

QUARTERLY ACTIVITIES REPORT

For the period ending 30 June 2020

Highlights

Rover Mineral Field

- Initial metallurgical review completed for Rover 1 Pre-Feasibility Study.
- Review of geological and geophysical data uncovers untested anomalies at Explorer 108 and Explorer 142.
- Engagement with NT Government, Central Land Council and drilling contractor to ensure plans are in place for drilling to begin when COVID-19 restrictions are lifted.
- Planning completed within COVID-19 guidelines for drill rig and drilling crew's mobilisation to Rover 1 in early August.

Health and Safety

- No Lost Time Injuries (LTI's) were reported for the quarter.
- Castile Resources COVID-19 Business Management Plan fully approved by Chief Health Officer of Northern Territory.
- COVID-19 policies were adhered to with no employee reported cases.

Corporate

- Cash balance at 30 June 2020 of \$17.23M which includes the deduction of \$346,000 for performance bonds held by Castile and lodged with the CLC and NT Department of Primary Industry and Resources.
- Engagement with Federal, State and Local Government agencies responsible for assisting Castile in all aspects of the COVID-19 economic rebound.

Social and Cultural Responsibility

- Discussions begin with Wirrpanda Foundation for assistance with indigenous training and employment programs.



CASTILE
RESOURCES LIMITED

Castile Resources Limited

ASX Code: CST
ABN: 93 124 314 085

Board and Management

Non-Executive Chairman
Peter Cook

Managing Director
Mark Hepburn

Non-Executive Directors
Jake Russell
John Braham

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Shares on Issue

199,710,121

Cash as at 30 June 2020
\$17.23M

ASX Announcement
July 29, 2020



Managing Directors Report

As a result of COVID-19 restrictions and border lockdowns Castile was unable to complete any drilling on the Rover 1 Gold Project during the quarter. Management focus for the quarter was to continue the Pre-Feasibility Study on the Rover 1 Gold Project and ensure our staff, contractors, procedures and facilities were in place to allow drilling to begin as quickly as possible once restrictions were lifted and the necessary permitting was in place.

The bulk of the June quarter was taken up with planning and logistics for our drilling program under strict COVID-19 regulations. Castile is pleased to report that our staff, contractors and suppliers have responded to these challenging conditions, and given us a great runway into the upcoming gold exploration program that will begin during the next quarter.

Our drilling contractor, United Drilling, has been extremely co-operative, and will have the diamond core drill rig on site in early to mid-August as scheduled. Castile remains confident it will complete all exploration and resource definition drilling planned at Rover 1 in this 2020 field (dry) season, including testing of the gold exploration targets at Ganymede and the Western Deeps. The program will also include selected resource definition holes to assist with the Pre-Feasibility Study on the Rover 1 Gold deposit.

Work continued the Rover 1 Gold Project Pre-Feasibility Study (PFS) during the quarter. METS Engineering completed an initial metallurgical study which resulted in a proposed flowsheet for the processing plant. The METS report also recommended commissioning a report from industrial mineral experts Stratum Resources to assess the possibility of producing a coal washing magnetite product from waste ore. Castile expects the results from this report in the coming quarter.

The Company remained heavily engaged with the Northern Territory Government during the quarter as they plan to accelerate economic activity to recover from the COVID-19 pandemic. The resources sector is viewed as an important part of the recovery, and a report is expected in the next quarter as to how the NT Government will directly assist mining and exploration companies going forward.

Engineering Report

Work on the Rover PFS continued during the quarter with a conceptual mine design finalised based on the current resource model. This design is expected to evolve as additional drilling is completed. Site layout options were also considered, ahead of a final site layout being determined later in the year. Economic models are now being constructed to evaluate and compare Owner Mining with Contract Mining.

EcOz has been appointed as the Environmental Consultant for the PFS. EcOz were used by Westgold Resources to develop the Mine Management Plan submission for the Exploration Decline in 2012. Being familiar with the project, EcOz's existing knowledge will be leveraged to fast-track Hydrological and Waste Rock Characterisation studies which form part of mine permitting requirements. A request for quotation was sent to numerous Geotechnical Consultants to provide Ground Support Standards and Stopping Sequence requirements for the Underground Operations.

Corporate and Financials

Castile's cash position as at 30 June 2020 was \$17.230m.

The Appendix 5B for the quarter ended 30 June 2020 provides an overview of the Company's financial activities. Exploration expenditure for the quarter was \$0.256m for the activities reported above, including feasibility studies associated with the Tennant Creek project, tenement rent, repairs and maintenance for the Rover 1 access road, and staff costs. The Company also expended \$0.346m for tenement performance bonds, \$0.045m for property, plant and equipment for the Tennant Creek Yard, Rover campsite and Perth office, and \$0.105m for staff (geological, engineering, field, administrative and management personnel, and directors), administration and corporate costs. The total amount paid to Directors of the Company, their associates and other related parties was \$0.102m for salary, fees, consulting fees and superannuation.

Castile provides the following disclosures required by ASX Listing Rule 5.3.4 regarding a comparison of its actual expenditure to date since listing on 14/2/2020 against the "use of funds" statement in its Prospectus dated 3/12/2019 (released on ASX on 12/2/2020).

