THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek your own financial advice immediately from an appropriately authorised stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom ("**UK**"), is duly authorised under the Financial Services and Markets Act 2000 ("**FSMA**") or, if you are not resident in the UK, from another appropriately authorised independent financial adviser in your own jurisdiction.

This document comprises a prospectus relating to Castillo Copper Limited (the "**Company**" or "**Castillo**") prepared in accordance with LR2.2.10(2) the prospectus regulation rules of the UK Financial Conduct Authority (the "**FCA**") made under section 73A of FSMA (the "**Prospectus** (a) **Regulation Rules**") and approved by the FCA, as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). This document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules by being made available, free of charge, at www.castillocopper.com, at the Company's registered office 45 Ventnor Avenue, West Perth, Western Australia 6005, Australia and at the offices of Orrick, Herrington & Sutcliffe (UK) LLP, 107 Cheapside, London, EC2V 6DN. The FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval shall not be considered an endorsement of the issuer that is the subject of this document.

The Company has established arrangements to enable investors to settle interests in the Ordinary Shares through the CREST system. Securities issued by non-UK companies, such as the Company, cannot be held or transferred electronically in the CREST system. However, depositary interests (the "**Depositary Interests**") allow such securities to be dematerialised and settled electronically through CREST. The Depositary Interests are independent securities constituted under English law which may be held and transferred through the CREST system. Investors should note that it is the Depositary Interests which will be settled through CREST and not the Ordinary Shares.

Applications will be made to the FCA for all of the ordinary shares of no par value in the capital of the Company (the "**Ordinary Shares**") which are issued (the "**Existing Issued Share Capital**") and to be issued in connection with the conditional placing (the "**Placing**") of 79,117,618 new Ordinary Shares ("**Placing Shares**") at a price of 1.7 pence each (the "**Placing Price**"), subject to the terms of an agreement dated 24 July 2020 between the Company, the directors, whose names appear on page 31 (the "**Directors**")and SI Capital Limited relating to the Placing (the "**Placing Agreement**") (such Placing Shares, together with the Existing Issue d
Share Capital and the 1,764,706 Ordinary Shares to be issued to SI Capital Limited in connection with the Placing constituting the "**Enlarged Issued Share Capital**") to be admitted to the Official List of the FCA (the "**Official List**") by way of a standard listing ("**Standard Listing**") under Chapter 14 of the listing rules of the FCA made under section 73A of FSMA (the "**Listing Rules**") and to London Stock Exchange plc (the "**LSE**" **or** "**London Stock Exchange**") for such Ordinary Shares to be admitted to trading on the main market for listed securities ("**Main Market**") of the London Stock Exchange (together, "**Admission**"). It is expected that Admission will become effective, and that unconditional dealings in the Ordinary Shares will commence, at 8:00 a.m. on 3 August 2020.

The Ordinary Shares are currently listed on the Australian Securities Exchange (the "**ASX**" or "**Australian Securities Exchange**"), where the Company will continue to be listed. The Company is seeking a secondary listing for the Ordinary Shares by way of a Standard Listing on the Official List and admission to trading on the Main Market of the London Stock Exchange. No application has been made, or is currently intended to be made, for the Ordinary Shares to be admitted to listing or trading on any stock market other than the Main Market of the London Stock Exchange and the Australian Securities Exchange.

The whole of the text of this document should be read by prospective investors. Your attention is specifically drawn to the discussion of certain risks and other factors that should be considered in connection with an investment in the Ordinary Shares, as set out in *Part II – Risk Factors* beginning on page 10 of this document. Investors should make their own assessment as to the suitability of investing in the Ordinary Shares.

The Company and the Directors, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

CASTILLO COPPER

CASTILLO COPPER LIMITED

(Incorporated and registered in Australia under the Corporations Act 2001 (Commonwealth) with registered number ACN 17 606 476)

Proposed Placing of 79,117,618 Placing Shares (with unlisted options attached on a one-for-one basis) to raise £1,345,000 at a Placing Price of 1.7 pence each

Admission to the Official List of 1,009,938,722 Ordinary Shares of no par value (by way of a Standard Listing under Chapter 14 of the Listing Rules) and to trading on the Main Market of the London Stock Exchange

SI CAPITAL

SI Capital Limited

Broker and Financial Adviser

This document does not constitute an offer to sell or an invitation to purchase or subscribe for, or the solicitation of an offer or invitation to purchase or subscribe for, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company.

A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in companies with premium listings on the Official List ("**Premium Listing**"), which are subject to additional obligations under the Listing Rules.

The Ordinary Shares have not been and will not be registered under the US Securities Act of 1933 (the "**US Securities Act**"), or the securities laws of any state or other jurisdiction of the United States or under applicable securities laws of Australia, Canada, Japan or the Republic of South Africa. Subject to certain exceptions, the Ordinary Shares may not be, offered, sold, resold, transferred or distributed, directly or indirectly, within, into or in the United States or to or for the account or benefit of persons in the United States, Australia, Canada, Japan, the Republic of South Africa or any other jurisdiction where such offer or sale would violate the relevant securities laws or regulations of such jurisdiction (each, a "**Restricted Jurisdiction**").

The Ordinary Shares may not be taken up, offered, sold, resold, transferred or distributed, directly or indirectly within, into or in the United States except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the US Securities Act. There will be no public offer in the United States. The Company has not been and will not be registered under the US Investment Company Act of 1940 ("**US Investment Company Act**") pursuant to the exemption provided by section 3(c)(7) thereof, and Investors will not be entitled to the benefits of the US Investment Company Act.

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed comment upon or endorsed the merits of the Placing or adequacy of this document. Any representations to the contrary is a criminal offence in the United States.

The distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of securities laws of any such jurisdiction.

Apart from the responsibilities and liabilities, if any, which may be imposed on SI Capital Limited ("**SI Capital**" or "**Broker and Financial Adviser**"), in its capacity as broker and financial adviser to the Company by FSMA or the regulatory regime established thereunder, SI Capital does not accept any responsibility whatsoever for, or make any representation or warranty, express or implied, as to the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares, the Placing or Admission and nothing in this document will be relied upon as a promise or representation in this respect, whether or not to the past or future. SI Capital accordingly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this document or any such statement.

Neither SI Capital nor any of its representatives, are making any representation to any prospective investor of the Ordinary Shares regarding the legality of an investment in the Ordinary Shares by such prospective investor under the laws applicable to such prospective investor. The contents of this document should not be construed as legal, financial or tax advice. Each prospective investor should consult their own legal, financial or tax adviser for legal, financial or tax advice.

SI Capital, which is authorised and regulated by the FCA, is acting exclusively for the Company and for no one else in connection with the production of this document and/or Admission and in connection with the Placing. SI Capital will not regard any other person as a client in relation to the production of this document and/or Admission or in relation to the Placing, and SI Capital will not be responsible to anyone (whether or not a recipient of this document) other than the Company for providing the protections afforded to its clients, or for providing advice in connection with the production of this document and/or Admission, or in relation to the Placing, or any other matter, transaction or arrangement referred to in this document.

The date of this document is 27 July 2020.

PART 1
SUMMARY

This summary is made up of four sections, and contains all the sections required to be included in a summary for this type of securities and issuer.

Even though a sub-section may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the sub-section. In this case, a short description of the sub-section is included in the summary with the mention of "not applicable".

INTRODUCTION AND WARNINGS	
Name and ISIN of the securities	The securities are the Ordinary Shares, which have the ISIN AU000000CCZ2.
Identity and contact details of the issuer	The issuer is Castillo Copper Limited, and its registered address is at 45 Ventnor Avenue, West Perth, Western Australia 6005, Australia and telephone number is +61 8 9389 4407. The Company's LEI is 213800AG47SZ4DGATD33.
Identity and contact details of the offeror or of the person asking for admission to trading on a regulated market	The Company is the offeror and the person asking for admission to trading of the Ordinary Shares on the Main Market, which is a regulated market.
Identity and contact details of the competent authority approving the prospectus	The competent authority approving this document is the FCA. The FCA's registered address is at 12 Endeavour Square, London E20 1JN, United Kingdom and telephone number is +44 (0)20 7066 1000.
Date of approval of the prospectus	This document was approved by the FCA on 27 July 2020.
Warnings	This summary should be read as an introduction to this document. Any decision to invest in the Ordinary Shares should be based on consideration of this document as a whole by the investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the document before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of this document, or where it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.
KEY INFORMATION ON THE ISSUER	
Who is the issuer of the securities?	
Domicile and legal form	The Company was incorporated and registered under the name Oakland Resources Limited in Australia on 11 June 2009, and is a company limited by shares and subject to the provisions of the Corporations Act 2001 (Commonwealth) (the "**Australian Corporations Act**"). The Company's name was changed to Castillo Copper Limited on 24 May 2013. The Company's registered number is ACN 137 606 476 and its LEI is 213800AG47SZ4DGATD33.
Principal activities	The principal activity of Company and its subsidiaries (the "**Group**") is the mineral exploration and examination of new resource opportunities, particularly base metal projects. On 6 May 2019, the Company announced that the board of directors (the "**Board**") had approved a new business strategy focusing on securing a "three-pillar" diversified project portfolio to transform the Group into a primarily mid-tier copper business. The "three-pillar" strategy is summarised below: **Pillar I – Cangai Project** The Company's core focus is the development and expansion of the Cangai Copper Mine under exploration licences EL8625, EL8635 and EL8601, located near Grafton in the northeast of New South Wales, Australia (the "**Cangai Project**"), the entire interest of which was acquired by the Company by entering into agreements with certain sellers to acquire the entire issued share capital of each of Total Minerals Pty Ltd ("Total Minerals"), Total Iron Pty Ltd ("Total Iron") and Queensland Commodities Pty Ltd ("QComm") (the Total Minerals Acquisition", the "Total Iron Acquisition" and the "QComm Acquisition" respectively). **Pillar II – Mt Oxide Project** The Company intends to develop a viable copper mining operation at the prospective Mt Oxide project, which is located approximately 150km north of Mt Isa in northwest Queensland, Australia (the "**Mt Oxide Project**"). The Mt Oxide Project is within the proximity of several historical and currently operating copper mines including Lady Annie and Capricorn Copper. The Mt Oxide Project is 100 per cent. owned by the Company. **Pillar III – Zed Projects** On 20 February 2020 the Company entered into an agreement (the "**Zed Acquisition Agreement**") with Resource Corporate Pty Ltd and Nkandu Maliki Nshindano Beltz (together, the "**Zed Sellers**") and Matthew Bull, as representative of the Zed Sellers, to acquire, subject to the satisfaction of certain conditions, the entire issued share capital in Zed Copper Pty Ltd ("**Zed**"). Zed is a minerals explorer which holds the exclusive rights to acquire four highly prospective copper assets (the "**Zed Projects**") covering approximately 1,121km^2 in the Lufilian Arc region in Zambia (the "**Zed Acquisition**"). The Zed Acquisition competed on 25 February 2020. Due to the three-pillar strategy, the Company has elected to relinquish its title in the Quebrada Huanta mining concessions in Chile, which it held through its wholly owned subsidiary, Castillo Copper SpA. In July 2019, the

	Company relinquished its interests in the nickel and cobalt tenements at the Ni-Co Marlborough project, under exploration permits EPM 26522, EPM 26528 and EPM 26541, near Rockhampton in north-east Queensland, Australia (the "**Marlborough Project**"), which it acquired in July 2017. On 24 February 2020 the Company announced that it had entered into a memorandum of understanding with Impact Minerals Ltd (ASX:IPT) and Squadron Resources Pty Ltd (a private company) to develop the Broken Hill project, which consists of two contiguous tenements (the "**Broken Hill Project**") prospective for cobalt-zinc that are located within a 20km radius of Broken Hill, on a free carried interest basis, under exploration licences EL8599 and EL8572. The memorandum of understanding provides for the three parties to establish a special purpose vehicle in which the Company will have a one third interest. Each of the other parties will contribute their interests in areas surrounding the Broken Hill Project. The new special purpose vehicle will then market the aggregated interests in the enlarged project area to potential strategic investors with a view to concluding a joint venture to fund exploration and development of the enlarged project area.
Major shareholders	Each of the following persons, directly or indirectly, holds an interest in three per cent. or more of the Company's capital or voting rights:

Name	Number of Ordinary Shares held as at the date of this document	Percentage of the Existing Issued Share Capital held as at the date of this document	Number of Ordinary Shares held immediately following Admission	Enlarged Issued Share Capital held immediately following Admission
BNP Paribas Nominees Pty Ltd	35,101,627	3.78%	35,101,627	3.48%

There are no differences in the voting rights enjoyed by the Shareholders described above and those enjoyed by the other holders of Ordinary Shares and none of the Directors have any interests in the above entities.

Key managing directors	Simon Paull, Managing Director.
Statutory auditors	HLB Mann Judd (WA Partnership).

What is the key financial information regarding the issuer?

Selection of historical key financial information	The selection of key historical financial information set out below has been extracted without material adjustment from the audited historical financial information of the Group for the financial years ended 30 June 2019, 30 June 2018 and 30 June 2017 and the reviewed historical financial information of the Group for the financial half-years ended 31 December 2019 and 31 December 2018.

STATEMENT OF COMPREHENSIVE INCOME

	Half-year ended 31 Dec 2019 Reviewed A$	Half-year ended 31 Dec 2018 Reviewed A$	Year ended 30 June 2019 Audited A$	Year ended 30 June 2018 Audited A$	Year ended 30 June 2017 Audited A$
REVENUE					
Interest received	203	1,313	2,197	7,906	416
Other income	81,005	2,767	2,716	—	—
TOTAL REVENUE	**81,208**	**4,080**	**4,913**	**7,906**	**416**
Listing and public company expenses	(71,573)	(63,137)	(89,204)	(72,656)	(30,955)
Accounting and audit expenses	(70,819)	(76,240)	(170,624)	(149,018)	(136,812)
Consulting and Directors' fees	(344,253)	(168,011)	(343,178)	(388,091)	(208,121)
Impairment of tenements under application	—	—	—	(1,072,026)	—
Impairment of deferred exploration and evaluation expenditure	(5,633)	—	(976,819)	(31,632)	(28,996)
Shared based payments	(223,527)	(28,499)	(27,738)	(434,993)	(51,066)
Other expenses	(627,941)	(146,627)	(322,332)	(262,333)	(74,108)
LOSS BEFORE INCOME TAX EXPENSE	**(1,262,538)**	**(478,434)**	**(1,924,982)**	**(2,402,843)**	**(529,642)**
Income tax expense	—	—	—	—	—
LOSS AFTER INCOME TAX EXPENSE	**(1,262,538)**	**(478,434)**	**(1,924,982)**	**(2,402,843)**	**(529,642)**
OTHER COMPREHENSIVE INCOME/(LOSS)					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation	20,267	(1,554)	7,173	1,1714	(3,544)
TOTAL OTHER COMPREHENSIVE INCOME/ (LOSS)	**20,267**	**(1,554)**	**7,173**	**1,171**	**(3,544)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(1,242,271)**	**(479,988)**	**(1,917,809)**	**(2,401,672)**	**(533,186)**

STATEMENT OF FINANCIAL POSITION

	31 Dec 2019 Reviewed A$	31 Dec 2018 Reviewed A$	30 June 2019 Audited A$	30 June 2018 Audited A$	30 June 2017 Audited A$
CURRENT ASSETS					
Cash and cash equivalents	1,798,922	946,828	177,972	1,710,498	58,712
Other receivables	82,084	121,891	21,933	62,984	28,956
TOTAL CURRENT ASSETS	**1,881,017**	**1,068,719**	**199,905**	**1,773,482**	**87,668**
NON-CURRENT ASSETS					
Other receivables	117,100	106,100	106,100	20,000	20,000
Deferred exploration and evaluation expenditure	4,887,398	5,498,488	4,777,776	3,978,765	—
Other non-current assets	25,000	—	25,000	—	350,000
TOTAL NON-CURRENT ASSETS	**5,029,498**	**5,604,588**	**4,908,876**	**3,998,765**	**370,000**
TOTAL ASSETS	**6,910,515**	**6,673,307**	**5,108,781**	**5,772,247**	**457,668**
CURRENT LIABILITIES					
Trade and other payables	358,355	338,402	128,764	178,249	124,747
Borrowings	230,919	—	—	—	—
Derivative liability	20,860	—	—	—	—
Rehabilitation provision	121,090	121,090	121,090	—	—
TOTAL CURRENT LIABILITIES	**731,224**	**459,492**	**249,854**	**178,249**	**124,747**
TOTAL LIABILITIES	**731,224**	**459,492**	**249,854**	**178,249**	**124,747**
NET ASSETS	**6,179,291**	**6,213,815**	**4,858,927**	**5,593,998**	**332,921**
EQUITY					
Issued capital	20,209,738	17,867,715	17,870,979	16,767,910	10,224,254
Reserves	3,144,388	2,811,849	2,900,245	2,813,403	1,693,139
Accumulated losses	(17,174,835)	(14,465,749)	(15,912,297)	(13,987,315)	(11,584,472)
TOTAL EQUITY	**6,179,291**	**6,213,815**	**4,858,927**	**5,593,998**	**332,921**

STATEMENT OF CASH FLOWS

	Half-year ended 31 Dec 2019 Reviewed A$	Half-year ended 31 Dec 2018 Reviewed A$	Year ended 30 June 2019 Audited A$	Year ended 30 June 2018 Audited A$	Year ended 30 June 2017 Audited A$
CASH FLOWS FROM OPERATING ACTIVITIES					
Insurance refund	81,005	—	—	—	—
Interest received	203	1,313	2,197	7,906	416
Payments to suppliers and employers	(761,172)	(466,853)	(887,103)	(902,666)	(367,280)
NET CASH USED IN OPERATING ACTIVITIES	**(679,964)**	**(465,540)**	**(884,906)**	**(894,760)**	**(366,864)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Tenement expenditure guarantees	(18,500)	(56,100)	(86,100)	—	(20,000)
Proceeds from sale of plant and equipment	—	2,767	—	—	—
Tenement expenditure guarantees refunded	—	—	2,716	—	—
Rental refund upon tenement relinquishment	23,993	—	—	—	—
Payments for subsidiaries	—	—	(25,000)	(200,000)	(150,000)
Exploration and evaluation expenditure	(246,394)	(1,407,777)	(1,704,236)	(1,427,307)	(25,201)
NET CASH USED IN INVESTING ACTIVITIES	**(240,901)**	**(1,461,110)**	**(1,812,620)**	**(1,627,307)**	**(195,201)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from share issue	1,832,630	1,230,000	1,230,000	4,400,000	500,000
Proceeds from convertible note issue	878,963	—	—	—	—
Repayment of unissued share capital	(10,000)	—	—	—	—
Prepayment for issue of shares	—	10,000	10,000	—	—
Share issue costs	(165,851)	(75,000)	(75,000)	(226,147)	(96,000)
NET CASH FROM FINANCING ACTIVITIES	**2,535,742**	**1,165,000**	**1,165,000**	**4,173,853**	**404,000**
Net (decrease)/increase in cash and cash equivalents	1,614,877	(761,650)	(1,532,526)	1,651,786	(158,065)
Cash and cash equivalents in beginning of year	177,972	1,710,498	1,710,498	58,712	216,777
Effect of exchange rate fluctuations on cash held	6,084	(2,020)	—	—	—
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**1,798,933**	**946,828**	**177,972**	**1,710,498**	**58,712**

During the period covered by the audited and reviewed financial information set out above, the significant changes to the Group's financial condition and operating results were:

- the completion of the Total Minerals Acquisition on 11 August 2017, the completion of the Total Iron Acquisition on 5 September 2017 and the completion of the QComm Acquisition on 5 July 2017;
- the Company entering into the Zed Heads of Agreement on 27 June 2019;
- the Company's receipt of gross proceeds of A$1.23 million from the allotment of 61,500,000 Ordinary Shares in conjunction with a placement, which completed on 12 December 2018;

	• the Company's receipt of gross proceeds of A$3.4 million from the allotment of 106,250,000 Ordinary Shares in conjunction with a placement, which completed on 19 October 2017; and • the Company entering into a binding term sheet with A-Cap Energy Limited ("**ACB**") on 25 July 2018 to form a joint venture to explore and develop the Marlborough Project, which the parties subsequently agreed to terminate on 23 January 2019. Since 31 December 2019 (being the end of the last financial period of the Company for which financial information has been published), the significant changes to the Group's financial condition and operating results were: • on 23 June 2020 the Company announced the issue of 95,454,545 fully paid Ordinary Shares at a price of A$0.022 to existing and new investors, together with 104,454,545 unlisted options each entitling the holder to subscribe for one new Ordinary Share at a price of A$0.05 per share, such options to expire 3 years from the date of issue; • on 15 June 2020 the Company issued 836,000 fully paid Ordinary Shares at a price of A$0.025 in settlement of corporate advisory and investor relations services; • on 12 May 2020 the Company issued 5,246,417 fully paid Ordinary Shares at a price of A$0.0178 in settlement of corporate advisory and investor relations services; • on 27 March 2020 the Company issued 61,500,000 listed options with an exercise price of A$0.05, exercisable at any time on or before 27 March 2024; • the completion of the Zed Acquisition on 25 February 2020; • the Company issuing 18,133,402 fully paid Ordinary Shares on 23 January 2020 following the conversion of convertible loan notes; and • the Company issuing 31,250,000 fully paid Ordinary Shares and 93,750,000 performance shares on 25 February 2020 to the Zed Sellers as consideration for the Zed Acquisition.
***Pro forma* financial information**	Not applicable. No *pro forma* financial information is included in this document.
Brief description of any qualifications in the audit report	Not applicable. There were no qualifications or modifications in the auditor's audit reports or review reports relating to the historical financial information.
Brief description of the most material risk factors specific to the issuer contained in the prospectus	• The Cangai Project, the Mt Oxide Project and the Zed Projects (together, the "**Projects**") are at an early stage of exploration and development. There can be no assurance that exploration of these mineral tenements, or any other mineral tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. • The Company is largely reliant on the success of the Cangai Project, but the decision to mine at the Cangai Project has not yet been taken. The Group received assay results for legacy stockpiles at Smelter Creek and along the line of lode at the Cangai Project, with head grades averaging 2.03 per cent. and 1.23 per cent. Cu, respectively. The Company is yet to complete a binding off-take agreement with Noble for the distribution of up to 200,000t of copper concentrate and there is no guarantee that such agreement will be entered into. The Company may not be able to conduct its production activities on commercially reasonable terms, which may lead to delays in, or cancellation of, development of the Cangai Project. • The Group may need to raise substantial additional capital in the future to fund the development of the Projects and future prices of base and precious metals, revenues, taxes, capital expenditures, operating expenses and geological success will all be factors which will have an impact on the amount of additional capital required. Any additional equity financing may be dilutive to Shareholders and debt financing, should it be achievable, may involve restrictions on financing and operating activities. • The Group operates in Zambia, which has limited local resources, infrastructure and skills, has a less tested legislative and regulatory framework than more established mining jurisdictions and is generally perceived as a jurisdiction where there is a high risk of corruption. • A material decline in commodity prices globally may adversely affect the Company's business, prospects, financial condition and results of operations. • The activities of the Company and the viability of its projects will be subject to fluctuations in demand and prices of base and precious metals. • Mineral exploration and development can be highly speculative in nature and involve a high degree of risk. • A substantial or extended decline in base and precious metal prices and/or consumption may adversely affect the Company's prospects, business, financial condition and results of operations.
KEY INFORMATION ON THE SECURITIES	
What are the main features of the securities?	
Type, class and ISIN	The securities being offered in the Placing are Ordinary Shares in the capital of the Company. Applications will be made for the Ordinary Shares to be admitted to the Official List of the FCA with a Standard Listing and to trading on the Main Market of the London Stock Exchange. The Ordinary Shares are registered with ISIN AU000000CCZ2 and TIDM CCZ. Holders of Ordinary Shares can hold and transfer interests in the Ordinary Shares within CREST pursuant to a depositary interest arrangement established by the Company. The Ordinary Shares will not themselves be admitted to CREST, rather, the Depositary will issue the Depositary Interests in respect of underlying Ordinary Shares. The Depositary Interests are independent securities constituted under English law which are held and transferred directly through the CREST system. Depositary Interests have the same ISIN as the underlying Ordinary Shares and do not require a separate admission to trading on the London Stock Exchange. The Depositary Interests were created and issued pursuant to a deed poll issued and executed by the Depositary.
Currency, denomination, par value, number of securities issues and the term of the securities	The price of the Ordinary Shares is quoted on the London Stock Exchange in GBP. 929,056,398 Ordinary Shares with no par value have been issued at the date of this document (the "**Existing Ordinary Shares**"), all of which have been fully paid up. The term of the securities is perpetual.

Rights attached to the securities	The rights attaching to Ordinary Shares arise from a combination of the constitution of the Company (the "**Constitution**"), statute and general law. The Constitution contains the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and Directors, including provisions to the following effect (when read in conjunction with the Australian Corporations Act and the listing rules of the ASX (the "**ASX Listing Rules**")). Shareholders will have the right to receive notice of and to attend and vote at any meetings of Shareholders. Each Shareholder entitled to attend and being present in person or by proxy at a meeting will, on a show of hands, have one vote and upon a poll each such Shareholder present in person or by proxy will have one vote for each Ordinary Share held by such Shareholder. The Ordinary Shares rank equally for dividends declared and for any distribution on a winding up. The Ordinary Shares rank equally in the right to receive a relative proportion of the Company's assets upon dissolution.
Relative seniority of the securities in the issuer's capital structure in the event of insolvency	Not applicable. The Company does not have any other securities in issue or liens over its assets and so the Ordinary Shares are not subordinated in the Company's capital structure as at the date of this document, and will not be immediately following Admission.
Restrictions on the free transferability of the securities	Not applicable. The Ordinary Shares are freely transferable and tradable and there are no restrictions on transfer. Each Shareholder may transfer all or any of their Ordinary Shares which are in certificated form by means of an instrument of transfer in any usual form or in any other form which the Directors may approve. Each Shareholder may transfer all or any of their Depositary Interests representing Ordinary Shares which are in uncertificated form by means of a 'relevant system' (i.e., the CREST System) in such manner provided for, and subject as provided in, the Uncertificated Securities Regulations 2001 (*SI 2001 No. 3755*) (the "**Regulations**").
Dividend or pay- out policy	The Company's current intention is to retain earnings, if any, for use in its business operations, and the Company does not anticipate declaring any dividends in the near future. Any decision to declare and pay dividends will be made at the discretion of the Board and will depend on, among other things, the Group's result of operations, financial condition and solvency and distributable reserves tests imposed by law and such other factors that the Board may consider relevant.
Where will the securities be traded?	
Application for admission to trading	Applications will be made for the admission of the Enlarged Issued Share Capital to a Standard Listing on the Official List and to trading on the Main Market of the London Stock Exchange.
Identity of other markets where the securities are or are to be traded	The Ordinary Shares are currently listed on the Australian Securities Exchange. The Company does not intend to seek admission to trading of the Ordinary Shares on any market other than the Main Market of the London Stock Exchange and the Australian Securities Exchange.
What are the key risks specific to the securities?	
Brief description of the most material risk factors specific to the securities contained in the prospectus	• Dual listing of the Ordinary Shares will result in differences in liquidity, settlement and clearing systems, trading currencies, prices and transaction costs between the exchanges where the Ordinary Shares will be listed. These and other factors may hinder the transferability of the Ordinary Shares between the two exchanges. • The Ordinary Shares will be listed on both the Australian Securities Exchange and the Main Market of the London Stock Exchange. The ASX, and the LSE and the FCA therefore have the right to suspend trading in the Ordinary Shares in certain circumstances. If trading is suspended, Shareholders may not be able to dispose of their Ordinary Shares on the LSE or ASX as the case may be. • The Company has outstanding options. These options will have a material dilutive effect on Shareholders when and if they are exercised. The Placing will involve the issue of 79,117,618 Placing Shares, which ar eissued with options attached on a one-for-one basis, and the issue to SI Capital Limited of 1,764,70 6Ordinary Shares representing in aggregate 8.01 per cent. of the Enlarged Issued Share Capital. If alloutstanding options outstanding following Admission were exercised, the 499,412,757 Ordinary Shares tobe issued would represent 33.12 per cent. of the total Enlarged Issued Share Capital of the Compan y.
KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON THE LONDON STOCK EXCHANGE	
Under which conditions and timetable can I invest in this security?	
General terms and conditions	The Company will issue 79,117,618 Placing Shares through the Placing at the Placing Price of 1.7 per Placing Share. The Placing is not being underwritten. The net proceeds of the Placing, after deduction of expenses, will be approximately £1,020,000 (the "**Net Placing Proceeds**") on the basis that the gross proceeds of the Placing are £1,345,000. The Company, the Directors and SI Capital have entered into the Placing Agreement relating to the Placing pursuant to which, subject to certain conditions, SI Capital agreed to use its reasonable endeavours to procure subscribers for 79,117,618 Placing Shares to be issued by the Company. The Placing Shares subscribed for in the Placing at the Placing Price will represent approximately 8.01 per cent. of the Enlarged Issued Share Capital. The Placing is conditional on: (a) the Placing Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms prior to Admission; and (b) Admission occurring by 8:00 a.m. on 3 September 2020 (or such later date as the Company and SI Capital may agree). The latest time for receiving Placing commitments under the Placing was 5:00 p.m. on 24 July 2020. The Placing Shares will, upon issue, rank *pari passu* with the Existing Ordinary Shares. If Admission does not proceed, the Placing will not proceed and all monies paid will be refunded to applicants in the Placing.

