



CASTILE
RESOURCES LTD

ABN: 93 124 314 085

HALF YEAR REPORT

For the Period Ended 31 December 2021

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CORPORATE DIRECTORY

DIRECTORS

Peter Cook	Non-Executive Chairman
Mark Hepburn	Managing Director
John Braham	Non-Executive Director
Jake Russell	Non-Executive Director

SECRETARY

Sebastian Andre

REGISTERED & BUSINESS OFFICE

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AUDITORS

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STOCK EXCHANGE LISTING

Australian Securities Exchange
ASX Code: CST

Your Directors submit the financial report of the Company for the period ended 31 December 2021.

DIRECTORS

The names of Directors who held office during or since the end of the period:

Name	Title
Peter Cook	Independent Non-Executive Chairman
Mark Hepburn	Managing Director
John Brahams	Non-Executive Director
Jake Russell	Non-Executive Director

COMPANY SECRETARY

Name	Title
Sebastian Andre	Company Secretary

PRINCIPAL ACTIVITIES

The principal activity of the Company is minerals exploration and project development.

REVIEW OF RESULTS

The loss after tax for the period ended 31 December 2021 was \$565,327 (2020 loss of \$487,339).

The earnings of the Company for the past 3 periods are summarised below:

	31 December 2021 \$	30 June 2021 \$	31 December 2020 \$
Revenue	31,313	78,747	52,177
EBITDA	(728,662)	(1,357,593)	(644,109)
EBIT	(809,887)	(1,500,460)	(711,091)
Profit / (loss) after income tax	(565,327)	(1,055,870)	(487,339)

The factors that are considered to affect total shareholders return are summarised below:

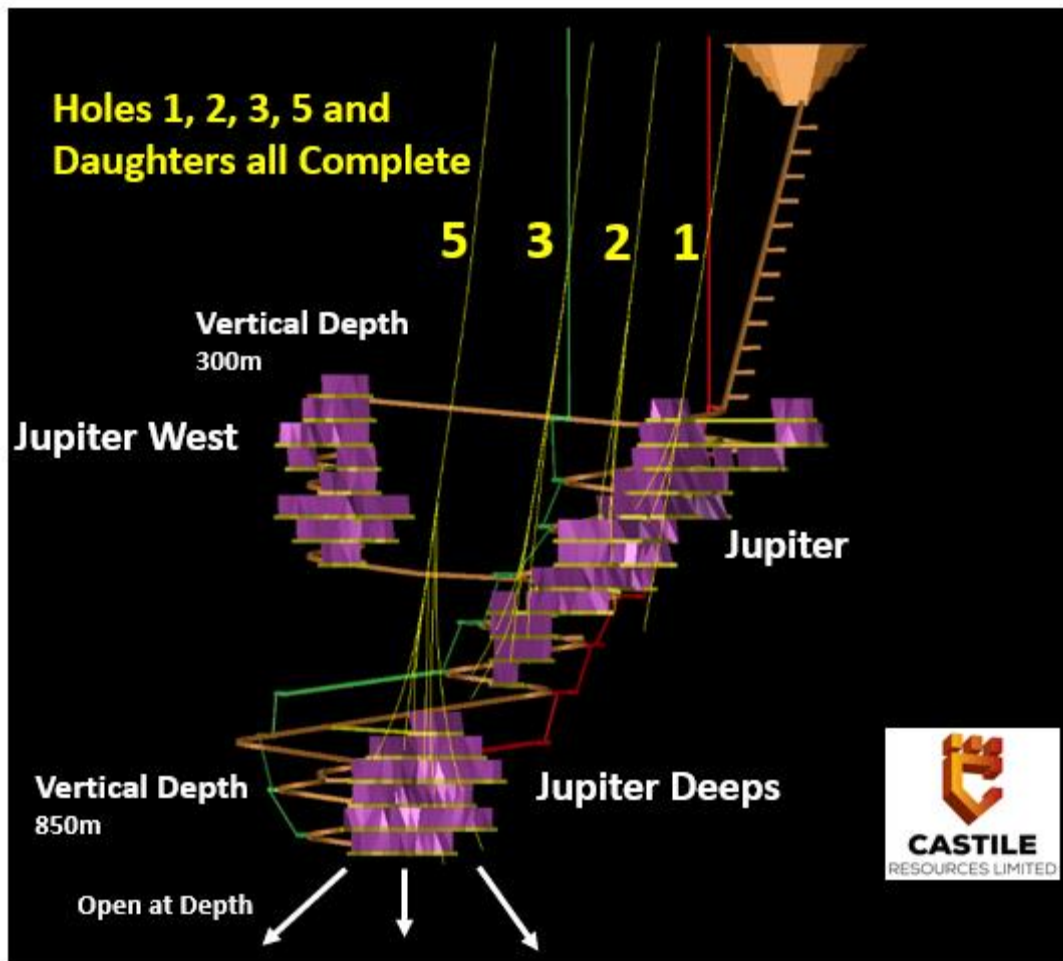
	31 December 2021 \$	30 June 2021 \$	31 December 2020 \$
Share price at financial year end	0.205	0.22	0.28

