



CASTILLO COPPER

CASTILLO COPPER LIMITED

ABN 52 137 606 476

Half-year Financial Report
31 December 2023

CORPORATE DIRECTORY

Directors

Gerrard (Ged) Hall (Non-Executive Chairman)

Joel Logan (Non-Executive Director)

Eduardo Robaina (Non-Executive Director)

Company Secretary

Dale Hanna

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Auditors

HLB Mann Judd (WA Partnership)

Level 4

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Securities Exchange Listings

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)

ASX Code: CCZ

London Stock Exchange

LSE Code: CCZ

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DIRECTORS' REPORT

The directors of Castillo Copper Limited and its subsidiaries ("Castillo Copper", "CCZ", the "Company" or the "Group") submit the financial report of the Group for the half-year ended 31 December 2023. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

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

Gerrard (Ged) Hall	Non-Executive Chairman
Dr Dennis Jensen	Managing Director (resigned 10 October 2023)
David Drakeley	Non-Executive Director (resigned 14 March 2024)
Jack Sedgwick	Non-Executive Director (resigned 14 March 2024)
Joel Logan	Non-Executive Director (appointed 14 March 2024)
Eduardo Robaina	Non-Executive Director (appointed 14 March 2024)

Results

The loss after tax for the half-year ended 31 December 2023 was \$1,197,257 (31 December 2022 loss of \$625,672).

Review of Operations

During the financial period, the principal activity of the Group was mineral exploration in eastern Australia.

The Group has four (4) exploration projects, including the North-West Copper (NWQ) Project located in the copper-belt of Mt Isa, the Broken Hill Alliance (BHA) Project situated near the world class silver-zinc-lead deposit in Broken Hill, New South Wales, the historic Cangai Copper Mine in northern New South Wales, and several assets within the copper-belt of Zambia.

An overview of significant activities carried out during the financial period is presented below:

CANGAI MINERAL RESOURCE ESTIMATE

On 25 July 2023, Castillo Copper's geology team, in collaboration with a specialist geological consultancy, generated an updated JORC (2012) compliant Mineral Resource Estimate (MRE) for the Cangai Copper Mine.

This update includes an inferred in-situ resource of 4.4 million tonnes at a copper (Cu) grade of 2.5% and an indicated resource from historic stockpiles of 0.2 million tonnes at 1.35% Cu, amounting to approximately 114,000 tonnes of contained copper metal, augmented further by zinc, gold, and silver credits (Table 1)¹.

Table 1: 2023 Cangai Mineral Resource Estimate

Category	Inferred Mass (Tonnes)	Cu (%)	Co (%)	Zn (%)	Au (%)	Ag (%)	Cu (Tonnes)	Co (Tonnes)	Zn (Tonnes)	Au (Kg)	Ag (Kg)
Insitu [Ox.]	634,000	2.65	0.01	0.65	0.15	16.1	16,801	63	4,121	95	10,207
Insitu [Fr.]	3,773,000	2.48	0.01	0.55	0.31	15.2	93,570	226	20,752	1,170	57,350
Dumps [Ox.]	29,000	2.10	0.02	0.30	0.58	14.5	609	5	87	17	421
Total	4,436,000	2.50	0.01	0.60	0.29	15.3	110,980	294	24,960	1,282	67,978

Table 1: 2023 Cangai Mineral Resource Estimate (continued)

Category	Indicated Mass (Tonnes)	Cu (%)	Co (%)	Zn (%)	Au (%)	Ag (%)	Cu (Tonnes)	Co (Tonnes)	Zn (Tonnes)	Au (Kg)	Ag (Kg)
Dumps [Ox.]	199,000	1.35	0.02	1.9	0.1	4.6	2,687	48	3,781	20	915
Total	199,000	1.35	0.02	1.9	0.1	4.6	2,687	48	3,781	20	915
Total	4,635,000	2.45	0.01	0.60	0.28	14.9	113,667	342	28,741	1,301	68,893

Notes:

1. All resource tonnages rounded to the nearest 1,000 tonnes.
2. Refer to JORC Table 1 for details on data and estimation.
3. Insitu tonnages calculated as a guide only, no recovery factor, loss or dilution considered.