Expected timetable of the offer	Publication of this document — 27 July 2020 Latest time and date for placing commitments under the Placing — 5:00 p.m. on 24 July 2020 Admission and commencement of dealings in Ordinary Shares — 8:00 a.m. on 3 August 2020 CREST members' accounts credited in respect of Depositary Interests representing Placing Shares — 3 August July 2020 Share certificates despatched in respect of Placing Shares — by 10 August July 2020 *All references to time in this document are to London time, unless otherwise stated. Any changes to the expected timetable will be notified by the Company through a Regulatory Information Service*
Details of admission to trading on a regulated market	Applications will be made for the Ordinary Shares to be admitted to a Standard Listing on the Official List and to trading on the Main Market of the London Stock Exchange. It is expected that Admission will become effective and that dealings in Ordinary Shares will commence at 8:00 a.m. on 3 August 2020.
Plan for distribution	The Placing Shares which are the subject of this document will be offered by SI Capital exclusively to Qualified Investors and/or Relevant Persons. There will be no offer to the public of the Ordinary Shares and no intermediaries offer.
Amount and percentage of immediate dilution resulting from the offer	Shareholdings immediately prior to Admission will be diluted by approximately 7.83 per cent. as a result of Placing Shares issued pursuant to the Placing.
Estimate of total expenses of the issue and/or offer	The expenses of the Placing will be borne by the Company in full and no expenses will be charged to the investor by the Company. These expenses (including commission and expenses payable under the Placing Agreement, registration, listing and admission fees, printing, advertising and distribution costs and professional advisory fees, including legal fees, and any other applicable expenses) are not expected to exceed £325,000 representing approximately 24.1 per cent. of the aggregate of the £1,345,000 in gross proceeds of the Placing. The total Net Placing Proceeds on this basis are approximately £1,020,000.
Why is this prospectus being produced?	
Reasons for the offer or for the admission to trading on a regulated market	The Company retained SI Capital to conduct a Placing to raise £1,345,000, the Net Placing Proceeds of which will be used by the Company to explore and develop the Projects.
Use and estimated net amount of the proceeds	The Company has raised gross proceeds of £1,345,000 million pursuant to the Placing. The costs and expenses of the Placing will be borne by the Company in full. These expenses (listing and Admission fees, printing, advertising and distribution costs and professional advisory fees, including legal fees, and any other applicable expenses) are not expected to exceed £325,000, representing approximately 25.6 per cent. of the gross proceeds of the Placing. The Company will use the Net Placing Proceeds as follows. Approximately: • £100,000 will be spent on the Cangai Copper Mine, which will potentially include an aeromagnetics program and further exploration activities to facilitate upgrading the current JORC compliant inferred resource (3.2Mt at 3.35 per cent. Cu) to ultimately result in the Company's strategy of completing a scoping study as a precursor to a bankable feasibility study; • £450,000 will be spent on drilling the current targets at Mt Oxide, as well as undertaking geological mapping, geochemistry, ground physics and drone magnetic surveys to identify test drilling at the other Mt Oxide Projects; • £300,000 will be allocated towards the Company's commitment to spend at least US$500,000 on exploring the Zed Projects by 21 August 20121 being 18 months from the date of the completion of the Zed Acquisition; and • £170,000 will be spent on general corporate purposes supporting the exploration campaign at the Projects.
Indication of whether the offer is subject to an underwriting agreement	The Placing is not being underwritten. SI Capital, as the Company's agent, has procured commitments to subscribe for the full amount of Placing Shares from subscribers in the Placing, and there are no conditions attached to such commitments other than Admission.
Indication of the most material conflicts of interests relating to the offer or admission to trading	Not applicable.

PART II

RISK FACTORS

Investment in the Company and the Ordinary Shares carries a significant degree of risk, including risks in relation to the Company's business strategy, risks relating to taxation and risks relating to the Ordinary Shares.

Prospective investors should note that the risks relating to the Company, its industry and the Ordinary Shares summarised in *Part I – Summary* of this document are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in *Part I – Summary* of this document but also, *inter alia*, the risks and uncertainties described below.

The risks referred to below are those risks the Company and the Directors consider to be the material risks relating to the Company. However, there may be additional risks that the Company and the Directors do not currently consider to be material or of which the Company and the Directors are not currently aware that may adversely affect the Company's business, financial condition, results of operations or prospects. Investors should review this document carefully and in its entirety and consult with their professional advisers before acquiring any Ordinary Shares. If any of the risks referred to in this document were to occur, the results of operations, financial condition and prospects of the Company could be materially adversely affected. If that were to be the case, the trading price of the Ordinary Shares and/or the level of dividends or distributions (if any) received from the Ordinary Shares could decline significantly. Further, investors could lose all or part of their investment.

PART A – RISK FACTORS SPECIFIC AND MATERIAL TO THE COMPANY

RISK FACTORS RELATING TO THE GROUP AND ITS ACTIVITIES

The Group has yet to commence production and is exposed to development risk

The Projects are at an early stage of exploration and development, with two of the three Projects having no drilling undertaken by the Group.

The Group currently has no cash producing assets, it does not currently generate positive cash flow, and has incurred losses for each of the financial years ending 30 June 2019, 30 June 2018 and 30 June 2017 of A$1,917,809, A$2,401,672 and A$533,186, respectively. These losses reflect the Group's current business activities as an exploration and development company, with regard to activities at the Projects and the Group's wider portfolio of exploration assets.

The Group's profitability will depend, in part, on the actual economic returns and the actual costs of operating and developing the Projects, which may differ significantly from the Group's current estimates. The Group's decision to develop a mineral property is typically based, in the case of an extension or, in the case of a new development, on the results of a feasibility studies. Feasibility studies derive estimates of expected or anticipated project economic returns. These estimates are based on assumptions about future commodity prices, anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed, anticipated recovery rates of the mineral from the ore, anticipated capital expenditure and cash operating costs and the anticipated return on investment. On 27 September 2019, the Company announced its intent and long-term strategic goal to progress the Cangai Project to a bankable feasibility study.

The Group may be unable to conduct its exploration, appraisal, development or production activities on commercially reasonable terms. The Group is subject to risks, expenses and uncertainties associated with the implementation of its strategy that are not typically faced by more mature companies. New operations must construct the necessary infrastructure, develop successful business relationships, establish operating procedures, hire staff, install management information and other systems and obtain licences, as well as take other measures necessary to conduct their intended business activities. It is not uncommon for new mining developments to experience unexpected problems and delays during construction, commissioning and production start-up, or indeed more commonly for such projects to fail, due to the absence of an economically viable resource being identified.

The Group is largely reliant on the success of the Cangai Project

The Company is largely reliant on the success of the Cangai Project, but the decision to mine at the Cangai Project has not yet been taken. The Group, however, has received assay results for legacy stockpiles at Smelter Creek and along the line of lode at the Cangai Project of average head grades at 2.03 per cent. and 1.23 per cent. of copper, respectively, which indicates that processing the stockpiles may generate early stage cashflow. The Company is yet to complete a binding off-take agreement with Noble for the production of up to 200,000t of copper concentrate and there is no guarantee that such agreement will be entered into.

The impact of the required environmental rehabilitation is yet to be considered or costed, which puts the monetization of the stockpiles problematic to justify due to the unforeseen and potentially unanticipated environmental costs.

Further, the Company may not be able to conduct its production activities on commercially reasonable terms, which may lead to delays in, or cancellation of, development of the Cangai Project.

Finally, access to ideal drill sites at the Cangai Project may be restricted as a result of steep terrain. This may impact the Group's cost of exploration or cost to develop the mine, should a decision to proceed to mine be made.

The Group is reliant on mining and land usage licences to operate adequately

Exploration, mining and processing activities are dependent upon the grant, renewal, continuance or maintenance of appropriate permits, licences, concessions, leases and regulatory consents, in particular the Group's mining licences, which may be valid only for a defined time period and subject to limitations or other conditions related to operational activities. The Group holds exploration licence and permits in respect of the Cangai Project, the Broken Hill Project and the Mt Oxide Project, the conditions relating to which are currently being complied with by the Group. In respect of the Zed Acquisition, Zed currently holds seven mineral licences in Zambia over the Zed Projects, one of which is still currently under application.

The Directors are confident that the Company will continue to fulfil the necessary conditions to maintain the good standing of the exploration licences and permits relating to its assets, in order to continue to be able to execute the business strategy of the Group. If the Group fails to fulfil the specific terms of any of the exploration licences and permits, or any additional mining licences it may obtain in the future or if it operates its business in a manner that violates applicable law, government regulators may impose fines or suspend or terminate the right, concession, licence, permit or other authorisation, any of which could have a material adverse effect on the Group's results of operations, cash flows and financial condition.

The Group is reliant on adequate infrastructure to operate successfully

The continued commercialisation of the Projects will depend to a significant degree on adequate infrastructure. Access to the Mt Oxide Project, a key asset of the Group, is challenging with no sealed roads in a very remote part of northern QLD, Australia. Accordingly, should the Board decide to proceed with plans for operational change and future development plans and other process upgrades, significant additional funding would be required to develop any associated infrastructure. Such infrastructure may include additional plant and machinery, minehead equipment and apparatus and extensions to existing site roads and mine site buildings, including workshops, accommodational units and medical facilities.

Unusual or infrequent weather events, sabotage, government, regulatory bodies or other interference in the maintenance or provision of such infrastructure or any failure or unavailability of such infrastructure would materially adversely affect the Group's operations, financial condition and results of operations, in the absence of raising further funding.

The Group is reliant on third party contractors

The Company intends to operate through a series of contractual relationships with operators and subcontractors. All contracts carry risks associated with the performance by the parties thereto of their obligations as to time and quality of work performed. Any disruption to services or supply may have an adverse effect on the financial performance of the Company's operations.

In light of the importance of the development of the Projects to the Group, the Group is highly dependent on external consultants and contractors performing satisfactorily, with suitably highly specialised and sort after skilled individuals, willing to work in remote locations. There is significant risk of a contractor failing to fulfil their obligations under the relevant agreements impacting the planned development and production targets.

While the Group is not aware of any specific matters, the Group's business and development plans may be adversely affected by any failure or delay by third parties in supplying these services, by any change to the terms on which these services are made available or by the failure of such third party contractors to provide services that meet its quality or volume requirements. It is not uncommon for mining companies to have disputes with third party contractors, and for these disputes to become litigious and prolonged and in turn have a material and adverse effect on the companies' operations.

The Group requires third party contractors to follow and abide by the Groups occupation, health and safety and environmental policies. The Group's business and development plans may be adversely affected by any failure by third parties to follow these policies, which may result in the Group being obliged to change a provider.

If the Group is obliged to change a provider of such services, it may experience additional costs, interruptions to development or production or other adverse effects on its business. There is a risk that the Group may, especially considering the remote location of each of the projects, not be able to find adequate replacement services on commercially acceptable terms, on a timely basis, or at all.

Should the Group be unable to acquire or retain providers of key services on favourable terms, or should there be interruptions to, or inadequacies with, any services provided, this could have a material adverse effect on its business, results of its operations and its financial condition and the price of the Ordinary Shares.

The Group has budget for all near and short term activities and plans, but will require additional capital in the longer term to complete further exploration, development and production plans and initiatives, and this capital might not be available at all, on favourable terms or in sufficient amounts

The Group's strategy is to continue to progress with the exploration and development of the Projects. The Group has budget for all near and short term activities and plans, however in the longer term the potential for further exploration, development and production plans and additional initiatives may arise, which have not currently been identified and which may require additional financing which may not be available to the Group when needed, on acceptable terms, or at all. If the Group is unable to raise additional capital when needed or on suitable terms, the Group could be forced to delay, reduce or eliminate its exploration, development and production efforts.

Furthermore, any additional equity fundraising in the capital markets may be limited due to disruption or uncertainty in the capital markets, will **more than likely result in a dilution of a Shareholder's investment.** Any additional debt-based funding, should it be achievable, may bind the Group to restrictive covenants and curb its operating activities and ability to pay potential future dividends even when profitable. Finally, changes in interest rates could have an adverse impact on the Group's business by increasing the cost of capital and may negatively impact the Group's ability to secure financing on favourable terms. Any of these events could have a material adverse effect on the Group's business, financial condition, results of operations, prospects and viability.

The Group is exposed to development and operating risks

The Group's profitability will depend, in part, on the actual economic returns and the actual costs of **operating and developing the Projects, which may differ significantly from the Group's current estimates. The development of the Projects may be subject to unexpected problems and delays. The Group's** decision to develop a mineral property is typically based, in the case of an extension or, in the case of a new development, on the results of a feasibility study. Feasibility studies derive estimates of expected or anticipated project economic returns. These estimates are based on assumptions about future commodity prices, anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed, anticipated recovery rates of the mineral from the ore, anticipated capital expenditure and cash operating costs and the anticipated return on investment.

Actual cash operating costs, production and economic returns may differ significantly from those anticipated by such studies and estimates. There are a number of uncertainties inherent in the development and construction of any new mine and the further commercialisation of the Projects. These uncertainties include: the timing and cost, which can be considerable, of the construction of mining and processing facilities; the availability and cost of skilled labour, power, water, consumables and transportation facilities, the availability and cost of appropriate smelting and refining arrangements, the need to obtain necessary environmental and other governmental permits and the timing of those permits, and the availability of funds to finance construction and development activities, all of which are further complicated by the remoteness of each of the Projects.

The Group is exposed to government regulation and political risks

The Company's operating activities are subject to extensive laws and regulations governing waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production and other matters in Zambia and Australia (including the protection of Aboriginal heritage sites) under the Mining Act 1992 (NSW) (the "**Mining Act**"), the Mineral Resources Act 1929 (QLD) (the "**Mineral Resources Act**"), the Native Title Act 1993 (Cth) (the "**Native Title Act**"), the Environment Protection and Biodiversity Conservation Act 1999 ("**EPBC Act**") and the Mines and Minerals Development Act 2015 and the Mines and Minerals Development Amendment Act 2016 (together, "**MMDA**").

While the Company believes that its potential investments will comply with all material current laws and regulations affecting its activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its investments, which could have a material adverse impact on the Company's current operations or planned development projects. Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Company cannot assure that any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with any future exploration or development of its investments.

The Resources and Reserves data cited in this document are estimates based on a number of assumptions that may prove inaccurate

The Resources and Reserves estimates cited in this document in respect of the Projects are based on a number of assumptions that have been made by the competent person in accordance with the JORC (2012) guidelines. It should be noted, with the exception of the Cangai Project in north-eastern NSW Australia, that none of the remaining projects or leased have a confirmed JORC Resource, further no drilling has occurred on any of these leases and thus there in no assay results or data available upon which base an investment decision.

Further, with regards to the Cangai Project, only a JORC 2012 Inferred resources has been calculated, which is currently at 3.2t at 3.3 per cent. Cu, which is significantly well below economically viable mining volumes, as such further drilling is required to determine if a commercial business case can be developed to proceed to production.

Estimates of the resources and reserves may change significantly in the future when new information becomes available or new factors arise, and interpretations and deductions on which these resources and reserves estimates are based may prove to be inaccurate. Should the Group encounter mineralisation different from that predicted by past drilling, sampling and similar examination, resources and reserves estimates may have to be adjusted downward.

There can be no assurance that the Group's resources and reserves will be recovered in the quantities or yields presented. The inclusion of resources and reserves estimates should not be regarded as a representation that all these amounts can be economically exploited, and nothing contained herein (including, without limitation, estimates of mine life) should be interpreted as assurance of the economic life of its resources and reserves or the profitability of its future operations. If the Group's actual resources and reserves are less than current estimates, the Group's business, development plans, financial position and results of operations could be materially and adversely affected.

RISKS RELATING TO THE COMPANY'S KEY MANAGEMENT

PERSONNEL The Group is reliant on a number of key personnel

The loss of one or more of its key personnel could have an adverse impact on the business of the Group. Furthermore, it may be particularly difficult for the Group to attract and retain suitably qualified and experienced people, given the competition from other industry participants and the relevant size of the Group.

The loss of, or diminution in, the services of qualified mining specialists or of members of the Group's senior management team or an inability to attract and retain additional senior management and/or mining personnel could have a material adverse effect on the Group's business, financial condition and results of operations.

There is no assurance that the Group will successfully continue to retain existing specialised personnel and senior management or attract additional experienced and qualified senior management and/or mining personnel required to successfully execute and implement the Group's business plan, which will be particularly important as the Group expands. Competition for such personnel is intense. The loss of such personnel and the failure to successfully recruit replacements in a timely manner, or at all, would have a material adverse effect on its business, prospects, financial condition and results of operations.

PART B – RISK FACTORS SPECIFIC TO THE GROUP'S INDUSTRY

RISK FACTORS RELATING TO THE GROUP AND ITS ACTIVITIES

A material decline in copper prices globally may adversely affect the Company's business, prospects, financial condition and results of operations

It is the Company's strategy to derive its revenue from the production of copper and related metals. In particular, the future profitability of the Projects are reliant on the price of copper. Accordingly, the Company's revenues, profitability and future rate of growth will depend substantially on the prevailing price of these commodities, which can be volatile and subject to fluctuation. In any project, changes in base and precious metal prices will directly affect the Company's revenues and net income.

The price for commodities is, including base and precious metals are subject to fluctuation and volatility in response to a variety of factors beyond the Company's control, including, but not limited to:

- changes in the global and regional supply and demand for copper and expectations regarding future supply and demand for copper;
- changes in global and regional economic conditions and exchange rate fluctuations;
- political, economic and military developments in copper producing regions;
- the update of disruptive technologies which significantly reduces the demand for copper or making it totally redundant;
- the extent of government regulation and actions, in particular export restrictions, alternatives to copper, taxes and the growing environmental obligations;
- the ability of suppliers, transporters and purchasers to perform on a timely basis, or at all, under their agreements (including risks associated with physical delivery); and
- potential influence on commodity prices due to the large volume of derivative transactions on commodity exchanges and over-the-counter markets.

It is impossible to accurately predict future commodity price movements. The Company can give no A1, 5.7.4 assurance that existing prices will be maintained in the future. At any mine that is developed or acquired, a material decline in the price of copper will result in a reduction of its net production revenue and a decrease in the valuation of its exploration, appraisal, development and production properties. The economics of producing from some mines may change as a result of lower prices, which could result in a reduction in the production quantities. Any of these factors could potentially result in a material decrease in the Company's net production revenue and the financial resources available to it to make planned capital expenditures, resulting in a material adverse effect on its future financial condition, business, prospects and results of operations.

Activities in the mining sector can be dangerous and may be subject to interruption

The Company's operations are subject to the significant hazards and risks inherent in the mining sector and countries in which it operates. These hazards and risks include:

- explosions and fires;
- disruption to production operations;
- natural disasters;
- adverse weather conditions;
- equipment break-downs and other mechanical or system failures;
- improper installation or operation of equipment;
- transportation accidents or disruption of deliveries of fuel, equipment and other supplies;
- accident occurring on site, resulting in death or serious injury to personnel;
- acts of political unrest, civil unrest, war or terrorism;
- labour disputes; and
- willful damage and sabotage;
- community opposition activities, including the heightened focus on environmental concerns.

If any of these events were to occur, they could result in environmental damage, injury to persons and loss of life and a failure to produce commodities in commercial quantities. They could also result in significant delays to mining programs, a partial or total shutdown of operations, significant damage to the Company's equipment and equipment owned by third parties and personal injury or wrongful death claims being brought against the Company. These events could also put at risk some or all of the Company's licenses in respect of the Projects which enable it to explore and develop, and could result in the Company incurring significant civil liability claims, significant fines or penalties, as well as criminal and potentially being enforced against the Company and/or its officers and Directors.

Mineral exploration and development can be highly speculative in nature and involve a high degree of risk

Mineral exploration and development can be highly speculative in nature and involve a high degree of risk. The economics of developing mineral properties are affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of the minerals being mined, fluctuations in exchange rates, costs of development, infrastructure and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralisation ultimately mined may differ from that indicated by drilling results and such differences could be material. As a result of these uncertainties, there can be no guarantee that mineral exploration and development of any of the company's investments will result in profitable commercial operations. The tenements covered by both the Projects are at various stages of exploration, and potential investors should understand that mineral exploration is a high risk undertaking. There can be no assurance that exploration of the Projects, or any other permits that the Company may acquire an interest in, will result in the discovery of an economic mineral reserve. Even if an apparently viable reserve is identified, there is no guarantee that it can be commercially exploited. Even if the Company recovers potentially commercial minerals, there is no guarantee that the Company will be able to successfully transport the minerals to commercially viable markets or sell the minerals to customers to achieve a commercial return.

The Group's compliance with environmental laws and regulations may require increased capital expenditures, and non-compliance may subject the Group to penalties

Environmental and safety legislation (e.g. in relation to reclamation, disposal of waste products, protection of wildlife and otherwise relating to environmental protection) may change in a manner that may require stricter or additional standards, than those now in effect. This is particularly relevant to the Cangai Project which is located in New South Wales, which is a highly regulated

and have very prescriptive environmental obligations, often administered by differing layers of government and regulatory bodies.

A heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. This could impose significant costs and burdens on the Company's investments (the extent of which cannot be predicted) both in terms of compliance and potential penalties, liabilities and remediation. Breach of any environmental obligations could result in penalties and civil liabilities and/or suspension of operations, any of which could adversely affect the Company's investments.

Mining operations have inherent risks and liabilities associated with damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. Laws and regulations involving the protection and the remediation of the environment are constantly changing and are generally becoming more restrictive. Approval is required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in a delay to anticipated exploration programs or mining activities.

There may also be unforeseen environmental liabilities resulting from mining activities, which may be costly to remedy. If one of the Company's investments is unable to fully remedy an environmental problem, it may be required to stop or suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Group.

Natural resource project appraisal and exploration activities are capital intensive and inherently uncertain in their outcome

Natural resource project appraisal and exploration activities are capital intensive and inherently uncertain in their outcome. The Company's future natural resource appraisals and exploration projects may involve unprofitable efforts, either from areas of exploration which ultimately prove not to contain natural resources, or from areas in which a natural resource discovery is made but is not economically recoverable at current or near future market prices when including the costs of development, operation and other costs. In addition, environmental damage could greatly increase the cost of operations, and various operating conditions may adversely and materially affect the levels of production greater than the originally planned and cost. These conditions include delays in obtaining governmental approvals or consents, delays due to extreme weather conditions, insufficient storage or transportation capacity or adverse geological conditions and availability of suitably skilled individuals willing to work in remote areas.

While diligent supervision and effective maintenance operations can contribute to maximising production rates over time, production delays and declines from normal operations which in practice are not uncommon and cannot be eliminated, all of which may adversely and materially affect the Company's revenues, cashflow, business, results of operations and financial resources and condition.

RISKS RELATING TO THE REPUBLIC OF ZAMBIA

The Group is subject to the risks associated in operating in Zambia

The Company completed the Zed Acquisition on 25February 2020 and is therefore subject to the risks associated in operating in Zambia. These risks include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrument because of the doctrine of sovereign immunity or nationalisation. Any future material adverse changes in government policies or legislation in Zambia that affect foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company and its projects.

The legal system operating in Zambia is less developed than more established countries

The legal system operating in Zambia is less developed than more established countries, which may result in risks such as:

(i) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation, or in an ownership dispute;

(ii) a higher degree of discretion on the part of governmental agencies and the judiciary;

(iii) the lack of political or administrative guidance on implementing applicable rules and regulations including, in particular, as regards local taxation and property rights;

(iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or

(v) relative inexperience of the judiciary and court in such matter.

The commitment by local businesspeople, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, license application or other legal arrangements will not be adversely affected by the actions of the government authorities or others and the effectiveness of and enforcement of such arrangements cannot be assured which may have a material adverse effect on the business, results of operations, financial condition and prospects of the Group.

There is a risk of crime and corruption from operating in Zambia

Countries in Africa can experience higher levels of criminal activity and governmental and business corruption. Exploration and mining companies operating in certain areas of Africa may be particular targets of criminal actions, including the theft of beneficiated product, plant and equipment, intimidation and extortion of personal working on site, etc.

Criminal or corrupt action against the Group could have a material adverse effect on the Group's business, operations, financial performance, cashflow and future prospects. In addition, the fear of criminal or corrupt actions against the Group could have an adverse effect on the ability of the Group to adequately staff and/or manage its operations or could substantially increase the costs of doing so.

By doing business in Zambia, the Group could face, directly or indirectly, corrupt demands by officials, militant groups or private entities, these issues could range from the intimidation of local and expatriate personnel, including kidnap and ransom. Consequently, the Group faces the risk that, in the absence of the Directors knowledge or consent, one or more of its employees, agents, intermediaries or consultants may make or receive unauthorised payments given that such persons may not always be subject to its control.

Although the Group has designed to ensure that the Group's employees, agents, intermediaries and consultants all comply with anti-corruption legislation by adopting an anti-bribery and corruption policy, there is no assurance that such policy will work effectively and be respected by all, which may not protect the Group against liability under any such legislation for actions taken by its agents, employees, intermediaries and consultants with respect to its business.

Furthermore, any remediation measures taken in response to potential or alleged violations of anticorruption or anti-bribery laws, including any necessary changes or enhancements to the Group's procedures, policies and controls and potential personnel changes and/or disciplinary actions, may result in increased compliance costs.

Any such findings, or any alleged or actual involvement in corrupt practices or other illegal activities by the Group or its commercial partners or anyone with whom it conducts business could damage its reputation and its ability to do business, including by affecting its rights and title to assets or by the loss of key personnel, and together with any increased compliance costs, could adversely affect its reputation, business, operations, financial performance, cash flow and future prospects.

PART C – RISK FACTORS SPECIFIC AND MATERIAL TO THE ORDINARY SHARES

The Company has a number of outstanding options and convertible loan notes which, if exercised and/or converted could have a material dilutive effect on existing Shareholders. The Placing will also have a material dilutive effect on existing Shareholders

The Company has issued 418,712,786 options in connection with previous fundraisings to acquire Ordinary Shares, such options being exercisable at prices between A$0.03 and A$0.10 per Ordinary Share. The dilutive effect of all of the options would have a material dilutive effect upon existing Shareholders and may impact both the future Ordinary Share price and the ability to attract new investors or sources of equity to invest in the Company. If all outstanding options were exercised, the resultant 499,412,757 Ordinary Shares would represent 33.12 per cent. of the Enlarged Issued Share Capital. The Placing will involve the issuance of 79,117,618 Placing Shares and 1,764,706 Ordinary Shares to SI Capital Limited representing, in aggregate, 8.01 per cent. of the Enlarged Issued Share Capital with options attached on a one-for-one basis.

An active trading market may not develop or be sustained in the future

Although the Company has applied to the FCA for admission to the Official List and has applied to the London Stock Exchange for admission to trading on the Main Market, and although the Ordinary Shares are already listed on the ASX, the Company can give no assurance that an active trading market for the Ordinary Shares will develop in the United Kingdom or, if developed, can be sustained. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected.

