

Castillo Copper Ltd

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Castillo Copper attracts Speculative Buy from Perth broker

Castillo Copper Ltd (ASX:CCZ) is well-funded and is set to receive \$3.4 million from a heavily oversubscribed capital raising.

Castillo's recent exploration success has attracted a Speculative Buy from Perth broker CPS Securities. The following is an extract from the report.

Overview

CCZ is an emerging Cu-Co-Zn-Ni explorer with four highly prospective projects across NSW/QLD.

The maiden JORC compliant Inferred Resource was 3.2Mt @ 3.35% Cu for the historic Cangai Copper Mine: it contains supergene ore up to 35% Cu / 10% Zn in unmined working sections which delivers re-opening potential.

Management's strategic intent is to define four JORC compliant resources across the project groups.

With an experienced executive team and differentiated low-capex business plan, which allows CCZ to expedite ore to market, we initiate coverage with a Speculative BUY.

Investment Highlights

Recent acquisition increases footprint.

Following the completion of a recent acquisition, CCZ now has a large mineralised footprint with 11 highly prospective Cu-Co-Zn-Ni tenures in NSW/QLD including the historic Cangai Copper Mine - with supergene ore up to 35% Cu / 10% Zn - spread across four project groups: Jackaderry and Broken Hill in NSW; Mt Oxide and Marlborough in QLD.

High-grade maiden JORC Inferred Resource at Cangai Copper Mine.

Applying high-tech 3D modelling to the Cangai Copper Mine (within Jackaderry) using legacy data, resulted in an exceptionally high-grade maiden JORC compliant Inferred Resource of 3.2MT @ 3.35% Cu being generated ; this is arguably one of the highest-grade Cu resources in Australia with contained Cu of circa 108,000Mt - a clear re-opening candidate for the unmined working sections.

Direct shipping of ore to generate higher margins.

Leveraging excellent existing transportation infrastructure, supergene ore from Cangai Copper Mine potentially enables CCZ to directly ship ore to key north Asian markets via Newcastle Port.

Price: A\$0.062

Market Cap: A\$15.8M

1 Year Share Price Graph



Share Information

Code: CCZ

Listing: ASX

52 week	High	Low
	0.092p	0.013p

Sector: General Mining

Website: www.castillocopper.com

Company Synopsis:

Castillo Copper Ltd (ASX:CCZ) is focused on copper exploration in Chile.

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This avoids large-scale capital expenditure and enables CCZ to quickly monetise the current base-metal upcycle.

This is clearly CCZ's most differentiated selling point.

Targeting three additional incremental JORC compliant Inferred Resources.

Post Cangai, the next target is to use cost effective legacy data where possible (otherwise it requires drilling) to JORC model significant high-grade zinc and cobalt mineralisation areas in the Broken Hill Project.

Two more JORC compliant Inferred Resources for the Mt Oxide (Cu-Co) and Marlborough (Ni-Co) projects will progress post the inaugural drilling program, which will commence at Cangai Copper Mine before year-end.

Valuation

Factoring in the start of a base metal upcycle and comparing the market capitalisations of similar Cu-Co-Zn-Ni ASX-listed stocks, especially Corazon (CZN; MC: \$24m) which owns 51% of the tenement directly adjacent to the Jackaderry Project, CCZ's current market capitalisation (\$20m) is undemanding.

Furthermore, when building in incremental exploration and resource size upside across the four project groups, CCZ's undervaluation argument relative to peers becomes far more compelling:
Speculative Buy.

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