

# **HALF YEAR REPORT**

For the Period Ending 31 December 2022

ABN: 93 124 314 085



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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**

Suite 1A, 17 Southport Street West Leederville WA 6007 (effective 1 March 2023)

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#### **WEBSITE & EMAIL**

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#### **SHARE REGISTRY**

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#### **AUDITORS**

Hall Chadwick WA Audit Pty Ltd 283 Rokeby Road Subiaco WA 6008

#### STOCK EXCHANGE LISTING

Australian Securities Exchange

ASX Code: CST



## **Directors' Report**

Your Directors submit the financial report of the Company for the period ended 31 December 2022.

#### DIRECTORS WHO HELD OFFICE DURING OR SINCE THE END OF THE PERIOD

| Name         | Title                                |
|--------------|--------------------------------------|
| Peter Cook   | Non-Executive Chairman               |
| Mark Hepburn | Managing Director                    |
| John Braham  | Non-Executive Director [Independent] |
| Jake Russell | Non-Executive Director [Independent] |

#### **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 2022 was \$889,093 (2021 loss of \$565,327). The earnings of the Company for the past 3 periods are summarised below:

|                                  | 31 December 2022 | 30 June 2022 | 31 December 2021 |
|----------------------------------|------------------|--------------|------------------|
|                                  | \$               | \$           | \$               |
| Revenue                          | 95,425           | 60,128       | 31,313           |
| EBITDA                           | (651,400)        | (2,623,006)  | (728,662)        |
| EBIT                             | (733,690)        | (2,785,449)  | (809,887)        |
| Profit / (loss) after income tax | (889,093)        | (1,536,603)  | (565,327)        |

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

|                                     | 31 December 2022 | 30 June 2022 | 31 December 2021 |
|-------------------------------------|------------------|--------------|------------------|
|                                     | \$               | \$           | \$               |
| Share price at financial period end | 0.095            | 0.145        | 0.205            |



#### **PROJECT ACTIVITIES - ROVER 1**

The major milestone for the half was the Company's release of the outcomes of the Rover 1 Preliminary Feasibility Study concluding a robust, polymetallic project applying modern technology and downstream processing to meet future facing metals demand for Australia (ASX:CST 5 December 2022).

The Rover 1 PFS models an underground mine build, with a modern 500,000tpa processing plant focussed on the production of gold, copper, cobalt and magnetite downstream products delivering strong economic outcomes with an initial project life of 8 years.

#### Highlights of the PFS include:

- Financial modelling outcomes of the Rover 1 Project PFS estimate:
  - A pre-tax NPV<sub>6.5</sub> of \$451.7M with an IRR of 46%
  - Total revenues of A\$1.94 billion over 8 years
  - Annual Revenues of \$225.6M with annual free cashflow of \$109.1M
  - Capital cost estimate of \$279.5M (Processing Plant A\$160.7M)
  - A simple payback (post tax) after 2 years and 7 months of production
- Total material in the PFS for extraction and processing is:
  - 4.32Mt @ 1.94g/t Au, 1.42% Cu, 0.07% Co and 22.33% Fe<sub>3</sub>O<sub>4</sub>
- The Rover 1 Project has an Annual Production Profile of:

Gold Doré 28,700ozpa 99% Copper Plate 6,900tpa 99% Cobalt Metal 300tpa 96.5% Magnetite 75,300tpa

- Castile to proceed directly to Bankable Feasibility Study on Rover 1 and to continue ongoing discussions with potential financiers
- Castile Resources Rover 1 Project included in the Federal Governments Australian Critical Minerals Prospectus released in December 2022
- The Australian Government has invited Castile to present as part of the Australian Minerals delegation at the Prospectors and Developers Association of Canada Conference (PDAC) in Toronto in March 2023
- Castile retained a strong cash position of \$6.455M as at 31 December 2022.