Substantial future sales of Ordinary Shares, or the perception that such sales might occur, or additional offerings of Ordinary Shares could depress the market price of Ordinary Shares

The Company cannot predict what effect, if any, future sales of Ordinary Shares, or the availability of Ordinary Shares for future sale, or the offer of additional Ordinary Shares in the future, will have on the market price of Ordinary Shares. Sales or an additional offering of substantial numbers of Ordinary Shares in the public market, or the perception or any announcement that such sales or an additional offering could occur, could adversely affect the market price of Ordinary Shares and may make it more difficult for Shareholders to sell their Ordinary Shares at a time and price which they deem appropriate and could also impede the Company's ability to raise capital through the issue of equity securities.

There may be volatility in the value of an investment in Ordinary Shares and the market price for Ordinary Shares may fluctuate

The market price for the Ordinary Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Group's control, including the following: (i) actual or anticipated fluctuations in the Group's results of operations; (ii) actual or anticipated changes in the capital markets; (iii) recommendations by securities research analysts; (iv) changes in the economic performance or market valuations of other companies that investors deem comparable to the Company; (v) addition or departure of the Company's executive officers and other key personnel; (vi) sales or perceived sales of additional Ordinary Shares; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Group or its competitors; (viii) changes in laws, rules and regulations applicable to the Group and its operations; (ix) general economic, political and other conditions; (x) the Group's involvement in any litigation or dispute, or threat of any litigation or dispute; and (xi) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Group's industry or target markets.

Financial markets have experienced significant price and volume fluctuations in the last several years that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Ordinary Shares may decline even if the Group's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. Also, certain institutional investors may base their investment decisions on consideration of the Group's environmental, governance and social practices and performance against such institutions'

respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Ordinary Shares by those institutions, which could adversely affect the trading price of the Ordinary Shares. There is no assurance that continuing fluctuations in the price and volume of publicly traded equity securities will not occur. If such increased levels of volatility and market turmoil continue, the Group's operations could be adversely impacted and the trading price of the Ordinary Shares may be adversely affected.

Dividend payments on the Ordinary Shares are not guaranteed and the Company does not intend to pay dividends

The Company has never declared or paid any dividends on the Ordinary Shares. The Company currently intends to retain future earnings, if any, for future operations, expansion and debt repayment, if necessary. Therefore, at present, there is no intention to pay dividends and a dividend may never be paid. Any decision to declare and pay dividends will be made at the discretion of the Board and will depend on, among other things, the Group's results of operations, financial condition and solvency and distributable reserves tests imposed by corporate law and such other factors that the Board may consider relevant.

In addition to the foregoing, the Company's ability to institute and pay dividends now or in the future is or may be limited by covenants contained in any debt facilities or other agreements governing any indebtedness that the Group may incur in the future, including the terms of any credit facilities the Group may enter into with third party lenders. It is not uncommon that credit facilities will prevent a borrower from declaring or paying any dividends to any of its shareholders or returning any capital (including by way of dividend) to any of its Shareholders.

As a result of the foregoing factors, purchasers of the Ordinary Shares may not receive any return on an investment in the Ordinary Shares unless they sell such Ordinary Shares for a price greater than that which they paid for them.

Certain Shareholders are issued with Depositary Interests in respect of underlying Ordinary Shares

Holders of Ordinary Shares are able to hold and transfer interests in the Ordinary Shares within CREST pursuant to a depositary interest arrangement established by the Company. The Ordinary Shares are not themselves admitted to CREST; rather, the Depositary issues Depositary Interests in respect of underlying Ordinary Shares. Holders of Depositary Interests may experience delays in receiving any dividends paid by the Company, may receive proxy forms later than other Shareholders and may have to act earlier than other Shareholders when casting votes at general meetings of the Company, by virtue of the administrative process involved in connection with holding Depositary Interests.

The Company has a Standard Listing and, accordingly, the Company is not required to comply with those protections applicable to a Premium Listing

The Company has a Standard Listing and, as a consequence, additional on-going requirements and protections applicable to a Premium Listing do not apply to the Company. In particular, the provisions of Chapters 6 to 13 of the Listing Rules (other than Listing Rule 7.2.1), being additional requirements for a Premium Listing of equity securities (Premium Listing principles, sponsors, continuing obligations, significant transactions, related party transactions, dealing in own securities and treasury shares and contents of circulars), do not apply. In addition, a Standard Listing does not permit the Company to gain UK FTSE indexation.

The proposed Standard Listing of the Ordinary Shares will afford investors a lower level of regulatory protection than a Premium Listing

Application will be made for the Ordinary Shares to be admitted to a Standard Listing on the Official List. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules.

Trading in the Ordinary Shares may be suspended

In certain circumstances, the ASX and the FCA have the right to suspend trading in the Ordinary Shares. If the Ordinary Shares are suspended from trading, the holders of Ordinary Shares may not be able to dispose of their Ordinary Shares on the LSE or ASX (as the case may be).

ASX

Trading in the Ordinary Shares on ASX may be halted or suspended at the request of the Company or at the discretion of ASX. At the request of the Company, ASX may impose:

- a trading halt, pursuant to which:
  - if the trading halt is imposed during trading, trading in the Ordinary Shares recommences on the commencement of trading on the second trading day following the day on which the trading halt is imposed; or
  - if the trading halt is imposed following the end of trading on the trading day, trading in the Ordinary Shares recommences on the commencement of trading on the third trading day following the day on which the trading halt is imposed; or
- a suspension in the trading of Ordinary Shares on ASX for the period requested by the Company.

ASX also retains a general discretion to suspend trading in the Ordinary Shares in circumstances where the Company is unable or unwilling to comply with the ASX Listing Rules, to prevent a disorderly or uninformed market or for any other reason ASX deems appropriate. ASX will automatically suspend trading in the Ordinary Shares if the Company fails to lodge annual, half yearly and quarterly reports in accordance with the ASX Listing Rules or fails to pay the Company's annual ASX listing fee within 15 business days of the due date. ASX will also suspend trading in Ordinary Shares five business days following the issue of compulsory acquisition notices sent to shareholders pursuant to the Australian Corporations Act.

LSE

The FCA may suspend the Ordinary Shares from trading on the LSE if it determines that the smooth operation of the market is or may be temporarily jeopardised or it is necessary to protect investors.

The Company believes that as at the date of this document there are no circumstances which could provide grounds for the halting or suspending of the Ordinary Shares from the LSE or ASX for the foreseeable future. However, there can be no assurance that any such circumstances will not arise in relation to the Ordinary Shares in the future.

The Company may be excluded from trading

In certain circumstances, the Ordinary Shares may be delisted from the LSE or ASX. Delisting could have an adverse effect on the liquidity of the Ordinary Shares and on investors' ability to sell the Ordinary Shares at a satisfactory price.

The Company believes that as at the date of this document there are no circumstances which could provide grounds for the delisting of the Ordinary Shares from the LSE or ASX for the foreseeable future. There can however be no assurance that any such circumstances will not arise in relation to the Ordinary Shares in the future.

ASX

The Company may request that it be removed from the official list of ASX at any time. However, ASX may request that the Company provide evidence that the request for removal from the official list of ASX is made pursuant to appropriate authorisations or that the removal occur subject to certain conditions being satisfied. ASX's decision to approve the removal of the Company from the official list of ASX will typically be subject to certain conditions directed to ensure that the interests of the Company's shareholders are not unduly prejudiced by the removal.

ASX also retains a general discretion to remove the Company from the official list of ASX in various circumstances, including:

(i) the issue of compulsory acquisition notices sent to shareholders pursuant to the Australian Corporations Act;

(ii) failure to pay the Company's annual ASX listing fee within 20 business days of the due date;

(iii) failure to lodge periodic disclosure documents for a continuous period of one year after the deadline for lodgement of the relevant document;

(iv) the Ordinary Shares being suspended from trading for a continuous period of three years;

(v) the Company is unable or unwilling to comply with the ASX Listing Rules; and

(vi) for any other reason ASX deems appropriate.

The Company believes that as at the date of this document there are no circumstances which could provide grounds for the removal of the Company from the official list of ASX in the foreseeable future. However, there can be no assurance that any such circumstances will not arise in relation to the Ordinary Shares in the future.

LSE

The FCA may cancel the listing of the Ordinary Shares on the LSE if satisfied that there are special circumstances precluding the normal and regular dealings in the Ordinary Shares.

The listing of the Ordinary Shares on the LSE may also be cancelled at the request of the Company, subject to the Company giving at least 20 Business Days' notice of the proposed cancellation of the listing. Because the Company is listed on the Standard Listing segment of the Official List, it would not be required to seek shareholder approval before seeking the cancellation of the listing of the Ordinary Shares on the LSE.

Dual listing on the ASX and LSE may lead to an inefficient market in the Company's Ordinary Shares

There are differences in liquidity, settlement and clearing systems, trading currencies, prices and transaction costs between the ASX and the LSE, where the Ordinary Shares are quoted. These and other factors can hinder the transferability of the Ordinary Shares between the two exchanges.

The Ordinary Shares are quoted on ASX and listed on the LSE. Consequently, the trading in and liquidity of the Ordinary Shares is split between these two exchanges. The price of the Ordinary Shares may fluctuate and may at any time be different on the ASX and LSE. This could adversely affect the trading of the Ordinary Shares on these exchanges and increase their price volatility and/or adversely affect the price and liquidity of the Ordinary Shares on these exchanges.

The Ordinary Shares are quoted and traded in Australian dollars on the ASX. The Ordinary Shares will be quoted and traded in pounds sterling on the LSE. The market price of the Ordinary Shares on those exchanges may also differ due to exchange rate fluctuations.

The rights afforded to Shareholders are governed by Australian law and non-Australian Shareholders may have difficulties exercising rights which are governed by Australian law

As the Company is an Australia resident company, the rights of Shareholders are governed by Australian law and the Company's Constitution. The rights of Shareholders under Australian law may differ from the rights of shareholders of companies incorporated in other jurisdictions. Not all rights available to shareholders under English law will be available to the Shareholders.

The Company is organised and exists under Australian law. Accordingly, the rights and obligations of the Company's shareholders are regulated by Australian corporate law and the Company's shareholders must follow Australian legal requirements in order to exercise their rights, in particular the resolutions of the shareholders in general meeting may be passed with majorities different from the majorities required for the adoption of equivalent resolutions under English law or other laws.

Shareholders may be subject to risks arising from adverse movements in the value of their local currency against the Australian dollar

The Ordinary Shares have no nominal value, and will be quoted and traded:

(i) in pounds sterling on the LSE; and

(ii) in Australian dollars on ASX.

In addition, any potential dividends the Company may pay in the future will be declared and paid in Australian dollars. Shareholders buying Ordinary Shares on the LSE should take into account a

potential risk arising from adverse movements in the value of their local currency against the Australian dollar.

The ability of a Shareholder to bring or enforce an action against the Company may be limited under law

The Company is incorporated under the laws of Australia. The majority of the Directors and officers reside outside the UK and all of the Company's assets and the assets of the majority of the Directors and officers are located outside the UK. As a result, it may not be possible for investors to effect service of process within the UK upon the Company or the majority of the Directors and officers or to enforce against them in Australia any judgments of the courts of England and Wales including judgments predicated upon the civil liability provisions of the UK or European securities laws. The ability of a Shareholder to bring an action against the Company may be limited under law. The rights of Shareholders are governed by the laws of Australia and the Constitution. These rights may differ from the rights of shareholders in a typical company incorporated in England and Wales.

PART D – RISKS RELATING TO TAXATION OF THE GROUP

Tax treatment of non-Australian investors in an Australian company may vary

The Company is organised and exists under the laws of Australia and, as such, the Australian tax regime A11, 4.1 applies to the distribution of profit and other payments from the Company to its Shareholders. The taxation of income from such distributions and payments, as well as other income, for instance, from the sale of the Ordinary Shares, may vary depending on the tax residence of the Shareholder, as well as the existence and provisions of any double tax treaty between a Shareholder's jurisdiction of residence and Australia. Tax provisions applying to particular Shareholders may be unfavourable and/or may change in the future, in a way which has an adverse effect on the tax treatment of a Shareholder's holding of the Ordinary Shares.

Tax status

Any change in the Group's tax status (including the tax residence of any member of the Group) or in the tax legislation and practice of any jurisdiction in which the Group operates could affect the Group's profitability and ability to make returns to Shareholders.

PART III

IMPORTANT INFORMATION

The distribution of this document and the Placing may be restricted by law in certain jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, including those set out below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

General

No action has been or will be taken in any other jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this document or any other offering material in any other country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for any of the Ordinary Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

This document has been approved by the FCA as a prospectus which may be used to offer securities to the public for the purposes of section 85 of FSMA, and of the Prospectus Regulation. No arrangement has however been made with the competent authority in any other member states of the European Economic Area ("**EEA**") ("**EEA Member States**") (or any other jurisdiction) for the use of this document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdiction. Issue or circulation of this document may be prohibited in Restricted Jurisdictions and in countries other than those in relation to which notices are given below.

For the attention of all investors

In deciding whether or not to invest in Ordinary Shares, prospective Placees should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors or SI Capital. Without prejudice to the Company's obligations under the FSMA, the Prospectus Regulation Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules ("**DTRs**"), neither the delivery or this document, nor any subscription made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as at any time after its date.

In making an investment decision, prospective investors must rely on their own examination of the Company, this document and the terms of the Placing, including the merits and risks involved. The contents of this document are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment or any other matter.

Prospective investors must rely upon their own representatives, including their own legal and financial advisers and accountants, as to legal, tax, financial, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's objective and acquisition, financing and business strategies will be achieved.

It should be remembered that the price of the Ordinary Shares and any income from such Ordinary Shares can go down as well as up.

This document should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Company's Constitution, which prospective investors should review.

Selling restrictions

The distribution of this document and the offer of Ordinary Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. No action has been or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of Ordinary Shares contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for or purchase any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer of solicitation in such jurisdiction.

United States

The Ordinary Shares have not been and will not be registered under the US Securities Act, or the securities laws of any state or other jurisdiction of the United States. Subject to certain exceptions, the Ordinary Shares may not be, offered, sold, resold, transferred or distributed, directly or indirectly, within, into or in the United States or to or for the account or benefit of persons in the United States.

The Ordinary Shares may not be taken up, offered, sold, resold, transferred or distributed, directly or indirectly within, into or in the United States except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the US Securities Act. There will be no public offer in the United States.

The Company has not been and will not be registered under the US Investment Company Act pursuant to the exemption provided by section 3(c)(7) thereof, and Investors will not be entitled to the benefits of the US Investment Company Act.

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed comment upon or endorsed the merits of the Placing or adequacy of this document. Any representations to the contrary is a criminal offence in the United States.

European Economic Area

Pursuant to the Prospectus Regulation, an offer to the public of the Ordinary Shares may only be made once the prospectus has been passported in an EEA Member State of in accordance with the Prospectus Regulation. For any other EEA Member State an offer to the public in that EEA Member State of any Ordinary Shares may only be made at any time under the following exemptions under the Prospectus Regulation, if they have been implemented in that EEA Member State:

(a) to any legal entity which is a Qualified Investor, within the meaning of Article 2(e) of the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than Qualified Investors, within the meaning of Article 2(e) of the Prospectus Regulation) in such EEA Member State subject to obtaining prior consent of the Company for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Regulation and each person who initially acquires Ordinary Shares or to whom any offer is made will be deemed to have

represented, warranted and agreed with SI Capital and the Company that it is a "**Qualified Investor**" within the meaning of Article 2(e) of the Prospectus Regulation.

For the purposes of this provision, the expression an 'offer to the public' in relation to any offer of Ordinary Shares in any EEA Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

This document may not be used for, or in connection with, and does not constitute, any offer of Ordinary Shares or an invitation to purchase or subscribe for any Ordinary Shares in any EEA Member State in which such offer or invitation would be unlawful.

The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions.

United Kingdom

This document comprises a prospectus relating to the Company prepared in accordance with the Prospectus Regulation Rules and approved by the FCA under section 87A of FSMA. This document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

This document is being distributed only to and is directed at persons who (if they are in the EEA) will fall within one of the categories of persons set out above in the paragraph entitled 'For the attention of EEA investors'. In addition, this document is being distributed only to and is directed at persons in the UK who are: (i) persons having professional experience in matters relating to investments falling within the definition of 'investment professionals' in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion Order) 2005 (the "**Order**"); or (ii) persons who are high net worth bodies corporate, unincorporated associations and partnerships and the trustees of high value trusts, as described in Article 49(2)(a) to (d) of the Order; or (iii) persons to whom it may otherwise be lawful to distribute.

Australia

This document does not constitute a prospectus or other disclosure document under the Australian Corporations Act and does not purport to include the information required of a disclosure document under the Australian Corporations Act. This document has not been, and will not be, lodged with the Australian Securities and Investments Commission (the "**ASIC**") (whether as a disclosure document under the Australian Corporations Act or otherwise). Any offer in Australia of the Ordinary Shares under this document or otherwise may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Ordinary Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

Any offer for on-sale of the Ordinary Shares that is received in Australia within 12 months after their issue by the Company is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring Ordinary Shares should observe such Australian on-sale restrictions.

The Company is not licensed in Australia to provide financial product advice in relation to the Ordinary Shares. Any advice contained in this document is general advice only. This document has been prepared without taking account of any investor's objectives, financial situation or needs, and before making an investment decision on the basis of this document, investors should consider the appropriateness of the information in this document, having regard to their own objectives, financial situation and needs. No cooling off period applies to an acquisition of the Ordinary Shares.

General

No action has been or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this document or any other offering material, in any

country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any Restricted Jurisdiction.

Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of Ordinary Shares, including those in the paragraphs above. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for or purchase any of the Ordinary Shares offered hereby to any person in any Restricted Jurisdiction.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, SI Capital will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

Presentation of reserves and resources

Unless otherwise stated, statements in this document relating to the Group's mineral resources have been estimated in conformity with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012) (the "**JORC Code**"). Mineral Resources are not Ore Reserves and do not have demonstrated economic liability. All references to "reserves" are to proved and probable. The accuracy of reserves estimates and associated economic analysis is, in part, a function of the quality and quantity of available data and of engineering and geological interpretation and judgment. This document should be accepted with the understanding that reserves, resources and financial performance subsequent to the date of the estimates may necessitate revision. These revisions may be material. Unless otherwise stated, all information about Mineral Reserves and resources, forward-looking production estimates and other geological information has been extracted without material adjustment from the Competent Person's Report in *Part XVIII – Competent Person's Report* of this document.

Rounding

Percentages in tables have been rounded and accordingly may not add up to 100 per cent. Certain financial data have also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

Data Protection

The Company may delegate certain administrative functions to third parties and will require such third parties to comply with data protection and regulatory requirements of any jurisdiction in which data processing occurs. Such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company) for the following purposes:

(a) verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;

(b) carrying out the business of the Company and the administering of interests in the Company;

(c) meeting the legal, regulatory, reporting and/or financial obligations of the Company in the UK or elsewhere; and

(d) disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Where appropriate it may be necessary for the Company (or any third party, functionary or agent appointed by the Company) to:

(a) disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to prospective investors; and

(b) transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the UK.

If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

Presentation of financial information

Prospective investors should consult their own professional advisers to gain an understanding of the financial information contained in this document. An overview of the basis for presentation of financial information in this document is set out below. *Part X – Historical Financial Information of the Group* of this document presents selected financial information extracted without material adjustment from the audited historical financial information of the Group for the financial years ended 30 June 2019, 30 June 2018 and 30 June 2017.

The financial and volume information in the document, including in a number of tables, has been rounded to the nearest whole number or the nearest decimal place. The sum of the numbers in a column in a table may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this document reflect calculations based on the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Market data

Where information contained in this document has been sourced from a third party, the Company and the Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument of transfer. Securities issued by non-UK companies, such as the Company, cannot be held or transferred electronically in the CREST system. However, Depositary Interests allow such securities to be dematerialised and settled electronically through CREST.

Where investors choose to settle interests in the Ordinary Shares through the CREST system, and pursuant to depositary arrangements established by the Company, Computershare Investor Services plc (the "**Custodian**") holds the Ordinary Shares and issues dematerialised Depositary Interests representing the underlying Ordinary Shares, which are held on trust for the holders of the Depositary Interests. The Depositary Interests are independent securities constituted under English law which may be held and transferred through the CREST system. Investors should note that it is the Depositary Interests which are admitted to and settled through CREST and not the Ordinary Shares.

Application has been made for the Depositary Interests to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Depositary Interests following Admission may take place within the CREST System if any Shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share and warrant certificates will be able to do so. An investor applying for Ordinary Shares in the Placing may elect to receive Ordinary Shares in uncertificated form in the form of Depositary Interests if the investor is a system member (as defined in the CREST Regulations) in relation to CREST.

Transferability

The Ordinary Shares are freely transferable and tradable and there are no restrictions on transfer.

International Financial Reporting Standards

The audited and reviewed Historical Financial Information of the Group has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Australian Corporations Act. The Historical Financial Information of the Group also complies with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the European Union.

Incorporation of information by reference

The contents of the Company's website (www.castillocopper.com), any website mentioned in this document or any website directly or indirectly linked to these websites have not been verified and do not form part of this document, and prospective investors should not rely on them.

Forward-looking statements

This document includes statements that are, or may be deemed to be, 'forward-looking statements'. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'targets', 'believes', 'estimates', 'projects', 'anticipates', 'expects', 'intends', 'may', 'will', 'should' or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout the document and include statements regarding the intentions, beliefs or current expectations of the Company and the Board concerning, *inter alia*: the Company's objectives, financing and business strategies, plans and objectives of management for future operations (including development plans relating to the Group's products and services).

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual performance, results of operations, financial condition, distributions to Shareholders and the development of its financing strategies may differ materially from the forward-looking statements contained in this document. In addition, even if the Company's actual performance, results of operations, financial condition, distributions to Shareholders and the development of its financing strategies are consistent with the

forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Prospective investors should carefully review *Part II – Risk Factors* of this document for a discussion of additional factors that could cause the Company's actual results to differ materially, before making an investment decision. For the avoidance of doubt, nothing appearing under the heading "Forward-looking statements" constitutes a qualification of the working capital statement set out in paragraph 13 of *Part XV – Additional Information* of this document.

Forward-looking statements contained in this document apply only as at the date of this document. Subject to any obligations under the Listing Rules, the ASX Listing Rules, the Market Abuse Regulation (EU 596/2014) (the "**Market Abuse Regulation**"), the DTRs and the Prospectus Regulation Rules, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Definitions and technical terms

A list of defined terms used in this document is set out in *Part XVI – Definitions* of this document. A list of defined technical terms used in this document is set out in *Part XVII – Glossary of Technical Terms*.

Currency

Unless otherwise indicated, all references in this document to:

- "**UK Pounds Sterling**", "**Pounds Sterling**", "**pound**", "**pence**", "**GBP**", "**£**" or "**p**" is to the lawful currency of the United Kingdom;
- "**AUS dollars**", "**AUD**", "**Australian dollar**" or "**A$**" is to the lawful currency of Australia; and
- "**US dollars**", "**US$**" or "**cents**" is to the lawful currency of the United States.

PART IV

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	27 July 2020)
Latest time and date for placing commitments under the Placing	5:00 p.m. on 24 July 2020
Admission and commencement of dealings in Ordinary Shares	8:00 a.m. on 3 August 2020
CREST members' accounts credited in respect of Depositary Interests representing Placing Shares	3 August 2020
Certificates despatched in respect of Placing Shares	by 10 August 2020

All references to time in this document are to London time, unless otherwise stated. Any changes to the expected timetable will be notified by the Company through a Regulatory Information Service.

ADMISSION AND PLACING STATISTICS

Number of Existing Ordinary Shares in issue prior to the Placing	929,056,398
Number of options[2] in issue prior to the Placing	418,712,786
Total number of Placing Shares in the Placing[3]	79,117,618
Total number of options in the Placing[4]	80,699,971
Enlarged Issued Share Capital following the Placing and Admission	1,009,938,722
Placing Price per Placing Share	1.7p
Total number of options in issue following the Placing[2, 4]	499,412,757
Gross proceeds of the Placing	£1,345,000
Estimated Net Placing Proceeds receivable by the Company	approximately £1,020,000
Market capitalisation at the Placing Price[1]	£17.16m
Placing Shares as a percentage of Enlarged Issued Share Capital[4]	8.01%

(1) The market capitalisation of the Company at any given time will depend on the market price of the Ordinary Shares at that time. There can be no assurance that the market price of an Ordinary Share will equal or exceed the Placing Price.
(2) The issue for options includes 46,875,000 Class A Performance Shares and 46,875,000 Class B Performance Shares which have the characteristics of share options.
(3) Excludes 1,764,706 Ordinary Shares to be issued in SI Capital in lieu of a cash success fee.
(4) Includes 1,582,353 Options to be issued to SI Capital in connection with the Placing.

DEALING CODES

The dealing codes for the Ordinary Shares will be as follows:

ISIN	AU000000CCZ2
LEI	213800AG47SZ4DGATD33
TIDM	ASX: CCZ
SEDOL	LSE: CCZ
	BMX69P6

PART V

DIRECTORS, AGENTS AND ADVISERS

Directors	Robert Scott (*Non-Executive Chairman*) Simon Paull (*Managing Director*) Gerrard Hall (*Non-Executive Director*)
Company Secretary	Dale Hanna
Registered Office	45 Ventnor Avenue West Perth Western Australia 6005 Australia
Broker and Financial Adviser	SI Capital Limited 46 Bridge Street Godalm ing Surrey GU7 1HL United Kingdom
Independent Auditors	HLB Mann Judd (WA Partnership) Level 4 130 Stirling Street Perth WA 6000 Australia
English Legal Advisers	Orrick Herrington & Sutcliffe (UK) LLP 107 Cheapside London EC2V 6DN United Kingdom
Australian Legal Advisers	Blackwall Legal LLP Level 26 140 St Georges Terrace Perth WA 6000
Registrar	Automic Registry Services Pty Ltd Level 2 267 St Georges Terrace Perth WA 6000 Australia
Depositary	Computershare Investor Services plc The Pavilions Bridgewater Road Bristol, BS13 8AE United Kingdom
Competent Person	SRK Exploration Services Limited 21 Gold Tops, Newport South Wales NP20 4PG United Kingdom

PART VI

INFORMATION ON THE COMPANY

1. Introduction

The Company is an ASX-listed copper exploration and development company which was incorporated and registered under the name Oakland Resources Limited in Australia on 11 June 2009, and is a company limited by shares and subject to the provisions of the Australian Corporations Act. The Company changed its name to Castillo Copper Limited in May 2013.

The Company was formed for the purposes of acquiring and developing gold deposits in the emerging Silurian Gold Province of New South Wales, Australia. In May 2013, the Company acquired the entire issued share capital in Castillo Exploration Pty Ltd, a company focused on identifying and developing the next generation of large scale copper projects in Chile through its wholly owned subsidiary, Castillo Copper Chile SpA, which held a project portfolio of six highly prospective exploration concessions across a total area of 1,800 hectares. In 2017, the Company changed its focus from Chile to Australia and acquired QComm, Total Minerals and Total Iron, and commenced exploration and development activities for copper and cobalt deposits in New South Wales and Queensland, Australia. In May 2019, the Company adopted a three-pillar strategy to transform the Company into a mid-tier copper group and, on 25 February 2020, completed the Zed Acquisition to acquire prospective copper assets in Zambia, one of the key pillars of its strategy.

The Company's flagship project is the Cangai Project, where the historic Cangai Copper Mine is located. The Cangai Copper Mine comprises a volcanogenic massive sulphide deposit, with a JORC Code compliant Inferred Resource of 3.2Mt at 3.35 per cent. Cu. The Company's other New South Wales asset is the Broken Hill Project, which consists of two contiguous tenements prospective for cobalt-zinc mineralisation that are located within a 20km radius of Broken Hill and north of the ground of Cobalt Blue Holdings Ltd. In the northwest of Queensland, the Company's Mt Oxide Project consists of four prospects (three are contiguous) prospective for copper-cobalt mineralisation.

In Zambia, the Company is the sole shareholder of Zed, an Australian company which holds four copper mineralisation prospective tenement packages split across 1,121km^2 of ground. The Company intends to initially focus on the Luanshya Project, which sits on the Zambian copper belt's Lufilian Arc geological structure. The second priority for the Company is the Mkushi Project, which contiguously surrounds an operating open-pit copper mine, in a region proven to be highly prospective for Cu-Au mineralisation. The Company is currently working towards establishing a Zambian in-country presence, utilising local geologists and joint venture partner teams.

