional reporting requirements and all other mandatory requirements; and
  - b. give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the 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;
3. the directors have been given the declarations by the Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



**Simon Paull**

**Managing Director**

28 September 2021

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the consolidated financial report of Castillo Copper Limited for the year ended 30 June 2021, 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.



**Perth, Western Australia**  
**28 September 2021**

**M R Ohm**  
**Partner**

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## INDEPENDENT AUDITOR'S REPORT

To the members of Castillo Copper Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Castillo Copper Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Carrying amount of deferred exploration and evaluation expenditure</b> Refer to Note 8</p>	
<p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group capitalises all exploration and evaluation expenditure and at 30 June 2021 had a balance of \$8,171,821.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>- We obtained an understanding of the key processes associated with management's review of the carrying</li> </ul>

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Key Audit Matter	How our audit addressed the key audit matter
<p><b>Carrying amount of deferred exploration and evaluation expenditure</b> Refer to Note 8</p>	<p>values of each area of interest.</p> <ul style="list-style-type: none"> <li>- We considered the Directors' assessment of potential indicators of impairment.</li> <li>- We obtained evidence that the Group has current rights to tenure of its areas of interest.</li> <li>- We examined the exploration budget and discussed with management the nature of planned ongoing activities.</li> <li>- We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at any of its areas of interest; and</li> <li>- We examined the disclosures made in the financial report.</li> </ul>

*Information other than the financial report and auditor's report thereon*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the directors for the financial report*

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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*Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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**Report on the Remuneration Report**

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Castillo Copper Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

*HLB Mann Judd*

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

**Perth, Western Australia**  
**28 September 2021**



**M R Ohm**  
**Partner**

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## Castillo Copper Limited

### ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 14 September 2021.

#### Distribution of Share Holders

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	69	13,502
1,001 - 5,000	14	41,308
5,001 - 10,000	182	1,624,166
10,001 - 100,000	1,738	75,223,482
100,001 - and over	1,207	1,220,669,725
<b>TOTAL</b>	<b>3,210</b>	<b>1,297,572,183</b>

There were 546 holders of ordinary shares holding less than a marketable parcel, with total of 5,306,018 shares amounting to 0.41% of Issued Capital.

#### Quoted equity securities as at 14 September 2021

Equity Security	Quoted
Ordinary Shares	1,297,572,183
CCZO – Listed Options	61,500,000
CCZOA – Listed Options	127,418,042
CCZOB – Listed Options	32,021,739

#### Voting Rights

Each fully paid ordinary share carries the rights of one vote per share.

#### Unquoted Securities

The number of unquoted securities on issue at 14 September 2021:

Unquoted Securities	Number on Issue	Exercise Price	Expiry Date
Unquoted Options <sup>1</sup>	17,000,000	10c	31/12/2023
Unquoted Options <sup>2</sup>	5,000,000	5c	31/12/2023
Unquoted Options <sup>3</sup>	15,000,000	5c	1/02/2022
Unquoted Options <sup>4</sup>	57,716,574	5c	1/08/2022
Unquoted Options	52,491,667	5c	3/12/2022
Unquoted Options <sup>5</sup>	9,000,000	5c	31/12/2022
Performance Shares – Class A	46,875,000	Nil <sup>6</sup>	-
Performance Shares – Class B	46,875,000	Nil <sup>7</sup>	-
Unquoted Options	102,454,545	5c	30/06/2023
Unquoted Options	1,582,353	1.7p	01/09/2023
Unquoted Options	19,000,000	5c	30/09/2023
Unquoted Options	79,117,618	2.8p	01/09/2023

Persons holding more than 20% of a given class of unquoted securities as at 14 September 2021:

- 29% held by Bond Street Custodians Ltd, 26% held by Detroit Capital Pty Ltd, 21 Held by Mr Shane Lehman
- 100% held by Ferber Holdings Pty Ltd <Scott Super Fund>.
- 42% held by Mr Shane Lehman
- 60% held by Jim Nominees Ltd
- 33% held by JBO Assets Pty Ltd, 33% held by TWW Assets Pty Ltd, 28% held by Mr Shane Lehman.
- converting to an equal number of CCZ shares on delineation of a JORC resource of 200,000 tonnes of contained copper at a minimum grade of 0.5% within 5 years of execution of the Share Sale Agreement. 50% held by N & E Beltz Pty Ltd and 50% held by Resource Corporate Pty Ltd.
- converting to an equal number CCZ shares on completion of a preliminary feasibility study demonstrating an internal rate of return greater than 25% within 5 years of execution of the Share Sale Agreement. 50% held by N & E Beltz Pty Ltd and 50% held by Resource Corporate Pty Ltd.