PROJECT ACTIVITIES

During the half Castile achieved its' primary objective of completing the comprehensive infill drilling program of the Rover 1 Deposit. Four primary holes were drilled with accompanying daughter holes (navi-wedges) with some outstanding results being fed through to the Pre-Feasibility Study due in the first half of 2022. Resource definition and extensional exploration programs at Rover 1 continued to deliver broad, high grade gold and copper mineralisation intercepts within the IOCG bodies. Work continued on the updated resource model for the Rover 1 Project as results were received from the drilling program. Outstanding bulk flotation recoveries were achieved from metallurgical testwork concluding that Rover 1 can produce five mineral streams including gold, a gold rich copper concentrate, a bismuth concentrate, a fine grained magnetite industrial mineral and cobalt concentrate in resin. Regional geophysical programs included down hole electromagnetic probing (DHEM) surveys at Explorer 108, Explorer 142 and Rover 3. Castile drilled 11,616m for the 2021 year across all programs.

Excellent fieldwork outcomes with no Lost Time Injuries (LTI's) during the quarter or reported cases of Covid-19.

Figure 1: Completed Resource Definition Drill Strings

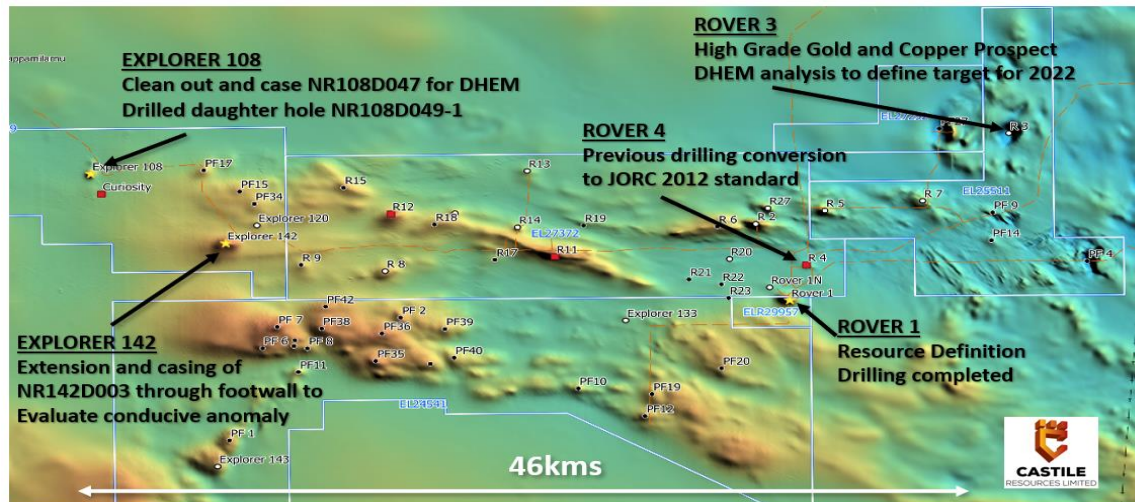


Some of the highlights of the drilling program included:

- 21CRD002-2A 38.7m @ 7.4g/t Au with 0.3% Cu from 603m downhole**
- 21CRD002 23.5m @ 2.1% Cu with 0.3g/t Au from 450.5m downhole**
- 21CRD005 42.2m @ 3.5% Cu with 2.1g/t Au and 0.2% Bi from 871.9m**
- 21CRD005-1: 18.8m @ 2.4% Cu and 4.7g/t Au from 880.15m downhole
Inc 6.6m @ 13.1g/t Au and 4.1% Cu from 882.35m**
- 21CRD005-2: 33.2m @ 2.3% Cu and 0.8g/t Au from 813.9m downhole
11.1m @ 2.8% Cu and 0.6g/t Au from 878m downhole**
- 21CRD005-2A: 41.7m @ 2.0% Cu and 0.2g/t Au from 821.3m downhole**
- 21CRD005-2B: 30.5m @ 2.2% Cu and 0.7g/t Au from 844m downhole
9m @ 3.4% Cu and 0.1g/t Au from 916m downhole**
- 21CRD005-3: 23.2m @ 1.1% Cu and 0.5g/t Au from 879m downhole**

Regional Exploration and Fieldwork

Castile's "hub and spoke" strategy is to develop a central processing facility at the Rover 1 IOCG deposit and then add further sources of ore for the processing plant through development of the surrounding opportunities within the Castile tenement package. All prospects contained within Castile's tenure are within economic trucking distance of Rover 1. Regional exploration and drilling activities began at Explorer 142 with a hole extension to facilitate further downhole electromagnetic surveys (DHEM) to appraise the anomaly detected in the July DHEM survey. Cleanouts and an extensional hole were also completed at Explorer 108. Analysis of DHEM was completed on Rover 3 to establish a drill target for the 2022 drilling campaign. Preparation and field work began at Rover 4 with a view to adding to existing data (48 holes drilled by previous owners) by drilling two holes and compiling a resource estimate at Rover 4 in 2022.

Figure 2: Map of Castile's Rover Mineral Field Prospects with Completed Works


Explorer 142

An off end of hole conductor was identified during the July DHEM survey. NR142003 has subsequently been extended to 982m and re-cased, with the additional hole length allowing for an increase coverage by a new DHEM survey which should significantly improve modelling of the conductor to allow drill testing in 2022, along with the off-hole conductor already identified. Explorer 142 has a resource of 176,000t @ 5.2% Cu¹.

Explorer 108

Drilling at Explorer 108 consisted of re-entering, cleaning and casing NR108D047 to allow for a DHEM survey in 2022 and drilling a daughter from NR108D049. Significant lead-zinc mineralisation was intersected in NR108D049-1: 145m @ 1.6% Zn, 0.9% Pb, 9.3g/t Ag and 0.6g/t Au from 485m downhole which was consistent with surrounding holes. Explorer 108 hosts a large lead zinc Inferred and Indicated Resource of 11.8Mt 3.2% Zn, 2.00% Pb, 11.1g/t Ag² and an Indicated Resource of 5.7Mt 0.36% Cu. The assays included a gold result of 4.9m @ 7.6g/t Au which bodes well for the addition of further gold resources to Castile's portfolio. The follow-up program will include further hole clean outs and DHEM to continue the exploration for the feeder source of the current copper resource at Explorer 108. Results from the extension to Hole NR108D049-1 included:

145m @ 1.6% Zn, 0.9% Pb, 9.3g/t Ag, 0% Cu and 0.6g/t Au from 485m downhole

inc 4.9m @ 5.7% Zn, 3.1% Pb, 57.8g/t Ag, 0.1% Cu and 7.6g/t Au from 493.1m

¹ The Explorer 142 resource is comprised of the following:

- Inferred Resource of 176kt @ 5.21% Cu and 0.21g/t Au.

² The Explorer 108 resource is comprised of the following:

- Indicated Resource of 8.438Mt @ 3.41% Zn, 2.05% Pb, 14.32g/t Ag; and
- Inferred Resource of 3.43Mt @ 2.81% Zn, 1.88% Pb, 3.32% Ag.

inc 12.2m @ 3.4% Zn, 1.5% Pb, 37.1g/t Ag, 0% Cu and 0.8g/t Au from 534.8m

inc 7.1m @ 5.7% Zn, 3.4% Pb, 12.9g/t Ag, 0.1% Cu and 0.7g/t Au from 558.9m

Rover 3

Rover 3 has strong geophysical similarities to the Rover 1 deposit. Castile's target view is that Rover 3 is likely an IOCG deposit, which has been reinforced by a recent DHEM survey completed by GAP Geophysics. This new survey has been combined with the historical data for interpretation to define drill targets at Rover 3 for the 2022 field season.