In updating the Mineral Resource Estimate (MRE) from its 2017 figures (3.3 million tonnes at 3.35% Cu, totalling 108,000 tonnes), the geology team incorporated data from reverse circulation and diamond core drilling activities conducted between 2017 and 2018 and applied more conservative assumptions to enhance the confidence of the revised 2023 MRE.

ASSET PORTFOLIO REVIEW

The Castillo Copper's Board is of the opinion that the present tenement holdings possess significant exploration potential. Consequently, during the reporting period a comprehensive strategic review of the Group's exploration assets was conducted.

Assets identified as core to the Company's strategy will be developed, potentially in collaboration with a strategic partner. Assets considered non-essential will be divested.

As part of the review process, members of the geology team visited the North West Queensland Copper Project's Boomerang and Josephine Prospects to assess their exploration potential. Both have been interpreted as prospective for structurally controlled copper mineralisation.

The historical highlights of these prospects are as follows:

- **Boomerang Prospect:** Mineralisation is hosted in the Surprise Creek Formation and is thought to be associated with secondary faulting related to the Mt Gordon Fault, a regional NE trending structure. In 1975, Dampier Mining conducted an exploration campaign that included geological mapping, rock sampling and drilling of nine RAB holes, to delineate a sandstone hosted copper oxide mineralisation over an 800m strike length. Secondary copper staining was observed along the strike length.
- **Josephine Prospect:** Occurs within a fault-bounded block of middle-lower Surprise Creek Formation. The host rock consists of buff, brown and grey thin bedded fine feldspathic and labile sandstone, ferruginous sandstone and micaceous siltstone.

During the site visits, twenty-one (21) rock chip samples were collected from the Boomerang Prospect and another thirteen (13) from the outcrops at the Josephine Prospect. Analysis conducted by ALS Brisbane on these samples identified elevated copper levels up to 0.46% Cu at Boomerang. The findings from the rock chip analysis will guide the direction of subsequent exploration efforts.

With more than twenty (20) prospects within the NWQ Copper Project area, the Group's Board approved the review's suggestion to designate the NWQ Copper Project as a core asset.

CORPORATE BOARD CHANGES

On 9 October 2023, the Board announced the appointment of Mr Jack Sedgwick as interim Executive Director. On 10 October 2023, Managing Director Dr Dennis Jensen resigned from the Castillo Copper Board. Mr Sedgwick was tasked with conducting the review of the Company's assets and realigning the strategic direction of the Group.

Upon concluding the review, Mr Sedgwick transitioned from interim Executive Director to that of Non-Executive Director, effective 15 December 2023.

The restructure is anticipated to lower the annual expenses of the Board, underscoring the Company's commitment to maintaining cost efficiency and focusing strategically on enhancing its exploration properties.

Events subsequent to period end

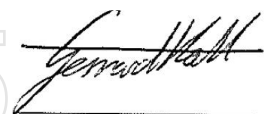
The following significant events occurred after 31 December 2023:

- On 11 January 2024, the Company announced it had executed a Tenement Purchase Agreement with Rimfire Pacific Mining Limited (ASX: RIM), to sell an unencumbered 100% of the Company's Exploration Licenses 8572 and 8599 which lie adjacent to Rimfire's Bald Hill Cobalt prospect, 30 kilometres west of Broken Hill, NSW.
- Consideration for the sale comprises \$150,000 worth of RIM shares at an issue price of \$0.0186 per share, plus an additional \$150,000 worth of RIM shares at an issue price of \$0.0279 per share, conditional on the RIM 5-day volume weighted average share price being greater than \$0.0279 at any time after completion.
- On 14 March 2024, Mr David Drakeley and Mr Jack Sedgwick resigned as Non-Executive Directors and Mr Joel Logan and Mr Eduardo Robaina were appointed as Non-Executive Directors of the Company.

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 4 and forms part of this directors' report for the half-year ended 31 December 2023.

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



Gerrard (Ged) Hall
Non-Executive Chairman
14 March 2024

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results and Mineral Resource Estimates for the Cangai Copper Mine is based on information compiled or reviewed by Mr Mark Biggs. Mr Biggs is a 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.

