

**ASX ANNOUNCEMENT**

10 February 2020

**Castile Resources Ltd (ASX: CST) – Pro-Forma Statement of Financial Position**

In accordance with ASX listing requirements, Castile Resources Ltd (“Company”) provides its pro-forma statement of financial position following raising gross proceeds of \$19,968,861 before costs pursuant to the non-renounceable pro rata entitlement offer under the prospectus dated 3 December 2019.

			Pro forma Subsequent Event	Pro forma	Pro forma
	Notes	30 June 2019	Adjustment	Adjustments	balance
		\$	\$	\$	\$
<b>Current assets</b>					
Cash & cash equivalents	1	67,816	-	18,915,406	18,983,223
Trade & other receivables	2	578,725	(927,458)	348,755	22
<b>Total current assets</b>		<b>646,541</b>	<b>(927,458)</b>	<b>19,264,162</b>	<b>18,983,245</b>
<b>Non-current assets</b>					
Property, plant and equipment	3	206,966	65,455	-	272,421
Exploration and evaluation expenditure	4	15,981,491	796,307	-	16,777,798
<b>Total non-current assets</b>		<b>16,188,457</b>	<b>861,762</b>	<b>-</b>	<b>17,050,219</b>
<b>Total assets</b>		<b>16,834,998</b>	<b>(65,696)</b>	<b>19,264,162</b>	<b>36,033,464</b>
<b>Current liabilities</b>					
Trade & other payables		216	-	-	216
<b>Total current liabilities</b>		<b>216</b>	<b>-</b>	<b>-</b>	<b>216</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	5	3,841,624	-	(296,400)	3,545,224
<b>Total non-current liabilities</b>		<b>3,841,624</b>	<b>-</b>	<b>(296,400)</b>	<b>3,545,224</b>
<b>Total liabilities</b>		<b>3,841,840</b>	<b>-</b>	<b>(296,400)</b>	<b>3,545,440</b>
<b>Net assets</b>		<b>12,993,158</b>	<b>(65,696)</b>	<b>19,560,562</b>	<b>32,488,024</b>
<b>Equity</b>					
Issued capital	6	2	(33,516)	19,310,777	19,277,263
Retained earnings	7	12,993,156	(32,180)	249,785	13,210,761
<b>Total equity</b>		<b>12,993,158</b>	<b>(65,696)</b>	<b>19,560,562</b>	<b>32,488,024</b>

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## Notes

### Actual and Proposed Transactions to Arrive at the Pro-Forma Financial Information

The pro-forma historical financial information has been prepared by adjusting the statement of financial position of Castile Resources as at 30 June 2019 to reflect the financial effects of the following subsequent events which have occurred since 30 June 2019:

- (a) During August 2019, Castile Resources Ltd acquired two tenements adjacent to the Rover 1 Project for consideration of \$650,000 (excluding GST) with associated stamp duty costs of \$32,180. The acquisition was funded via a loan from Westgold Resources Ltd ("Westgold");
- (b) Subsequent to 30 June 2019, costs totaling \$245,278 (being \$146,307 on exploration expenditure, \$33,516 on capital raising costs and \$65,455 on acquisition of plant and equipment) have been incurred as of the date of this report. These costs were funded via a loan from Westgold;

and the following pro forma transactions which are yet to occur, but are proposed to occur following completion of the capital raising:

- (c) The issue of 99,844,305 ordinary shares at \$0.20 per share to raise \$19,968,861 before costs of \$988,000 (of which costs of \$33,516 have been paid since 30 June 2019); and
- (d) The repayment of costs of the offer funded by Westgold of \$98,970. The remaining balance of \$249,785 owed by Castile to Westgold will be forgiven.

#### 1: Cash & Cash equivalents

	<b>Pro forma \$</b>
Cash and cash equivalents	<u>18,983,223</u>
Audited balance as at 30 June 2019	<u>67,816</u>
<i>Subsequent events:</i>	
Funds received from Westgold	927,458
Acquisition of tenements (including stamp duty)	(682,180)
Costs incurred since 30 June 2019	<u>(245,278)</u>
Total	<u>-</u>
<i>Pro-forma adjustments:</i>	
Gross proceeds from entitlement offer	19,968,861
Costs of the offer	(954,484)
Repayment of loan	<u>(98,970)</u>
Total	<u>18,915,407</u>
Pro-forma Balance	<u>18,983,223</u>

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**2: Trade and other receivables**

Included in trade and other receivables as at 30 June 2019, was a non-interest bearing unsecured loan receivable of \$578,703 with its ultimate parent entity Westgold Resources Limited ("Westgold"). Westgold are funding the Company's costs until such time that the Company successfully completes its initial public offering.