#### Key Outcomes of the Rover 1 Preliminary Feasibility Study

The Rover 1 PFS delivered robust financial results with strong returns estimated for the project as shown in Table 1. The four "end user" downstream products give diversity and a "natural



hedge" to the revenue streams. Castile can market to a much wider customer base with the option to supply copper and cobalt directly to end user customers in the critical minerals sector.

#### Financial Results

Table 1: Rover 1 Base Case Results and Copper Upside Results

| Pre-tax             | Units | Current Spot<br>Prices | Cu Price (PFS)<br>US\$4.25/lb | Cu Price (Upside<br>Case) US\$5.00/lb |
|---------------------|-------|------------------------|-------------------------------|---------------------------------------|
| Cash Flow           | A\$M  | \$588.4M               | \$668.4M                      | \$817.6M                              |
| NPV <sub>6.5%</sub> | A\$M  | \$382.1M               | \$451.4M                      | \$544.5M                              |
| IRR                 | %     | 40.8%                  | 45.9%                         | 52.4%                                 |
| Post-tax            | Units |                        |                               |                                       |
| Cash Flow           | A\$M  | \$425.0M               | \$493.6M                      | \$585.4M                              |
| NPV <sub>6.5%</sub> | A\$M  | \$247.6M               | \$293.2M                      | \$354.5M                              |
| IRR                 | %     | 30.5%                  | 34.2%                         | 39.0%                                 |

#### **Production Profile**

Table 2: Rover 1 Annual Production Profile and LOM Production

| Production<br>Summary | Units                               | Average Annual<br>Production           | Initial Life of Project                 |
|-----------------------|-------------------------------------|--|---|
| Total Ore Mined       | t Ore                               | 500,000t                               | 4,315,000t                              |
| Gold                  | (oz Au)                             | 28,700oz Au                            | 252,300oz Au                            |
| Copper                | (t Cu)                              | 6,900t Cu                              | 58,600t Cu                              |
| Cobalt                | (t Co)                              | 300t Co                                | 2,600t Co                               |
| Magnetite             | (t Fe <sub>3</sub> O <sub>4</sub> ) | 75,300t Fe <sub>3</sub> O <sub>4</sub> | 652,000t Fe <sub>3</sub> O <sub>4</sub> |

#### Individual Metal Revenues

Table 3: Rover 1 Total Project Revenues by Metal

| Product         | Average Annual Revenue | Total Revenue |
|-----------------|------------------------|---------------|
| Gold Doré       | \$75.8M                | \$666.6M      |
| 99% Copper      | \$96.9M                | \$819.7M      |
| 99% Cobalt      | \$26.5M                | \$229.0M      |
| 96.5% Magnetite | \$26.3M                | \$228.3M      |

Table 4: Commodity Prices used for Project Evaluation

| Metal Price            | Value    | Input                             | Value    |
|------------------------|----------|-----------------------------------|----------|
| Gold Price (AUD\$/oz)  | \$2,642  | Cobalt Price (AUD\$/t)            | \$89,552 |
| Copper Price (AUD\$/t) | \$13,984 | (96.5%) Magnetite Price (AUD\$/t) | \$350    |



#### Geological Resource

Previous owners of the Rover 1 along with Castile have drilled and completed analysis on a combined total of approximately 90,000m of core. The September 2022 Mineral Resource Estimate was utilised for the evaluation of the Rover 1 deposit. This is represented in Table 5 below.

