



CASTILE RESOURCES LIMITED

QUARTERLY ACTIVITIES REPORT

For the period ending 30 June 2022

HIGHLIGHTS

Drilling in the June quarter was extremely successful resulting in Castile announcing a significant new high-grade gold zone discovery and a broad zone of IOCG mineralisation that has considerably extended the previously interpreted Jupiter Deeps IOCG alteration.

Exploration Drilling

- Hole 22CDR001 into Jupiter Deeps returned an exceptional intercept (results released after the June quarter See ASX:CST 4 July 2022 and ASX:CST 22 July 2022) of:
 - **31m at 4.0 g/t Gold with 1.0% Copper from 868m (TW 20.2m) downhole**
- This included a high grade gold core zone of:
 - **9.5m at 9.6 g/t Gold with 1.4% Copper from 881.5m downhole**
- Castile will add the new high grade gold zone discovery and significantly enlarged IOCG alteration in Jupiter Deeps to the Rover 1 Estimated Mineral Resource which will feed into the PFS
- The expanded new zone of IOCG alteration in hole 22CDR001-2A (see ASX:CST 22 July 2022) significantly extended the known area of broad copper and gold mineralisation with a solid hit of:
 - **27.2 m at 1.0% Copper and 0.5g/t Au from 1012.7m (TW of 9.1m)**

Regional Exploration

- Down Hole Electromagnetic (DHEM) Surveys were completed at Explorer 142 and Explorer 108 with a large conductor identified at Explorer 142. Ground gravity surveys commenced on EL27292 (Pathfinder 27 magnetic anomaly) and EL25511 (Rover 3 and Rover 5 magnetic anomalies).

Development Studies

- Magnetite added to Mineral Resource Estimate that will allow Castile to produce a 96.4% industrial mineral magnetite product and significantly reduce waste requirements.
- Castile notes that the proposed cobalt production at Rover 1 aligns the Company with the goals of the Federal Government Critical Minerals Accelerator Initiative designed to:
 - Bring new sources of critical minerals supply online by supporting early and mid-stage projects that contribute to robust global supply chains
 - Build sovereign capability in Australia
 - Create high-paying regional jobs for Australians now and into the future.

Financial Position

- Castile closed the quarter with a cash position of \$4.43M as at 30 June 2022.