Rover 4

Data collection and analysis began on 48 drill holes drilled by the previous owners of the Rover 4. Rover 4 has previously returned high grade copper intercepts at comparatively shallow depths. The Rover 4 mineralisation is situated in close proximity to the proposed box cut access portal which will begin a straight line decline to the Rover 1 mineralisation 2.3kms away.

Warumpi Project [Northern Territory]

The Company's tenement package also includes the Warumpi Project which is a highly prospective grass-roots exploration project located approximately 300 km west of Alice Springs and approximately 500 km southwest of the Rover Project. Activities at Warumpi were limited for the period with some surface geophysics planned for the 2022 season.

Rover 1 Metallurgical Testing and Mining Studies

High Grade Magnetite – Confirmed as Highest Specification under Australian Standards

Castile has received confirmation from METS Engineering that the Company has a saleable industrial mineral magnetite product with the highest purity rating available under Australian Standards. The production of magnetite will greatly reduce Castile's environmental footprint (waste reduction) and promote our "green energy" focus for the development of Rover 1. The focus of Rover 1 mining and extraction remains gold and copper. However, significant bonus revenue streams from the by-product cobalt and now this valuable industrial mineral will be realised, adding to an already compelling story at Rover 1. Testing conducted at ALS laboratories has concluded that a high grade magnetite product is capable of being produced from the tails of the Rover 1 feed. Testing was carried out according to Australian Standard 4156.3-2008 (Coal Preparation, Part 3 L Magnetite for coal preparation plant use – Test Methods), with the sample separated from the Rover 1 tail using a low intensity magnetic separator set at 600 gauss. This material was then reground to either P60 53µm or P95 53µm and concentrated again, using a low intensity magnetic separator set at 600 gauss. The quality of the magnetite product is shown below in Table 1.

Table 1 – Magnetite Quality

Sample	Magnetite Fe ₃ O ₄ %	Al ₂ O ₃ (%)	SiO ₂ (%)	Total Fe (%)	FeO (%)	SG
P ₆₀ 53µm Concentrate	96.6	0.33	2.99	66.0	28.8	4.8
P ₉₅ 53µm Concentrate	96.4	0.26	2.05	67.3	30.1	4.9

Downstream Product Testing

Following strong results of bulk flotation recoveries testing has been ongoing to analyse the individual recoveries of the gold, copper, cobalt and bismuth from the bulk concentrate. (The magnetite is separated prior to the bulk flotation). Whilst conventional metallurgy processes return high recoveries on all metals, the impact of additional downstream processing of the polymetallic ores creates net cost and revenue benefits that significantly enhance project economics. Oxidation of concentrates enables a higher recovery of gold, a high value cobalt product and a copper plate (pure metal). These types of products are easily sold domestically which removes the requirement for transport and concentrate sales.

The Northern Territory Government are very supportive of value add, downstream processing and are encouraging resource companies accordingly with grants and incentives.

Environmental Studies

Environmental Studies continued with EcOz in the Northern Territory and waste rock studies progressed with the engaging of EGi for this testwork. Groundwater studies will commence with Territory Groundwater Services selected to assist Castile. In addition, flora and fauna studies will commence with EcOz to assist Castile with these studies.

Castile has continued ongoing engagement with the relevant Government authorities to begin the application and approval process for the environmental impact studies at Rover 1 Project.

Health and Safety

No Lost Time Injuries (LTI's) or cases of COVID-19 were reported from any Castile Resources employee during the half. Castile's COVID-19 Business Management Plan ensures all possible steps are taken to ensure the safety of our staff, contractors and the wider community in the constantly changing environment. Castile maintains high levels of local employment in the Tennant Creek area and the Northern Territory, including geological staff and operations staff, to ensure minimal effects of any border restrictions.

Castile's COVID-19 Business Management Plan was submitted and fully approved by the NT Government. No COVID-19 cases were reported by employees or contractors during activities associated with Castile's operations during the half. The document and protocols have been upgraded when appropriate given the evolving nature of the pandemic and expected border re-openings in 2022.

All permanent Castile staff in the Northern Territory and in the Perth office are now fully vaccinated. Castile will continue to encourage incoming employees and contractors to vaccinate to keep colleagues and the wider community as safe as possible, particularly while travelling.