Table 5: Rover 1 Mineral Resource September 2022

| Class     | Tonnes<br>(Mt) | Au<br>(g/t) | Cu<br>(%) | Co<br>(%) | Fe₃O₄<br>(%) | Au<br>(oz) | Cu<br>(t) | Co<br>(t) | Fe₃O₄<br>(t) |
|-----------|----------------|-------------|-----------|-----------|--------------|------------|-----------|-----------|--------------|
| Measured  |                |             |           |           |              |            |           |           |              |
| Indicated | 3.97           | 1.83        | 1.59      | 0.07      | 23.6         | 233,800    | 63,100    | 2,900     | 938,000      |
| Inferred  | 1.61           | 1.57        | 1.25      | 0.07      | 22.1         | 81,400     | 20,100    | 1,100     | 357,000      |
| Total     | 5.58           | 1.76        | 1.49      | 0.07      | 23.2         | 315,200    | 83,200    | 4,000     | 1,295,000    |

#### Mining and Processing

Material that was considered for processing was derived from both Indicated and Inferred Mineral Resource categories. Identical modifying factors were applied to both resource categories; however, the extraction of Inferred Mineral Resource material was delayed until Year 6. The PFS defined the first Ore Reserve for Rover 1.

Table 6: Rover 1 Total Material Extracted and Processed for PFS

| Class                        | Tonnes<br>(Mt) | Au<br>(g/t) | Cu<br>(%) | Co<br>(%) | Fe₃O₄<br>(%) | Au<br>(oz) | Cu<br>(t) | Co<br>(t) | Fe₃O₄<br>(t) |
|------------------------------|----------------|-------------|-----------|-----------|--------------|------------|-----------|-----------|--------------|
| Probable Ore<br>Reserve      | 3.11           | 2.02        | 1.52      | 0.07      | 22.92        | 201,800    | 47,400    | 2,200     | 713,300      |
| Inferred Mineral<br>Resource | 1.20           | 1.75        | 1.17      | 0.07      | 20.78        | 67,800     | 14,000    | 800       | 250,000      |
| Total                        | 4.31           | 1.94        | 1.42      | 0.07      | 22.33        | 269,600    | 61,400    | 3,100     | 963,400      |

Underground mining targets copper and gold rich ore with cobalt and magnetite considered free carry to surface. Stoping will occur using long hole open stoping with paste fill to maximise ore won. Haulage will be carried out by an electrified fleet.

Processing of the ore at Rover 1 will convert the run of mine ore to end-user products, with gold doré, copper plate, cobalt metal and a high grade (96.5%) magnetite product. A representation of a potential processing plant layout is shown below:





Figure 1: Representative layout of the Rover 1 Processing Plant

Pressure oxidisation will be utilised to maximise the recovery of products, with the ore subject to 220°C and 3,018kPa for two hours supporting a total copper recovery of 95.5%, gold recovery of 93.6%, cobalt recovery of 83.3% and the magnetite recovery (which is not subjected to pressure oxidisation) of 67.7%.

#### Reasonable Basis for Funding Assumption

The PFS indicates that approximately \$250M of pre-production funding may be required to execute the development of the project to deliver the range of outcomes proposed in the study. Indications from informal discussions with financial institutions imply that the possibility of funding through debt, equity, metal streaming, offtake agreements or metal prepayments would be available. Castile is of the view that there is a reasonable basis to assume that the funds required to develop the Rover 1 Project will be available when required.

Castile has formed this assumption based on the following grounds:

- The Board and management of Castile has extensive experience in mine financing, mine development and underground mining operations.
- The release of the Rover 1 Project PFS provides a strong platform for Castile to begin discussions with potential financiers.
- Copper and Cobalt are metal products required in the 2050 Net-Zero Carbon Target strategy and financial markets remain buoyant for these minerals.



#### Conclusions of the PFS and Next Steps for the Rover 1 Project

The PFS shows that the Rover 1 Project is commercially viable, and the Board of Castile is now progressing the Rover 1 project into a Bankable Feasibility Study (BFS) with an estimated completion date of Q4 2023.

Work to be undertaken includes:

- Further metallurgical test work.
- Finalisation of data required for the EIS and submission.
- Formal discussions with financiers for the funding for the project.
- The final metallurgical testwork stage, including the construction and operation of a pilot test plant.
- Government engagement and licensing.
- CLC engagement to determine the mining agreement for Rover 1.