#### Substantial Shareholders

There are no substantial shareholders.

## Castillo Copper Limited

### Restricted Securities

There were 430,785 restricted securities under ASX imposed escrow at 14 September 2021.

### Stock Exchange

The Company is listed on the Australian Securities Exchange and has been allocated the code "CCZ". The "Home Exchange" is Perth.

The Company is also listed on the London Stock Exchange and has been allocated the code "CCZ".

### Other information

Castillo Copper Limited, is incorporated and domiciled in Australia, and is a publicly listed company limited by shares.

### On-Market Buy-Back

There is currently no on-market buy-back in place.

### Twenty largest holders of quoted securities as at 14 September 2021

Name	No. of Shares	%
COMPUTERSHARE CLEARING PTY LTD <CCNL DI A/C>	242,523,782	18.69%
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	30,061,652	2.32%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	28,975,327	2.23%
TWW ASSETS PTY LTD <TWW ASSETS A/C>	24,459,524	1.89%
JBO ASSETS PTY LTD <JBO ASSETS A/C>	24,259,525	1.87%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	19,186,211	1.48%
TAKA CUSTODIANS PTY LTD <TAKA A/C>	17,793,750	1.37%
MR BRADLEY JOHN KENNEY	15,000,000	1.16%
REBECCA BRADLEY	15,000,000	1.16%
GUINA GLOBAL INVESTMENTS PTY LIMITED	11,000,000	0.85%
AGENS PTY LTD <THE MARK COLLINS S/F A/C>	10,880,954	0.84%
RESOURCE CORPORATE PTY LTD <SOUTHERN RIVER INVEST A/C>	10,760,689	0.83%
HOLDSWORTH BROS PTY LTD <HOLDSWORTH BROS S/F A/C>	10,000,000	0.77%
CITICORP NOMINEES PTY LIMITED	8,635,480	0.67%
FOUCART PTY LTD <CRB A/C>	8,507,500	0.66%
MRS MARIA KATALIN VAROLI	8,500,000	0.66%
BEARAY PTY LIMITED <BRIAN CLAYTON S/F A/C>	8,333,320	0.64%
AMAL TRUSTEES PTY LTD <MCEC MICROCAP FUND 1 A/C>	8,210,180	0.63%
REDIMA PTY LTD	8,155,887	0.63%
JD SQUARED INVESTMENTS PTY LTD	7,750,000	0.60%
<b>Total</b>	<b>525,136,639</b>	<b>40.47%</b>

## Castillo Copper Limited

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### Tenement information as required by Listing Rule 5.3.3

<b>JACKADERRY</b>		
New England Orogen in NSW		
Tenement ID	Ownership at end of year	Status
EL8635	100%	Granted
EL8625	100%	Granted
EL8601	100%	Granted

<b>BROKEN HILL</b>		
located within a 20km radius of Broken Hill, NSW		
Tenement ID	Ownership at end of year	Status
EL8599	100%	Granted
EL8572	100%	Granted
EL8434	100%	Granted
EL8435	100%	Granted

<b>MT OXIDE</b>		
Mt Isa region, northwest Queensland		
Tenement ID	Ownership at end of year	Status
EPM 26513	100%	Granted
EPM 26525	100%	Granted
EPM 26574	100%	Granted
EPM 26462	100%	Granted
EPM27440	100%	Application

<b>Zambia</b>		
Tenement ID	Ownership at end of year	Status
23914-HQ-SEL	100%	Granted
23913-HQ-SEL	100%	Granted
24659-HQ-LEL	100%	Granted
22448-HQ-LEL	0%*	Granted
25195-HQ-LEL	55%*	Granted
25273-HQ-LEL	55%*	Granted
25261-HQ-LEL	100%	Granted

\*CCZ can earn up to 80% by meeting previously disclosed milestones