Corporate

Castile was active in promoting to the investment markets the milestones the Company has achieved as the journey continues along the pathway to the Pre-Feasibility Study. Institutional investment remains strong on the register in support of the strategy and the project. Travel restrictions have limited in-person financial markets conference attendance but with borders and travel restrictions easing there will be much more opportunities in this area.

Castile is shown prospective projects on a regular basis and will continue to assess opportunities on their individual merits. Castile also receives interest on its own projects within our portfolio and will consider any value add proposals.

Castile is working with all levels of NT Government and the relevant government departments as we progress the Rover 1 Deposit. Messaging from government is strongly supportive of downstream processing to produce higher value end user products rather than concentrates that require shipment overseas. This is consistent with Castile's strategy, as our ability to produce downstream products – gold bullion, copper metal, cobalt metal and a high grade magnetite can be sold directly to end users in Australia.

Copper, which has increased by 65% in the Indicated Resource Estimate, is a critical metal in the manufacture of Electric Vehicles (EV's) and the construction of the re-charging network required to service these vehicles. Cobalt, which has increased by 61% in the Indicated Resource Estimate, is required in lithium batteries to stabilise their function and boost energy density. Castile aspires to be an ethical supplier to these growing markets in the clean energy sector through the sale of pure copper metal and cobalt metal. We anticipate the magnetite product will generate another revenue stream and significantly reduce waste requirements assisting Castile to prioritise an environmentally responsible development pathway at Rover 1. This provides not only robust revenues but offers natural hedging through a diversity of metal revenue streams.

Events Subsequent To Reporting Date

Subsequent to the reporting date on 8 March 2022 Castile released an updated Resource Estimate for the Rover 1 Project. The report highlighted the large increases in the Indicative Resources of gold, copper and by-product cobalt.

Classification	Mineral Resource Estimate				
	Gold (Oz)	Copper (T)	Cobalt (T)	Bismuth (T)	Silver (Oz)
Indicated	242,600	63,400	2,900	4,200	302,300
Inferred	20,900	14,000	900	700	48,000
Total	263,500	77,400	3,800	4,900	350,300

2g/t Gold Equivalent Cut Off Grade		Grade				
Classification	Tonnes	Gold (g/t)	Copper (%)	Cobalt (%)	Bismuth (%)	Silver (g/t)
Indicated	3,882,000	1.94	1.63	0.07	0.11	2.42
Inferred	865,000	0.75	1.62	0.10	0.08	1.73
Total	4,747,000	1.73	1.63	0.08	0.10	2.30

The new resource estimate for Rover 1 has been completed and has resulted in large increases to the indicated resources of the key value metals - gold, copper and by-product cobalt. The infill drilling program has been extremely successful in fulfilling its objective of defining a large set of robust indicated resources at Rover 1 that can feed directly into our mining studies and to Processing Design Engineers for the Pre-Feasibility Study.

Highlights of the new 2022 Rover 1 Resources Estimate include the large Increases in Indicated Resources of key metals Gold, Copper and Cobalt³ and are as follows:

- gold increased by 40% to 242,600 ounces
- copper increased by 65% to 63,400 tonnes
- cobalt increased by 61% to 2,900 tonnes

Rover 1 is now a substantial polymetallic orebody allowing Castile to complete designs on a mining plan and commission designs on the downstream processing facility that optimises recoveries and provide multiple revenue streams from the gold bullion, pure copper metal and a pure cobalt metal. Castile will also be able to participate in the “clean energy” and electric vehicle sector as the Company’s proposed products, copper and cobalt metal, can be supplied directly to end users in those industries. Castile recently announced outstanding downstream processing recovery rates for the key metals in the project which can be produced on site and sold directly to end user markets.

³ The Company refers to the exploration results for comparison in this presentation as sourced from its Prospectus dated 3 December 2019 and released on the ASX on 12 February 2020

Competent Persons Statement

This report is based on, and fairly and accurately represent information and supporting documentation prepared by Mark Savage. Mr Savage is a full-time employee of Castile, and a Member of The Australasian Institute of Mining and Metallurgy. Mr Savage has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves. Mr Savage consents to the inclusion in the report of the matters based on the exploration results in the form and context in which they appear.

The Mineral Resources contained in this announcement were first disclosed on 8 March 2022 ("Announcement"). Castile is not aware of any new information or data that materially affects the Mineral Resources included in the Announcement. All material assumptions and technical parameters underpinning the estimates in the Announcement continue to apply and have not materially changed.

