



# CASTILE RESOURCES LIMITED

## QUARTERLY ACTIVITIES REPORT

For the Period Ending 30 September 2023

### Highlights

On the back of a compelling prefeasibility study, the focus of Castile's activity during the quarter has overwhelmingly been the progression of its Rover 1 Project toward definitive feasibility study and development.

During the quarter, Castile completed a number of milestones, including:

- the submission of our proponent initiated Environmental Impact Study referral for the Rover 1 Project with the appropriate Northern Territory Regulatory bodies.
- the collation of representative core samples of the entire Rover 1 ore body in readiness for full process continuous pilot scale processing.
- the advancement of financing discussions with both international and domestic providers and end users of critical minerals.

In parallel, Castile advanced with:

- strong cooperation with the NT government and its logistical support agencies for the project development.
- Castile's Rover 1 Project achieved federal significance and was selected to appear in Federal Governments' Critical Minerals Prospectus for 2023;
- Castile was also selected by the Federal Government to attend the Austrade Critical Minerals Trade Delegation to India to further advance financing and offtake with large Indian end users of copper, cobalt and coal cleansing magnetite.

Castile continued to advance its other assets including within its greater Rover Project area the completion of additional geophysical studies. The merits of this work have been rewarded with the NT Government awarding a co-funded drilling program to test the greenfield Pathfinder 35 Prospect. Castile believes it has strong potential for another blind iron-oxide-copper-gold discovery.

Planning and access discussions were advanced enabling further field exploration of the Lithium and Niobium anomalies identified in geochemistry at Castile's Milgun Project located in the Murchison region of Western Australia.

Castile remains in a strong cash position with \$4.6million as at the end of the quarter.



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## **OPERATIONS**

### **Rover 1 – Advancing from PFS to Definitive Feasibility Study**

The Rover 1 Definitive Feasibility Study (DFS) is underway and will further refine the production and processing pathways for the project. The DFS will tighten the costing accuracy and seek to further improve the strong financial outcomes of the successful Rover 1 Project Pre-Feasibility which included:

- A pre-tax NPV<sub>6.5</sub> of \$451.7 million with an IRR of 46%.
- Total revenues of A\$1.94 billion.
- Pre-tax cash flow of A\$1.02 billion.
- An undiscounted pre-tax net cash flow of A\$686 million.
- Capital cost estimate of A\$279.5 million (Processing Plant A\$160.7M)
- A simple payback (post tax) after 2 years and 7 months of production.

The main areas requiring more definitive cost estimates are the processing plant and infrastructure costs as well as the water and power supply to a construction ready level.

The Rover 1 development concept is strategically designed around the future demands of miner providence which sees a deliberate approach to applying the latest in technology mining, processing, and metal production, and whilst doing so applying the most efficient mining technologies, the application of low-carbon methods as a deliberate choice during development. Further, impetus on mining providence to deliberately go downstream to maximise recovery of all minerals and products to produce in-country final products.

The PFS determined excellent metallurgical recoveries by both conventional and more advanced downstream methods. The PFS elected to apply pressure oxidation and SXEW to maximise metal recovery and revenue as a deliberate choice. During the past quarter the metallurgical profiling to provide accurate grade and geometallurgical characteristics for the initial 5 years of mine development was completed. This work enables us to finesse the profiling and collection of a bulk sulphide concentrate prior to its oxidation in an autoclave and the downstream extraction of final products.

### **Environmental Impact Study Lodged With NTEPA**

During the quarter, Castile lodged its proponent initiated Environmental Impact Study Referral for the Rover 1 Project with the Northern Territory Environmental Protection Agency.

The Environmental Impact Study (EIS) is the central piece of the environmental approvals process in the Northern Territory. Castile has prepared and presented the submission assisted by Darwin based environmental specialist EcOz Environmental Consultancy.



As part of this referral, Castile has included a Terms of Reference and Statement of Reasons. These documents are available for public viewing on the Northern Territory Environmental Protection Agency (NT EPA) website <https://ntepa.nt.gov.au/>

The submission of the EIS referral is the culmination of three years of environmental studies and analysis to justify the Rover 1 Project as a modern and sustainable development. The aim is to extract metals using methods at the forefront of decarbonisation initiatives. These initiatives are outlined in the referral and include:

- Production of downstream, end-user critical minerals for the decarbonisation sector.
- Reduction of surface wastes.
- Minimisation of greenhouse gas emissions.
- Use of solar power and electric vehicles.

Work continued during the last quarter on the waste rock characterisation. This work is a key component required for the final submission of the EIS. With the progress of the current metallurgical test work, this waste rock characterisation will be expanded to include the tailings from this process during the next quarter.