JUNE QUARTER 2022 ACTIVITIES OVERVIEW

Exploration & Development Activities

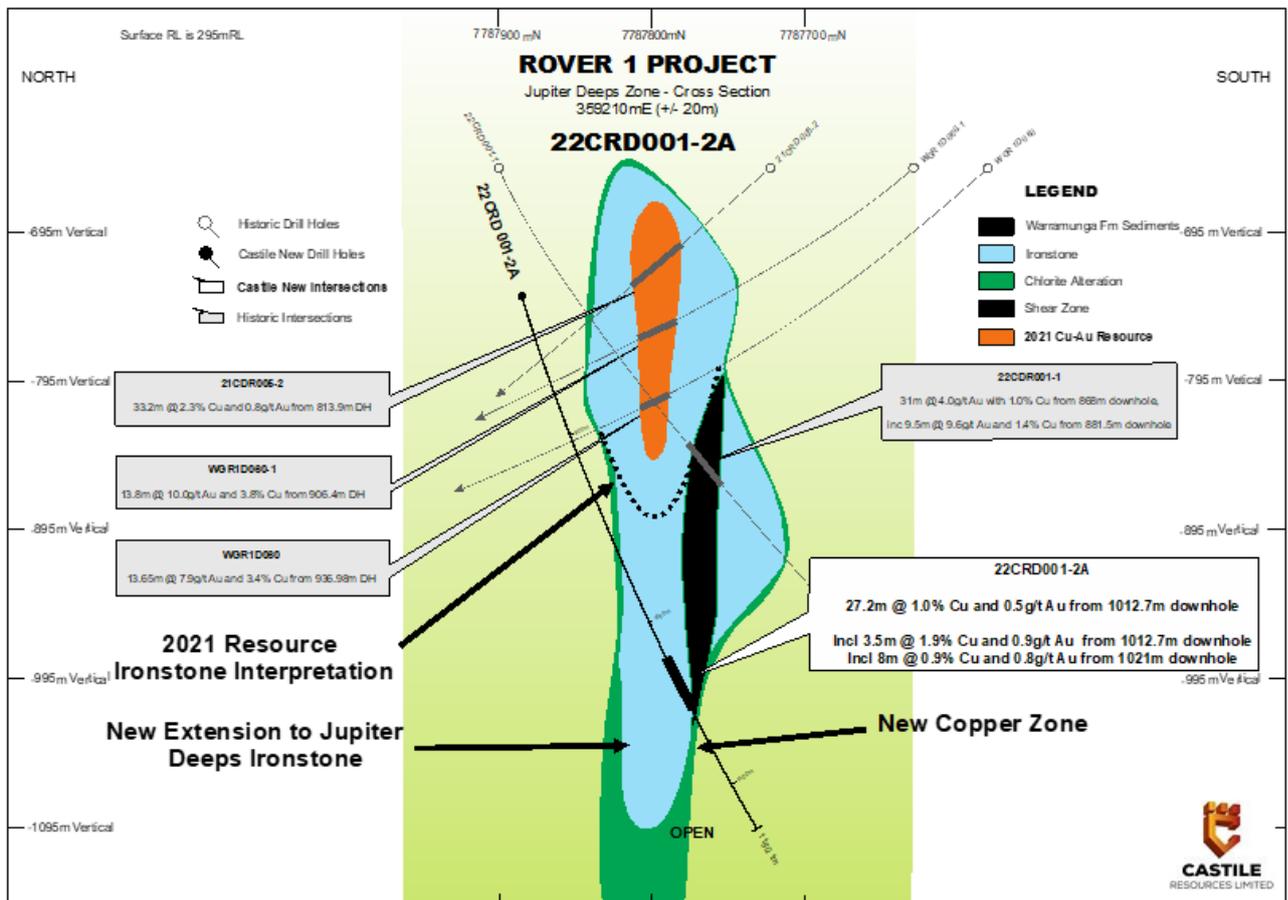
A total of 1,820.2m of diamond drilling was completed at Rover 1. A parent and two daughter holes were drilled targeting Jupiter West, West-Deeps link, Jupiter Deeps and Ganymede mineralised zones. Assay results were released in July 2022 with Castile announcing a major new high grade gold discovery and a significant expansion to the IOCG alteration in Jupiter Deeps (See Figure 1,2 &3).

- Hole22CDR001 returned an exceptional intercept of:
 - **31m at 4.0 g/t Gold with 1.0% Copper from 868m (TW 20.2m) downhole**

This included a high grade gold core zone of:

- **9.5m at 9.6 g/t Gold with 1.4% Copper from 881.5m downhole**

Figure 1: Cross Section of Jupiter Deeps Showing New High Grade Gold Discovery and Significant Extension to the Interpreted IOCG Alteration



Hole 22CRD001-2A showed that it has also intersected the expanded part of the IOCG mineralisation with excellent results opening the base of the system for further extensions of the IOCG system at depth. The expanded IOCG alteration returned an intercept of:

- **27.2 m at 1.0% Copper and 0.5g/t Au from 1012.7m (True width est. of 9.1m)**



Figure 2: Previous Interpretation of Rover 1 IOCG Alteration

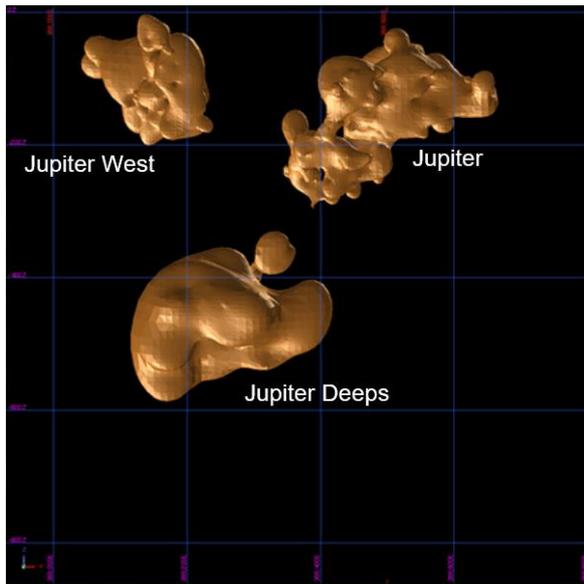
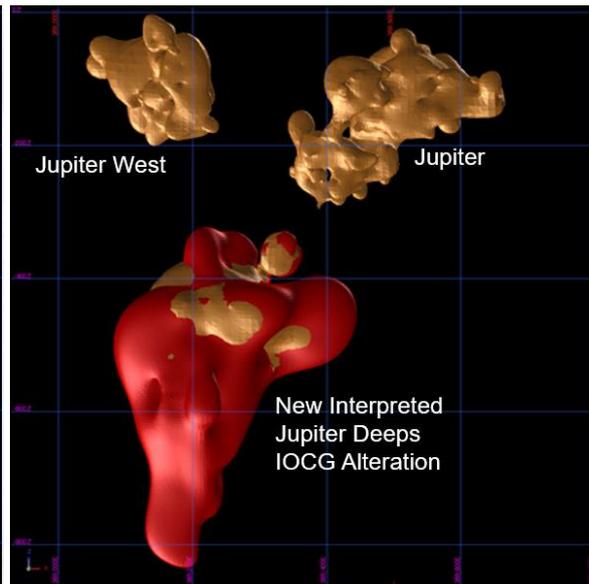
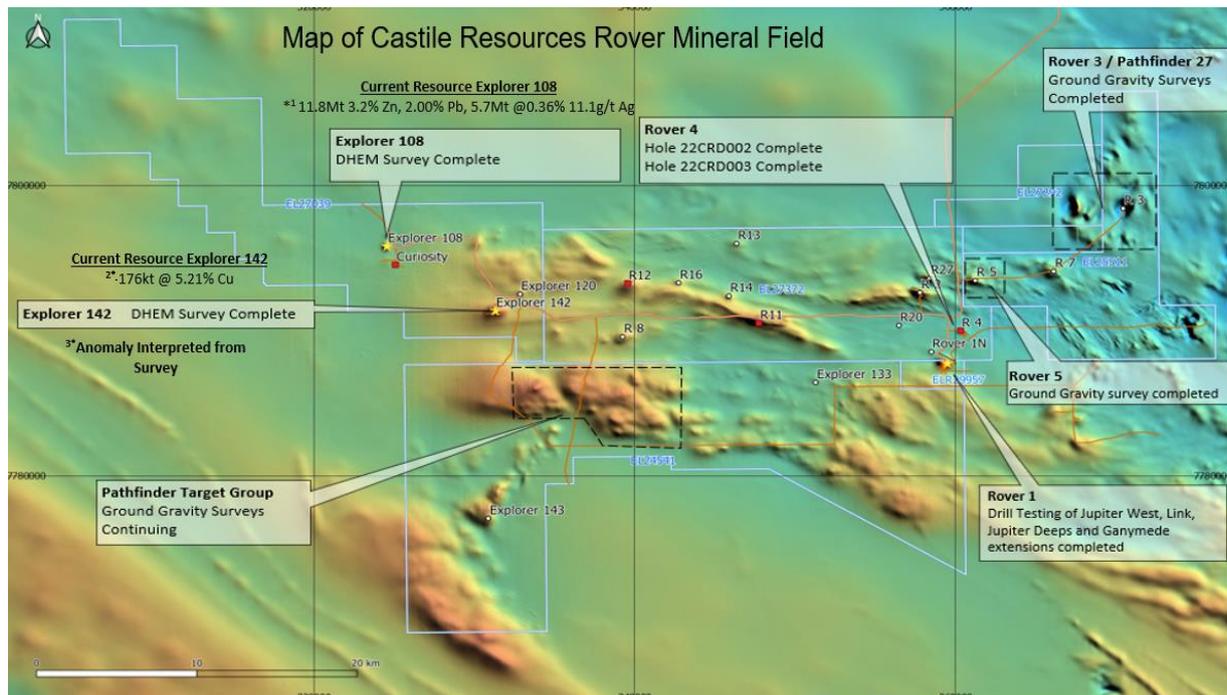