Summary of Australian Mineral Assets

Project Area	Project name	Number of Licences/ Tenements	Area km^2 (rounded)	Percentage Holding (by the Company)	Corporate Priority (High/ Medium / Low)
Australia, New South Wales	Cangai Project (formerly Jackadgery Project)	3	411	100 per cent.	High
	Broken Hill Project	2	114	100 per cent.	Low
Australia, Queensland	Mt Oxide Project	4	737	100 per cent.	High
Total		**9**	**1,262**		

Summary of Zambian Mineral Assets

Project Area	Project name	Number of Licences/ Applications	Area km^2 (rounded)	Percentage Holding (by Zed)	Corporate Priority (High/ Medium / Low)
Zambia				Up to	
	Luanshya	3	118	80 per cent.	High
	Mkushi	1	557	100 per cent.	High
	Lumwana N&S	2	10	100 per cent.	Low
	Mwansa	1	436	100 per cent.	Low
Total		**7**	**1,121**		

**subject to Zed meeting minimum earn-in requirements described in this section.*

2. Background and company strategy

The Company's strategy focuses on resource exploration projects that have the potential, through the application of disciplined and structured exploration and analysis, to be progressed towards the development of a mining operation. On 6 May 2019, the Company announced that the Board had approved a new business strategy, which would focus on securing a "three-pillar" diversified project portfolio with the aim of transforming the business into a mid-tier copper business.

Pillar I – Cangai Project

The Company's core focus is the development and expansion of the Cangai Copper Mine within the Cangai Project located near Grafton in the northeast of New South Wales, Australia, which has a JORC Code Inferred Resource of 3.2Mt at 3.35 per cent. Cu and up to 14.45 per cent. Cu in assayed diamond core intersections. On 21 July 2017, the Company announced that it had entered into an agreement with certain sellers (the "**Total Minerals Sellers**") to acquire the entire issued share capital in Total Minerals, which owned three cobalt and copper assets in New South Wales and Queensland (including the historic Cangai Project in northeast New South Wales and two contiguous tenements that are located within a 20km radius of Broken Hill, New South Wales, that are prospective for copper-cobalt-zinc (the "**Broken Hill Project**")). In consideration for the Total Minerals Acquisition, the Company issued 55,000,000 Ordinary Shares in the Company to the Total Minerals Sellers and facilitated Total Minerals entering into a royalty agreement pursuant to which the Total Minerals Sellers were entitled to a net smelter return royalty of 3 per cent. in respect of the tenements. The Company completed the Total Minerals Acquisition on 11 August 2017.

The Company's objective is to (i) continue the assessment of incremental metallurgical work to be conducted to finalise an off-take agreement; (ii) continue discussions with the New South Wales Resources Regulator ("**NSWRR**") on the necessary approvals required to process the stockpile ore; and (iii) assess forward exploration plans and conduct a scoping study in order to proceed with its long term strategy of undertaking a bankable feasibility study.

Pillar II – Mt Oxide Project

The Company is targeting the development of a viable copper mining operation at the Mt Oxide Project, which is located approximately 150km north of Mt Isa in northwest Queensland. The project is within the proximity of several historic and currently operating copper mines including Lady Annie and Capricorn Copper. On 22 March 2017, the Company announced that it had entered into an agreement with certain sellers (the "**QComm Sellers**") to acquire the entire issued capital of QComm, an Australian copper and cobalt company which owns three assets targeting high grade copper and cobalt systems in New South Wales and Queensland (including the Mt Oxide Project). In consideration for the QComm Acquisition, the Company agreed that it would:

(i) issue 10,000,000 shares in the Company as initial consideration (issued in March 2017 at A$0.02 per share for the value of A$200,000);

(ii) pay the QComm Sellers A$150,000 as initial cash consideration;

(iii) issue 76,666,668 consideration shares in the Company on completion of the QComm Acquisition;

(iv) pay the QComm Shareholders A$200,000 pro-rata to their QComm shareholding payable as soon as practicable following grant of all applications; and

(v) facilitate QComm entering into a royalty agreement with the QComm Sellers (or their nominees) pursuant to which QComm would pay a 1 per cent net smelter return royalty in respect of the area covered by the applications.

On 4 July 2017, the Company completed the QComm Acquisition. Furthermore, in August 2017, the Company received notice from Queensland's Department of Natural Resources and Mines that the final exploration application had been granted. Following the notice, the Company paid the QComm Sellers A$200,000.

Currently, the main highlight within the Mt Oxide Project is the exploration target, known as the Ayra Prospect, which was identified through an airborne electromagnetic survey conducted by Geoscience Australia in March 2019. Whilst the potential quantity and grade of the exploration target is conceptual in nature, there has been insufficient exploration to estimate a mineral resource and it is uncertain if further exploration will result in the estimation of mineral resource.

The Company's main objective is to progress with several site visits to conduct geochemical sampling and geophysical surveys on known exploration targets to facilitate an inaugural test drilling campaign for developing a clear exploration strategy.

Pillar III – Zed Projects

On 20 February 2020 the Company entered into the Zed Acquisition Agreement with the Zed Sellers and Matthew Bull, as representative of Sex Sellers to acquire, subject to the satisfaction of certain conditions, the entire issued share capital in Zed. Zed is a minerals explorer which holds the exclusive rights to acquire the Zed Projects covering approximately 1,121km^2 in the Lufilian Arc region in Zambia. Zed holds interests in four projects as set out in the summary of Zambian mineral assets table in this *Part VI – Information on the Company* of this document. The Zed Acquisition completed on 25 February 2020.

Following the completion of the Zed Acquisition, the Company intends to firstly develop the Luanshya project, located in Zambia's traditional "copper-belt" along a key northwest structural trend known as the Lufilian Arc. The second priority for the Company is the Mkushi project, which contiguously surrounds an operating open-pit copper mine, in a region proven to be highly prospective for Cu-Au mineralisation.

Other Projects

On 21 July 2017, the Company signed an agreement with certain sellers (the "**Total Iron Sellers**") to acquire the entire issued shares of Total Iron, a company which owns five highly prospective cobalt-copper-zinc-nickel project areas – one in New South Wales and four in Queensland (including the Marlborough Project). In consideration for the Total Iron Acquisition, the Company issued 15,000,000 Ordinary Shares in the Company to the Total Iron Sellers and facilitated Total Iron entering into a royalty agreement pursuant to which the Total Iron Sellers were entitled to a net smelter return royalty of 3 per cent. in respect of the tenements. The Company completed the Total Iron Acquisition on 5 September 2017.

Broken Hill Project

On 2 May 2018, the Company announced its geology team had identified six highly prospective sites for cobalt mineralisation within the Broken Hill Project following reconnaissance mapping, geochemical work on-site. Following a field trip to the "Area 1" prospect within the Broken Hill Project in August 2019, the rock chip assays from samples taken from outcropping Himalaya Formation returned up to 2.37 per cent. Cu, indicating the ground has possibilities for ore grade polymetallic mineralisation. Moreover, this finding is a clear nexus to historic assay results in the region – up to 17.7 per cent. Zn, 12 per cent. Cu and 8.2 per cent. Pb – which highlights the base metal potential. The Company's objective is to secure a prospective partner to fund the development of the Broken Hill Project on a free carried interest basis. To this end the Company announced on 24 February 2020 that it had entered into a memorandum of understanding with Impact Minerals Ltd (ASX:IPT) and Squadron Resources Pty Ltd (a private company, and who own

tenements in close proximity to the Broken Hill Project. The memorandum of understanding provides for the three parties to establish a special purpose vehicle in which all three parties will have a one third interest, with each of the Company, Impact Minerals Ltd and Squadron Resources Pty Ltd each contributing their adjacent tenements to the special purpose vehicle. The special purpose vehicle will then seek strategic investors with whom to joint venture on the exploration and development of the wider project area.

Chilean Concessions

In May 2013, the Company acquired the entire issued share capital of Castillo Exploration Pty Ltd. Castillo Exploration Pty Ltd. held a project portfolio of prospective Chilean copper projects, through its wholly owned subsidiary, Castillo Copper Chile SpA, including the Quebrada Huanta Project. Due to the three-pillar strategy, the Company has relinquished its title in the Quebrada Huanta concessions.

Strategy and rationale

With a positive global outlook for both base and precious metals, the Directors believe that the Group's current asset portfolio provides a base from which the Company will seek to add significant value through the application of structured and disciplined exploration.

Further investments may be considered: (i) where assets in strategic commodities are geologically prospective but undervalued; (ii) where technical knowledge and experience could be applied to add or unlock upside potential; (iii) where the assets may be synergistic to the current portfolio; or (iv) where project diversification will add strategic growth opportunities within an appropriate time frame.

As described above, the Company's short-term objectives will focus on the delivery and development of the Projects. While new project acquisitions may be considered on an opportunistic basis following adequate due diligence, they are not expected to be a primary focus in the short to medium term.

3. Summary of Group's assets and operations

The description of the Group's assets described below, the content of which is sourced directly from the Competent Person's Report of SRK Exploration Services Limited ("**SRK Exploration Services**"), only focus on those assets the Directors deem to be material to the Group.

CANGAI PROJECT, NEW SOUTH WALES

Introduction

The Cangai Project (formerly Jackadgery Project, Cangai Cobalt/Copper Project) is located in the north western corner of New South Wales, Australia, approximately 220km south to southwest of Brisbane, and 500km north to northeast of the state capital, Sydney. The project comprises two contiguous exploration licences, EL8625 and EL8635 ("**Cangai South**"), and a third exploration licence to the north, EL8601 ("**Cangai North**") (Figure 3-1). The Company has principally explored Cangai North and Cangai South for copper and cobalt mineralisation. Approximately 80 per cent. of the historical Cangai Copper Mine, which was active between 1901 and 1919, sits within EL8625 and has been the primary focus of exploration completed to date.

The Cangai Project licences sit immediately north and south of Corazon Mining's Mt Gilmore Project, where reverse circulation drilling at of Corazon's Cobalt Ridge prospect has returned grades of up to 2.475 Co, including 16m at 0.65 per cent. Co, 0.26 per cent. Cu and 0.17 g/t Au; and 34m at 0.23 per cent. Co, 0.26 per cent. Cu and 0.08 g/t Au.

No significant cobalt mineralisation has been identified at the Cangai Copper Mine or the wider Cangai Project area, though the mine does have a high-grade copper JORC Code Inferred Resource and cobalt occurrences are evident in the Cangai North tenement.

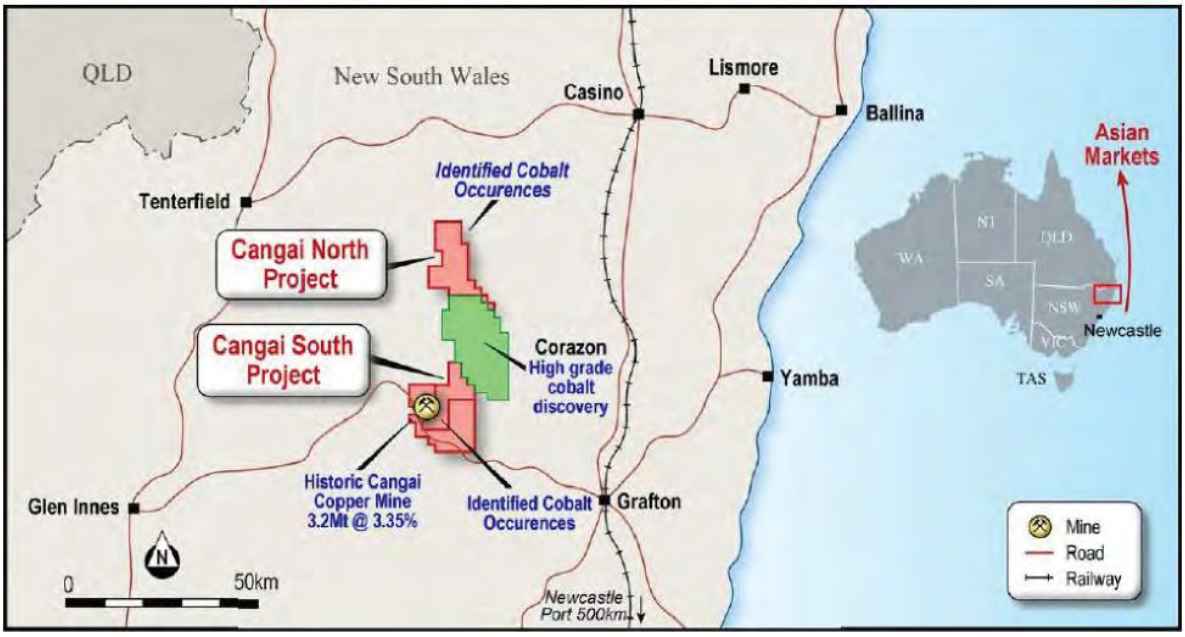


Figure 3-1 – Location of the Cangai Project (Source: SRK Competent Persons Report)

Mineral Tenure

The exploration licences that make up the Cangai Project are held by Total Minerals, Total Iron and QComm, which are wholly owned subsidiaries of the Company as described in "Background and company strategy" in this *Part VI – Information on the Company* of this document. Exploration licence EL8625 was applied for by Total Minerals in February 2017 as exploration licence application ("**ELA**") 5460. The ELA was granted on 17 July 2017 for a period of three years for Group 1 metallic minerals. The licence covers 35 units (103.5 km^2) under the Mining Act.

Exploration licence EL8601 was applied for by QComm as ELA 5446. The ELA was granted on 21 June 2017 for a period of three years for Group 1 metallic minerals. The licence covers 51 units (152.9 km^2) under the Mining Act. Under the terms of the licences the licence holder is required to lodge a security deposit to secure funding for the fulfilment of obligations under the licence (including obligations that may arise in the future) as follows:

- EL8625: A$39,600
- EL8635: A$55,000
- EL8601: A$10,000

Accessibility and Physiography

The Cangai Project is easily accessed by road from Brisbane, following the main A1 highway south to Grafton before turning inland along the B76 for approximately 40km. The Cangai South project straddles this road between Jackadgery and Cangai (Figure 3-2). There are a number of smaller roads within the licence, and much of the north and eastern sections are only accessible by foot, four wheel drive or all-terrain vehicle ("**ATV**").

The Cangai Project lies on the northern edge of the Great Dividing Range of eastern Australia and is characterised by low hills and moderate to steep valleys. Elevations above mean sea level range between around 85m in the river valleys in the south and west of the project area to just below 700m in the central and northern sections of the licence.

Mining history at the Cangai Project

The principal focus within the Cangai Project area is the Cangai Copper Mine. Since its closure a series of exploration programmes have been completed on the mine and the wider area as summarised below.

Dates	Company	Summary
1901 – 1917	Grafton Copper Mining Company Ltd	Following initial discovery in 1901, a reported 4,950 tonnes of copper, 52.7kg of gold and 1,035kg of silver were extracted over 17 years (Australian Geological Survey, 1999). The mine was reportedly exhausted in 1917 (Dally Examiner, 2009), although no exploration had been undertaken below the lowest adit.
1968 – 1971	North Broken Hill Ltd	Stream sediment sampling, mapping and rock chip sampling completed. No results justified drilling.
1971 – 1972	Union Corporation	Focused on the Cangai Copper Mine. Channel sampling within the mine showed low grade ore remaining (less than 2 per cent. Cu). TURAM EM, IP and ground magnetics failed to delineate the shear zone or generate drill targets. Two holes we drilled, most significantly identifying 2m at 1.94 per cent. Cu.
1977 – 1978	Amoco Minerals	Amoco explored for massive sulphide mineralisation with ground magnetics, soil geochemistry and pulse EM but recorded a poor response to all methods and relinquished the ground without drilling.
1982 – 1984	Western Mining	Previously completed ground magnetics were reappraised on the recognition of substantial amounts of Pyrrhotite in high grade ore collected in mine dumps. Two soil anomalies were identified at +60ppm Cu, as well as several strong linear magnetic anomaiies. Soil sampling over the primary magnetic anomaly failed to identify anomalous geochemistry or source lithologies. A 180m diamond drill hole tested the anomaly but returned poor results. Combined with the poor stream sediment results, no further work was recommended, and the licence was relinquished in 1984.
1991 – 1992	CRA Exploration	Geological mapping, rock chip sampling and underground investigations were completed over the Cangai Copper Mine, as well as an exploration drilling campaign with unknown meterage or number of holes. CRA interpreted the mine to be hosted by sedimentary rocks of the Siluro-Devonian Willowie Creek Beds, comprising tuffaceous mudstones, tuffaceous sandstones and conglomerates. Mineralisation is associated with steeply dipping ore shoots in and adjacent to the main shear zone. Whole rock analysis of massive ore ranges from 5-15 per cent. Cu in primary ore, rising to nearly 30 per cent. in supergene enriched rocks (single sample). Zinc ranges from less than 1 per cent. to 10 per cent.; lead typically between 0.05 per cent. and 1 per cent. Gold assays range from 0.5 g/t to 3 g/t, elevated in oxidised and transitional rocks. Cobaltite has reportedly been identified in primary ore, elevated cobalt grades of “approximately 300 ppm” Co reported.

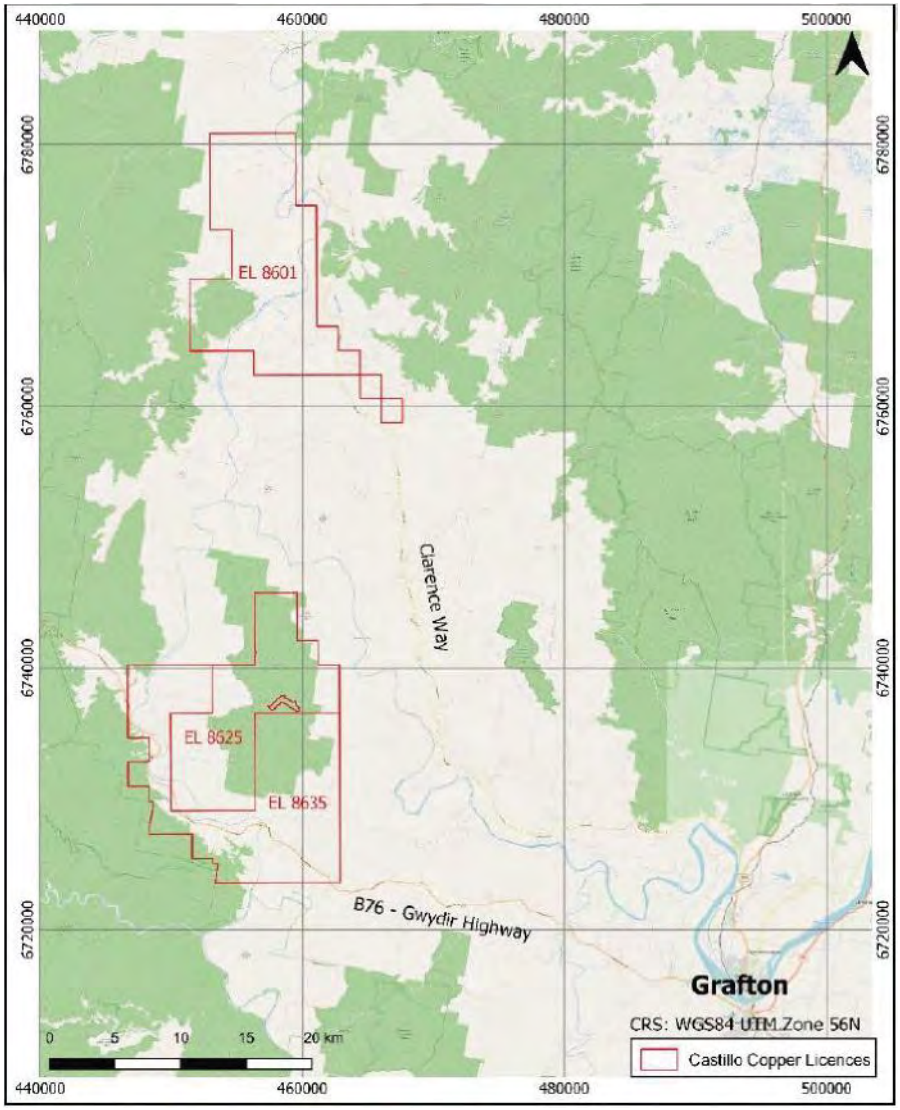


Figure 3-2 – Cangai Project access map (Image Source: SRK ES, Open Street Map, NSW MinView, 2019)

Geological Setting and Mineralisation

The geology of New South Wales is dominated by a series of major sedimentary basins overlying Ordovician to Early Cretaceous basement. The basement rocks of the Delamerian Orogen, Lachlan Oregon, New England Oregon, Thomson Oregon and Sydney and Gunnedah basins are collectively known as the "Tasmanides".

The Cangai Copper Mine is hosted in a hornfelsed volcanoclastic sequences of dacitic volcanics and tuffaceous sediments of the Willowie Creek Beds. The sequence is crosscut by two generations of steeply dipping dykes; an older hydrothermally altered micro-tonalite; and younger crosscutting lamprophyre dykes. A series of late stage chlorite-carbonatequartz-pyrite veins are common throughout the mine area and appear to be related to mineralisation. Pyrite disseminations and fracture fill is also common.

A desk study for the Cangai North area, based on regional reconnaissance and associated stream sediment data undertaken by Xplore Resources Pty Ltd ("**Xplore Resources**") on behalf of the Company in 2018, determined that elevated cobalt, nickel and chromium levels were associated with underlying serpentines, whilst lead, antimony and molybdenum levels were slightly elevated in areas underlain by Drake volcanics. Occurrences of copper, mercury and rare earths were plotted and, although the data coverage was poor, Xplore Resources concluded that there was no evidence to suggest that the Cangai North (EL8601) tenement hosted similar geological conditions to that of

either the Corazon Mining's Mt Gilmore Cobalt Ridge cobalt deposit in exploration licence EL8379 or the Cangai Copper Mine.

Exploration to date has principally focused on the lode-style style, supergene enriched copper mineralisation identified and mined at the Cangai Copper Mine.

Previous explorers have interpreted a "basement window" of exposed magmatic hydrothermal alteration and historical copper workings to the east of the Cangai Copper Mine.

Exploration of the Cangai Copper Mine by the Company commenced with a compilation of historical data and a maiden JORC Code compliant Mineral Resource Estimate ("**MRE**"). Following positive results from this work, further investment was deemed appropriate, and continued exploration has included reanalysis of historical drill core, surface and downhole geophysics, and drilling.

Mineral Resource Estimate

A maiden MRE was completed for the Cangai copper-gold deposit by ROM Resources Pty Ltd ("**ROM Resources**") for the Company in September 2017.

The Inferred Resource was based on all available historical data as of 31 August 2017 compiled in a three dimensional block model and the estimation and classification of the Resource was completed in accordance with the JORC Code.

Inferred resources of 3.2 Mt at 3.35 per cent. Cu were reported at a cut-off grade of 1.0 per cent. Cu. The Mineral Resource was modelled using a 0.5 per cent. Cu wireframe threshold and reported using a reporting cut-off grade of 1.0 per cent. Cu. The Inferred classification was based on geological confidence, drill hole spacing, grade continuity and historical mining data. A summary of the MRE is provided below.

Cangai Project	Mineral Resource Category: Inferred Only						
Copper Resource	Tonnes (Mt)	Grade Cu (%)	Cu metal (t)	Grade Co (%)	Grade Zn (%)	Grade Au (g/t)	Grade Ag (g/t)
Oxide/Transition Zone	0.814	4.1	33,391	0.010	0.63	0.06	27.3
Sulphide Zone	2.397	3.1	74,198	0.003	0.28	0.89	17.7
Total Cu Resource	3.211	3.4	107,500	0.005	0.37	0.80	20.2

Competent Persons Report – Summary of Cangai Mineral Resources as of 4 September 2017 (after ROM Resources, 2017) Note: Totals may not sum exactly due to rounding. Meets standard of the JORC Code reported using a 1.0% Cu cut-off.

Based on the MRE, the Cangai Project is noted as being one of the highest grade copper resources in Australia. In the MRE report the mineralisation was reportedly suitable for open pit mining, extracting remnants from partially mined stopes, and focusing initially on supergene enriched ore. SRK Exploration Services is of the view that the deposit would be more amenable to underground mining.

Surface Data

Two phases of surface data compilation and analysis have been undertaken at the Cangai Project. Initially, over 1,200 historical samples were collated including soils, stream sediments and rock chip samples. As a preliminary exercise, the results from all samples were gridded and "heat maps" produced, highlighting potential zinc, copper and cobalt anomalies. Several anomalous areas were identified, with the most significant to the southeast of the Cangai Copper Mine.

A more detailed desktop study was completed in April 2018, focusing on identification of cobalt anomalies. Extensive zones of elevated cobalt content were identified, including samples with results exceeding 300ppm Co in two locations in the Cangai North licence. Significant results have also been identified around the Cangai Copper Mine to the south, where the presence of cobaltite is also recorded in historical reports.

Geophysics

The Company has undertaken a surface and two downhole electromagnetic ("**EM**") geophysical surveys in the vicinity of the Cangai Copper Mine.

The surface geophysics consisted of a fixed-loop EM ("**FLEM**") survey over 23 lines and 272 stations for a total 12.7 km line, undertaken between 26 November 2017 and 14 December 2017 by a Thai geophysical contractor, Khumsup Geophysics Ltd ("**Khumsup**").

Khumsup also undertook the first downhole EM ("**DHEM**") survey on six holes (1,192m surveyed) between 23 February 2018 and 11 March 2018.

Both the FLEM and DHEM survey data was interpreted by Newexco Services Pty Ltd, who found the FLEM and downhole data difficult to interpret due to the low signal level, noise, the high topographic relief and the fact that superparamagnetic decays looked identical to a bedrock conductor response in 8-field.

The results of these surveys were disregarded by the Company, citing that Khumsup utilised faulty equipment which caused anomalous results from the surveys.

The second DHEM survey programme was completed and processed by Australian contractor, Gap Geophysics Australia Pty Ltd, in September 2016 as part of the Phase 2 drilling campaign and used a different type of downhole sensor from that used in the previous DHEM survey.

The Company considered the second DHEM survey to be much more successful. Five sizeable massive sulphide conductors were identified under the Greenburg, Volkhardts and Mark's slopes, as shown in Figure 3-16. From these conductors, the mineralisation is interpreted as being open at depth.

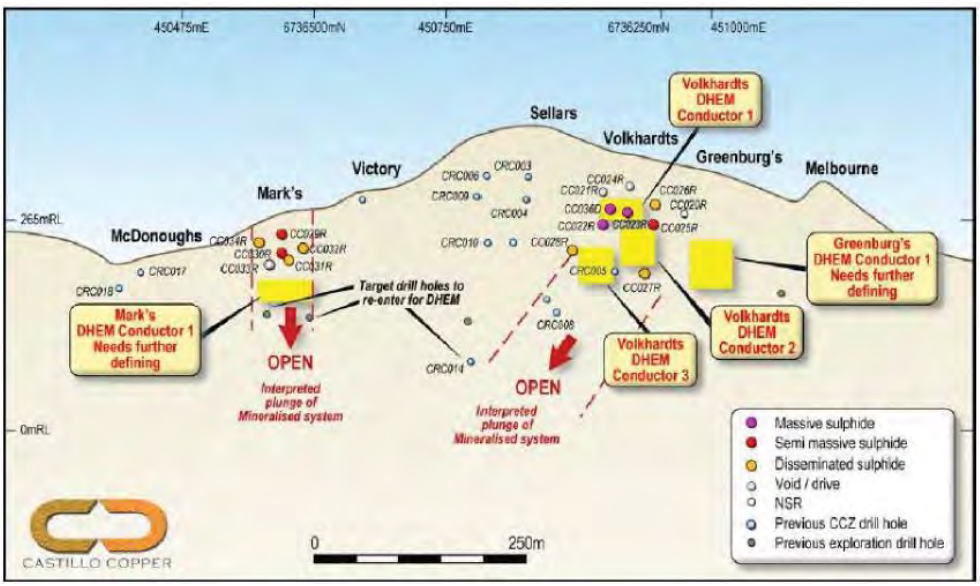


Figure 3-16 – DHEM conductors at the Cangai Copper Mine (Source: SRK Competent Person's Report)

Recent Drilling

The Company has drilled a total of 34 reverse circulation ("**RC**") and two diamond drill holes ("**DDH**") in the vicinity of the Cangai Copper Mine for a total of 5,061m RC and 161.4m DDH.