During the flora and fauna studies carried out last year, Castile found a population of Great Bilbies surrounding the proposed project. Due to this discovery, Castile will provide submission under the Environmental Protection and Biodiversity Conservation Act 1999. This submission will be lodged during the next quarter.

## **Rover Mineral Field Exploration and Geophysics**

### **Diamond Drilling at Pathfinder 35**

Ground clearances have commenced at Pathfinder 35 (refer to Figure 1) for a diamond drill hole designed to test a co-incident gravity-magnetic anomaly for significant Iron Oxide Copper Gold (IOCG) mineralisation. In addition, drilling will extend the depth of known geology in the Pathfinder area to at least 600m improving the understanding of the Rover mineral field stratigraphy.

### **Geophysics at Pathfinder and Explorer**

As we further apply the latest in exploration geophysical techniques to trace blind ore bodies in the Rover Field, Castile consulted with expert geophysical advisors, Intrepid Geophysics to undertake more detailed wavelet analysis over its Pathfinder 35 anomaly to the southwest of Rover 1. This work applied WormE modelling of regional magnetic and gravity data and Cauchy modelling of detailed ground gravity and aerial magnetic surveys over the Explorer and Pathfinder regions.

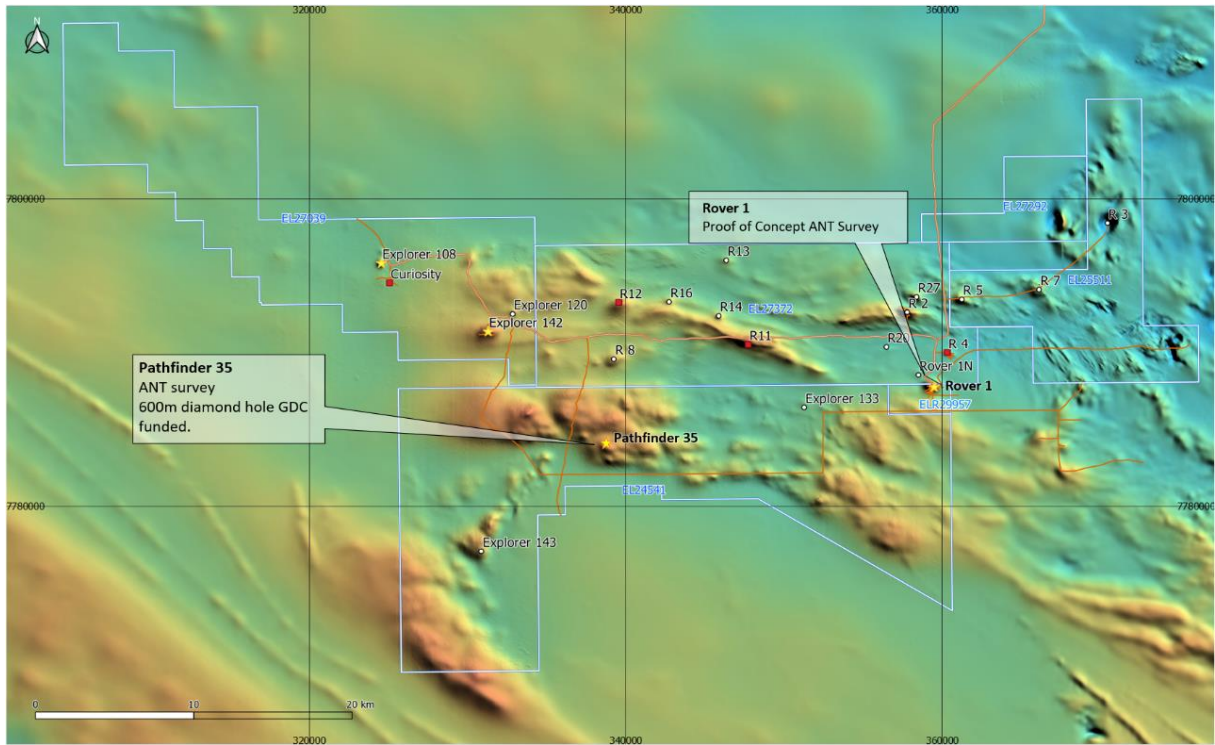


Figure 1: 2023 Rover Mineral Field NT Govt Co-Funded Activities.