Figure 3: Updated Interpretation of Rover 1 IOCG Alteration



Interpreted additions to the Jupiter Deeps IOCG Alteration shown in red

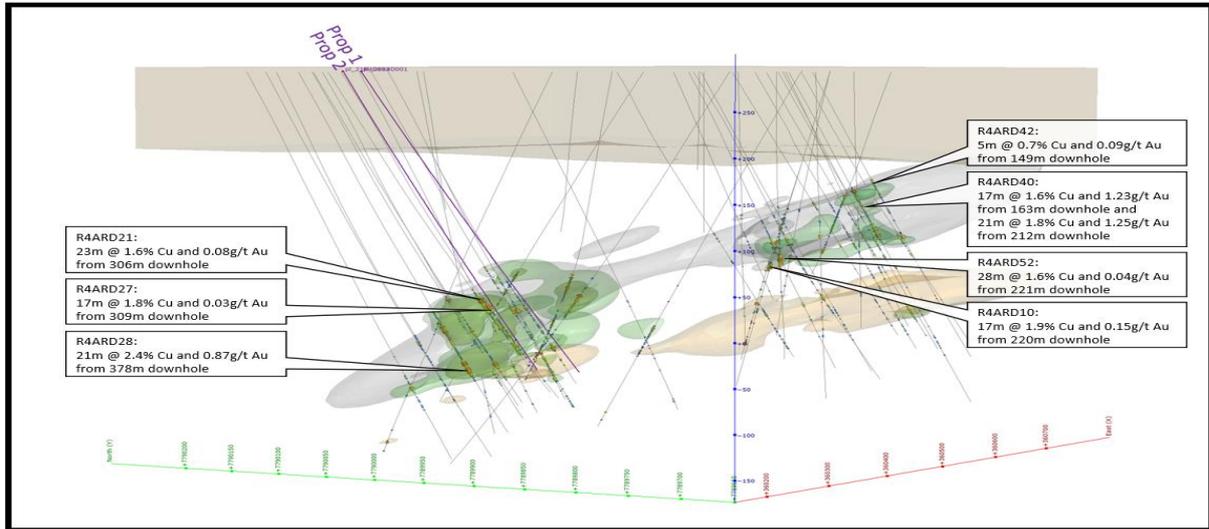
Figure 1: Map Of The Rover Mineral Field with June Quarter Activities



Two down hole electromagnetic (DHEM) surveys were completed at Explorer 108 (NR108D043 – 631m) and Explorer 142 (NR142D003 – 982m). Results from these surveys were pending at the end of the quarter. Ground gravity surveys commenced on EL27292 (Pathfinder 27 mag anomaly) and EL25511 (Rover 3 and Rover 5 magnetic anomalies). Surveys are being conducted on 50m station spacing on 100m lines. These surveys will continue into 2023Q1, covering the pathfinder anomaly group in the eastern part of EL24541.

The drilling rig moved to Rover 4 at the end of June 2022 to commence an extensional exploration drill program of 2 holes, with a view to generate a maiden resource over the prospect. As previously reported, Castile has converted holes of historic drilling by the previous owner of Rover 4 (See Figure 2) to a JORC 2012 standard resource from which it will complete a maiden Mineral Resource Estimate for the Rover 4 Prospect.

Figure 2: Rover 4 Oblique View with Previous Drilling and 2022 Drill Holes



Another By-Product And Revenue Stream For Rover 1

During the quarter Castile announced a fourth product to be added to the Mineral Resource Estimate and analysed as part of the the mining studies for the Pre-Feasibility Study. Approximately 24% of the host rock ore mined will be magnetite. Castile can recover 67.7% of that material and produce a high quality P95 at 53 microns magnetite rich magnetite product on site that is saleable directly to end users as a density modifying mineral. The material will grade 96.4% magnetite.

Not only will this provide addition revenue, it will vastly reduce the waste stream and the environmental footprint at Rover 1.