Drilling was undertaken in two phases, with Phase 1 drilled between December 2017 and March 2018, and Phase 2 drilled in August 2018. RC drilling was undertaken by Budd Exploration Drilling Pty Ltd using a track mounted CDR650 rig, and diamond drilling using a Comacchio drilling rig configured to use HQ triple tube.

Phase 1 Drilling

An initial 3,263m was drilled, with three holes abandoned on intersection with workings (CRC002, CRC003 & CRC007).

Drilling was designed to test and calibrate the initial resource model and the Company's theory that areas between the high grade zones mined historically are mineralised.

Sulphide mineralisation (chalcopyrite + pyrite + pyrrhotite) was intercepted in seven of the first nine holes drilled and disseminated mineralisation was identified in hole CRC004, both before and after intercepting mine workings, proving the existence of a mineralised halo outside of the mined area.

Hole CRC008 was drilled between the historical lodes at Sellars and Volkhardts, returning a 30m long (10.3m true width) intercept of disseminated mineralisation (trace to 5 per cent.) and breccia sulphides (5 to 20 per cent). Drill findings supported the Resources outlined in the 2017 MRE and identified additional mineralisation outside of the modelled envelope.

Significant intersections from the programme included 1m at 3.31 per cent. Cu, 1.11 per cent. Zn and 5.7 g/t Ag from 39m in hole CC018. This is interpreted as a splay from the main lode and may represent additional mineralisation away from the known workings.

Phase 2 Drilling

A second phase of drilling commenced in July 2018, planned for 39 RC holes, and targeting both supergene mineralisation and extensions of massive sulphide zones identified during the Phase 1 programme.

In December 2018, exploration licences EL8625 and EL8635 were suspended following identification of significant compliance issues, and drilling was stopped after only nine RC holes and two DDHs were completed. Highlighted issues included poor management of drill cuttings and waste material, clearing of areas outside of approved limits, and drilling of five holes without the required environmental approvals.

Approval for recommencement of exploration was granted in May 2019, following completion of a remediation programme. The Company's internal procedures were also updated to avoid further breaches.

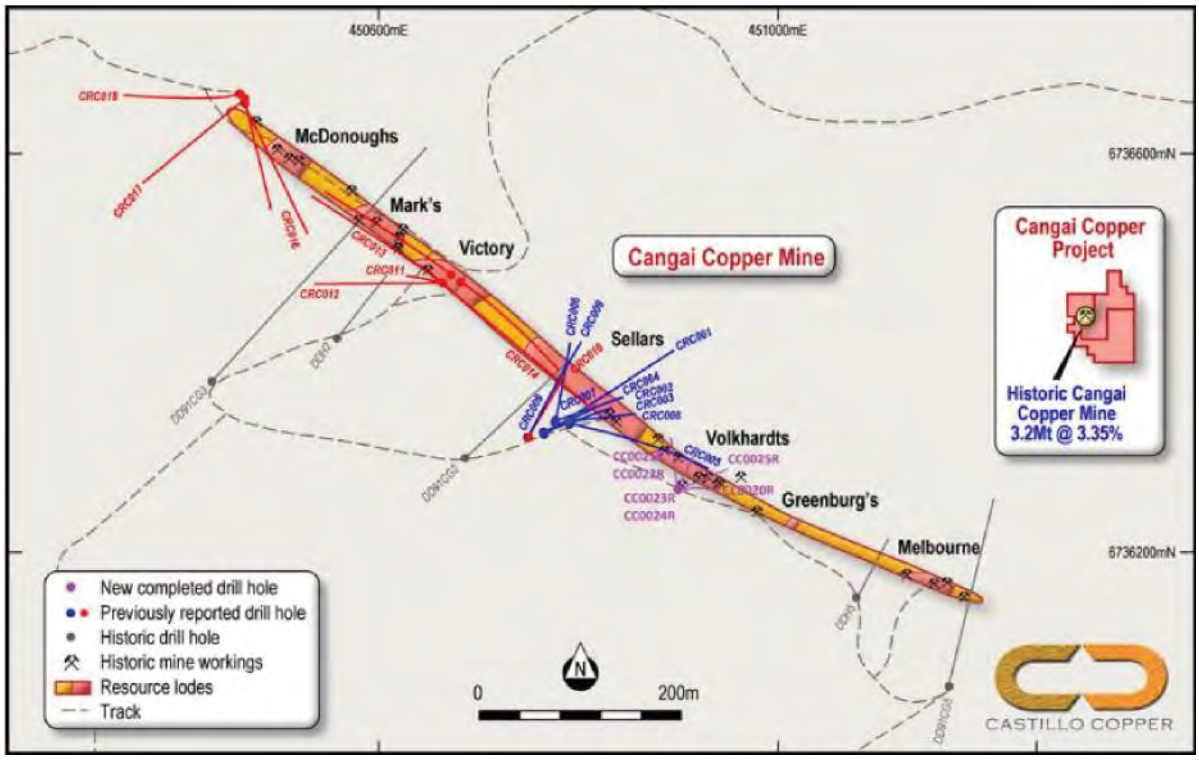


Figure 3-19 – Location and trace of RC holes drilled by Castillo Copper as part of Phases 1 and 2 (Source: SRK Competent Person's Report)

Drilling intercepted a number of high grade massive sulphide zones, with the highest grade intercept coming from CC0023R (11m at 5.94 per cent. Cu, 2.45 per cent. Zn and 19.1 g/t Au from 40m including 1m at 10.25 per cent. Cu. 1.68 per cent. Zn & 32.5 g/t Ag from 48m.

Smelter Slag Sampling

Prior to SRK Exploration Services site visit, three samples had been collected by the Company from the slag dump at the historical Smelter Creek smelter site. The samples returned significant grades of copper, cobalt and silver, as shown in Figure 3-6 below.

Sample ID	Cu (%)	Zn (%)	Co (ppm)	Silver (ppm)
1012521	0.995	2.30	357	2
1012522	1.04	2.26	286	2.2
1012523	1.25	2.57	319	2.7

Figure 3-6 – Assay Results from Smelter Creek Slag Samples (Source: SRK Competent Person's Report)

These samples have been submitted for metallurgical test work to facilitate securing an agreement for the offtake of stockpiled material.

During the site visit, SRK Exploration Services was able to verify a range of copper, zinc and arsenic values for slag fragments with the aid of a handheld X-ray Fluorescence Spectroscopy ("**pXRF**") analysis, with example grades of 0.62 per cent. Cu, 0.62 per cent. Cu and 1.94 per cent. Cu; and 3.01 per cent. Zn; 3.035 per cent. Zn and 2.107 per cent. Zn. The slag fragments are generally angular and range from course gravel to cobble in size.

Whilst on the site visit the Company and SRK Exploration Services collected approximately 50kg of representative slag fragments from around the rim of the dump for planned additional future test work, the Company is currently considering methods for determining the base of the dump with the topography to calculate the volume of the slag material.

Rehabilitation

The Company has developed thorough protocols for future site works including the handling and disposal of drill cuttings and the management of water, sediment and run-off. The water management solutions, which have been installed since the cessation of the Phase 2 drilling programme are actively monitored on a quarterly basis, with reports and photographs submitted to the relevant New South Wales authorities. It is understood that New South Wales regulations dictate that the landowner is not allowed to undertake the habitation or remedial ground works on behalf of the Company, that an independent third party should be retained to undertake this work.

Conclusion

To date, the work completed at the Cangai Project has focused on the Cangai Copper Mine, shown to be one of the highest grade copper resources in Australia through completion of a JORC Code complaint MRE in 2017.

Exploration has primarily consisted of validation of existing data, including re-sampling and reanalysis of available core, as well as RC and diamond core drilling. Downhole geophysical programmes have also proven useful in the identification of conductive zones and drilling of these zones has returned a number of positive results.

In December 2018, the exploration licences covering the Cangai Copper Mine were suspended due to a lack of environmental compliance, however following the resolution of these issues in May 2019, exploration work can recommence.

Exploration has shown the Cangai Copper Mine to be very prospective and holds good potential for development as a low tonnage, high grade copper-zinc-silver mine. This may be expanded with the identification of additional mineralised bodies in the local area, which historical exploration suggests are present. Despite good results from historical rock chip samples and smelter slag samples, extensive and economic cobalt mineralisation has not been demonstrated at the Cangai Copper Mine but there may be some potential in the surrounding area.

The Cangai Project and the Cangai Copper Mine is the most progressed exploration asset in the Company's portfolio. Whilst the Inferred Resource based on historical datasets requires the additional support of contemporary drilling data sets and further geological constraint, in the opinion of SRK Exploration Services, there is a potential for significant Resource upgrade and the possibility for development into a high-grade underground mining operation, subject to all the necessary work and technical and economic studies.

The Cangai Copper Mine also offers the potential of a near-term revenue stream from the smelter slag dumps subject to relevant permissions and slag chemistry. Preliminary sampling has shown the slag to carry potentially economic residual grades of zinc and copper. The viability of the slag for economic repossessing will depend on metallurgical test work findings.

In late September 2019, the Company announced the intention to progress the Cangai Project towards a bankable feasibility study. SRK Exploration Services is of the view that with the necessary budget and work stream planning this is an achievable goal. The Company will have to maintain strict coherence to the stringent New South Wales environmental legislation and should prioritise a Resource upgrade and a scoping study as the intermediate work steps, with a pre-feasibility and optimisation study to follow.

The Cangai North concession is an early stage exploration tenement which has thus far only be subject to reconnaissance and desk based studies. SRK Exploration Services is of the view that Cangai North tenement would benefit from a systematic geochemical and geophysical survey approach but this tenement is currently a lower priority for the Company.

MT OXIDE PROJECT, QUEENSLAND

Introduction

The Mt Oxide Project is located in north western Queensland, Australia and is approximately 1,650km northwest of the state capital, Brisbane, and 140km north of the historic mining town of Mt Isa. The closest major city is Darwin, the state capital of the Northern Territory, 1,200km to the northwest. The project is surrounded by numerous active copper-gold explorers (Figure 5-1). The Mt Oxide Project comprises four mineral tenures covering a total area of 736.8 km^2.

Mineral Tenure

The exploration licences that make up the Mt Oxide Project are held by three companies: Total Minerals, Total Iron and QComm, which are wholly owned subsidiaries of the Company as described in "Background and company strategy" in this *Part VI – Information on the Company* of this document.

Exploration permit minerals ("**EPM**") 26462 ("**Big Oxide North**") was granted to QComm on 29 August 2017 and is valid for five years for all minerals (other than coal) and covers 67 sub-blocks (216.5 km^2). EPM 26525 ("**Hill of Grace**") was granted to Total Minerals on 6 December 2018. The permit is valid for five years for all minerals (other than coal) and covers 38 sub-blocks (122.8 km^2). EPM 26513 ("**Torpedo Creek/Alpha Project**") was granted to Total Iron on 13 August 2018. The permit is valid for five years for all minerals (other than coal) and covers 23 sub-blocks (74.2 km^2). EPM 26574 ("**Valparasia North**") was granted to Total Minerals on 6 December 2018. The permit is valid for five years for all minerals (other than coal) and covers 100 sub-blocks (323.3 km^2).

Accessibility and physiography

Access to the Mt Oxide Project is challenging as there are no sealed roads, though there are some established tracks in the area and crossing the licences. The project area can be accessed from Mt Isa by taking the A2 Highway north for approximately 50km. At this point it is possible to turn off the road onto an establish track, following this north for approximately 90km to the settlement of Gunpowder and the Capricorn Copper Mine. From here it is possible to follow further tracks north to the historical Mt Oxide Mine 25km to the north, with tracks leading through and nearby to the Alpha Project.

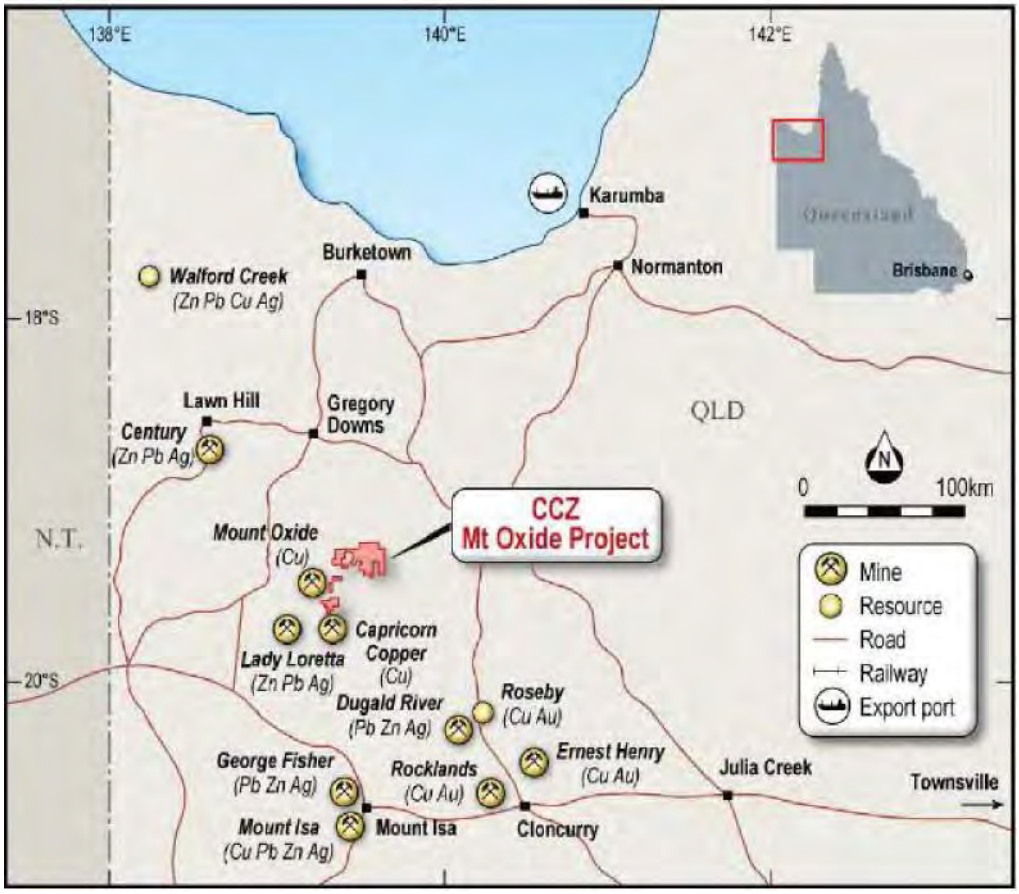


Figure 5-1 – Location of the Mt Oxide Project (Source: SRK Competent Person's Report)

Exploration and Mining History

With the Mt Oxide Project in close proximity to Mt Isa and numerous historical and active mines, the project area has understandably been extensively explored. Data provided by the Company to

SRK Exploration Services shows that 33 separate historical exploration permits have been held covering all or part of Valparasia North, and 21 permits covering all or part of the Hill of Grace. No data has been provided for the Alpha Project and Big Oxide North but SRK Exploration Services has assumed that a similar level of exploration has been undertaken in these areas.

EPM 26574 Valparasia North

The ground within EPM 26574 has predominantly been explored for sedimentary hosted copper sulphide mineralisation (Mt Isa-style), as well as other styles of copper, lead and zinc mineralisation. Limited, structurally hosted, gold and diamond exploration has also been completed. Exploration activities have principally been airborne and ground geophysics, stream sediment, soil and rock chip geochemical sampling together with limited percussion drilling of follow up targets. Gravity surveys and reconnaissance geological mapping has also been completed less commonly.

The most significant exploration results from this work includes:

- Identification of numerous mercury and copper-lead-zinc responses from an airborne geochemical survey completed by Consolidated Gold Fields Australia Limited. Follow up mapping and stream sediment sampling was completed but no areas of economic significance were located.
- Seven kilometres of discontinuous copper carbonate and copper phosphate staining located at two prospects through reconnaissance prospecting and geological mapping by Dampier Mining Company Limited. Eighty-one rock chip samples from mineralised outcrops were analysed and twenty-nine percussion holes drilled. Eight hundred and ninety-nine samples were collected from this drilling for analysis. Results of the programme are however unknown.
- Eight areas of elevated gold or base metal content were delineated by Mt Isa Mines Limited through airborne and ground EM surveys, selective rock chip sampling and stream sediment sampling. Further stream sediment sampling resulted in gridded soil sampling at seven prospects, of which four were anomalous for gold, two for copper, one for copper-gold, and one for lead-zinc. Five percussion holes were drilled to test gold anomalies at one prospect.

EPM 26525 Hill of Grace

As with Valparasia North, the Hill of Grace permit has predominantly been explored for base metal sulphides and gold mineralisation. There are two known copper deposits or historical workings within the permit; Arya (or Myally Gap) and Eldorado. These are considered prospective because of their stratigraphic and structural setting, comparable to Mt Oxide and Mt Gordon copper deposits to the south.

Twenty-one historical EPMs have intersected the current permit, explored by fifteen different companies since 1971. The most significant exploration results from this work includes:

- Exploration by CSR Limited for syngenetic, stratabound copper mineralisation within the Myally Beds and Surprise Creek Beds based on Zambian Copperbelt models resulted in identification of significant Cu mineralisation within carbonate and ferruginous sandstone units. Soil values returned a maximum of 880ppm Cu, and rock chip samples of 380ppm Cu recorded.
- Geophysical exploration by BHP Minerals Pty Ltd including GEOTEM and ground TEM surveys identified 11 anomalies. Four of these anomalies were selected for follow-up sampling, with "very high copper values" returned from a fault zone above two of the samples.
- Field exploration by Superior Resources Ltd reported uranium anomalies, followed up with a 52 hole drilling programme for 2,596m (drilling method unknown). Assay results indicate that the Toolebuc Formation contains anomalous Ag, Cu, Mo, U, V and Zn content, though they are well below economic grades at the location drilled.

Geological Setting and Mineralisation

The Mt Oxide North project is located within the Mt Isa Inlier of western Queensland, a large exposed section of Proterozoic (2.5 billion to 540 million year old) crustal rocks. The inlier records a long history of tectonic evolution, now thought to be similar to that of the Broken Hill Block in western New South Wales. The evolution of the basement rocks is poorly understood but they are composed primarily of strongly deformed and metamorphosed amphibolite facies gneisses and migmatites, felsic volcanic rocks, granitic plutons and minor schists and phyllites.

The Mt Isa inlier is host to numerous large shale-hosted Pb-Zn-Ag sulphide deposits including the Mt Isa, Century, Hilton and George Fisher deposits, hosted by sedimentary successions deposited in anoxic basin conditions. The deposits are typically located along the Leichhardt River fault trough within the Western Fold Belt, and on the Lawn Hill Platform to the northwest. A number of genetic models have been proposed for these deposits including sedimentary exhalative, diagenetic models and comparisons with Mississippi Valley-type deposits.

Iron-rich Broken Hill type mineralisation is also found, as well as structurally controlled coppergold deposits.

Exploration

Exploration completed to date by the Company at the Mt Oxide Project is limited to desktop review of historical exploration data. Three studies have been completed by ROM Resources on behalf of the Company and no exploration work has been completed on the Torpedo Creek licence.

Publicly available geochemical data collated by the Queensland Department of Natural Resources, Mines and Energy ("**DNRM**") was downloaded for the permits, including a buffer of 1,000m in all directions. Addition hardcopy data was also digitised to provide a comprehensive database of available samples. This work was completed over the Big Oxide North area only.

Analysis included combining all geochemical data, gridding results by element, and plotting anomalous concentrations to examine spatial and structural associations. ROM Resources recognised that whilst not technically correct to combine results from different sample types (soil, rock chip and stream sediment), the method is useful as a first pass tool.

From this analysis, several high-grade copper and cobalt anomalies were highlighted, including zone close to 12km in length. Cobalt anomalies are interpreted as having a north to northeast trend, with best results seen to the north-east of the project area, returning grades greater than 380ppm Co and up to 924ppm Co against a background of 50ppm Co. Copper anomalies are more frequent and have a less clear orientation, with a high grade of 3.1 per cent. Cu within the licence, and up to 18.4 per cent. Cu just outside the licence in zone 3 against a 1 per cent. Cu background.

Target Generation Study

A Target Generation Study covering the three northern permits (Valparaisa North, Hill of Grace and Big Oxide North) was completed by ROM Resources in February 2019. The review included databasing and modelling of publicly available geochemical data from the DNRM, including surface geochemical sampling, and where available, drilling results. In total, twelve target areas were identified and of these targets, Valparaisa, Myally Gap (Ayra) and Black Mountain are considered the most prospective for copper, cobalt and rare earth element ('**REE**") deposits. A further summary of Black Mountain and Valparasia is provided below. Recent interpretation of airborne geophysical data has allowed reappraisal of the Myally Gap (Ayra) target and is discussed later in this section.

Black Mountain (Copper)

The Black Mountain Copper Prospect is a low-level copper anomaly identified from stream sediment sampling by Mt Isa Mines Ltd. The prospect has also been mapped as a uranium-manganese prospect by government geologists. The prospect is located within a northeast trending thin belt of the Quilalar Formation sediments, proximal to a northeast trending fault. It was defined by six samples of between 18 and 74ppmCu, as well as visual observation of outcropping ferruginous material. Sixty-seven soil samples were collected over an area approximately 900m x 900m, returning results 16 samples with anomalous values.

Valparasia (Copper)

The Valparasia copper prospect consists of two horizons within the Middle Gunpowder Creek Formation. The surface expression consists of a weak, discontinuous copper staining with a strike length of approximately 6km. The "lower copper bed" has stronger outcrop and is more heavily stained with ferric turquoise, with occasional pyritic lenses up to 10cm in length and Liesegang banding. The "upper copper bed" occurs in a valley between quartzite ridges, often obscured by alluvium. Malachite and turquoise staining are seen on bleached siltstones and fine sandstones.

Fifty-one surface chip samples were collected and eighteen rotary air blast ('**RAB**") drill holes were drilled by Dampier Mining Company Ltd. Surface sampling returned fifteen samples with anomalous

values, including 12 samples of greater than 200ppm Cu, and three samples of greater than 50ppm Co. Half of the copper values exceeded 1,000ppm Cu.

The "lower copper bed" returned poor drilling results, with the best intercept only 3m at 0.08 per cent. Cu, and an average of 0.04 per cent. Cu from samples. In the "upper copper bed", slightly more promising intervals of 6m at 0.18 per cent. Cu including 3m at 0.33 per cent. Cu were intercepted. No RAB samples were tested for cobalt or REE mineralisation and no pulps are held for retesting.

This desktop review concluded that whilst the project area is well explored for typical base metals and uranium, it is under-explored for cobalt, vanadium and REE, for all of which the area is considered prospective. Many of the identified targets have not been drill tested and recommendations are made for follow up fieldwork.

Desktop reviews also highlighted the availability of a large amount of ground magnetic and induced polarisation ("**IP**") survey data for the permits, with recommendations made to digitise and georeferenced this data for future study.

Ayra Prospect – Geophysical Interpretation Study

In March 2019, Geoscience Australia released a regional airborne magnetic survey and geochemical sampling programme results for the Mt Isa Province. Both surveys were completed at relatively coarse resolution, however one line traversed the Hill of Grace tenement. Although most of the anomalies reflect shallow conductors related to black shales, one discordant bedrock anomaly was observed adjacent to the Myally Gap (Ayra) prospect (Figure 5-11).

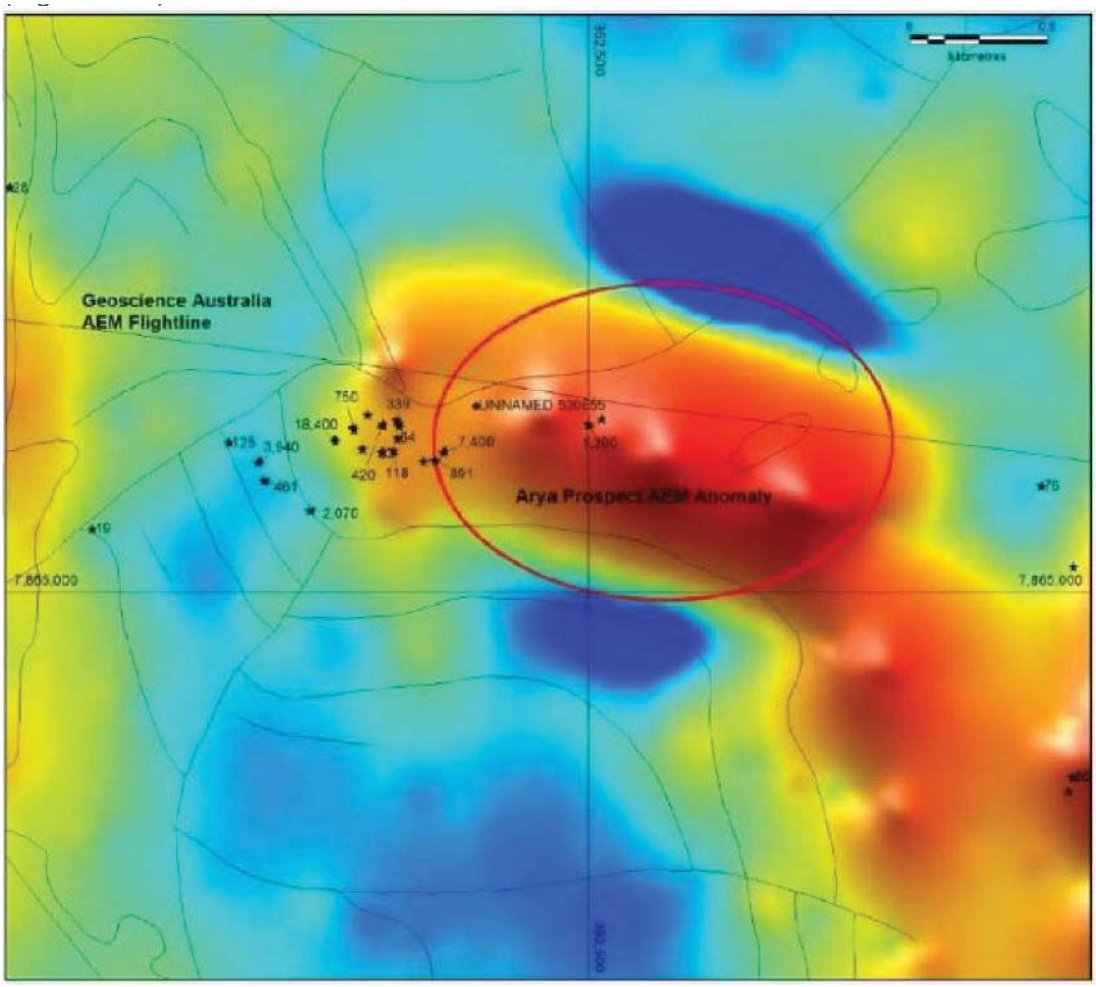


Figure 5-11 – Airborne magnetic response over the Ayra prospect. Samples labelled by copper assay results (Source: SRK Competent Person's Report)

The Ayra prospect was identified during target generation from surface geochemical samples, including eight samples reporting over 1,000ppm Cu (including 18,400ppm Cu), and four exceeding 50ppm Ag. The prospect is located within the Myally sub-group units of the Surprise Creek Formation, which is close to an east-west to northeast-southwest trending fault. The current interpretation is that the magnetic anomaly is a down plunge extension of brecciated copper mineralisation identified at surface, representing a structurally controlled copper sulphide deposit.

The Myally Gap (Ayra) prospect has previously been explored by BHP Minerals Pty Ltd and was interpreted as possible iron-oxide-copper-gold mineralisation. A ground magnetic survey over the area indicated that a target exists approximately 426m below surface and was recommended for drilling. No drilling has been completed to date.

Conclusion

To date, only the Valparasia, Hill of Grace and Big Oxide North permits have been the subject of desktop based studies by the Company, with no work completed on the Torpedo Hill permit and no ground exploration work undertaken. These permits have been extensively explored by other companies over the past 50 years, leading to a wealth of geological, geochemical and geophysical data for the project. This exploration has typically focused on copper, gold and uranium, and cobalt and rare earth elements are considered under-explored.

Three separate desktop reviews have been completed:

- Collation, combination and first pass analysis of surface geochemical data to define trends, geological and structural associations;
- Review of historical exploration reports with a view to identifying historical targets suitable for follow up exploration; and
- Interpretation of results from the target generation study with recently released (March 2019) airborne geophysical survey data.

In addition, work has started on the digitisation and georeferencing of the numerous ground geophysical surveys that have been undertaken, to aid reinterpretation and comparison with the targets generated through other work streams.

