

Castillo Copper Ltd

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Castillo Copper selects Depco Drilling as lead contractor for Mt Oxide Pillar campaign

Castillo Copper Limited (ASX:CCZ) (LON:CCZ) has taken another key step towards its goal of becoming a mid-tier copper producer by appointing a lead contractor for upcoming drilling at two high-priority targets within the Mt Oxide Project in Queensland.

Depco Drilling will undertake the reverse circulation (RC) and diamond drill (DD) campaigns at the Big One Deposit and Arya Prospect.

An in-principle agreement has been signed with the privately-owned Queensland-based group that has been operating since the early 1960s and has much experience across multiple projects in the Mt Isa Basin area.

The appointment and the upcoming drilling at the Mt Oxide pillar coincide with strong copper market fundamentals with an upward trend in prices due to strong demand, particularly from China.

"Transformative development"

Castillo Copper's managing director Simon Paull said: "After a thorough process, we are delighted to reach an agreement in principle with Depco Drilling to spearhead our inaugural drilling campaign to the Big One Deposit and Arya Prospect within the Mt Oxide Project.

"This is a transformative development which puts CCZ squarely on the path to achieve its strategic objective to evolve into a mid-tier copper group."

Logistics in place

Mobilisation plans are being ramped up and all necessary logistics are in place for the drilling, as both CCZ and Depco Drilling are working towards an expedited timeline.

As a Queensland-based group, Depco Drilling has drilling equipment and teams within the state borders that are ready and available to deploy relatively fast.

In a clear validation of the project's potential, Depco Drilling has agreed, subject to legal review and CCZ shareholder approval, to accept a proportion of their fees in CCZ shares, with a six-month voluntary escrow period.

This in-principal agreement is subject to a review by Depco's lawyers along with shareholder approval at a soon to be announced general meeting of shareholders.

The process to select the right drilling contractor was thorough, as the board was keen to select a group that had a strong Queensland presence and experience in the Mt Isa Basin.

"Heading towards pointy end"

Castillo Copper's UK director Ged Hall said: "This is an excellent result, as we now have an in-principle agreement with

Price: 0.048

Market Cap: \$48.6 m

1 Year Share Price Graph



Share Information

Code: CCZ

Listing: ASX

52 week High Low
0.056 0.006

Sector: General mining & base metals

Website: www.castillocopper.com

Company Synopsis:

Castillo Copper Ltd (ASX:CCZ) has formulated a three-tier strategy to achieve its aim of becoming a mid-tier copper producer.

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a specialist Queensland-based driller that knows the Mt Oxide region well.

"Further, after all the hard work our geology team have done evaluating the Big One Deposit and Arya Prospect, we are now heading towards the pointy end of the exploration journey for these priority targets."

Drilling campaigns

The RC drilling campaign for Arya will comprise about 3,432 metres over 14 drill-holes within an area of around 1,500 by 1,000 metres, with targets being near-surface and deeper geophysical anomalies.

For Big One, there are two parts to the upcoming program:

- A 4,385-metre RC campaign over 35 drill-holes, which will focus on a strike zone of about 580 by 120 metres to test for mineralisation from around 26 metres up to 190 metres below surface; and
- An incremental 160-metre diamond drilling campaign, targeting two holes that are testing primarily for shallow mineralisation from about 26 metres up to 52 metres below surface.

In the lead-up to the start of the drilling campaign, the geology team, which has been on-site for several weeks, is due to re-visit the Arya Prospect for a closer review and peg drill sites.

Strong copper fundamentals

Last week, the copper price surpassed the key \$3 a pound level as inventories continue to fall, Chinese demand rises and COVID-19 hits supply from major sources, including South America, the US and Africa.

The price rise to \$3.0120 a pound (\$6,605 a tonne) on Thursday took gains during 2020 to more than 8% and 52% since the COVID-19 lows of March 2020.

This trend along with a report from Roskill that suggests the copper rally has further to go, has buoyed Castillo which is aggressively pursuing a three-pillar strategy to become a mid-tier copper producer.

Mt Oxide in the Mt Isa Copper-belt is the current key focus area and the company is also confident of the potential of the other two pillars - Cangai Copper Project in northern NSW and projects in the prolific Zambian Copper-belt.

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