#### Federal Government Recognition for Castile Resources and Rover 1

Castile was selected to appear in the Australian Federal Government's *Australian Critical Minerals Prospectus*, published December 2022. (ASX:CST 8 December 2022). The Prospectus is the Commonwealth Government's flagship critical minerals publication. It is used widely across international markets by potential investors, off-takers and foreign governments as the go-to source for Australian-based projects that have satisfied major development milestones. The Prospectus features active and investment-ready projects, which have at least completed a PFS and plan to produce critical minerals. The Australian Government has been vocal in its support of projects that intend to mine and produce downstream critical minerals for the world's 2050 climate goals.

https://www.globalaustralia.gov.au/industries/critical-minerals/prospectus-2022

Castile will join the delegation and present at the Prospectors and Developers Association of Canada Conference (PDAC) in Toronto in March 2023 at the invitation of the Australian Government.

#### PROJECT ACTIVITIES - REGIONAL EXPLORATION & DEVELOPMENT - ROVER 4

During the period a Mineral Resource Estimate (MRE) was announced for Rover 4 located 2.5kms from the Rover 1 Project (ASX:CST 9 November 2022).

Prior to Castile purchasing the tenement in 2019, 48 holes had been drilled at Rover 4, with 42 intercepting mineralisation. Castile drilled two holes in the 2022 field season to validate interpretation prior to performing the MRE.



Rover 4 provides longer term optionality in the proposed development for Rover 1 with copper minimisation being located so close to the planned Rover 1 decline and increasing the overall resource inventory as tabulated below.

Copper is becoming a higher priority globally due to its role in meeting net-zero emissions targets, as it is a vital component of electric vehicles (EV's). Castile decided not to include Rover 4 mineralisation in the Rover 1 Pre-Feasibility Study (PFS) due to the advanced state of the study.

Table 7: Castile Resources Rover 4 MRE added to Rover 1 Project MRE 2.0g/t AuEg cut-off grade

|           |       | Gold Copper    |        |       | Cobalt  |       |       | Magnetite |       |       |         |        |
|-----------|-------|----------------|--------|-------|---------|-------|-------|-----------|-------|-------|---------|--------|
| Deposit   | kt    | Grade<br>(g/t) | koz Au | kt    | Grade % | kt Cu | kt    | Grade %   | kt Co | kt    | Grade % | kt Mag |
| INDICATED |       |                |        |       |         |       |       |           |       |       |         |        |
| Rover 1   | 3,970 | 1.83           | 234    | 3,970 | 1.59    | 63.1  | 3,970 | 0.07      | 2.9   | 3,970 | 23.64   | 938    |
| Rover 4   | 51    | 0.34           | 1      | 51    | 1.9     | 1.0   |       |           |       |       |         |        |
| Subtotal  | 4,021 | 1.81           | 234    | 4,021 | 1.59    | 64.1  | 3,970 | 0.07      | 2.9   | 3,970 | 23.64   | 938    |
| INFERRED  |       |                |        |       |         |       |       |           |       |       |         |        |
| Rover 1   | 1,611 | 1.57           | 81     | 1,611 | 1.25    | 20.1  | 1,611 | 0.07      | 1.1   | 1,611 | 22.13   | 357    |
| Rover 4   | 308   | 0.6            | 6      | 308   | 1.81    | 5.6   |       |           |       |       |         |        |
| Subtotal  | 1,919 | 1.41           | 87     | 1,919 | 1.34    | 25.7  | 1,611 | 0.07      | 1.1   | 1,611 | 22.13   | 357    |
| TOTAL     |       |                |        |       |         |       |       |           |       |       |         |        |
| Rover 1   | 5,581 | 1.75           | 315    | 5,581 | 1.49    | 83.2  | 5,581 | 0.07      | 4.0   | 5,581 | 23.20   | 1,295  |
| Rover 4   | 359   | 0.56           | 7      | 359   | 1.82    | 6.6   |       |           |       |       |         |        |
| TOTAL     | 5,940 | 1.68           | 322    | 5,940 | 1.51    | 89.8  | 5,581 | 0.07      | 4.0   | 5,581 | 23.20   | 1,295  |

#### **FUTURE PROJECT ACTIVITIES**

Castile will return to site in the March 2023 quarter at the completion of the wet season to resume works associated with the Bankable Feasibility Study.