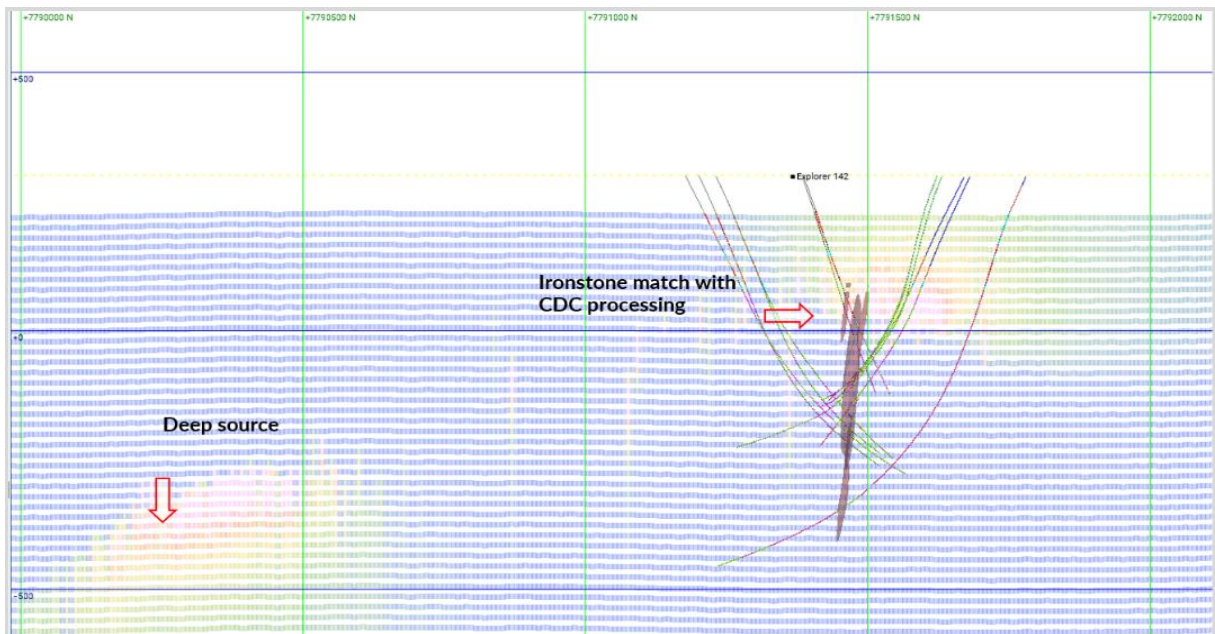


Figure 2: Cauchy Downward Continuity modelling of magnetic data at Explorer 142.



Both methods successfully imaged known instances of IOCG mineralisation, particularly with respect to magnetic data (see Figure 2 above). This data is now being integrated into the broader targeting matrix to facilitate a target ranking review and refine the ongoing exploration strategy.

### **Milgun Project – Groundwork Analysis**

Castile's new Milgun Critical Minerals Project is located approximately 150km north-northwest of Meekatharra in the Peak Hill Mineral field and comprises tenements E52/4206 and E52/4235. The area is considered prospective to Lithium-Cesium-Tantalum LCT pegmatites and Rare Earth Elements (REE) mineralisation (See ASX:CST 8 June 2023).

Castile anticipates a Heritage Agreement with the Jidi Jidi Aboriginal Corporation will be finalised during the December quarter allowing on-ground exploration and activities to commence.

### **Warumpi Project, NT**

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

## **Federal Government**

### **Castile Selected for Federal Government Trade delegation to India**

Castile has been selected to attend the Australian Trade and Investment Commission ("Austrade") Business Delegation of Australian Critical Minerals Producers and Developers to India.

The trade mission will be hosted in November 2023 by the Australian India Business Exchange (AIBX), which is the Australian Government and Austrade's' flagship trade and investment program for India. The program aims to increase two-way trade, investment partnerships and commercial outcomes between Australia and India.

The specific purpose of the Critical Minerals Business Delegation to India is to promote direct engagement between Australian Critical Minerals producers and developers with Indian investors, off-takers and end-users.

The AIBX Business Delegation will attend site visits and direct investment forums with major Indian industrial conglomerates in Mumbai, Hyderabad and Bengaluru.

India is looking to source Critical Minerals including copper and cobalt and Castile will also take the opportunity to market our coal cleansing magnetite.



## **Rover 1 Project again selected to appear in Federal Government Critical Minerals Prospectus for 2023**

The Rover 1 Project has again received strong Federal Government endorsement by being selected to appear in the 2023 Critical Minerals Prospectus due for release in December 2023.

The Federal Government is heavily aligned with Castile's strategy of producing downstream Critical Minerals in Australia to ensure domestic supply chains for the 2050 Net-Zero Targets.

Castile's flagship asset, the Rover 1 Iron Oxide Copper Gold (IOCG) Project will produce downstream critical minerals in Australia. The project was included in the Austrade's 2022 Critical Minerals Prospectus due to the outstanding results from the Rover 1 Pre-Feasibility Study (PFS) released to the market in December 2022 (See ASX:CST 5 December 2022).