The information in this report that relates to Exploration Results for the NWQ Project is based on and fairly represents information compiled by Mr Jeremy Clark, a Competent Person who is a member of the AusIMM. Mr Clark is the sole director of Lily Valley International Pty Ltd. Mr Clark has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code of Report of Exploration Results, Mineral Resources and Ore Reserves. Mr Clark also consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Castillo Copper Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
14 March 2024



M R Ohm
Partner

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2023

	Note	31 December 2023 \$	31 December 2022 \$
Interest revenue		22,850	3,453
Revenue		22,850	3,453
Listing and public company expenses		(91,829)	(76,956)
Accounting and audit expenses		(65,090)	(57,074)
Consulting and directors' fees		(313,919)	(250,113)
Impairment of exploration expenditure	4	(518,361)	-
Other expenses	3	(230,908)	(244,982)
Loss before income tax		(1,197,257)	(625,672)
Income tax expense		-	-
Loss after income tax		(1,197,257)	(625,672)
Other comprehensive (loss) / income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(4,953)	2,179
Total comprehensive loss for the half-year		(1,202,210)	(623,493)
Loss per share attributable to owners of Castillo Copper Limited			
Basic loss per share (cents per share)		(0.09)	(0.05)
Diluted loss per share (cents per share)		(0.09)	(0.05)

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position
as at 31 December 2023

	Note	31 December 2023 \$	30 June 2023 \$
Assets			
Current Assets			
Cash and cash equivalents		1,747,998	2,897,611
Assets held for sale	4	300,000	-
Other receivables		120,979	78,845
Total Current Assets		2,168,977	2,976,456
Non-Current Assets			
Other receivables		486,961	486,961
Deferred exploration and evaluation expenditure	4	8,297,282	8,736,198
Total Non-Current Assets		8,784,243	9,223,159
Total Assets		10,953,220	12,199,615
Current Liabilities			
Trade and other payables		84,161	128,346
Total Current Liabilities		84,161	128,346
Total Liabilities		84,161	128,346
Net Assets		10,869,059	12,071,269
Equity			
Issued capital	5	35,964,396	35,964,396
Reserves		4,076,782	4,081,735
Accumulated losses		(29,172,119)	(27,974,862)
Total Equity		10,869,059	12,071,269

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2023

	Note	Issued Capital \$	Share-Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
Balance as at 1 July 2022		35,964,396	4,230,962	(150,586)	(21,032,634)	19,012,138
Loss for the half-year		-	-	-	(625,672)	(625,672)
Other comprehensive income		-	-	2,179	-	2,179
Total comprehensive loss for the half-year		-	-	2,179	(625,672)	(623,493)
Balance at 31 December 2022		35,964,396	4,230,962	(148,407)	(21,658,306)	18,388,645
Balance as at 1 July 2023		35,964,396	4,230,962	(149,227)	(27,974,862)	12,071,269
Loss for the half-year		-	-	-	(1,197,257)	(1,197,257)
Other comprehensive income		-	-	(4,953)	-	(4,953)
Total comprehensive loss for the half-year		-	-	(4,953)	(1,197,257)	(1,202,210)
Balance at 31 December 2023	5	35,964,396	4,230,962	(154,180)	(29,172,119)	10,869,059

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows
for the half-year ended 31 December 2023

	31 December 2023 \$	31 December 2022 \$
Cash flows from operating activities		
Payments to suppliers and employees	(654,600)	(732,607)
Interest received	22,850	3,453
Interest paid	-	(1,936)
Net cash outflow from operating activities	(631,750)	(731,090)
Cash flows from investing activities		
Tenement expenditure guarantees	-	(82,000)
Payments for exploration and evaluation expenditure	(509,356)	(1,113,264)
Net cash outflow from investing activities	(509,356)	(1,195,264)
Cash flows from financing activities		
Net cash inflow from financing activities	-	-
Net decrease in cash and cash equivalents	(1,141,106)	(1,926,354)
Cash and cash equivalents at 1 July	2,897,611	5,754,049
Effect of exchange rate fluctuations on cash held	(8,507)	20,636
Cash and cash equivalents at 31 December	1,747,998	3,848,331

The accompanying notes form part of these financial statements.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

This general purpose financial report of Castillo Copper Limited and its subsidiaries (the Group) for the half-year ended 31 December 2023 was authorised for issue in accordance with a resolution of the directors on 14 March 2024.

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

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

Basis of Preparation

This financial report for the half-year ended 31 December 2023 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with AASB 134 ensures compliance with IAS 34 *Interim Financial Reporting*.