	<b>Pro forma \$</b>
Loan - Westgold	-
Statutory receivables	22
Total trade and other receivables (pro forma balance)	<u>22</u>
Audited balance as at 30 June 2019	<u>578,725</u>
<i>Subsequent events:</i>	
Funds received to fund acquisition of tenements	(682,180)
Funds received since 30 June 2019 for working capital	(245,278)
Total	<u>(927,458)</u>
<i>Pro-forma adjustments:</i>	
Repayment of loan to Westgold	98,970
Forgiveness of debt from Westgold	249,785
Total	<u>348,755</u>
Pro-forma Balance	<u>22</u>

**3: Property, plant and equipment**

	<b>Pro forma \$</b>
Property, plant and equipment	<u>272,421</u>
Audited balance as at 30 June 2019	<u>206,966</u>
<i>Subsequent events:</i>	
Acquisition of motor vehicle	65,455
Total	<u>65,455</u>
Pro-forma Balance	<u>272,421</u>

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**4: Exploration and evaluation expenditure**

	<b>Pro forma \$</b>
Exploration and evaluation expenditure	<u>16,777,798</u>
Audited balance as at 30 June 2019	<u>15,981,491</u>
<i>Subsequent events:</i>	
Acquisition of tenements	650,000
Exploration expenditure since 30 June 2019	<u>146,307</u>
Total	<u>796,307</u>
Pro-forma Balance	<u>16,777,798</u>

**5: Deferred tax liability**

	<b>Pro forma \$</b>
Deferred tax liability	<u>3,545,224</u>
Audited balance as at 30 June 2019	<u>3,841,624</u>
<i>Pro-forma adjustments:</i>	
Tax effect on capital raising costs	<u>(296,400)</u>
Total	<u>(296,400)</u>
Pro-forma Balance	<u>3,545,224</u>

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**6: Equity**

		<b>Pro forma \$</b>
Issued capital		<u>19,277,263</u>
	<b>Number of shares</b>	<b>\$</b>
Audited balance as at 30 June 2019	<u>2</u>	<u>2</u>
<i>Subsequent events:</i>		
Costs of the offer paid since 30 June 2019		<u>(33,516)</u>
Total		<u>(33,516)</u>
<i>Pro-forma adjustments</i>		
In specie distribution	99,865,816	-
Shares issued pursuant to prospectus	99,844,305	19,968,861
Costs of the offer	-	(954,484)
Tax effect of costs of the offer	-	296,400
Total	<u>199,710,121</u>	<u>19,310,777</u>
Pro-forma Balance	<u>199,710,121</u>	<u>19,277,263</u>

**Executive Options**

Pursuant to Mr Mark Hepburn's employment agreement with the Company Mr Hepburn will be issued with 2,000,000 Executive Options each with an exercise price of \$0.25 expiring 3 years from the date of issue with the following vesting period:

- (i) 1,000,000 Options will vest and become exercisable one year from the date the Options are issued; and
- (ii) 1,000,000 Options will vest and become exercisable two years from the date the Options are issued.

The total fair value of the options using a Black & Scholes Option Valuation model are \$230,000. No expense has been recognised in the pro-forma financial statements as the options relate to future services to the Company.

The assumptions used in determining the fair value of the options were as follows:

Spot price	\$0.20
Exercise price	\$0.25
Expiry period	3 years
Expected volatility	100%
Risk free rate	0.62%

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**7: Retained earnings**

	<b>Pro forma \$</b>
Retained earnings	<u>13,210,761</u>
Audited balance as at 30 June 2019	<u>12,993,156</u>
<i>Subsequent Events</i>	
Stamp duty on acquisition of tenements	<u>(32,180)</u>
Total	<u>(32,180)</u>
<i>Pro-forma adjustments:</i>	
Loan forgiveness	<u>249,785</u>
Total	<u>249,785</u>
Pro-forma Balance	<u>13,210,761</u>

**Subsequent Events**

Subsequent to 30 June 2019 the following events have occurred which have been reflected in the pro-forma adjustments:

- (a) During August 2019, Castile Resources Ltd acquired two tenements adjacent to the Rover 1 Project for consideration of \$650,000 excluding GST with associated stamp duty costs of \$32,180. The acquisition was funded via a loan from Westgold; and
- (b) Subsequent to 30 June 2019, costs totaling \$245,278 (being \$146,307 on exploration expenditure, \$33,516 on capital raising costs and \$65,455 on acquisition of plant and equipment) have been incurred as of the date of this report. These costs were funded via a loan from Westgold.