As a result, Castile has benefited with a strong enquiry rate from domestic and offshore end users of copper, cobalt and our coal cleansing magnetite. We anticipate further opportunities from our inclusion in the 2023 prospectus.

Castile has continued these discussions with large, domestic and international critical minerals consumers in relation to the development and financing of the Rover 1 Project. We will look to further those significant opportunities in India as part of the AIBX Business Delegation.

### **Territory Government**

Castile continues regular consultation with the Northern Territory Government as they look to develop on the recommendations of the NT Mineral Task Force.

Castile is at the forefront of the downstream processing sector which was strongly endorsed by the Task Force report. The NT government is seeking ways to assist mineral exploration and develop companies by providing infrastructure and promoting financial investment by facilitating meetings with end users of critical minerals and investors.

### **ESG and Social Responsibility**

#### **Environmental Impact Study**

As previously discussed, Castile lodged its Environmental Impact Study Referral for the Rover 1 Project to the Northern Territory Environmental Protection Agency (EPA) during the quarter. Within this referral a Green House Gas Emission study, ground water impact analysis and waste rock characterisation were included. Work continues on additional waste rock characterisation and a localised ground water study.



## Health Safety, and Covid-19 Business Management Plan

There were no Lost Time Injuries (LTI's) to any Castile staff and no cases of COVID-19 were reported in the September 2023 quarter.

## Financial Position

Castile's cash position as of 30 September 2023 was \$4.593M. The Appendix 5B for the quarter ended 30 September 2023 provides an overview of the Company's financial activities. Exploration expenditure for the quarter was \$0.645M including metallurgy studies and testing costs associated with the Tennant Creek projects as well as the activities set out in this report. The total amount paid to directors of the Company, their associates and other related parties was \$0.119M for salary and superannuation.

## Tenements

Castile held the following tenements as of 30 September 2023.

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 14/05/2025
EL 27292	Rover	Northern Territory	100%	Expiry 26/05/2024
EL 27372	Rover	Northern Territory	100%	Expiry 26/05/2024
ELR 29957*	Rover	Northern Territory	100%	Expiry 16/09/2023
ELR 29958*	Rover	Northern Territory	100%	Expiry 16/09/2023
EL 33121	Rover	Northern Territory	100%	Expiry 3/11/2028
EL 10397*	Warumpi	Northern Territory	100%	Expiry 10/09/2023
EL 31794	Lake Mackay JV	Northern Territory	14%	Expiry 27/02/2024
E52/4206	Milgun	Western Australia	100%	Expiry 19/01/2028
E52/4235	Milgun	Western Australia	100%	Expiry 26/03/2028

\*Renewal applications were made during the quarter to extend the above marked tenements.



Authorised for release by the Board of Castile Resources Limited.

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Mark Hepburn

Managing Director, Castile Resources Limited

### **Competent Persons Statements**

The information contained in this report relating to Exploration Results, Minerals Resources and Ore Reserves has been previously reported by the Company as referenced in this presentation (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 that all material assumptions released on 5 December 2022 and technical parameters underpinning the estimates continue to apply and have not materially changed.

The information contained in the report relating to the Rover 1 Pre-Feasibility Study (PFS) was previously announced by the Company on 5 December 2022 and the Explorer 108 Scoping Study (Scoping Study) was previously announced by the Company on 27 April 2023. The Company confirms that all material assumptions underpinning the PFS and Scoping Study, including financial forecasts and production targets, continue to apply and have not materially changed.



## 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 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(154)	(154)
(e) administration and corporate costs	(76)	(76)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	50	50
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(181)</b>	<b>(181)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(2)	(2)
(d) exploration & evaluation	(645)	(645)
(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 (3 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)	(3)	(3)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(650)</b>	<b>(650)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	(5)	(5)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(5)</b>	<b>(5)</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,429	5,429
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(181)	(181)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(650)	(650)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(5)	(5)

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,593</b>	<b>4,593</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	4,413	5,256
5.2	Call deposits	184	184
5.3	Bank overdrafts	-	-
5.4	Other (credit cards)	(4)	(11)
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,593</b>	<b>5,429</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	112
6.2	Aggregate amount of payments to related parties and their associates included in item 2	7

*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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.	<div style="border: 1px solid black; padding: 5px; min-height: 100px;"> <p>N/A</p> </div>	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(181)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(645)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(826)
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,593
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	4,593
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	5.6
<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?	
<p>Answer: N/A</p>	
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?	
<p>Answer: N/A</p>	

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


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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: 18 October 2023

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.