#### **ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)**

During the period, Castile continued work on the Environmental Impact Statement (EIS) for lodgement with the Northern Territory Environment Protection Authority (EPA). Work has been ongoing for approximately two years preparing the Rover 1 EIS for initial lodgement.

#### **CORPORATE**

Following the Rover 1 PFS release Castile is eligible to apply for Major Project Status with the Northern Territory Government. If successful, the benefits include:



- Whole of government support.
- Assistance in identifying and mapping regulatory approvals.
- Coordination and facilitation with a single point of contact via a Federal Government case manager.

Castile has undertaken informal, preliminary discussions with several different financial institutions regarding the funding of the Rover 1 Project with options across debt, equity, metal prepayments, offtake agreements and metal streaming. Several of these financial institutions have expressed interest in being involved in the development funding of Rover 1, and Castile will now advance those conversations as the project moves through to a Bankable Feasibility Study.

Castile continues to look for corporate opportunities to maximise the combined Company Board and Management skill set.

#### **EVENTS SUBSEQUENT TO REPORTING DATE**

No matters or circumstances have arisen since the end of the period which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial years.

#### **COMPETENT PERSON'S STATEMENT**

The information contained in this report relating to Exploration Results, Minerals Resources, and Ore Reserves has been previously reported by the Company as set out in the respective references above (Announcements). The Company confirms that it is not aware of any new information or data that would materially affect the information included in the Announcements and, in the case of estimates of Mineral Resources and Ore Reserves, released on 5 December 2022, that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

#### **AUDITOR'S DECLARATION OF INDEPENDENCE**

The auditor's independence declaration for the period ended 31 December 2022 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 Corporations Act 2001. Signed in accordance on behalf of the Directors.

Peter Cook

Non-Executive Chairman

15 March 2023



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 2022, 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

D M BELL CA Director

Dated this 15<sup>th</sup> day of March 2023 Perth, Western Australia



# **Condensed Statement of Profit or Loss and Other Comprehensive Income for the Period Ended 31 December 2022**

|  | Note       | Company<br>31 December<br>2022<br>\$   | Company<br>31 December<br>2021<br>\$   |
|--|------------|--|--|
| Revenue  |            | 95,425   | 31,313   |
| Accounting fees Compliance fees Depreciation: other assets Depreciation: right of use assets Directors' remuneration Exploration expenditure Insurance expense Interest expense IT expenses Legal fees Marketing Occupancy costs Other expenses Share based payments expense Staff expenses Travel expenses Profit/(loss) before tax Income tax benefit/(expense) Net profit/(loss) for the period from operations | 10         | (39,745)<br>(79,850)<br>(58,225)<br>(24,065)<br>(230,498)<br>-<br>(39,828)<br>(1,183)<br>(48,274)<br>(18,083)<br>(54,723)<br>(19,280)<br>(27,722)<br>(76,593)<br>(99,223)<br>(13,006)<br>(734,873)<br>(154,220)<br>(889,093) | (53,960)<br>(78,862)<br>(57,160)<br>(24,065)<br>(207,159)<br>(18,124)<br>(38,544)<br>(2,063)<br>(27,295)<br>(1,708)<br>(73,054)<br>(20,150)<br>(31,070)<br>(124,755)<br>(84,173)<br>(1,121)<br>(811,950)<br>246,623<br>(565,327) |
| Other comprehensive income Total comprehensive profit/(loss)for the period   | _          | (889,093)  | (565,327)  |
| Basic and diluted profit/(loss) per share (cents)  The accompanying notes form part of these financial statem  | 3<br>nents | (0.42)   | (0.28)   |
| The accompanying notes form part of these illiancial statem  | iorito.    |  |  |