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

It is recommended that the half-year financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2023 and considered together with any public announcements made by Castillo Copper Limited during the half-year ended 31 December 2023 in accordance with the continuous disclosure obligations of the ASX listing rules.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period. The accounting policies and methods of computation adopted are consistent with those of the previous financial year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The consolidated financial statements have been prepared on the basis of historical cost.

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 period ended 31 December 2023 of \$1,197,257 and a net cash outflow from operating activities of \$631,750. At 31 December 2023, the Group had a net asset position of \$10,869,059 and working capital of \$2,084,814. The cash and cash equivalents balance at 31 December 2023 was \$1,747,998.

Notwithstanding these results, the Directors believe that the Company will be able to continue as a going concern and as a result the financial statements have been prepared on a going concern basis. The interim financial report has been prepared on the assumption that the Group is a going concern for the following reasons:

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- the ability of the Group to scale back parts of its operations and reduce costs if required;
- the Board is of the opinion that the Group has, or shall have access to, sufficient funds to meet the planned corporate activities and working capital requirements; and
- as the Group is an ASX-listed entity, the Group has the ability to raise additional funds, if required.

In the event that the Group is unable to achieve the actions noted above, there is a material uncertainty that may cast significant doubt as to the Group's ability to continue as a going concern, and it may be required to realise its assets at amounts different to those currently recognised, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise as a result of cessation or curtailment of normal business operations.

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.

New and amending Accounting Standards and Interpretations

In the half-year ended 31 December 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2023. 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.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2023. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to the Group accounting policies.

NOTE 2: SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The entity has four geographical segments being exploration in Northwest Queensland (NWQ), New South Wales (Cangai), New South Wales (Broken Hill) 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
December 2023						
Segment assets and liabilities	\$	\$	\$	\$	\$	\$
Current assets	-	-	300,000	-	1,868,977	2,168,977
Non-current assets	6,672,992	321,100	1,102,026	688,004	121	8,784,243
Current liabilities	-	-	-	-	(84,161)	(84,161)
Segment income and expenses						
Interest income	-	-	-	-	22,850	22,850
Other expenses	-	(185,891)	(203,145)	(154,738)	(676,333)	(1,220,107)
Total	-	(185,891)	(203,145)	(154,738)	(653,483)	(1,197,257)

Notes to the Condensed Consolidated Financial Statements
for the half-year ended 31 December 2023

NOTE 2: SEGMENT REPORTING (CONTINUED)

	NWQ (QLD)	Cangai (NSW)	Broken Hill (NSW)	Zambia	Unallocated	Total
December 2022						
Segment assets and liabilities	\$	\$	\$	\$	\$	\$
Current assets	-	-	-	-	4,061,504	4,061,504
Non-current assets	6,416,742	5,498,371	1,374,496	1,076,912	121	14,366,642
Current liabilities	-	-	-	-	(39,501)	(39,501)
Segment income and expenses						
Interest income	-	-	-	-	3,453	3,453
Interest expense	-	-	-	-	(1,936)	(1,936)
Other expenses	-	-	-	-	(627,189)	(627,189)
Total	-	-	-	-	(625,672)	(625,672)

NOTE 3: OTHER EXPENSES

Included in other expenses are the following items:

	6 months to 31 December 2023	6 months to 31 December 2022
	\$	\$
Insurance	37,580	61,299
Interest expenses	-	1,936
Marketing and investor relations	181,425	175,461
Foreign exchange losses / (gains)	8,505	(20,589)
Legal fees	4,304	7,368
Travel and accommodation	26	2,948
Other expenses	(932)	16,559
	230,908	244,982

NOTE 4: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	6 months to 31 December 2023	Year ended 30 June 2023
	\$	\$
Exploration and evaluation phase:		
Opening balance	8,736,198	12,899,486
Exploration and evaluation expenditure during the period	379,445	1,509,584
Impairment ^{1,2}	(518,361)	(5,672,872)
Re-assessed as assets held for sale ²	(300,000)	-
Closing balance	8,297,282	8,736,198

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

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2023

NOTE 4: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)

¹ At each reporting date, the Group undertakes an assessment of the carrying amount of its exploration and evaluation assets. As at 31 December 2023, the Group identified indicators of impairment on certain exploration and evaluation assets under AASB 6 *Exploration and Evaluation of Mineral Resources*. As a result of this review, an impairment charge of \$315,216 was recognised in the statement of profit or loss and other comprehensive income in relation to areas of interest where no future exploration and evaluation activities are expected.