Nine targets of interest have been generated, primarily from review of the historical exploration, of which four have been drilled historically. Of these nine targets. Valparasia, Black Mountain and Ayra are considered the most prospective for cobalt mineralisation. Valparasia consists of over 6km of discontinuous copper staining within two beds. Rock chip samples have returned grades of over 1,000ppm Cu and 50ppm Co, although drilling results have been generally disappointing.

The Ayra target was identified from multiple surface samples returning grades of over 1,000ppm Cu and including one sample at 18,400ppm Cu. Surface expression is limited to copper staining within brecciated quartzites and sandstones, but recent and historical geophysical surveys suggest that there is potential for a down-dip sulphide unit. Whilst the results from these studies do show the potential for mineralisation, the majority of prospects tested to date have been determined to be uneconomic and abandoned. It is noted that this decision has typically been made without any drilling, and there is still potential for significant sub-surface mineralisation to be discovered.

ZED PROJECTS, ZAMBIA

Introduction

On 10 July 2019, the Company announced it had entered into the Zed Heads of Agreement in relation to the Zed Acquisition. On 20 February 2020 the Company entered into the Zed Acquisition Agreement and the Zed Acquisition completed on 25 February 2020 as described in "Background and company strategy" in this *Part VI – Information on the Company* of this document.

As part of its due diligence, the Company commissioned Laureates Mining Ventures Limited ("**Laureates Mining Ventures**"), a Zambian consultancy company, to prepare an independent report. This study included the Lumwana, Luanshya and Mkushi projects but excludes the Mwansa project.

The Luanshya Project and the Lumwana North and South project are located within the Copperbelt Province, the Mkushi project is within the Central Province of north-central Zambia and the Mwansa

Project is located in the Luapula Province. All of the properties are located between 100km and 400km from Zambia's capital city, Lusaka.

SRK Exploration Services conducted inspection site visits to the Mkushi project on 30 September 2019 and the Luanshya project on 1 October 2019. The Lumwana North and South project and Luanshya Project are located close to some of Zambia's largest copper mines, including First Quantum Minerals' Sentinel Mine, Barrick Gold's Lumwana Mine and Vedanta's Konkola Copper Mines. The Mkushi Project licence encircles a mining lease held by Shi & Yan Mining, covering the historical Mkushi Copper Mine.

The mine was re-opened as an open pit in mid-2018 with a 15 year mine life. To date, very limited exploration of the Zed Projects has been undertaken by Zed, but the areas are known to be proximal to artisanal and small-scale mining operations.

Mineral Tenure

Through its subsidiaries, Zed holds seven mineral licences in Zambia, of which three licences are currently under application. A summary is provided in Table 6-1 below, with further details outlined in the individual project summary sections below.

Project Licences Name		Registered Holding Company	Licences/ Application Status	Area (km^2)[1]
Luanshya	22448-HQ-LEL	Forward Chimbia Limited[2]	Granted	118
	25195-HQ-LEL	Belmt Resources Mining	Application	
	25273-HQ-LEL	Company Ltd[3]	Application	
Mkushi	24659-HQ-LEL	Chalo Mining Group Limited	Granted	557
Lumwana	23913-HQ-SEL	Chalo Mining Group Limited	Granted	10
N&S	23914-HQ-LEL		Granted	
Mwansa	25261-HQ-LEL	Chalo Mining Group Limited	Application	436

Table 6-1 – Summary of Zed Exploration Licence and Application holdings in Zambia

Notes: 1 – Areas rounded. 2 – Zed currently holds a 0 per cent. interest in Forward Chimbia licence 22448-HQ-LEL, the holding will be taken to 80 per cent. via exploration earn in milestones. 3 – Zed currently holds a 55 per cent. interest in Belmt Resources Mining Company Ltd licences 25273-HQ-LEL and 25195-HQ-LEL, this holding will be taken to 80 per cent. via exploration earn in milestones.

Underlying Agreement

The Luanshya Project licences are subject to underlying agreements between local parties acting as the licence vendors and Lufilian Resources Zambia Ltd acting in the interest of Zed. The earn-in agreement requirements associated with the Luanshya granted licence 22448-HQ-LEL is summarised in Table 6-2, as the requirements have a bearing on Zed's ability to reach an 80 per cent. holding in the assets.

Relates to Project Licence	Exploration Earn-in Detail	Conditions
Luanshya Agreement on Forward Chimbia Limited granted licence 22448-HQ-LEL	Stage 1: The Purchaser has right to maintain 55 per cent. of the licences By funding exploration work and defining a JORC compliant Mineral Conditions Resource. If the Purchaser stops funding before the Mineral Resource, then the 55 per cent. stake transfers to the Vendors (who will then hold 100 per cent.) Stage 2: Following a JORC Resource the Purchaser can earn-	Subject to a 5 year term, and the free carry of the Vendor up until Completion of the pre-feasibility Study (end of Stage 2).

Relates to Project Licence	Exploration Earn-in Detail	Conditions
	in to 80 per cent. by funding a pre-feasibility study Stage 3: Following the Pre-Feasibility Study, the Purchaser has the option to purchase the remaining 20 per cent. subject to valuation, or to progress forward together on a **fund or dilute basis.**	

Table 6-2 Summary of Underlying Agreement Luanshya Granted Licence (22448-HQ-LEL) Exploration Earn-in Requirements

Under an agreement relating to the Belmt Resources Luanshya licence applications (25195-HQ-LEL and 25273-HQ-LEL), Zed shall raise finances to cover all administrative, statutory and exploration costs for the successful completion of the Luanshya project. Upon being granted exploration licences 25195-HQ-LEL and 25273-HQ-LEL, and within the statutory required time from the date of the issue of such exploration licences, Zed shall finalise the following:

- Consents from Chiefs, Local Authorities and Statutory Bodies;
- Complete Demarcation, Verification, Survey and Pegging of the areas;
- Complete Zambia Environment Management Agency (ZEMA) EPB for Exploration;
- Desk Top survey report;
- Geo Physical and Geo Chemical Survey; and
- Within two years of the grant of the environmental licences, complete the drilling program.

Following the completion of the aforementioned requirement and the successful completion of a pre-feasibility study as determined by Zed, Zed's shareholding will be increased to 80 per cent. Following the completion of the pre-feasibility study, the shareholders may decide to sell their remaining 20 per cent. interest to Zed at a mutually agreed value.

Accessibility

Zambia is a land-locked country in south-central Africa. Located to the south of the Democratic Republic of Congo ("**DRC**") and to the north of Zimbabwe, it shares borders with seven countries in total. It is a member of the Commonwealth having gained independence from the United Kingdom in 1964. Zambia's capital, Lusaka, along with the Copperbelt Province are the main economic hubs of the country. Lusaka is also the location of the headquarters of the Common Market for Eastern and Southern Africa.

Geology and Mineralisation

The geology of central Zambia, where the Zed Projects are located, is dominated by rocks of the Lufilian Arc (Lumwana North and South Project and Luanshya Project) and Irumide Belt (Mkushi Project). The Mwansa Project is underlain by rocks of the Bangweulu Block.

Lufilian Arc

Both the Lumwana North and South Project and the Luanshya Project are situated upon the Lufilian Arc, which has a dominant northeast-southwest trend across Zimbabwe from Angola in the west and into the DRC in the north. Within the southern DRC, the Arc swings east and then south, re-entering northern Zambia in the vicinity of the Copperbelt. A characteristic of the Lufilian Arc is the presence of granitic basement "domes" within deformed strata of the Katanga. These domes are interpreted as either basement diapirs, or as tectonic slices of basement trust into the Katanga. The geology of the Lufilian Arc is primarily rocks of the Katanga Supergroup. Katanga rocks are almost exclusively sedimentary with only minor igneous rocks. The sequence overlies the basement and Muva rocks by angular unconformity. Two main divisions are recognised within the group: the Mine Series Group, and the Kundelungu Group.

The rocks of the Lufilian Arc have been extensively deformed by multiple tectonic events. This is generally accepted to have commenced with formation of recumbent folds in the Lower Roan, especially around Luanshya, and known as the "Lomanian Orogeny". This is followed by a period of east-northeast thrusting, before deep burial of the Lower Roan in the "Lusakan Folding" event. The basement domes of the Copperbelt region are likely related to this period of thrusting. The Mwembeshi Shear Zone to the southeast of the Copperbelt has been interpreted as a lateral ramp developed during this thrusting event.

Irumide Belt

The Mkushi project is located upon the Irumide Belt which is composed of basement rocks and rocks of the Muva Supergroup. These rocks have been extensively folded and sheared forming a northeast trending belt stretching over 900km across eastern and central Zambia. The Irumide Belt rocks are dominated by a northeast-southwest orientation of stratigraphy and tectonic fabrics, though northwest trending recumbent folds have been identified in the Luangwa Valley, attributed to a late phase of the Irumide event. A southeast trending over-print is also present to the south of Lusaka, related to the later Zambezi belt. The basement rocks deformed by the Irumide event are high grade metamorphic rocks.

Bengweulu Block

The Mwansa Project is situated upon the Bengweulu Block which is the cratonic unit underlying most of southern Zambia, extending north into Tanzania and southern DRC. The Bengweulu Block consists primarily of crystalline basement rocks and weakly deformed sediments of the Muva Supergroup. The basement has been split into schists, porphyries (metavolcanics) and granitoids.

Granitoids form the majority of the basin and comprise a number of composite batholiths. The batholiths are typically zoned from granodiorites to foliated porphyritic granite centres and show locally intrusive contacts. The granitoids are chemically similar to the metavolcanics and are interpreted as having an origin similar to the Andean batholiths.

Local Geology

Limited fieldwork has been completed on the Zed Projects to date, and only limited information is available on their geology beyond published geological mapping. A summary of the projects' geology is provided in Table 6-2 below.

Project	**Geological Summary**
Luanshya	Underlain by rocks of the Roan and Kundelungu in the south of the Copperbelt. Closely associated with granitoid and gneissose basement rocks.
Mkushi	Closely related to the Mkushi Shear Zone within metasedimentary rocks of the Manshaya River Group.
Lumwana North & South Projects.....	Underlain by basal conglomerate rocks of the Lower Roan within the Mine Series Group. Closely associated with granitic rocks of the Mwombezhi dome.
Mwansa Project	Predominantly underlain by quartzite-pelite rocks of the Muva Supergroup, with minor volcanics and metavolcanics.

Table 6-2 – Summary of the geology of the Zed Projects (Source: SRK Competent Person's Report)

Exploration and Mineralisation Model

The Company has yet to complete the Zed Acquisition and, as such, the Company has not undertaken any exploration work in Zambia. Reporting has been limited to the independent desk study commissioned from Laureates Mining Ventures. Zed's geological contractors have undertaken reconnaissance filed visits and have commenced data compilation exercises for the individual project areas. It is understood that at the time of writing this is work in progress.

Due to the early stage of the Zed Projects and the lack of formalised targets, no mineralisation model is presented in the Competent Person's Report.

A. Luanshya project

The Luanshya project consists of three licence areas: one large scale exploration licence 22448-HQ-LEL which is currently active and held by Forward Chimbia Limited and two applications for large scale exploration licences which were made in the name of Belmt Resources Mining Company Ltd but have not been awarded (Figure 6-9).

22448-NQ-LEL
Active
Large Scale Exploration License
Forward Chimbia Limited
Application Date: **15/11/2017**
Granted Date: **03/01/2019**
Expiry Date: **02/01/2023**
Commodities:
Amethyst, Copper, Emerald, Gold, Iron Ore, Lead, Tourmaline, Zine
Area: **26.768 Square Kilometre**

25195-HQ-LEL
Application Validated
Large Scale Exploration License
Belmt Resources Mining Company Limited (100%)
Application Date: **21/08/2019**
Granted Date:
Expiry Date:
Commodities:
Cobalt, Copper, Emerald, Gold, Lead, Quartz, Silver, Tourmaline, Zinc
Area: **4349,1346 Hectare**

25273-HQ-LEL
Application Validated
Large Scale Exploration License
Belmt Resources Mining Company Limited (100%)
Application Date: **04/09/2019**
Granted Date:
Expiry Date:
Commodities:
Cobalt, Copper, Emerald, Gold, Lead, Silica, Silver, Tourmaline, Zinc
Area: **4726, 4771 Hectare**

Figure 6-9 – Zambia Mining Cadastre licence and application summary for 22448-HQ-LEL, 25195-HQ-LEL and 25273-HQ-LEL as of 12 October 2019 (Source: Zambia Cadastre, 2019)

Exploration History

Details of the exploration history within the Luanshya project boundaries is currently unknown. In the wider region exploration activities date as far back to 1902 when copper mineralisation was first identified at what is now Luanshya town (consisting what became the Luanshya, Muliashi and Bulba deposits).

Detailed work followed for many years which culminated in the development of the Roan Antelope Mine by Roan Selection Trust in 1927. The mine produced its first blister copper in 1931 and mining continued until ore depletion in the late 2000s. There is active emerald gemstone exploration to the west of the project area across the Kafue River in the Kafubu Emerald Area where emeralds were first discovered in 1928.

South African listed miner Gemfields operates the Kagem Emerald Mine, which is the world's single largest producer of emeralds and accounts for approximately 25 per cent. of global emerald production. It covers an area of approximately 41km^2 and is located in the central part of the Ndola Rural Emerald Restricted Area. Villagers in the south of the project area, in the vicinity of the copper occurrence which is marked on government maps, informed SRK Exploration Services that a company had undertaken some drilling in the area in the 2000s though they were drilling for oil rather than copper. No further details are currently known of this work.

Prospectivity

Based on published geological mapping the Luanshya project area is very prospective for copper mineralisation associated with the Lower Roan. The 1:100,000 scale geological map of the Luanshya area depicts the central part of the project area (licence 22448-HQ-LEL) to be largely underlain by Lower Roan stratigraphy. The Lower Roan is also mapped as hosting the Luanshya

main, Muliashi and Baluba copper deposits where pebbly conglomerate, arkose, argillite and impure dolomite hosts copper ores composed of chalcopyrite, chalcocite, bornite, minor chrysocolla and significant carrollite.

SRK Exploration Services has recommended that the Company conduct:

- a thorough compilation of historical exploration data within the concession including geophysics, stream and soil sampling datasets if available and to verify the drilling activity that is reported to have been undertaken in the south of the project area; and
- verification and orientation field visits and plan a follow-up project wide geochemical sampling and geophysical exploration programme, determine whether termite mound material and distribution will facilitate the geochemical survey work.

B. Mkushi project

The Mkushi project consists of a single concession held by Chalo Mining Group Limited as a large scale exploration licence with licence number 24659-HQ-LEL. The licence was granted on 31 July 2019 and is valid for four years. The licence covers exploration for cobalt, copper, gold, lead, manganese, REEs and silver, and has an area of 50223.1041 ha (Figure 6-13). The licence encircles the Large Scale Mining Lease 20809-HQ-LML, granted in April 2016 to Shi and Yan Mining Development Limited and is valid until 10 April 2041.

Figure 6-13 – Zambia Mining Cadastre licence summary for 24659-HQ-LEL as of 12 October 2019 (Source: Zambia Cadastre, 2019)

Exploration History

Whilst details of the past exploration work conducted within the Mkushi Project concession boundaries are not currently available, it is known that the wider area has been subject to mineral exploration since the early 1900s. Three manganese mines on the Chowa, Kampumba and Lubembe deposits were operated in the vicinity of Kabwe to the west of the project up until the mid-1960s.

There are seven discrete copper deposits known on a northeast-southwest striking belt known as the Mtuga Line, which falls within the Mkushi copper mine mining lease (owned by Shi Yang Mining Development Company Ltd **("Shi Yang Mining"))** which is entirely surrounded by the Zed Mkushi exploration concession. The Mtuga line copper deposits were discovered between 1922 and 1924 with the main deposit mined up until 1960 when it was put on care and maintenance, before mining activity recommenced in mid-2018.

A JORC compliant Inferred Resources were announced for the Mtuga Line's Munshiwemba (10.7Mt at 0.73 per cent. Cu) and Coloquo (0.23Mt at 1.0 per cent. Cu) deposits using 0.3 per cent. Cu cut-off grades. The total Inferred Resources were upgraded to 31.6Mt at 0.62 per cent. Cu using a zero Cu cutoff in 2011 and, in August 2018, Shi Yang Mining announced that it intended to restart mining activity on the main Munshiwemba deposit.

Prospectivity

SRK Exploration Services considers that the Mkushi project is prospective for copper, gold and manganese. SRK Exploration Services recommends that initial exploration work focusses on the northeast and southwest strike extensions of the shear structure associated with the Mtuga line, into

the Mkushi project. There is the potential that the deposits exposed at surface within the Shi Yang mining lease continue under cover within the Zed concession.

SRK Exploration Services has recommended that the Company:

- conduct a thorough compilation of historical exploration data within the concession and Mtuga line lease, including geophysics, stream and soil sampling datasets if available; and
- conduct verification and orientation field visits and plan a follow-up project wide geochemical sampling and geophysical exploration programme, concentrating in the first instance on the perceived strike extensions to the Mtuga Line structural lineament.

C. Lumwana project

The Lumwana project consists two separate concession areas (Lumwana North and Lumwana South), which are held by Chalo Mining Group Limited as large scale exploration licences 23913-HQ-SEL and 2391 3-HQ-SEL. Both licences were granted on 31 January 2019 and are valid for four years. They cover exploration for cobalt, copper, gold, iron, manganese, REEs, silver and zinc, with an area of 5.21 km^2 and 5.02km^2 respectively (Figure 6-19).

23913-HQ-SEL

Active
Small Scale Exploration License
Chalo Mining Group Limited
Application Date: **06/12/2019**
Granted Date: **31/01/2019**
Expiry Date: **30/01/2023**
Commodities:
Cobalt, Copper, Gold, Iron Ore, Manganese, Rare Earths Elements, Silver, Zinc
Area:**521.0397 Hectare**

23914-HQ-SEL

Active
Small Scale Exploration License
Chalo Mining Group Limited
Application Date: **06/12/2018**
Granted Date: **31/01/2019**
Expiry Date: **30/01/2023**
Commodities:
Cobalt, Copper, Gold, Iron Ore, Manganese, Rare Earths Elements, Silver, Zinc
Area:**501.5681 Hectare**

Figure 6-19 – Zambia Mining Cadastre licence summary for 23913-HQ-SEL and 23914-HQ-SEL as of 12 October 2019 (Source: Zambia Cadastre, 2019)

Exploration History

Details of previous exploration work within the Lumwana concession boundaries has not been available for SRK Exploration Services to review.

On a regional basis the Mwombezhi Dome, a basement inlier, has been the focus of various exploration campaigns since the 1920s. The early exploration conducted by Roan Selection Trust was aimed at discovering Copperbelt style copper deposits in what was interpreted to be highly deformed Lower Roan rocks within the Mwombezhi Dome. The exploration model has now changed with the realisation that the known deposits are hosted in basement complex rocks (muscovite-phlogopite-kyanite schist) as opposed the Lower Roan.

Equinox Minerals Ltd undertook exploration work in the late 1990s, which identified 28 copper targets of which six were progressed to Resource stage. Two of these prospects, Malundwe and Chimiwungo, were progressed to feasibility study for the Lumwana Mine in 2003. The Lumwana Mine 2011 Reserves and Resources statement stood at Resources: 962.9Mt at 0.6 per cent. Cu (0.20 per cent. Cu cut-off); Reserves: 426.3Mt at 0.52 per cent. Cu (0.20-0.35 per cent. Cu cut-off) estimated by Golder Consultants. Barrick Gold Corporation ("**Barrick**") have operated on the Malundwe and Chimiwungo deposits at the Lumwana Mine following acquisition of Equinox Minerals in 2011. The operation comprises a 260,000tpd conventional truck and shovel open pit mining operation mining predominantly sulphide ore across two open pits. Barrick's reported production plan has shown that 537Mt of ore grading 0.56 per cent. Cu will be mined between 2014 and 2038.

The Malundwe and Chimiwungo deposits are structurally controlled shear zone hosted deposits within the basement metamorphosed gneiss, schist, migmatite, amphibolite and granitoids of the Mwombezhi Dome.

Approximately 35km west of the Lumwana Project, First Quantum Minerals Ltd (a Canadian listed company) started full scale production on the Sentinel Mine in November 2016. The 2018

production was 223,656t of copper from an average 0.5 per cent. Cu ore by a conventional open pit mining method. The current mine life is estimated to extend to 2033.

Prospectivity

SRK Exploration Services considers the Lumwana project concessions to have good prospectivity for the discovery of copper, gold and uranium mineralisation as they are on the periphery of the Mwombezhi Dome which has at least 28 reported copper occurrences. The Mwombezhi Dome periphery is under-explored and in a complex structural setting. The Lumwana South concession shares the same geological setting as the Shilenda Cu-U occurrence, whilst the Lumwana North concession is postulated to sit on the same structural feature which hosts the Kansansa Cu and MO525 Cu occurrences.

25261-HQ-LEL

Application Validated

Large Scale Exploration License
Chalo Mining Group Limited
Application Date: **30/08/2019**
Granted Date:
Expiry Date:
Commodities:
Copper, Manganese, Quartz, Tourmaline, Zinc
Area: **14239.2522 Hectare**

SRK Exploration Services has recommended that the Company conduct:

- a thorough compilation of historical exploration data within the concession including geophysics, stream and soil sampling datasets if available; and
- verification and orientation field visits and plan a follow-up project wide geochemical sampling and geophysical exploration programme.

D. Mwansa project

The Mwansa project consists a single large scale exploration licence application which was lodged in the name of Chalo Mining Group Ltd on 30 August 2019. The 142.39 km^2 area application covers exploration for copper, manganese, quartz, tourmaline and zinc (Figure 6-22).

The Mwansa project application area is located in Luapula Province in north-central Zambia. It is located approximately 60km due east of the town of Mansa which is located on the Great North Road. A review of the Zambian mining cadastre shows Mansa is a regional centre of small scale manganese mining. Mwansa is not covered by the Laureates Mining Ventures desk study commissioned by the Company, for the due diligence, as the application postdates that report.

Figure 6-22 – Zambia Mining Cadastre licence summary for 25261-HQ-LEL as of 12 October 2019 (Source: Zambia Cadastre, 2019)

Exploration History

No information has been supplied on the exploration history of the Mwansa project or surrounding region. The Zambian Cadastre shows there to be three small scale mining licences for manganese within 20km of the application area's western boundary.

Prospectivity

The Company has reported that the Mwansa project is located in an under-explored region whose underlying geology is prospective for copper, manganese and other base metals.

SRK Exploration Services recommends that the Company commission a desk study and data compilation exercise for the Mwansa project application area in order to assess the prospectivity and plan follow-on reconnaissance work. Given the perceived density of small scale farming within the area, the Company will need to manage landholder liaison carefully.

Zed Projects Summary

In Zambia, the Mkushi and Luanshya project areas are high priority for exploration. Within easy reach of transport and infrastructure networks and in close proximity to known copper deposits and active mines the projects offer clear structural and stratigraphic exploration targets, be it the continuation of the copper occurrence hosting Mtuga Line in Mkushi or the underlying Lufilian Arc, Lower Roan, stratigraphy in the Luanshya area.

As well as sitting on the established Lufilian Arc, Lower Roan subgroup, the host for the majority of the economic copper mineralisation of the Zambian Copperbelt, the Luanshya permit is also prospective for the discovery of emerald gemstone deposits, as it borders the Ndola Rural Emerald Restricted Area and shares the same stratigraphy as Gemfields's Kagem Emerald Mine the world's single largest producer of emeralds.

Both the Lumwana north and south concession areas are prospective for copper and cobalt mineralisation located on the under explored periphery of the Mwombezhi Dome basement inlier which hosts Barrick's active Lumwana Mine. Historical exploration has shown a large number of copper occurrences associated with a similar dome margin setting. Given the lack of modern day exploration coverage the indications are that a targeted geochemical and geophysical driven structural survey has a good likelihood of delineating further copper anomalies, with the potential for associated uranium discoveries. The recent discovery of alluvial gold north of Lumwana at Mwinilunga shows the wider region also otters the potential for hoisting as yet unknown primary gold deposits.

The Mwansa application is in an underexplored province, it is not currently known whether the area has undergone any form of systematic exploration work, though the mapped sedimentary stratigraphy if favourable for hosting copper-cobalt mineralisation and there are a number of known manganese deposits and occurrences in the wider area.

BROKEN HILL PROJECT, NEW SOUTH WALES

Introduction

The Broken Hill Project is located in western New South Wales, Australia, approximately 25km west of the town of Broken Hill. The property is approximately 950km from New South Wales' capital Sydney, and approximately 400 km from Adelaide, the closest major city. The project consists of two exploration licences: EL8572 (split into three parts) and EL8599 (split into two parts) (Figure 4-1). Exploration has focused on discovering primary cobalt mineralisation with secondary base metal targets including Cu, Pb, Zn and Ag. The region is being actively explored by a number of junior exploration companied for similar mineralisation. Exploration completed by the Company to date includes desktop studies, reconnaissance and rock chip sampling.

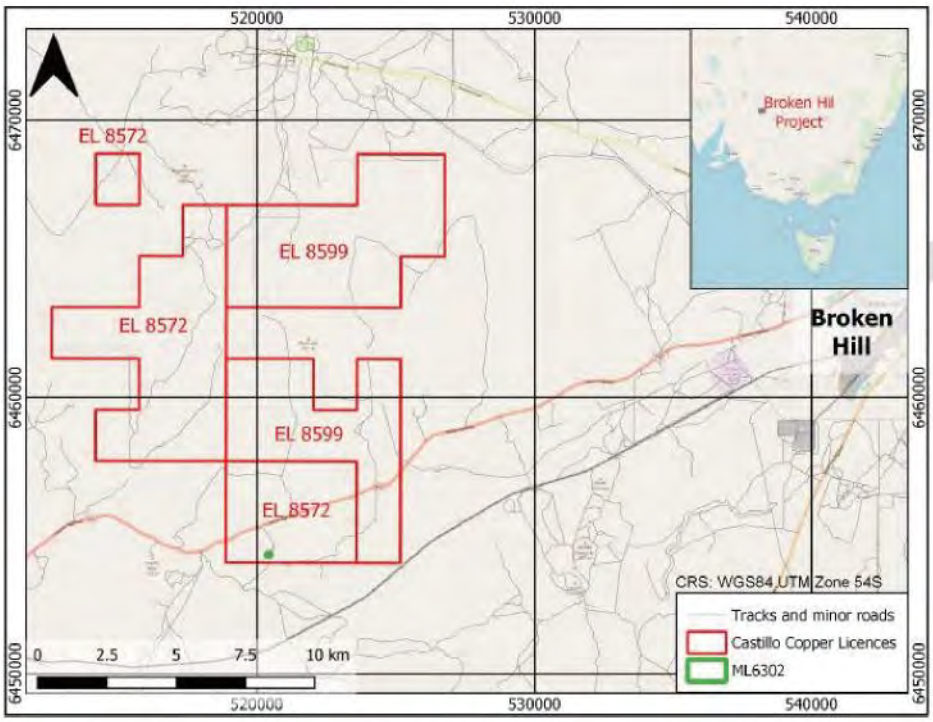


Figure 4-1 **Location and access of the Broken Hill Project (Image Source: SRK, Open Street Map, NSW MinView, 2019)**

Mineral Tenure

The exploration licences that make up the Broken Hill Project are held by two companies, Total Minerals and QComm, which are wholly owned subsidiaries of the Company as described in "Background and company strategy" in this *Part VI – Information on the Company* of this document.

Exploration licence EL8572 was applied for by QComm in early 2017 as ELA 5447. The application was granted on 23 May 2017 for a period of three years for Group 1 metallic minerals. The licence covers 19 units (55.34km^2) under the Mining Act within Yancowinna country. Exploration licence EL8572 overlaps with ML6302 (Figure 4-1), a small mining lease held by Kapitany, Tamas. The area covers 2.023 ha and has been mined for garnet in the past. The project is known as the TomKap Garnet Mine, and little additional information is known. The permit was granted in July 1971 and expires in July 2033.

Exploration licence EL8599 was applied for by QComm in early 2017 as ELA 5453. The application was granted on 20 June 2017 for a period of three years for Group 1 metallic minerals. The licence covers 20 units (58.25km^2) under the Mining Act within Yancowinna country.

