

Castillo Copper Ltd.: Re-Discovering High Grade Copper in Australia

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Perth, June 20, 2018 - [Castillo Copper Limited](#) (ASX:CCZ) is exploring the high grade Cangai copper project in New South Wales. The project was mined more than 100 years ago, which saw exceptionally high-grade copper (13% Cu) mined, as well as silver and gold credits.

What else do we know about Cangai? With the exception of a period during the 1980s when major miners WMC and CRA (Rio Tinto) undertook limited exploration, since its closure a century ago, the site has remained largely unexplored - despite the excellent surrounding infrastructure, a skilled workforce within driving distance (just an hour by road from Grafton) and, most importantly, significant copper mineralisation clearly visible around the old workings (refer to virtual site trip video).

What work has Castillo completed recently? Last year Castillo announced a maiden JORC resource for Cangai of 3.2 Mt at 3.35% Cu. Castillo has since completed an exploration drill program earlier this year, noting numerous promising copper intersections. The company has also just announced a follow up 39 drill holes exploration drill program, focused predominately on the supergene ore area.

Is there other potential at Cangai? The Smelter Creek stockpiles are about one kilometre from Cangai. Given the exceptional high grade historical ore processed at this site and the poor metallurgical technology available at that time, it's likely significant mineralisation remains. Castillo has announced an initial 4 hole drill program at Smelter Creek whilst they have also had a number of enquiries from prospective off-take partners.

Broken Hill cobalt asset: as well as the Cangai project, Castillo has an early-stage cobalt project at Broken Hill, immediately north of [Cobalt Blues](#) (ASX:COB) (- market cap. \$125 million) Thackaringa project. Castillo recently released a desktop study for Thackaringa which identified six highly prospective sites for cobalt mineralisation. Work is on-going at the Broken Hill project.

Valuation catalysts: the company will release a number of key announcements in the second half of this year, including the following.

- Drilling at Cangai deposit - commence shortly.
- Drilling at Smelter Creek stockpiles - commence shortly.
- Assay results - 3Q18.
- Metallurgical testwork (Smelter Creek) - 2H18.
- Field exploration at Broken Hill - commencing 2H18.

Analyst comments: given the clear evidence of copper mineralisation around the historical Cangai mine site, as well as its proximity to world-class infrastructure and a skilled workforce, it's surprising the project has remained idle for so long. However, with an aggressive 39 drill-hole program exploration program to commence shortly, Castillo is looking to quickly change this.

Unlike the initial program, which targeted deep mineralisation, this one is focusing on the shallower supergene material surrounding the historical workings. We believe this, as well as the use of smaller drill rigs better suited to the surrounding terrain, is likely to produce improved exploration results in comparisons to the first exploration program. Assuming exploration success, a resource upgrade at Cangai is likely in the near future.

In addition to Cangai, drilling will also take place at the Smelter Creek stockpiles. We were impressed by the potential there (as discussed above) and believe the results of this program may surprise on the upside. Longer term, the potential of the stockpiles will however be determined by the metallurgical testwork which is due to commence shortly after drilling.

In addition to Cangai/Smelter Creek, Castillo's Broken Hill cobalt project holds significant blue sky potential for shareholders. Given their neighbours COB recent announcement a strategic partnership with LG International (one of the world's largest lithium-ion battery makers), this alone we believe should add value to Castillo's long-term share price, particularly as work ramps up in the near future.

To view the video, please visit:

<http://www.abnnewswire.net/press/en/93531/CCZ>

About Castillo Copper Ltd

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

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