

Castillo Copper Ltd

10:37 31 Aug 2020

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: 0.041

Market Cap: \$41.51 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.

action@proactiveinvestors.com.au

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.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +61 (0)2 9280 0700 action@proactiveinvestors.com.au

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.

In exchange for publishing services rendered by the Company on behalf of Castillo Copper Ltd named herein, including the promotion by the Company of Castillo Copper Ltd in any Content on the Site, the Company receives from said issuer annual aggregate cash compensation in the amount up to Twenty Five Thousand dollars (\$25,000).