The metallurgical information contained in this report is based on, and fairly and accurately represent the information and supporting documentation prepared by Damian Connelly. Mr Connelly is a full time employee of METS Engineering who are a Contractor to Castile, and a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Connelly has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves. Mr Connelly consents to the inclusion in the report of the matters based on the results in the form and context in which they appear.

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the period ended 31 December 2021 has been received and is included within the financial statements.

AUDITOR

Hall Chadwick WA Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3) of the Corporation Act 2001. Signed in accordance on behalf of the Directors.



Peter Cook
Non-Executive Chairman
15 March 2022

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the review of the financial statements of Castile Resources Limited for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,


HALL CHADWICK WA AUDIT PTY LTD


DOUG BELL CA
Director

Dated this 15th day of March 2022
Perth, Western Australia

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021**



	Note	Company 31 December 2021 \$	Company 31 December 2020 \$
Revenue		31,313	52,177
Accounting fees		(53,960)	(64,950)
Compliance fees		(78,862)	(120,434)
Depreciation: other assets	6	(57,160)	(42,917)
Depreciation: right of use assets		(24,065)	(24,065)
Directors' remuneration		(207,159)	(189,315)
Exploration expenditure		(18,124)	(11,255)
Insurance expense		(38,544)	(33,589)
Interest expense		(2,063)	(2,754)
IT expenses		(27,295)	(26,785)
Legal fees		(1,708)	(4,127)
Marketing		(73,054)	(5,190)
Occupancy costs		(20,150)	(19,473)
Other expenses		(31,070)	(66,173)
Share based payments expense	11	(124,755)	(92,981)
Staff expenses		(84,173)	(59,960)
Travel expenses		(1,121)	(2,054)
Profit/(loss) before tax		(811,950)	(713,845)
Income tax benefit/(expense)		246,623	226,506
Net profit/(loss) for the period from operations		(565,327)	(487,339)
Other comprehensive income		-	-
Total comprehensive profit/(loss) for the period		(565,327)	(487,339)
Basic and diluted profit/(loss) per share (cents)	3	(0.28)	(0.2)

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Company 31 December 2021 \$	Company 30 June 2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	6,692,233	11,220,091
Trade and other receivables	5	132,051	240,522
Other assets		91,538	35,037
Total Current Assets		6,915,822	11,495,650
Non-Current Assets			
Other assets		578,194	447,647
Property, plant and equipment	6	621,872	669,442
Right of use assets		90,659	114,725
Exploration and evaluation assets	7	26,190,221	22,315,452
Total Non-Current Assets		27,480,946	23,547,266
Total Assets		34,396,769	35,042,916
LIABILITIES			
Current Liabilities			
Trade and other payables	8	864,962	807,643
Lease liabilities	9	46,642	46,642
Borrowings	9	-	1,406
Provisions		97,361	90,514
Total Current Liabilities		1,008,965	946,205
Non-Current Liabilities			
Lease liabilities	9	54,250	75,962
Deferred tax liability		2,807,847	3,024,621
Total Non-Current Liabilities		2,862,097	3,100,583
Total Liabilities		3,871,062	4,046,788
Net Assets		30,525,707	30,996,128
EQUITY			
Contributed equity	10	18,832,120	18,861,969
Reserves	11	461,594	336,839
Retained earnings		11,231,993	11,797,320
Total Equity		30,525,707	30,996,128

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021**

Company	Contributed Equity	Reserves	Retained Earnings	Total
	\$	\$	\$	\$
Balance at 1 July 2021	18,861,969	336,839	11,797,320	30,996,128
Equity issue expenses (tax effect)	(29,849)	-	-	(29,849)
Share based payments	-	124,755	-	124,755
Profit/(loss) for the period	-	-	(565,327)	(565,327)
Other comprehensive income	-	-	-	-
Total comprehensive profit/(loss) for the period	-	-	(565,327)	(565,327)
Balance at 31 December 2021	18,832,120	461,594	11,231,993	30,525,707

Company	Contributed Equity	Reserves	Retained Earnings	Total
	\$	\$	\$	\$
Balance at 1 July 2020	18,945,072	64,599	12,853,190	31,862,861
Equity issue expenses	(42,711)	-	-	(42,711)
Share based payments	-	92,981	-	92,981
Profit/(loss) for the period	-	-	(487,339)	(487,339)
Other comprehensive income	-	-	-	-
Total comprehensive profit/(loss) for the period	-	-	(487,339)	(487,339)
Balance at 31 December 2020	18,902,361	157,580	12,365,851	31,425,792