Under the terms of the licences the licence holder is required to lodge a security deposit to secure funding for the fulfilment of obligations under the licence (including obligations that may arise in the future) are as follows:

- EL8599: A$10,000
- EL8572: A$10,000

Accessibility

The Broken Hill Project is easily accessed by road from Adelaide, following Highway A32 north and then west to Broken Hill. The journey is approximately 500km. The southern sections of exploration licences EL8572 and EL8599 straddle the highway, and the central sections of both licences also straddle smaller roads. Away from these roads the licences are accessible using a 4x4 vehicle or ATV along cattle station tracks and off-road.

Exploration and Mining History

With the world famous Broken Hill Deposit 25km from the Broken Hill Project, the licence areas have been extensively explored over more than 100 years of mining activity in the region.

Exploration has historically focused on Broken Hill Type silver-lead-zinc mineralisation and for porphyry copper deposits.

The Company's exploration to date has been focused on discovering primary cobalt mineralisation with secondary base metal targets such as Cu, Ag, Pb, Zn mineralisation.

Only two companies, North Broken Hill Ltd and Eaglehawk Geological Consulting Pty Ltd, have previously targeted cobalt mineralisation in the area. The exploration work is summarised in the table below.

The exploration completed by Eaglehawk Geological Consulting Pty Ltd was solely within exploration licence EL 7174, which sits to the north of exploration licence EL8572.

Dates	Company	Summary
1980 – 1982	North Broken Hill Ltd.	Mapping, geochemical sampling and percussion drilling within licence EL7174.
2008 – 2012	Eaglehawk Geological Consulting Pty Ltd	Work included data compilation, mapping and rock chip sampling within licence EL 1395. Samples returned grades of up to 210 ppm Co and identified four primary exploration targets. Results include: • **Windmill,** Anomalous ppm maxima are: 34,600 Pb, 31,400 Zn, 1,060 Cu, 75 Co. 6,000 As, 60 Mo. 2.1 W, plus 0.01 git Au and 18g/t Ag, 31 • **Peak Hill, Anomalous** ppm maxima are: 7,350 Pb, 3,780 Zn, 680 Cu, 205 Co, 4,320 As, 16 Mo. plus 0.04g/l Au and 1.6g/t Ag. • **Green Dragon**, Anomalous ppm maxima are: 3,020 Pb, 1,780 Zn. 920 Cu, 210 Co, 23 Mo, 26.5 W, 170 As, plus 5.8g/t Au and 4.8g/t Ag. • **Orphan**, Anomalous ppm maxima are: 32,000 Pb, 7,000 Zn, 510 Cu, 145 Co, 260 As, 30 Mo, 37 W, plus, 70g/t Ag.

Geological Setting and Mineralisation

The Broken Hill Project is within the Adelaide Fold Belt, which stretches from the south of Adelaide to the northern end of the Flinders Ranges. The belt comprises the older Willyama Supergroup and the younger Adelaidean sequence. The Willyama Supergroup, in which the project is located, is composed of regionally metamorphosed sandy and shaley rock of possibly paleoproterozoic age. Granite gneisses in the group are regarded as the product of intense metamorphism and local melting but are overprinted by subsequent metamorphism.

Desktop studies completed by the Company on the property indicate that the Himalaya Formation is the most prospective host for cobalt mineralisation, and this has been the focus of geological investigation to date. This formation is described as medium grained metasediments with variably interbedded albite-quartz rich rocks, basic gneiss, composite gneiss and thinly bedded quartz-magnetite rock. Rocks towards the bottom of the sequence become increasingly pyrite rich.

Exploration

Exploration completed by the Company includes desktop studies, reconnaissance field exploration and sampling, review of existing geochemical and geophysical data, and a rock chip sampling campaign in area's deemed prospective for targeting the Himalayan Formation of the Willyama Supergroup which is known to host cobalt mineralisation at Cobalt Blue Holdings Ltd's Thackaringa Project some 10km to the south of the tenement.

Desktop Geological Review and Target Generation

Data sourced from the New South Wales Department of Resources and Energy Min View portal was collated and reviewed for the project tenure and surrounding areas. Datasets included geological observations, RAB drilling, geochemistry, geological mapping and aeromagnetic data.

In conducting the review, Xplore Resources identified the Himalaya Formation as the most prospective unit for cobalt mineralisation based findings from exploration work undertaken by neighbouring Cobalt Blue Resources. They have also postulated that there may be other lithological correlations or associations with cobalt that could have been overlooked, thus widening potential exploration targets.

Six prospective areas (Areas 1-6) have been identified from Xplore Resources' desk study, all of which appear to be supported by multiple datasets.

Reconnaissance exploration works have been completed over three field visits by Xplore Resources. A total of 113 rock chip samples were collected principally from Area 1 (106 samples) and Area 2 (7 samples). An additional 15 samples were reportedly taken from Area 2 and 6 during a campaign completed as part of the desktop review, however the results of these samples are unknown.

Sampling targeted outcropping quartz-albite and pyrite rocks of the Himalayan Formation, in particular focusing on gossanous pyritic lenses. Within Area 1 sampling was focused on four targets, named the north western, central northern, central and south eastern targets. SRK Exploration Services notes that Xplore Resources has recorded some of the results of this sampling as anomalous, however the anomaly threshold and how it was calculated is not defined in the reporting.

Samples collected from the south eastern area were the only strongly mineralised samples collected.

- Sample 387757 returned a value of 429ppm Co, taken from a ferruginous quartz vein with massive goethite, limonite, hematite and manganese, as well as boxwork textures after sulphides.
- Sample 387756 returned a value of 1,440ppm Co, collected as a float sample of similar composition to sample 387757.

These samples are surrounded by a broader area of "low-level anomalism", including grades of 291ppm Co and 205ppm Co. Low-level Co "anomalies" have also been identified in the central northern and central areas. In the central northern area, a cluster of samples with grades between 19 and 34ppm Co have been linked to an area of magnetite rich rocks.

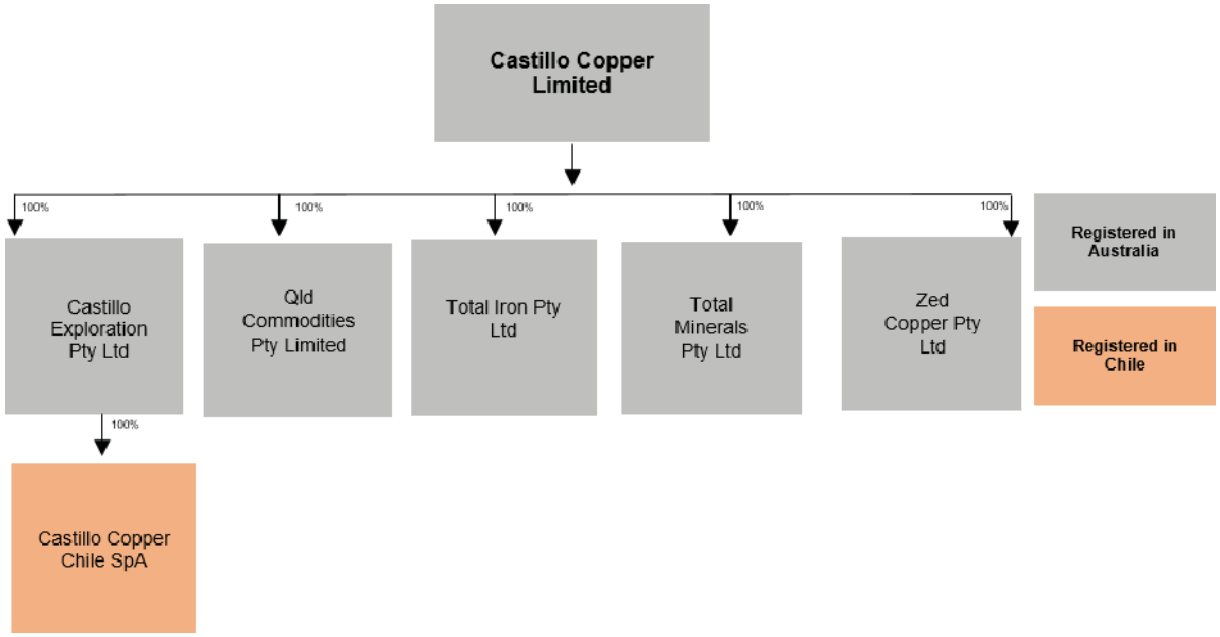
Conclusion

To date, the majority of exploration has focused on establishing the presence and prospectivity of the Himalayan Formation within the Broken Hill Project. This formation has been of particular focus because of the significant resources identified within this formation by Cobalt Blue Holdings Ltd to the south. Published geological mapping identifies large tracts of this formation within the Company's licences, and the available geochemical data supports the presence of elevated cobalt levels in both the target formation and other rock types. Six target areas have been identified thus far for groundwork follow-up. Remote sensing techniques such as high resolution hyperspectral and multispectral data modelling may aid Himalaya Formation target generation where such datasets are available or obtainable at acceptable cost.

In adopting its three-pillar strategy the Company resolved to focus on the Cangai Project, the Mt Oxide Project and the Zed Projects. Accordingly on 24 February 2020 the Company announced that it had entered into a memorandum of understanding with Impact Minerals Limited (ASX:IPT) and Squadron Resources Pty Ltd (a private company). The memorandum of understanding provides for the three parties to establish a special purpose vehicle in which the Company will have a one third interest. Each of the other parties will contribute their interests in areas surrounding the Broken Hill Project. The new special purpose vehicle will then market the aggregated interests in the enlarged project area to potential strategic interests with a view to concluding a joint venture to fund exploration and development of the enlarged project area.

4. Group Structure

The Company owns 100 per cent. of the share capital of Castillo Exploration Pty Ltd, an Australian company which the Company acquired in May 2013. Castillo Exploration Pty Ltd is the wholly owned shareholder of Castillo Copper Chile SpA, a Chilean company which currently holds six mining concessions in respect of 1,800 hectares in Huanta, Chile. In 2017, the Company completed the Total Minerals Acquisition, the Total Iron Acquisition and the QComm Acquisition. On 25 February 2020, the Company completed the Zed Acquisition. The table below shows the Group corporate structure at the date of this document:



5. Dividend Policy

The Company's current intention is to retain earnings, if any, for use in its business operations, and the Company does not anticipate declaring any dividends in the short-to-medium term. Any decision to declare and pay dividends will be made at the discretion of the Board and will depend on, among other things, the Group's result of operations, financial condition and solvency and distributable reserves tests imposed by law and such other factors that the Board may consider relevant.

6. UK Bribery Act 2010

The government of the UK has issued guidelines setting out appropriate procedures for companies to follow to ensure that they are compliant with the UK Bribery Act 2010 which came into force with effect from 1 July 2011. The Company has conducted a risk review into its operational procedures to consider the impact of the UK Bribery Act 2010 and has drafted and implemented an anti-bribery policy as adopted by the Board and also implemented appropriate procedures to ensure that the Directors, employees (including any Senior Managers) and consultants comply with the terms of the legislation.

7. Tax

Further details relating to taxation are set out at *Part XII – Taxation* of this document.

8. Further information

You should read the whole of this document and not just rely on the information contained in this *Part VI – Information on the Company* of this document. Your attention is drawn to the information set out in *Part II* – Risk *Factors* to *Part XV – Additional Information* of this document, which contain further information on the Group.

PART VII

THE DIRECTORS AND CORPORATE GOVERNANCE

The Directors

The Board, collectively, has significant experience in the mining sector, and significant experience of managing public companies and risks associated with such ventures both operationally and financially. The Directors are responsible for the overall management and control of the Company and there are no other persons who manage the investments of the Company.

The following table lists the names, positions and ages of the Directors and the date they were appointed:

Name	Age	Position	Appointed
Robert Scott	72	Non-Executive Chairman	13 December 2018
Simon Paull	52	Managing Director	23 August 2019
Gerrard Hall	49	Non-Executive Director	24 June 2019

Robert Scott – Non-Executive Chairman

Robert Scott has over 35 years of experience in corporate accounting and public company administration. Since 2010, Robert has served as a non-executive director of Sandfire Resources and has overseen the development and commercialisation of the company's Degrussa Copper-Gold Mine in Western Australia. Robert is currently a non-executive director of RTG Mining Inc., an exploration company which has advanced copper and gold exploration interests in the Philippines and Bougainville. He previously served as a non-executive director of CGA Mining Ltd, a major gold producer in the Philippines and Lonestar Resources US Inc., a Texas-based producer of shale oil, as well as serving as a non-executive director for a number of diversified companies within the resources and mining services industry. Robert is a fellow of the Institute of Chartered Accountants, a member of the Taxation Institute of Australia and a member of the Australian Institute of Company Directors.

Simon Paull – Managing Director

Simon Paull is an experienced finance and operational executive with over 25 years of experience in the resources and mining services industry. Simon spent 12 years as the managing director of Sandvik Mining & Constructions Ltd, where he oversaw the company's East African operations in nine countries including: Kenya, Uganda, Ethiopia, Eritrea and Sudan. Mr Paull obtained his MBA from the University of New England, Australia. He is a member of the Institute of Public Accountants and a member of the Australian Institute of Company Directors. In 2013, Simon served as general manager and international commercial manager for Liberation Mining Services Ltd and NRW Pty Ltd, respectively, before joining Falck Pty Ltd as the chief executive officer in 2014, where he served for four years.

Gerrard ("Ged") Hall – Non-Executive Director

Ged is a senior front office professional with strong experience in proprietary trading, derivatives structuring and asset management. Ged has over 20 years of securities and trading experience gained in London at JP Morgan and UBS. Ged joined the Saudi National Commercial Bank as a Business Head of Asset Management & Treasury Products in Bahrain, where he established their Structured Investment Product division. Ged is a director and founder of Strategic Business Analysis Limited, a strategic management consultancy firm which has undertaken engagements for companies such as BFC Bank, Northern Trust Natixis, HSBC and, more recently, SI Capital. Ged obtained his MBA and MSc in Financial Management from Edinburgh Business School.

Senior Managers

The Company does not currently have any Senior Managers. The Company's previous Executive Director, Alan Armstrong, who was appointed as Chief Financial Officer on 23 August 2019 resigned on 20 December 2019 and now provides consultancy services to the Company.

Director letters of appointment

Robert Scott

Robert Scott entered into a letter of appointment with the Company for his role as non-executive chairman on 11 October 2019, ratifying his appointment on 13 December 2018. Mr Scott's appointment is terminable, *inter alia*, at any time if he gives notice in writing to the Company or by way of the passing of a resolution of the Company. As non-executive chairman, Mr Scott is entitled to receive an annual director fee of A$48,000. Mr Scott is also entitled to the reimbursement of reasonable expenses and, in certain circumstances, options. Mr Scott's fees are set at levels reflecting market rates and performance-based remuneration is linked directly to performance targets that are aligned to both short-term and longterm objectives.

Simon Paull

Simon Paull, managing director, entered into a letter of appointment with the Company on 23 August 2019 (subsequently amended effective as of 31 December 2019) pursuant to which Mr Paull receives director fees of A$48,000 per annum (exclusive of goods and services tax). The appointment can be terminated at any time, with or without cause. In the event that Mr Paull ceases to be a Director, his position as managing director will be automatically terminated. Mr Paull's fees are set at levels reflecting market rates and performance-based remuneration is linked directly to performance targets that are aligned to both short-term and long-term objectives.

In addition Mr Paull entered into an executive consultancy arrangement with the Company on 31 December 2019 pursuant to which Mr Paull agrees to act as managing director, reporting to the Board. Mr Paull's fee is A$120,000; the appointment does not carry any entitlement to ancillary benefits. The appointment may be terminated by either party on immediate notice, with or without cause.

Ged Hall

Ged Hall entered into a letter of appointment with the Company for his role as non-executive director on 24 June 2019. Mr Hall's appointment is terminable, *inter alia*, at any time if he gives notice in writing to the Company or by way of the passing of a resolution of the Company. As non-executive director, Mr Hall is entitled to receive an annual director fee of A$48,000. Mr Hall is also entitled to the reimbursement of reasonable expenses and, in certain circumstances, options. Other than statutory superannuation, he is not entitled to retirement or termination benefits. Mr Hall's fees are set at levels reflecting market rates and performance-based remuneration is linked directly to performance targets that are aligned to both short-term and long-term objectives.

On 23 July 2018, Strategic Business Analysis Ltd, a company which Ged Hall is a director and shareholder of, entered into an engagement letter with SI Capital for the provision of consultancy services. Fees payable under the engagement are determined on a commission basis in line with SI Capital's policies. The term of the engagement is two years, ending on 23 July 2020 unless extended or terminated by mutual consent

The aggregate remuneration for non-executive directors has been set at an amount not to exceed A$500,000 per annum. This amount may only be increased with the approval of Shareholders at a general meeting.

No amounts have been set aside by the Company to provide for pension, retirement or similar benefits.

Director Options

On 29 January 2019, following his appointment as non-executive chairman, the Company issued 5 A1, 19.1.6 million options to Robert Scott, exercisable at a price of A$0.05 each with an expiry date of 31 December 2023.

On 3 December 2019, the Company issued 6 million options to Simon Paull exercisable at a price of A$0.05 each (3 million of which vests on Admission) and 3 million options to each of Ged Hall and Peter Smith also exercisable at a price of A$0.05 each. These options will be issued for nil cash consideration in recognition of their services to the Company and to further incentivise their performance and will expire on 3 December 2022.

Corporate Governance

Board of Directors

The Board currently comprises two non-executive directors and one executive director. The Company considers Robert Scott and Ged Hall to be independent.

Any director appointed to the Board by the Directors will be subject to election by the Shareholders at the first annual general meeting ("**AGM**") after his/her appointment. Under the Constitution, all directors retire from office no later than the longer of the third annual general meeting, or three years, following that director's last election or appointment. Any Director who retires in accordance with the Constitution is eligible for re-election.

The composition of the Board will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience. The Constitution provides that the number of directors that may be appointed cannot be fewer than three or greater than ten. Two directors present and entitled to vote at a board meeting will constitute a quorum.

The Board is responsible for the corporate governance of the Company, and has developed policies to ensure that an appropriate level of corporate governance is in place. The Company's corporate governance system is reviewed regularly by the Board to ensure that it fulfils the needs of Shareholders.

The Ordinary Shares are currently quoted on the ASX and the Company is therefore required to comply with the corporate governance principles and recommendations of the ASX (the "**ASX Principles**"). The Company's approach in applying the ASX Principles is to ensure that the Company's corporate governance policies and principles are established, implemented, and monitored in such a way so as not to compromise or distract the Board and management from their key goals and to enable the organisation to conduct its business in an efficient and effective manner.

In order to comply with the ASX Principles, the Company has put in place the following policies, some of which are summarised below and all of which may be found on the Company's website:

- Corporate governance statement;
- Board charter;
- Code of conduct;
- Continuous disclosure policy;
- Diversity policy;
- Board performance evaluation;
- Procedures for selection and appointment of directors;
- Remuneration policy;
- Risk management and internal control policy;
- Securities trading policy;
- Shareholders communication policy;
- Anti-bribery and corruption policy;
- Whistleblowing policy;
- Audit committee charter;
- Nomination committee charter; and
- Remuneration committee charter.

Corporate Governance Statement

The Company has adopted a corporate governance statement which can be viewed in full on its website and which incorporates the disclosures required by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) (the "**Corporate Governance Recommendations**"). The principles set out and followed by the Company include

establishing the functions reserved to the Board and setting out these functions in the Company's Board Charter; adopting a diversity policy; establishing a continuous disclosure policy; and keeping shareholders informed by uploading information to its website. The Corporate Governance Recommendations are not mandatory and the Company has identified and provided reasons for those Corporate Governance Recommendations it has not followed, along with what (if any) alternative governance practices adopted in lieu of the Corporate Governance Recommendations.

Board Committees

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate committees at this time including audit, risk, remuneration or nomination committees, preferring at this stage of the Company's development, to manage the Company through the Board. The Board assumes the responsibilities normally delegated to the audit, risk, remuneration and nomination committees.

If the Company's activities increase, in size, scope and nature, the appointment of separate committees will be reviewed by the Board and implemented if appropriate.

Audit committee

The Board presently performs the function of an audit committee. The Board's role as an audit committee is to safeguard the integrity of the Company's financial reporting and oversee the independence of external auditors. The Board shall consider audit matters in its capacity as an audit committee as part of general meetings of the Board at least two times a year (i.e. before completion of the half-yearly and annual accounts) or as otherwise required. The purpose of these meetings shall be to review and if necessary have input into external audit plans, review and approve the half-yearly financial report, update the external audit plans and review and approve the annual financial report.

Remuneration committee

The Board presently performs the function of a remuneration committee. The Board's role as a remuneration committee is to determine, within the agreed terms of reference, the Group's policy on the remuneration of Executive Directors, Non-Executive Directors and Senior Managers and employee incentive and equity-based plans. The committee is also responsible for reviewing performance and effectiveness of the Board and its individual members, proposing candidates for Board positions and identifying specific responsibilities for individual Board members. The Board will consider remuneration matters in its capacity as a remuneration committee as part of general meetings of the Board at least once a year or as otherwise required.

Nomination committee

The Board presently performs the function of a nomination committee. The Board's role as a nomination committee is to examine, within the agreed terms of reference, the Group's the selection and appointment practices. The Board will consider nomination matters in its capacity as a nomination committee as part of general meetings of the Board as required.

Remuneration Report

In accordance with section 250R(2) of the Australian Corporations Act, the Company must put the Remuneration Report to the vote of shareholders at the annual general meeting. The Directors' Report included in the Company's Annual Report contains the Remuneration Report, which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive directors.

In accordance with section 250R(3) of the Australian Corporations Act, the resolution put to shareholders is advisory only and does not bind the Directors of the Company. If the resolution is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Shareholders have the opportunity to remove the whole Board except the Managing Director if the Remuneration Report receives a 'no' vote of 25 per cent. or more ("Strike") at two consecutive AGMs.

Where a resolution on the Remuneration Report receives a Strike at two consecutive AGMs, the Company will be required to put to Shareholders at the second AGM a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of the second AGM must stand for re-election.

As the Company continues to grow and mature toward a resource producer, the Board has sought to ensure that the remuneration strategy for the executive team and broader staff base are progressive and consistent with the Company objectives and shareholder values.

Security trading policy

In order to comply with the Market Abuse Regulation, DTRs and the ASX Listing Rules, the Company has adopted a security trading policy in relation to the Ordinary Shares and other securities in the Company.

The security trading policy applies to persons discharging managerial responsibilities ("PDMRs") and their associates and employees of the Company. Under the security trading policy, PDMRs and their associates and employees are prohibited from dealing in the Company's securities if they have in their possession information that they know, or ought reasonably to know, is inside information.

The securities trading policy also provides prescribed closed periods during which PDMRs and their associates and employees are prohibited from dealing in the Company's securities. PDMRs and their associates and employees must obtain written clearance from an approving officer at least three business days prior to any dealings in the Company's securities. The Company's remuneration policy prohibits PDMRs from entering into arrangements to limit their exposure to securities in the Company granted as part of their remuneration packages.

Continuous disclosure policy

The Company has adopted a continuous disclosure policy to ensure that the Company, as a minimum, complies with (i) its continuous disclosure obligations under the Australian Corporations Act, the ASX Listing Rules, the Market Abuse Regulations and the DTRs as applicable to the Company; (ii) provides shareholders and the market with timely, direct and equal access to information issued by the Company; and (iii) promotes investor confidence in the integrity of the Company and its securities.

Anti-bribery and corruption policy

The Group has adopted an anti-bribery and corruption policy which is consistent with the UK Bribery Act 2010. The policy specifically addresses facilitation payments or gifts and hospitality, dealings with public officials, political donations, lobbying and advocacy and charitable donations, and includes provisions dealing with notification, as well as provisions regarding disciplinary action in the event that any part of the anti-bribery and corruption policy has been breached. New and existing staff are required under the policy to be trained and the Group's approach to anti-bribery and corruption must be communicated to its business partners.

PART VIII

OVERVIEW, AUSTRALIA AND ZAMBIA OVERVIEW AND REGULATORY FRAMEWORK

Industry Overview

Copper is the 29th chemical element on the periodic table, having the symbol Cu. It is primarily used forits strength and malleability, corrosion resistance, anti-microbial qualities, and thermal and electrical conductivity. Pure copper has a red-orange colour and is one of the few metallic elements that can be found in native form. Copper is entirely recyclable – reportedly 80 per cent. of the total copper that has ever been produced is still in use. With an uninterrupted history of use dating back to at least 10,000 years, the principal uses for the metal have evolved to meet the needs of new technologies.

Copper is globally the third most used metal, after steel and aluminium, and is primarily used for its superior electrical conductivity – over half of copper produced is for electrical uses. Copper in the form of a wire or a cable can be used in power generation and transmission, telecommunications, and circuitry. It is also used in industrial processes which require thermal conductivity, ease of machining, strength and malleability, and corrosion resistance (e.g. tubes, valves and instruments) in the building construction, consumer durables and utilities sectors. The arrival and rapid growth in electric vehicles has been another source of new demand in recent years with an electric vehicle using approximately four times the amount of copper as a conventional car.

The metal can also be used as an alloy, each with unique properties to fit specific applications. Notable copper alloys include brass, gunmetal alloys of copper-tin-lead-zinc, copper-nickel, nickel-silver-copper, and beryllium-copper. Typical uses include building materials, and alloys for brass, casting, and corrosion resistance. More modern uses are exploiting copper's anti-corrosive and anti-microbial properties, and biofouling resistance.

The main substitutes for copper are aluminium (for electrical and thermal conductivity), titanium/steel (heat exchangers), optical fibre (telecommunications) and plastics (water/drains & plumbing fixtures).

Copper is typically found in a variety of minerals including copper sulphides (e.g. chalcopyrite, bornite, chalcocite), copper oxides (cuprite, tenorite), copper oxides dominated by carbonates (azurite, malachite), and copper sulfosalts (enargite). The majority of copper production is through the processing of sulphide ores.

Sulphide ores are typically either beneficiated by froth flotation to produce a copper concentrate for sale to a smelter or are upgraded to pure copper in a process called solvent extraction and electrowinning ("**SX-EW**") by leaching the copper ions which are deposited onto a cathode using an electrolytic procedure.

Copper oxide orebodies are usually processed in a heap or dump leach process where the copper is liberated from the crushed ore through the use of sulphuric acid. This pregnant leach solution is then processed through an SX-EW plant. This method is used as generally, oxide minerals are not responsive to the froth flotation method.

Global copper production comes from three sources: smelters processing copper concentrate, secondary smelters processing scrap, and mines with an integrated SX-EW processing facility that produces copper cathode on site.

The largest copper mines in the world are typically large open pit operations mining porphyry copper deposits. Mine production is dominated by Latin America; Peru and Chile comprise c.40% of global primary production.

Approximately one quarter of copper supply comes from scrap recycling. Scrap can be recovered from either old appliances at the end of their working life or can be generated by excess in the manufacturing process (e.g. off-cuts) which can be re-melted and reused. Copper is sent to refineries where it is transformed into intermediate products (e.g. rods, plates, wires, tubes) and then sold to manufacturers of end use products.

In 2017, world usage of refined copper was approximately 23.8 million tonnes according to the International Copper Study Group ("**ICSG**"). The world's largest consumer of copper is China who has been the driving force for global consumption growth for over a decade. China consumed an estimated 10.7 million tonnes of copper in 2017, nearly half of global consumption. Whilst China is

growing its copper production capacity, and is now the world's 3rd largest mined copper producer, the country's 2017 copper production of 1.86 million tonnes is primarily through small mines and self-sufficiency is a long way off.

Historically, the compound annual growth rate in copper demand has closely tracked global GDP growth levels. The extraordinary, investment led, growth in the Chinese economy accelerated this growth in the first part of the 21st century. Supply has become constrained due to increasing depth of mining and lower grade of mines. Capital requirements for building large scale new mines have also grown as a result.

World mine production increased by 2.5 per cent. in 2018 principally due to constrained output in 2017 and to an unusually low rate of overall supply disruptions in 2018.

In 2018, global refined copper production was curtailed due to above average smelter disruptions and shutdowns for upgrade work. However, the ICSG forecasts that a resumption of more normal operating activities should see output increase 2.8 per cent. in 2019 and 1.2 per cent. in 2020. The ICSG forecasts China to remain the largest contributor to global refined copper production in 2019-20.