Table 1: Castile Resources 2022 Rover 1 Mineral Resource Estimate

Classification	Rover 1 Mineral Resource Estimate			
	Gold (Oz)	Copper (T)	Cobalt (T)	Magnetite(T)
Indicated	242,600	63,400	2,900	933,000
Inferred	20,900	14,000	900	163,000
Total	263,500	77,400	3,800	1,096,000

Classification	Tonnes	Grade			
		Gold (g/t)	Copper (%)	Cobalt (%)	Magnetite (%)
Indicated	3,882,000	1.94	1.63	0.07	24.04
Inferred	865,000	0.75	1.62	0.10	18.79
Total	4,747,000	1.73	1.63	0.08	23.08



Rover 1 – Pre-Feasibility Study

The Rover 1 Pre-feasibility study steadily progressed throughout the quarter.

During the quarter, a flora and fauna study was successfully completed. No significant unexpected species were found.

Subsequent to the quarter the Company advised that as a result of the new high grade gold discovery and extension of the IOCG alteration in the Jupiter Deeps orebody the Company will be completing an updated Mineral Resource Estimate to include addition material from these significant new discoveries.

This will feed into the mining studies as consideration needs to be given to the current mine design and associated infrastructure. With extension of the ironstone into levels deeper than previously considered, reviews of the associated infrastructure, such as ventilation and pumping are being rapidly undertaken to ensure mine design is fit for purpose for possible future expansion. The results of the new Mineral Resource Estimate and the mining studies will then be added to the PFS which is expected to be completed in the December 2022 quarter.

ESG and Social Responsibility

Castile maintained its focus on ESG outcomes with continue participation in stakeholder programs and community support. Progressive rehabilitation of drill inactive drill sites and the management of any pollutants and waste materials was a focus leading into the wet season. There were no Lost Time Injuries (LTI's) but two positive cases of COVID-19 were reported from the Perth office of Castile by employees during the quarter.

Castile continues to engage with local communities in Tennant Creek and will be part of a co-ordinated approach to conducting discussions around employment opportunities for Traditional Owner groups and business sector of the local Tennant Creek area.

Castile was once again honoured to be the major sponsor of the 2022 Tennant Creek Memorial Club ANZAC Roll Call and Dinner to show support and thanks to the service men and women from the region.

Castile continues to support the NT Government Sports Education Co-Ordinator for the Barkly region by supplying sporting equipment and uniforms to the children within the area. Castile provides the sporting equipment for the children to work on individual skills and team uniforms so they can apply those skills in a team environment. These attributes align with Castile's values of striving to improve our individual work and training programs to allow our employees to execute them for the benefit of all in a team based work environment.

Business and Corporate Development

Given the recent easing of travel restrictions, Castile has taken the opportunity during the quarter to present to its individual and institutional shareholders in the eastern states of Australia, North American and the United Kingdom. In addition to gold production, Castile's proposed strategy of producing end-user products such as pure cobalt metal and pure copper metal for direct sale to participants of the decarbonisation sector was supported by shareholders. In addition to direct presentations, Castile also participated in conferences in Australia, North America and the UK.

Castile will continue to look for corporate opportunities to maximise the use of our combined Board and Management skill set. Castile currently provides investors with significant exposure to battery metals and gold and will continue to pursue strategic opportunities in those commodities.

Financial Position

Castile's cash position as of 30 June 2022 was \$4.43m. The Appendix 5B for the quarter ended 30 June 2022 provides an overview of the Company's financial activities. Exploration expenditure for the quarter was \$0.769m included drilling and testing costs associated with the Tennant Creek projects as well as the activities set out above in this report. The total amount paid to directors of the Company, their associates and other related parties was \$0.132m for salary and superannuation.

Central Land Council, NT And Federal Government

The strong messaging from all levels of the Northern Territory and federal Government is to encourage the resources industry to produce downstream, value-add products to increase domestic revenues as opposed to sending raw materials for processing offshore. Castile notes that the Federal Government's Critical Minerals Accelerator Initiative (CMAI) is tasked with bringing new sources of critical mineral supplies online within Australia by supporting early and mid-stage projects that contribute to robust global supply chains, build domestic capability and create high-paying regional jobs for Australians now and into the future.