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2021**



	Note	Company 31 December 2021 \$	Company 31 December 2020 \$
Cash flows from operating activities			
Payments to suppliers and employees		(539,858)	(766,256)
Interest received		8,874	49,950
Interest paid: leases		(2,063)	(2,754)
Payments for tenements and other deposits		(130,547)	-
Net cash used in operating activities		(663,594)	(719,060)
Cash flows from investing activities			
Payments for property, plant and equipment	6	(5,156)	(333,000)
Payment for exploration and evaluation assets		(3,835,990)	(2,095,821)
Net cash used in investing activities		(3,841,146)	(2,428,821)
Cash flows from financing activities			
Payment for costs of equity issues		-	(2,997)
Repayment of lease liabilities		(23,118)	(22,306)
Net cash used in financing activities		(23,118)	(25,303)
Net decrease in cash held		(4,527,858)	(3,173,184)
Cash and cash equivalents at beginning of the period		11,220,091	17,210,016
Cash and cash equivalents at period end	4	6,692,233	14,036,832

The accompanying notes form part of these financial statements.

1. Corporate information

These condensed interim financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards including AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements comprise the condensed interim financial statements for the Company. For the purposes of preparing the financial statements, the Company is a for-profit entity. The interim financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as the full financial report. It is recommended these interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2021 and any public announcements made by Castile Resources Limited during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half year, except for the impact of the new Standards and Interpretations described in Note 2 below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. The financial statements have been prepared on a historical cost basis, except for the revaluation of selected non-current assets, financial assets and financial liabilities. Historical cost is based on the fair values of the consideration given in exchange for assets, goods and services. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the interim financial statements, the half year has been treated as a discrete reporting period.

2. Accounting policies

a. Basis of preparation

The general purpose financial statements of the Company have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial report has also been prepared on a historical cost base. It is recommended that the half year report be considered together with the annual financial report for the year ended 30 June 2021 and any public announcements made by the Company up to the issue date of this report, which the Company has made in accordance with its continuous disclosure obligations arising under the *Corporations Act 2001*. The financial statements have been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of financial assets and financial liabilities.

2. Accounting policies (continued)

B. Statement of compliance

The financial report was authorised for issue on 15 March 2022. The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

c. New or amended Accounting Standards and Interpretations adopted

In the period ended 31 December 2021, the Company has reviewed all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Company accounting policies.

	Company 31 December 2021	Company 31 December 2020
3. Earnings per share		
Basic and diluted profit/(loss) per share (cents per share)	(0.28)	(0.2)
Net profit/(loss) attributable to ordinary shareholders (\$)	\$(565,327)	\$(487,339)
	Shares	Shares
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	199,710,121	199,710,121
	Company 31 December 2021 \$	Company 30 June 2021 \$
4. Cash and cash equivalents		
Cash at bank	6,692,233	11,220,091
	<u>6,692,233</u>	<u>11,220,091</u>
5. Trade and other receivables		
Accrued interest revenue	574	103
Deposits	393	80,893
GST receivable	131,084	159,526
	<u>132,051</u>	<u>240,522</u>
6. Plant and equipment		
Opening written down value at beginning of period	669,442	315,867
Additions	9,590	448,311
Depreciation	(57,160)	(94,736)
Closing written down value at end of period	<u>621,872</u>	<u>669,442</u>

	Company 31 December 2021 \$	Company 30 June 2021 \$
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7. Exploration and evaluation assets

Balance at beginning of period	22,315,452	17,435,858
Exploration and evaluation expenditure incurred during the year	3,892,893	4,891,125
Write-off	(18,124)	(11,531)
	<hr/>	<hr/>
Balance at end of period	26,190,221	22,315,452

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

8. Trade and other payables

Accrued expenses	126,726	288,835
Employee payables	153,152	153,379
Trade payables	585,084	365,429
	<hr/>	<hr/>
	864,962	807,643

9. Borrowings

Current

Other	-	1,406
Lease liabilities	46,642	46,642
	<hr/>	<hr/>
	46,642	48,048

Non-Current

Lease liabilities	54,250	75,962
	<hr/>	<hr/>
	54,250	75,962

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE PERIOD ENDED 31 DECEMBER 2021