### **Condensed Statement of Financial Position at 31 December 2022**

|                                   | Note | Company<br>31 December 2022<br>\$ | Company<br>30 June 2022<br>\$ |
|-----------------------------------|------|-----------------------------------|-------------------------------|
| ASSETS                            |      | •                                 | •                             |
| Current Assets                    |      |                                   |                               |
| Cash and cash equivalents         | 4    | 6,638,939                         | 4,430,825                     |
| Trade and other receivables       | 5    | 48,760                            | 162,224                       |
| Other assets                      | _    | 124,850                           | 126,911                       |
| <b>Total Current Assets</b>       | _    | 6,812,549                         | 4,719,960                     |
| Non-Current Assets                |      |                                   |                               |
| Other assets                      |      | 281,487                           | 647,587                       |
| Property, plant and equipment     | 6    | 511,406                           | 569,631                       |
| Right of use assets               |      | 42,528                            | 66,594                        |
| Exploration and evaluation assets | 7    | 28,666,352                        | 27,285,361                    |
| Total Non-Current Assets          |      | 29,501,773                        | 28,569,173                    |
| Total Assets                      | _    | 36,314,322                        | 33,289,133                    |
| LIABILITIES                       |      |                                   |                               |
| Current Liabilities               |      |                                   |                               |
| Trade and other payables          | 8    | 169,452                           | 1,626,831                     |
| Lease liabilities                 |      | 50,600                            | 16,916                        |
| Provisions                        | _    | 134,046                           | 126,985                       |
| Total Current Liabilities         | _    | 354,098                           | 1,770,732                     |
| Non-Current Liabilities           |      |                                   |                               |
| Lease liabilities                 |      | 5,517                             | 61,793                        |
| Deferred tax liability            | _    | 1,938,484                         | 1,880,008                     |
| Total Non-Current Liabilities     | _    | 1,944,001                         | 1,941,801                     |
| Total Liabilities                 | _    | 2,298,099                         | 3,712,533                     |
| Net Assets                        | _    | 34,016,223                        | 29,576,600                    |
| EQUITY                            |      |                                   |                               |
| Contributed equity                | 9    | 24,006,204                        | 18,754,081                    |
| Reserves                          | 10   | 408,395                           | 561,802                       |
| Retained earnings                 | _    | 9,601,624                         | 10,260,717                    |
| Total Equity                      | _    | 34,016,223                        | 29,576,600                    |

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# **Condensed Statement of Changes in Equity for the Period Ended 31 December 2022**

| Company  | Contributed<br>Equity                   | Reserves                                 | Retained<br>Earnings                           | Total  |
|--|---|--|--|--|
|  | \$                                      | \$                                       | \$   | \$   |
| Balance at 1 July 2022 Equity issues Equity issue expenses (tax effect) Share based payments Reversal of expired options   | <b>18,754,081</b> 5,485,001 (232,878) - | 561,802<br>-<br>-<br>76,593<br>(230,000) | 10,260,717<br>-<br>-<br>-<br>230,000           | <b>29,576,600</b> 5,485,001 (232,878) 76,593                     |
| Profit/(loss) for the period<br>Other comprehensive income<br>Total comprehensive profit/(loss) for the<br>period  | -                                       | -<br>-                                   | (889,093)<br>-<br>(889,093)                    | (889,093)  |
| Balance at 31 December 2022  | 23,006,204                              | 408,395                                  | 9,601,624                                      | 34,016,223   |
| Company  | Contributed<br>Equity                   | Reserves                                 | Retained<br>Earnings                           | Total  |
|  | \$                                      | \$                                       | \$   | \$   |
| Balance at 1 July 2021  Equity issue expenses (tax effect)  Share based payments  Profit/(loss) for the period  Other comprehensive income  Total comprehensive profit/(loss) for the period | 18,861,969<br>(29,849)<br>-<br>-<br>-   | 336,839<br>-<br>124,755<br>-<br>-        | 11,797,320<br>-<br>(565,327)<br>-<br>(565,327) | 30,996,128<br>(29,849)<br>124,755<br>(565,327)<br>-<br>(565,327) |
| Balance at 31 December 2021  | 18,832,120                              | 461,594                                  | 11,231,993                                     | 30,525,707   |