The production of cobalt, which has been assigned as a critical mineral by the Australian Federal Government for use in the electrification revolution, will lift the profile of the Castile with Rover 1 being one of very few cobalt producers in Australia and the western world <https://www.industry.gov.au/data-and-publications/2022-critical-minerals-strategy>.

This also aligns strongly with Castile's broader strategy of producing gold dore (bullion), pure copper metal, pure cobalt metal and a high-grade magnetite which can all be sold directly to local end users. Castile will look to optimise opportunities and benefits from state government taxes and royalty incentives in our planning and forecasting.

Castile has been in regular consultation with Northern Territory government representatives to ensure application and permitting requirements will be dealt with in a timely manner. Castile continues to consult with the Central Land Council on field works and facilitating engagement with local communities regarding future training and employment opportunities. The CLC remain supportive of Castile's activities in the region.

Tenements

Castile held the following tenements as of 30 June 2022.

Tenement	Project	Location	Interest	Status
EL 24541	Rover	Northern Territory	100%	Expiry 17/12/2023
EL 25511	Rover	Northern Territory	100%	Expiry 17/12/2023
EL 27039	Rover	Northern Territory	100%	Expiry 14/05/2023
EL 27292	Rover	Northern Territory	100%	Expiry 26/05/2022
EL 27372	Rover	Northern Territory	100%	Expiry 26/05/2022
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 10/09/2023
EL 31794	Warumpi	Northern Territory	100%	Expiry 27/02/2024



Warumpi Project, NT

CLC heritage survey clearance has been received for the Warumpi tenements.



Mark Hepburn

Managing Director, Castile Resources Limited

For further enquiries please contact

info@castile.com.au

Authorised by the Board of Castile Resources Limited.

COMPETENT PERSON STATEMENT**Geology**

The information contained in this report that related to exploration results and mineral resources 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, and Mineral Resources. Mr Savage consents to the inclusion in the report of the matters based on the exploration and resource results in the form and context in which they appear.

Metallurgy

The 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.



Forward Looking Statements

This ASX announcement contains a series of forward-looking statements. The words “expect”, “potential”, “intend”, “estimate” and similar expressions identify forward-looking statements. Forward-looking statements are subject to known and unknown risks and uncertainties that may cause the actual results, performance or achievements to differ materially from those expressed or implied in any of the forward-looking statements in this report and are not a guarantee of future performance. Statements in this release regarding Castile’s business or proposed business, which are not historical facts, are forward-looking statements that involve risks and uncertainties. These include Mineral Resource Estimates, metal prices, capital and operating costs, changes in project parameters as plans continue to be evaluated, the continued availability of capital, general economic, market or business conditions, and statements that describe the future plans, objectives or goals of the Company, including words to the effect that Castile or its management expects a stated condition or result to occur. Forward-looking statements are necessarily based on estimates and assumptions that, while considered reasonable by Castile, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements. Investors are cautioned not to place undue reliance on forward-looking statements.



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 2022

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	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(173)	(642)
(e) administration and corporate costs	(120)	(170)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	19
1.5 Interest and other costs of finance paid	(1)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(287)	(797)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(2)	(14)
(d) exploration & evaluation	(769)	(5,736)
(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 (tenement deposits)	(69)	(199)
2.6	Net cash from / (used in) investing activities	(840)	(5,949)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(11)	(44)
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	(11)	(43)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,569	11,220
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(287)	(797)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(840)	(5,949)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(11)	(43)

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	4,431	4,431

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	4,438	5,581
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	(7)	(12)
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,431	5,569

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	126
6.2	Aggregate amount of payments to related parties and their associates included in item 2	6

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 and superannuation. Note that the amount within item 1.2(d) includes salaries recharged.

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.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
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.		
N/A		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(287)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(769)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,056)
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,431
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	4,431
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.2
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 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	
8.8.2 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	

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

8.8.3 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

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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: 28 July 2022

Authorised by: Mark Hepburn, Managing Director 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.