² On 11 January 2024, the Company announced it had executed a Tenement Purchase Agreement with Rimfire Pacific Mining Limited (ASX: RIM), to sell an unencumbered 100% of the Company's Exploration Licenses 8572 and 8599 which lie adjacent to Rimfire's Bald Hill Cobalt prospect, 30 kilometres west of Broken Hill, NSW. As a result, these assets have been assessed as held for sale and impaired down to fair value less cost to sell at 31 December 2023, resulting in impairment charge of \$203,145 recognised in the statement of profit or loss and other comprehensive income.

NOTE 5: ISSUED CAPITAL

	6 months to 31 December 2023 \$	Year ended 30 June 2023 \$
Issued and paid up capital		
Issued and fully paid	35,964,396	35,964,396

	6 months to 31 December 2023		Year ended 30 June 2023	
	Number of shares	\$	Number of shares	\$
Movements in issued capital				
Opening balance	1,299,505,355	35,964,396	1,299,505,355	35,964,396
Closing balance	1,299,505,355	35,964,396	1,299,505,355	35,964,396

Share options

At 31 December 2023 there were 11,000,000 (30 June 2023: 132,699,971) unlisted options with various exercise prices and expiry dates and 163,439,781 listed options (ASX:CCZOA, CCZOB & CCZOB), with various exercise prices and expiry dates.

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

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2023

NOTE 5: ISSUED CAPITAL (CONTINUED)

Series	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date	Vesting date
1	14,285,714	15 June 2021	31 July 2024	\$0.08	\$0.0218	15 June 2021
2	2,955,665	16 June 2021	1 August 2024	£0.044	\$0.0205	16 June 2021
3	2,418,044	5 August 2021	31 July 2024	\$0.08	\$0.007	5 August 2021
4	462,379	4 August 2021	1 August 2024	£0.044	\$0.0168	4 August 2021
5	4,000,000	27 October 2021	31 July 2024	\$0.08	\$0.007	27 October 2021
6	3,000,000	30 November 2021	31 July 2024	\$0.08	\$0.010	30 November 2021
7	8,000,000	1 February 2022	31 January 2025	\$0.08	\$0.007	1 February 2022

During the half-year 121,699,971 options expired, with various exercise prices and expiry dates.

No options were exercised during the period.

(a) Weighted average fair value

The fair value of the equity-settled unlisted options granted in prior periods 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	
	6	7
Expected volatility (%)	99	100
Risk-free interest rate (%)	0.87	1.21
Expected life of option (years)	2.7	3
Exercise price (cents/pence)	8	8
Grant date share price (cents/pence)	3.4	2.6

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.

Performance Shares

At 31 December 2023 there were 46,875,000 Class A performance shares and 46,875,000 Class B performance shares on issue in relation to the Zambian tenements held by 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

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2023

NOTE 6: CONTINGENT LIABILITIES

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

NOTE 7: SUBSEQUENT EVENTS

The following significant events occurred after 31 December 2023:

- On 11 January 2024, the Company announced it had executed a Tenement Purchase Agreement with Rimfire Pacific Mining Limited (ASX: RIM), to sell an unencumbered 100% of the Company's Exploration Licenses 8572 and 8599 which lie adjacent to Rimfire's Bald Hill Cobalt prospect, 30 kilometres west of Broken Hill, NSW.
- Consideration for the sale comprises \$150,000 worth of RIM shares at an issue price of \$0.0186 per share, plus an additional \$150,000 worth of RIM shares at an issue price of \$0.0279 per share, conditional on the RIM 5-day volume weighted average share price being greater than \$0.0279 at any time after completion.
- On 14 March 2024, Mr David Drakeley and Mr Jack Sedgwick resigned as Non-Executive Directors and Mr Joel Logan and Mr Eduardo Robaina were appointed as Non-Executive Directors of the Company.

NOTE 8: FINANCIAL INSTRUMENTS

The Group has a number of financial instruments which are not measured at fair value on a recurring basis. The carrying amount of these financial instruments approximates their fair values.

DIRECTORS' DECLARATION

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

1. The financial statements and notes are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Gerrard (Ged) Hall
Non-Executive Chairman
14 March 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Castillo Copper Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Castillo Copper Limited ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ('IASB'), Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board in addition to ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
14 March 2024



M R Ohm
Partner