The accompanying notes form part of these financial statements.

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# **Condensed Statement of Cash Flows for the Period Ended 31 December 2022**

|  | Note | Company<br>31 December<br>2022<br>\$ | Company<br>31 December<br>2021<br>\$ |
|--|------|--------------------------------------|--------------------------------------|
| Cash flows from operating activities                 |      | Ą                                    | <b>D</b>                             |
| Payments to suppliers and employees                  |      | (772,352)                            | (539,858)                            |
| Interest received                                    |      | 75,400                               | 8,874                                |
| Interest paid: leases                                |      | (1,183)                              | (2,063)                              |
| Proceeds from tenements and other deposits           |      | 548,700                              | -                                    |
| Payments for tenements and other deposits            | _    | -                                    | (130,547)                            |
| Net cash used in operating activities                | _    | (149,435)                            | (663,594)                            |
| Cash flows from investing activities                 |      |                                      |                                      |
| Payments for property, plant and equipment           |      | -                                    | (5,156)                              |
| Payment for exploration and evaluation assets        |      | (2,776,239)                          | (3,835,990)                          |
| Net cash used in investing activities                | _    | (2,776,239)                          | (3,841,146)                          |
| Cash flows from financing activities                 |      |                                      |                                      |
| Proceeds from equity issues                          |      | 5,490,001                            | -                                    |
| Payment for costs of equity issues                   |      | (333,621)                            | -                                    |
| Repayment of lease liabilities                       |      | (22,592)                             | (23,118)                             |
| Net cash used in financing activities                |      | 5,133,788                            | (23,118)                             |
| Net increase / (decrease) in cash held               |      | 2,208,114                            | (4,527,858)                          |
| Cash and cash equivalents at beginning of the period |      | 4,430,825                            | 11,220,091                           |
| Cash and cash equivalents at period end              | 4    | 6,638,939                            | 6,692,233                            |

The accompanying notes form part of these financial statements.



#### **Notes to the 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 2022 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.

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It is recommended that the half year report be considered together with the annual financial report for the year ended 30 June 2022 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.

#### b. Statement of compliance

The financial report was authorised for issue on 15 March 2023. 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 2022, the Company 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.

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|  | Company<br>31 December<br>2022       | Company<br>31 December<br>2021   |
|--|--------------------------------------|----------------------------------|
| 3. Earnings per share  |                                      |                                  |
| Basic and diluted profit/(loss) per share (cents per share) Net profit/(loss) attributable to ordinary shareholders (\$) | (0.42)<br>\$(889,093)                | (0.28)<br>\$(565,327)            |
|  | Shares                               | Shares                           |
| Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share               | 210,249,143                          | 199,710,121                      |
|  | Company<br>31 December<br>2022<br>\$ | Company<br>30 June<br>2022<br>\$ |
| 4. Cash and cash equivalents   |                                      |                                  |
| Cash at bank   | 6,638,939                            | 4,430,825                        |
|  | 6,638,939                            | 4,430,825                        |
| 5. Trade and other receivables   |                                      |                                  |
| Accrued interest revenue GST receivable  | 8,941<br>39,819                      | 1,106<br>161,118                 |
|  | 48,760                               | 162,244                          |
| 6. Plant and equipment   |                                      |                                  |
| Opening written down value at beginning of period Additions  | 569,631                              | 669,442                          |
| Depreciation   | (58,225)                             | 14,501<br>(114,312)              |
| Closing written down value at end of period  | 511,406                              | 569,631                          |