Expenditure Item	Forecast (2 years) \$'000	Actual (6 months) inc of GST \$'000	Variance \$'000	Explanation of Material Variances
Rover Project: Regional Exploration	1,600	319	(1,281)	(1) Below forecast – timing issue (the Company listed during the quarter on 14/2/2020 and funds are budgeted for expenditure over 8 quarters) and no land access due to COVID-19 restrictions.
Drilling: Rover 1 Infill, Explorer 108 Extensional, Curiosity Prospect, Explorer 142 Extensional	6,800	-	(6,800)	See (1) above.
Rover 1 – Feasibility & Development Studies	3,600	60	(3,540)	See (1) above.
Warumpi Project – Regional Exploration	1,000	21	(979)	See (1) above.
Exploration capital costs – plant & equipment	660	44	(616)	See (1) above.
Working capital reserves	2,460	-	(2,460)	(2) Timing issue (the Company listed during the quarter on 14/2/2020 and funds are budgeted for expenditure over 8 quarters).
Corporate and equipment costs	400	9	(391)	See (2) above.
General working capital	2,424	769	(1,655)	See (2) above.
ASX listing and associated costs and repayments to Westgold Resources	450	1,210	760	Includes remaining ASX listing and legal associated costs, amounts repayable to Westgold Resources Limited, and transaction management fee of 2% of underwritten funds paid to the broker to the issue.
Underwriting fees & expenses	575	559	(16)	N/A
Total	19,969	2,991	(16,978)	



Securities on issue at 30 June 2020

	Quoted on ASX	Unquoted	Total
Fully paid ordinary shares	199,710,121	-	199,710,121
\$0.25 unquoted options expiring 26 November 2022	-	2,000,000	2,000,000
Total	199,710,121	2,000,000	201,710,121

Tenements held at 30 June 2020

Castile held the following tenements as at 31 March 2020 and did not acquire or dispose of any tenements during the quarter.

Tenement	Project	Location	Interest	Status
EL 24541	Rover	Northern Territory	100%	Expiry 17/12/2021
EL 25511	Rover	Northern Territory	100%	Expiry 17/12/2021
EL 27039	Rover	Northern Territory	100%	Expiry 14/05/2021
EL 27292	Rover	Northern Territory	100%	Expiry 26/05/2021
EL 27372	Rover	Northern Territory	100%	Expiry 26/05/2021
ELR 29957	Rover	Northern Territory	100%	Expiry 16/09/2023
ELR 29958	Rover	Northern Territory	100%	Expiry 16/09/2023
EL 10397	Warumpi	Northern Territory	100%	Expiry 10/09/2021
EL 29747	Warumpi	Northern Territory	100%	Expiry 12/10/2023
EL 31794	Warumpi	Northern Territory	100%	Expiry 27/02/2024

Social and Community Responsibility

Castile began discussions with the Wirrpanda Foundation on structuring training and employment programs in Tennant Creek and the greater Barkly Region. The Wirrpanda Foundation has core values similar to that of Castile and we expect to begin programs complementing the existing government initiatives as we move towards development.

Castile arranged the collection of donated sporting goods which were then delivered in a 20-foot shipping container to the Sports Education Co-Ordinator of the Barkly Region for the Northern Territory Government. The container of sporting goods will be distributed by the Co-Ordinator throughout all of the schools in Tennant Creek and the wider Barkly Region.

Mark Hepburn
Managing Director, Castile Resources Limited

For further enquiries please contact
info@castile.com.au

The activities report and Appendix 5B cashflow report for the quarter ended 30th June 2020 were approved for release by Castile's Managing Director, Mark Hepburn.

JORC Statement

The Exploration Results contained in this announcement were first disclosed to the market in the Company's Prospectus dated 3/12/2019 which was released on the ASX on 12/2/2020. The Company confirms that at it is not aware of any new information or data that materially affects the Exploration Results disclosed in this announcement.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Castile Resources Limited

ABN

93 124 314 085

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(83)	(193)
(e) administration and corporate costs	(22)	(245)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	45	45
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (payment for tenement deposits)	(346)	(346)
1.9 Net cash from / (used in) operating activities	(407)	(740)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	(682)
(c) property, plant and equipment	(45)	(52)
(d) exploration & evaluation (if capitalised)	(256)	(468)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(301)	(1,202)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3	19,972
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(8)	(1,236)
3.5	Proceeds from borrowings	-	1,155
3.6	Repayment of borrowings	-	(723)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(5)	19,168
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	17,943	4
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(407)	(740)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(301)	(1,202)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(5)	19,168

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	17,230	17,230

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,215	2,930
5.2	Call deposits	15,020	15,020
5.3	Bank overdrafts	-	-
5.4	Other (credit cards)	(5)	(7)
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	17,230	17,943

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

69

33

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Comprises Director salaries, fees & superannuation (including GST).

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	7	7
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	7	7

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Includes amounts paid/payable to Westgold Resources Limited subsequent to the de-merger from Westgold Resources Limited.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(407)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(256)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(663)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	17,230
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	17,230
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	26.0

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2020

Authorised by: By the Board of Castile Resources Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.