	Company 31 December 2021		Company 30 June 2021	
	No.	\$	No.	\$
10. Contributed equity				
Balance at beginning of period	199,710,121	18,861,969	199,710,121	18,945,072
Equity issue expenses (tax adjusted)	-	(29,849)	-	(83,103)
Balance at end of period	199,710,121	18,832,120	199,710,121	18,861,969

	Company 31 December 2021 \$	Company 30 June 2021 \$
11. Reserves		
<u>Share based payments reserve</u>		
Balance at beginning of period	336,839	64,599
Options granted ³	124,755	272,240
Balance at end of period	461,594	336,839

11. Reserves (continued)

³The reserve is used to record the value of equity benefits to employees and Directors. Variables used to calculate the option valuations are as follows:

Performance based options

Inputs	Long Term Director Incentive Options (T1)	Long Term Director Incentive Options (T2)	Long Term Director Incentive Options (T3)	Long Term Director Incentive Options (T4)	Short Term Director Options (T5)
Performance Condition	The Company having a market capitalisation in excess of \$100 million.	The Company having a market capitalisation in excess of \$200 million.	The Company completing a bankable feasibility study and commencing mining activity in accordance with the BFS.	The Company completing the sale/s of the first 5,000 ounces or equivalent of gold from the newly constructed mining operation.	The Director remaining employed for 12 months.
Performance Condition Satisfied?	No	No	No	No	No
Number of options	150,000	150,000	150,000	150,000	1,000,000
Exercise price	\$Nil	\$Nil	\$Nil	\$Nil	\$0.2392
Expiry date	21-Dec-24	21-Dec-24	21-Dec-24	21-Dec-24	02-Dec-24
Grant date	26-Nov-20	26-Nov-20	26-Nov-20	26-Nov-20	02-Dec-21
Vesting date	29-Nov-21	29-Nov-21	29-Nov-21	29-Nov-21	02-Dec-22
Share price at grant date	\$0.29	\$0.29	\$0.29	\$0.29	\$0.20
Risk free interest rate	0.21%	0.21%	-%	-%	0.935%
Volatility	108%	108%	-%	-%	109%
Option value	\$0.1631	\$0.1631	\$0.1631	\$0.1631	\$0.1257

Non-performance based options

Inputs	Director Options (T1)	Director Options (T2)	Short Term Director Options (T1)	Short Term Director Options (T2)
Number of options	1,000,000	1,000,000	500,000	500,000
Exercise price	\$0.25	\$0.25	\$0.313	\$0.313
Expiry date	26-Nov-22	26-Nov-22	21-Dec-23	21-Dec-23
Grant date	26-Nov-19	26-Nov-19	26-Nov-20	26-Nov-20
Vesting date	14-Feb-21	14-Feb-22	21-Dec-21	21-Dec-22
Share price at grant date	\$0.20	\$0.20	\$0.29	\$0.29
Risk free interest rate	0.62%	0.62%	0.09%	0.09%
Volatility	100%	100%	108%	108%
Option value	\$0.115	\$0.115	\$0.1848	\$0.1848

12. Operating segments

The Company has determined operating segments based on the information provided to the Board of Directors. The Company operates predominantly in one business segment being the exploration for minerals in one geographic segments, being Australia.

13. Events after the end of the reporting period

There are no matters or circumstances have arisen since the end of the year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial years other than those mentioned in the Directors' Report.

14. Commitments and contingencies

	Company 31 December 2021 \$	Company 30 June 2021 \$
Committed expenditure for the Company comprises:		
<1 year	364,486	385,126
1-5 years	463,403	2,703,189
>5 years	-	-
	<u>827,889</u>	<u>3,088,315</u>

There are no material changes to the Company's contingent liabilities since the 30 June 2021 financial report.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

The financial statements and notes are in accordance with the *Corporations Act 2001* and:

- a. comply with Australian Accounting Standards AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b. give a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the half year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Peter Cook
Non-Executive Chairman

15 March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CASTILE RESOURCES LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Castile Resources Limited ("the Company") which comprises the condensed statement of financial position as at 31 December 2021, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Castile Resources Limited does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



HALL CHADWICK WA AUDIT PTY LTD



DOUG BELL CA
Director

Dated this 15th day of March 2022
Perth, Western Australia