|   | Company<br>31 December<br>2022<br>\$   | Company<br>30 June<br>2022<br>\$                |
|---|--|---|
| 7. Exploration and evaluation assets  |  |   |
| Balance at beginning of period<br>Exploration and evaluation expenditure incurred during the year<br>Impairment and write-off <sup>1</sup>  | 27,285,361<br>1,380,991<br>  | 22,315,452<br>6,022,428<br>(1,052,519)          |
| Balance at end of period  | 28,666,352   | 27,285,361                                      |
| Balance at end of period  | 20,000,002   | 27,200,001                                      |
| The recoupment of costs carried forward in relation to areas phases is dependent on the successful development and comareas.  | of interest in the exploration   | n and evaluation                                |
| The recoupment of costs carried forward in relation to areas phases is dependent on the successful development and com  | of interest in the exploration   | n and evaluation                                |
| The recoupment of costs carried forward in relation to areas phases is dependent on the successful development and comareas.  | of interest in the exploration   | n and evaluation                                |
| The recoupment of costs carried forward in relation to areas phases is dependent on the successful development and comareas.  8. Trade and other payables  Accrued expenses Employee payables | of interest in the exploration mercial exploitation or sale of the | and evaluation f the respective  40,851 138,694 |
| The recoupment of costs carried forward in relation to areas phases is dependent on the successful development and comareas.  8. Trade and other payables  Accrued expenses                   | of interest in the exploration mercial exploitation or sale of the | n and evaluation of the respective              |

| _  | _   |        |      |        |
|----|-----|--------|------|--------|
| 9. | COL | ntrihi | Itad | equity |
|    |     |        |      |        |

| Balance at beginning of period       | 199,710,121 | 18,754,081 | 199,710,121 | 18,861,969 |
|--------------------------------------|-------------|------------|-------------|------------|
| Equity issues                        | 42,192,306  | 5,485,001  | -           | -          |
| Equity issue expenses (tax adjusted) | -           | (232,878)  | -           | (107,888)  |
| Balance at end of period             | 241,902,427 | 24,006,204 | 199,710,121 | 18,754,081 |

Company

31 December 2022

No.

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Company

30 June 2022

No.

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 $<sup>^{\</sup>rm 1}\,$  \$1,028,937 relates to the impairment of tenements EL10379.



|                                | Company<br>31 December<br>2022<br>\$ | Company<br>30 June<br>2022<br>\$ |
|--------------------------------|--------------------------------------|----------------------------------|
| 10. Reserves                   |                                      |                                  |
| Share based payments reserve   |                                      |                                  |
| Balance at beginning of period | 561,802                              | 336,839                          |
| Share based payments           | 76,593                               | 224,963                          |
| Reversal of expired options    | (230,000)                            | -                                |
| Balance at end of period       | 408,395                              | 561,802                          |

#### 11. 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 segment, being Australia.

#### 12. Events after the end of reporting period

There are no matters or circumstances that 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.

#### 13. Commitments and contingencies

There are not material changes to the Company's contingent liabilities since the 30 June 2022 financial report.

|  | Company<br>31 December<br>2022<br>\$ | Company<br>30 June<br>2022<br>\$ |
|--|--------------------------------------|----------------------------------|
| Committed expenditure for the Company comprises: |                                      |                                  |
| <1 year<br>1-5 years<br>>5 years                 | 427,982<br>873,479<br>               | 365,509<br>202,171<br>-          |
|  | 1,301,461                            | 567,680                          |

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#### **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 2022 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 2023



## 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 2022, 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 the Company 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 2022 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.



Accounting Firms



#### 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 2022 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

D M BELL CA Director

Dated this 15<sup>th</sup> day of March 2023 Perth, Western Australia