Based on current known and expected fundamentals, the ICSG predicts a global refined copper supply deficit of approximately 190,000t and 250,000t for 2019 and 2020 respectively. This follows on from a circa 400,000t deficit in 2018.

World Refined Copper Usage and Supply Forecast

Thousand metric tonnes, copper

FORECAST TO 2020									
REGIONS	MINE PRODUCTION			REFINED PRODUCTION			REFINED USAGE		
('000 t Cu)	2018	2019	2020	2018	2019	2020	2018	2019	2020
Africa	2,236	2,382	2,584	1,440	1,509	1,679	203	203	213
N.America	2,528	2,595	2,715	1,829	1,842	1,845	2,359	2,390	2,405
Latin America	8,691	9,056	9,523	2,975	2,925	3,063	448	466	476
Asean-10 / Oceania	2,112	1,914	2,057	1,063	1,219	1,222	1,192	1,232	1,267
Asia ex Asean/CIS	2,345	2,438	2,559	12,391	12,926	13,831	16,028	16,426	16,666
Asia-CIS	867	864	867	452	448	448	106	106	106
EU	912	872	877	2,699	2,736	2,811	3,290	3,289	3,315
Europe Others	907	912	950	1,263	1,249	1,258	885	857	882
TOTAL	20,598	21,031	22,130	24,111	24,854	26,156	24,510	24,969	25,330
World adjusted 1/ 2/	20,598	20,641	21,029	24,111	24,780	25,080	24,510	24,969	25,330
% change	2.5%	0.2%	1.9%	2.4%	2.8%	1.2%	3.3%	1.9%	1.4%
World Refined Balance (China apparant usage basis)							**-399**	**-189**	**-250**

1/ Based on a formula for the difference between the projected copper availability in concentrates and the projected use in primary electrolytic refined production.
2/ Allowance for supply disruptions based on average ICSG forecast deviations for previous 5 years.

Source: ICSG, 2019

Moving ahead, the main issue that could materially disrupt the status quo is the course of the current US-Chinese trade issues, which has created significant volatility in the copper price over the past 12-months.

Significant trends

The most significant trends affecting the Company and the copper industry are as follows:

- The copper price declined to below US$6,000/t in August 2018, finishing the year at US$5,965/t, primarily in response to an increase in trade tensions between the United States and China. China is the world's largest consumer of copper and there have been reports of lower levels of growth in country.

- The start of 2019 has seen a recovery in copper prices back to over US$6,500/t on expectations of future supply deficits due to declining head grades and lack of new mine development, progress on a US-China trade deal, and further Chinese economic stimulus.
- The continued strength of the US dollar and rising US short term interest rates have impacted the broader commodity universe and has also been negative for emerging markets, however analysts believe the long term fundamentals of the copper market remain strong and are forecasting a return to approximately US$7,000/t in 2019.
- The 2019 high and low copper prices through the end of August were US$6,572/t (on 1 March 2019) and US$5,647/t (on the 5 August 2019), respectively, and the year average was US$6,076.72/t (6.8 per cent. below the 2018 annual average).

Australian Mineral Legislation

Under Australian mining law, all minerals are vested in the Crown in right of the State (with respect to the Australian States), and the Commonwealth (with respect to the Northern Territory and Australian Capital Territory). As such, each of the States and the Territories have enacted separate legislation relating to the exploration and extraction of minerals within their boundaries.

The Company's assets in Australia are held in New South Wales (Cangai Project and Broken Hill Project) and Queensland (Mt Oxide Project).

New South Wales

All exploration and mining activity in New South Wales must be completed in accordance with the Mining Act. Under the Mining Act, any party wishing to explore for or exploit mineral deposits must acquire a mining or exploration authority prior to commencement of work. Authorities give the holders exclusive rights to explore or mine for the mineral groups for which the authority is granted. The authorities do not however grant access to the land, and this must be negotiated separately with the landowners.

Three types of mineral authority are available: (i) an exploration licence; (ii) an assessment lease; and (iii) a mining lease. All authorities held by the Group in Australia are classified as exploration licences.

Exploration licence holders have the right to undertake such works on the surface of the land as are necessary to establish the existence of mineral deposits, although activities that could cause damage may not be implemented without the consent of the landowner and the user of the land. Exploration licences may be granted for a period of up to 6 years.

Prior to expiration of an exploration licence, all or part of the licence may be renewed for up to six years, alternatively an assessment lease application can be lodged. Assessment leases allow the holder to maintain an authority over a potential project area without having to commit to further exploration. The holder can, however, continue exploration subject to the same environmental regulations as an exploration licence. Assessment leases may be granted for a period of up to six years.

All authorities are subject to an annual rent.

Environmental Regulation

Exploration licences are granted subject to conditions, including strict environmental management conditions. Under the current regulatory framework, low environmental impact activities may be conducted without further approval from the New South Wales Department of Industry, Resources & Energy. Higher impact activities such as drilling or bulk sampling require prior submission of a Review of Environmental Factors ("**REF**") which addresses all potential impacts of the proposal (including community and environmental). Low impact exploration works may also be subject to a REF in areas of high environmental sensitivity. Any application likely to have an unacceptable impact on the environment will not be approved.

Licence holders are also required to rehabilitate areas disturbed by exploration and must provide a security to cover likely rehabilitation costs in the event of default.

Queensland

The Mineral Resources Act regulates the process of obtaining exploration and mining permits in Queensland in relation to coal and other minerals. Parties must hold a relevant authority prior to commencement of work. There are five types of mining tenements available:

- a prospecting permit;
- a mining claim;
- an exploration permit;
- a mineral development licence; and
- a mining lease.

Exploration, mineral development and mining tenements are granted on a system of sub-blocks, defined as bound by two meridians of latitude one minute apart, and two parallels of longitude one minute apart. The boundaries must fall on a multiple of one minute from the equator or prime meridian.

Exploration permits are further sub-divided into categories dependent on the commodity to be explored for, including minerals, coal, geothermal energy and greenhouse gas storage. All permits held by the Group in Queensland are EPMs other than coal.

An exploration permit grants the holder exclusive rights to explore for minerals, subject to land access requirements, environmental permitting and native title requirements. Permits are issued for up to five years and may be renewed for up to five years.

Typically, exploration permits must be reduced by 40 per cent. by the end of the first three years after the permit is granted. A further 50 per cent. of the remaining area of the permit must be relinquished at the end of five years after the permit is granted. Each time a permit is renewed, 40 per cent. of the permit area must be relinquished by the end of the third year after renewal, and 50 per cent. of the remaining area by five years after renewal.

Exploration permits are subject to an annual rent, currently set at A$161.30 per sub-block (excluding sales tax) (as at August 2019).

Environmental Permitting

In addition to an exploration permit, an environmental authority must also be held for the exploration activities to be completed. Depending on the level of environmental risk, this may be a standard application, variation application or a site-specific application. Environmental permitting in Queensland is governed by the Environmental Protection Act 1994.

Native title and cultural heritage

Australian law recognises that Indigenous people have rights and interests in the land under their traditional laws and customs. Under the Native Title Act applications for most mineral authorities are considered "future acts" and are subject to native title processes. In relation to exploration and retention titles, the resolution of native title issues can be a short and simple process. However, resolution of native title for the grant of a mining lease can take up to 18 months and in some cases require the payment of compensation. Agreements reached under the Native Title Act (referred to as "**Section 31 Agreements**") may involve payments to registered native title claimants for the duration of the mining lease and may include various other conditions. If agreements cannot be reached, the matter is determined by the National Native Title Tribunal under Native Title Act.

Native title processes include the right-to-negotiate ("**RTN**"), whereby native title holders may negotiate what activities can take place on the land, and what compensation will be offered. The RTN does not give native title parties the right to veto grants.

Indigenous land use agreements ("**ILUAs**") are also covered by the Native Title Act and enable agreement on how land and waters will be used and managed in the future. There are no statutory timeframes imposed on an ILUA process unlike the RTN process under the Native Title Act (which essentially prescribes a 12-month process). Mining lease applicants must ensure the ILUA is registered under the Native Title Act to ensure they satisfy their obligations. ILUAs cover a broad range of considerations, including:

- Financial Compensation
- Employment or Training Provisions;
- Cultural Heritage;
- Contracting Opportunities; and
- Environmental Preservation and Rehabilitation.

Separately to native title, mining proponents also have a duty of care by State legislation to take all reasonable steps not to damage Aboriginal cultural heritage. This is usually addressed by entering into a cultural heritage management agreement with the relevant Indigenous parties.

The Group has entered into three Native Title Agreements in respect of the Mt Oxide Project.

Under these agreements, the Kalkadoon Native Title Aboriginal Corporation consents to the grant of EPM 26462, EPM 26513 and EPM 26525, and the undertaking of the exploration activities at the Mt Oxide Project. The parties agreed to adopt the terms of an Aboriginal Cultural Heritage avoidance and protection protocol.

Environmental considerations

Each State and Territory has its own environmental legislation, which usually requires the granting of an environmental approval or authority ("**EA**") for mining activities. The EA process involves identifying environmental impacts and determining how to manage those impacts. Processes vary among the States/Territories, but there are some common features:

- Initial proposal and environmental management plan.
- Government assessment involving consultation with potentially affected parties.
- Government approvals that prescribe transparent oversight.
- Progressive rehabilitation requirements during the course of the mining operation.

The Federal Government also regulates mining activities through the EPBC Act. Resource activities that are likely to impact on matters classified as Matters of National Environmental Significance must be referred to the Federal Government Minister for the Environment under the EPBC Act for approval.

Common to both Federal and State/Territory environmental management systems is that an Environmental Impact Study ("**EIS**") is required before an EA is approved for a major resource project. This process can take 18 months or more. Depending on the circumstances, an EIS may be required by legislation or it may be done voluntarily to ensure approval. The EIS process involves public notification, on which anyone can make submissions. An EA cannot be granted until the EIS process is complete.

Royalties

New South Wales

In New South Wales, for non-coal assets, an *ad valorem* royalty is applied to high value to volume minerals. The base rate applicable for *ad valorem* minerals is 4 per cent. of the 'ex-mine' value. The ex-mine value refers to the value of the mineral once it is mined and brought to the surface. In some cases the costs associated with the processing or treatment may be allowable deductions. However, the costs associated with exploration, development and mining of the ore body and the rehabilitation of the site are not allowable deductions.

Queensland

In Queensland, depending on the mineral, the royally rate payable under the Mineral Resources Regulation 2013 is either a percentage of the value of the mineral or a flat rate per tonne.

For base and precious metals, a variable rate between 2.5 per cent. and 5 per cent. (varying in 0.02 per cent. increments) of value, depending on average metal prices, applies. The rate for each return period set out in the Quarterly and Annual Metal Prices and Variable Rates publication. A processing discount (except gold and silver) and royalty-free threshold applies.

Zambia

Overview

Zambia has a long history of mining, predominantly in copper and cobalt. Historically, mine development has been concentrated in an area known as Copperbelt Province. The Copperbelt mines are renowned for their high-grade deposits.

Exploration activity in recent years has raised the potential for opening up new centres for copper mining in the north-west and east of the country. Zambia's flagship copper project, Lumwana Mine, was commissioned in December 2008 and has been a successful project producing 125,000 tonnes in 2015 alone.

Zambia also hosts small-scale gold, coal, manganese and zinc deposits. In recent years, exploration has significantly expanded throughout Zambia to include prospecting for non-traditional minerals such as nickel and uranium, with some exploration for diamonds. The country's first nickel mine became operational in 2008. Zambia is also renowned for its gemstones and ranks as one of the world's leading producers of high-quality stones. Recent exploration work has also revealed the presence of significant deposits of coal-bed methane.

Having undergone a severe decline in the late 1980s and early 1990s, the mining sector had begun to perform well when productivity was severely affected by the global economic downturn in 2008, which had a negative impact on the global mining industry in general. The decline in commodity prices between 2015 and 2016 also had a negative impact on Zambia's mining productivity. The recent resurgence of copper prices, however, presents an opportunity for increased productivity in the next few years.

Since independence in 1964, the mining industry has provided the traditional base for the country's foreign exchange earnings and continues to be the major contributor to export receipts, accounting for more than 70 per cent of Zambia's export earnings by 2017. The mining sector and its support industries provide major employment and the infrastructure backbone to areas that would otherwise lack the impetus for sustained development.

Legal System

The Zambian legal system is based on the common law tradition. Most of its private and public law has followed the English legal system or has been heavily influenced by it. Zambian civil procedure is influenced by English law and is reliant upon many of the English civil procedures and practices.

Zambian Mineral Legislation

Mining and exploration in Zambia is governed primarily by the MMDA and other supporting legislation. Under the MMDA, two types of mining rights may be granted: (i) an exploration licence; and (ii) a mining licence.

An exploration licence grants the holder exclusive rights to carry out exploration for the minerals listed in the licence, and the relevant permissions required to undertake exploration (e.g. drilling rights). Licences may be a minimum of two cadastral units, and up to a maximum of 120 units. One cadastral unit is equivalent to a square of 60 arc seconds by 60 arc seconds, based on the Clarke 1880 ellipsoid. Units must be contiguous.

Licences are granted for a period of four years, renewable twice for a period not exceeding three years each time. At each renewal, 50 per cent. of the licence holding must be relinquished. Small-scale exploration licences and licences for gemstones other than diamonds are not renewable.

No exploration activities may be undertaken by a licence holder until activities are approved by the Zambian Environmental Management Agency. A pegging certificate must be submitted with 180 days of licence approval. A minimum exploration expenditure is also dictated in the licence terms.

The holder of an exploration licence may apply for a mining licence up to six months before expiry of the licence. Three licence types are available, each with a different prescribed land holding and validity:

- Artisanal mining – 1 to 2 cadastral units – 2 years
- Small-scale mining – 3 to 120 cadastral units – 10 years

- Large-scale mining – 120 to 7,485 cadastral units – 25 years

An annual fee (determined in Fee Units) is payable on all mining rights, based on the licence type, land holding area and the number of years the licence has been held. The monetary value of a Fee Unit is set by the State.

Schedule of Zambia annual Fee Units by licence Type (as set out by The Mines and Minerals Development (General) Regulations, 2016)

Mining Licence (per hectare per year)	Artisanal Mining	14	14	14	14
	Small Scale Mining	28	28	28	28
	Large Scale Mining	56	56	56	56
Mineral Processing Licence (per hectare per year)		56	56	56	56
Excess Exploration Ground		22	22	22	22

Licence Type		Fee Units Payable			
		Yeas 1 - 4	*Year 5 - 7*	*Year 8 - 10*	*Year 11 or later*
Exploration Licence (per hectare per year)	Small Scale	2	5	-	
	Large Scale	4	12	16	

Royalties

The Zambian Mines and Minerals Development (Amendment) Act 2018 sets the rate at which royalties must be paid. Under this Act, as of 1 January 2019, royalties are paid at a rate of:

- 5 per cent. of the norm value of base metals, except where the metal is copper, cobalt or vanadium;
- 5 per cent. of the gross value of energy and industrial minerals produced;
- 6 per cent. of the gross value of gemstones produced; and
- 6 per cent. of the norm value of precious metals produced.

Where the base metal is copper, royalties are payable at:

- 5.5 per cent. of the norm value when the norm price per tonne is less than US$4,500;
- 6.5 per cent. of the norm value when the norm price per tonne is US$4,500 or greater but less than US$6,000;
- 7.5 per cent. of the norm value when the norm price per tonne is US$6,000 or greater but less than US$7,000;
- 8.5 per cent. of the norm value when the norm price per tonne is US$7,000 or greater but less than US$9,000 per tonne; or
- 10 per cent. of the norm value when the norm price per tonne is US$9,000 or greater.

Where the base metal produced or recoverable under the licence is cobalt or vanadium, the mineral royalty payable is at the rate of 8 per cent. of the norm value of the cobalt or vanadium produced or recoverable.

The "gross value" is defined as the realised price for a sale, free on board, at the point of export from Zambia or point of delivery within Zambia; and the "norm value" is defined as:

- the monthly average London Metal Exchange cash price per tonne multiplied by the quantity of the metal or recoverable metal sold;

- the monthly average Metal Bulletin cash price per tonne multiplied by the quantity of the metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange; or
- the monthly average cash price per tonne, at any other exchange market approved by the Commissioner-General, multiplied by the quantity of the metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange or in the Metal Bulletin.

Environmental and HSE Regulatory Regime

The principal environmental health and safety laws applicable to the mining industry are:

- the Environmental Act;
- the Occupational Health and Safety Act No. 36 of 2010;
- the Mines and Minerals (Environmental) Regulations No. 29 of 1997; and
- the Environmental Protection and Pollution Control (Environmental Impact Assessment) Regulations SI No. 28 of 1997 (EIA Regulations).

The principal regulatory bodies responsible for administration of the environmental, health and safety protection regulatory framework are:

- ZEMA;
- the Ministry (Mines Safety Department); and
- the Occupational Health and Safety Institute.

The EIA Regulations specify that any person who, or entity that, proposes to undertake a new project which under the EIA Regulations requires an environmental impact assessment (EIA) to be undertaken must have an EIA conducted before the commencement of the project. The EIA Regulations provide that mining operations require an EIA to be undertaken. The nature of the project will determine whether the developer should prepare an environmental project brief (EPB) or an environmental impact statement. The EPB should set out the objectives and nature of the project, the main activities to be undertaken before, during and after the commencement of the project, the socio-economic impact of the project on the people that will be affected, and also the perceived socio-economic impact of the particular project on the environment, following the procedures set out in the EIA Regulations.

Where an EPB is submitted, it is considered by the ZEMA, which determines whether the project is likely to have a significant impact on the environment, and shall, within 40 days of receiving the EPB, approve it if satisfied that there will be no significant impact on the environment or that the EPB discloses sufficient mitigation measures to ensure the acceptability of the anticipated impact. If ZEMA determines that the project is likely to have a significant impact on the environment, it will require the developer to prepare an EIS. ZEMA shall assess the EIS in accordance with the procedures in the EIA Regulations and eventually issue a decision stating that the project is approved, rejected or approved subject to the developer meeting certain conditions.

The process of obtaining the approval of the mining project can take between six weeks and several months owing to the time required for public hearings and the relevant notifications and waiting periods related to it.

The closure procedure of a mining project is fully set out in the Mines and Minerals (Environmental) Regulations (the Regulations). Under the Regulations, closure of a mine can only occur where the applicant has applied to the Director of Mines safety for a partial or complete closure of a mine. The application must include an audit report on the environment surrounding the mine site prepared by an independent person.

A mine site should stand closed within 60 days of an application. Once all the conditions of closure under the Regulations have been met, the Director of Mines safety is required to issue a closure certificate for any mine closed and the mining right or permit or part thereof is to be cancelled by the Minister.

The Mines and Minerals (Environmental Protection Fund) Regulations provide for refunds to holders of licences, on application, when a mine site is closed. In accordance with the Regulations, this

amount would be less any monies owing. The Director of Mines Safety may use any part of the contribution to the fund of a licence holder for the purposes of rehabilitating the site.

A licence from ZEMA is required as provided under the Environmental Management (Licensing Regulations) 2013 before building tailings or waste dams. The site upon which a dam is constructed should be solid ground. In the case of tailings, the Department of Mines Safety under the Ministry of Mines would not approve construction near wetlands to avoid contamination of surface and underground water bodies in an area. There are no specific professional qualifications required for the professionals in charge and management of the dam waste. The facilities are routinely inspected by the Department of Mine Safety. The installation of an alarm is mandatory to prevent unauthorised entry to the dam site. Dams are supposed to be constructed away from human settlement. In case of an emergency, there are drills; however, these are mainly for staff members. There are also mandatory reporting obligations in the case of an accident. Moreover, there are no expressly stated responsibilities to rescue people in case of a dam failure.

Rules and regulations related to the management of waste are provided for by the Environmental Management Act No. 12 of 2011. The Act imposes the following obligations in relation to waste management:

- a person shall not collect, transport, sort, recover, treat, store, dispose of, or otherwise manage waste in a manner that results in an adverse effect, or creates a significant risk of an adverse effect occurring;
- a person who produces, collects, recovers, transports, keeps, treats or disposes of waste shall take all reasonable measures to prevent any other person from using waste in a manner that causes an adverse effect on the environment; and
- a person shall not dispose of waste in such a manner that it causes litter.
- ZEMA may, upon application, issue a waste management licence that permits the holder to conduct the following activities:
- reclaim, re-use, recover or recycle waste;
- collect and dispose of waste from industrial, commercial, domestic or community activities;
- transport waste to a disposal site;
- own, construct or operate a waste disposal site or other facility for the permanent disposal or storage of waste; and
- transit, trade in or export waste.

The holder of such a licence therefore has the right to explore and exploit waste products.

Further, under the MMDA the term ‘mineral’ is defined to include ‘any substance occurring in tailing dams, slag dumps, waste rock dumps, residue waste rock dumps, residue stockpiles or residue deposit’. A person who wishes to explore and exploit minerals from tailing dams and other waste piles for commercial purposes is required to obtain a mining licence or a mineral processing licence from the Ministry of Mines.

The MMDA further provides that a holder of a mining licence is required to undertake the management of the environment in the mining area for which a licence has been granted, which includes waste management. The holder of a mining licence therefore has the right to explore and exploit mining waste that is produced as a result of the mining activities carried out pursuant to the licence granted.

PART IX

THE PLACING

Details of the Placing

The Company has raised £1,345,000 (before expenses) pursuant to the proposed issue of the Placing Shares at the Placing Price. The Placing Shares are issued with options attached on a one-for-one basis with an exercise price of 2.8p. SI Capital has procured commitments to subscribe for the Placing Shares from subscribers in the Placing. A summary of the terms and conditions of the Offer are set out below.

The Placing is conditional on:

(A) the Placing Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms prior to Admission; and

(B) Admission occurring by 8:00 a.m. on 3 September 2020 (or such later date as the Company and SI Capital may agree).

If Admission does not occur, the Placing will not proceed and all monies paid will be refunded to the Placees.

Following satisfaction of all conditions and subject to the Placing Agreement becoming unconditional in all respects, application will be made for the Enlarged Issued Share Capital to be admitted to a Standard Listing on the Official List and to trading on the Main Market of the London Stock Exchange. It is expected that Admission will become effective and that dealings for normal settlement in the Ordinary Shares will commence on 3 August 2020.

The Placing Shares will, when issued, rank *pari passu* in all respects with the Ordinary Shares in issue on Admission, including the right to receive dividends and other distributions declared following Admission.

Immediately following Admission, the Enlarged Issued Share Capital will consist of 1,009,938,722 Ordinary Shares.

Shareholdings immediately prior to Admission will be diluted by approximately 8.01 per cent. as a result of the Placing Shares being issued pursuant to the Placing.

When admitted to trading, the Ordinary Shares (including the Existing Ordinary Shares and the Placing Shares) will continue to be registered with ISIN AU000000CCZ2 and trade under the TIDM CCZ.

Terms and Conditions of the Options

(a) Entitlement

Subject to paragraph (m), below, each Option entitles the holder to subscribe for one Ordinary Share upon exercise of the Option.

(b) Exercise Price and Expiry Date

Subject to paragraphs (j) and (l), the amount payable upon exercise of each Option will be 2.8p (in respect of the options issued to placees), and 1.7p (in respect of the options issued to SI Capital) (**Exercise Price**).

(c) Expiry Date

Each Option will expire at 5.00 pm (WST) on 1 September 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Ordinary Shares on exercise

Within 15 Business Days after the later of the following:

(i) the Exercise Date; and

(ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

(iii) allot and issue the number of Ordinary Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Ordinary Shares does not require disclosure to investors; and

(v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Ordinary Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(iv) for any reason is not effective to ensure that an offer for sale of the Ordinary Shares does not require disclosure to investors, the Company must no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Ordinary Shares does not require disclosure to investors.

(h) Ordinary Shares issued on exercise

Ordinary Shares issued on exercise of the Options rank equally with the then issued Ordinary Shares of the Company.

(i) Quotation of Ordinary Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Ordinary Shares issued upon the exercise of the Options.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Ordinary Shareholders during the currency of the Options without exercising the Options.

(l) Adjustment for rights issue

In the event the Company proceeds with a *pro rata* issue (except a bonus issue) of securities to Ordinary Shareholders after the date of issue of the Options, the Exercise Price may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(m) Adjustment for bonus issues of Ordinary Shares

If the Company makes a bonus issue of Ordinary Shares or other securities to existing Ordinary Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

(i) the number of Ordinary Shares which must be issued on the exercise of an Option will be increased by the number of Ordinary Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and

(ii) no change will be made to the Exercise Price.

(n) Unlisted

The Options will be unlisted options.

(o) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

Placing Agreement

The Company, the Directors and SI Capital have entered into the Placing Agreement dated 27 July 2020 relating to the Placing pursuant to which, subject to certain conditions, SI Capital agreed to use its reasonable endeavours to procure subscribers for 79,117,618 Placing Shares at the Placing Price of 1.7 pence per share to be issued by the Company. The Placing Share ssubscribed for in the Placing at the Placing Price will represent approximately 8.01 per cent. of th eEnlarged Issued Share Capital.

The Placing is not being underwritten. SI Capital, as the Company's agent, has procured irrevocable commitments to subscribe for the full amount of Placing Shares from Placees, and there are no conditions attached to such irrevocable commitments other than Admission.

SI Capital will receive (i) a success fee of £30,000 which will be settled by the issue of 1,764,706 Ordinary Shares at the Placing Price; and (ii) 1,582,353 options exercisable at the Placing Price.

The Net Placing Proceeds after deduction of expenses, will be approximately £1,095,000 on the basis that the Company has raised gross proceeds of £1,345,000 pursuant to the Placing.

In accordance with Listing Rule 14.2.2, at the time of Admission at least 25 per cent. of the Ordinary Shares will be in public hands (as defined in the Listing Rules) or the jurisdiction in which the Ordinary Shares are listed.

Further details of the Placing Agreement are set out in paragraph 19.2 of *Part XV – Additional Information* of this document.

Use of proceeds

The Company will use the Net Placing Proceeds as follows. Approximately:

- £100,000 will be spent on the Cangai Copper Mine, which will potentially include an aeromagnetics program and further exploration activities to facilitate upgrading the current JORC compliant inferred resource (3.2Mt at 3.35 per cent. Cu) to ultimately result in the Company's strategy of completing a scoping study as a precursor to a bankable feasibility study;
- £450,000 will be spent on drilling the current targets at Mt Oxide, as well as undertaking geological mapping, geochemistry, ground physics and drone magnetic surveys to identify test drilling at the other Mt Oxide Projects;

- £300,000 will be allocated towards the Company's commitment to spend at least US$500,000 on exploring the Zed Projects by 21 August 20121 being 18 months from the date of the completion of the Zed Acquisition; and
- £170,000 will be spent on general corporate purposes supporting the exploration campaign at the Projects.

The total expenses incurred (or to be incurred) by the Company in connection with Admission and the Placing are approximately £325,000 (comprising legal fees of £175,000 commission fees of £125,000 and Admission fees of £25,000) which will be paid out of the gross placing proceeds (such that the Net Placing Proceeds will be approximately £1,020,000).

Admission, settlement and dealings

Completion of the Placing is subject to the satisfaction of conditions contained in the Placing Agreement, including Admission occurring on or before 31 August 2020 or such later date as may be agreed between SI Capital and the Company.

Admission is expected to take place and dealings in the Ordinary Shares are expected to commence on the main market for listed securities of the London Stock Exchange at 8:00 a.m. on 3 August 2020.

Where applicable, definitive share certificates in respect of the Placing Shares to be issued pursuant to the Placing are expected to be despatched, by post at the risk of the recipients, to the relevant holders, within ten Business Days of Admission. The Placing Shares are in registered form and can also be held in uncertificated form. Prior to the despatch of definitive share certificates in respect of any Placing Shares which are held in certificated form, transfers of those Ordinary Shares will be certified against the register of members of the Company. No temporary documents of title will be issued.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument of transfer. Securities issued by non-UK companies, such as the Company, cannot be held or transferred electronically in the CREST system. However, Depositary Interests allow such securities to be dematerialised and settled electronically through CREST.

Where investors choose to settle interests in the Ordinary Shares through the CREST system, and pursuant to depositary arrangements established by the Company, the Custodian holds the Ordinary Shares and issues dematerialised Depositary Interests representing the underlying Ordinary Shares, which are held on trust for the holders of the Depositary Interests. The Depositary Interests are independent securities constituted under English law which may be held and transferred through the CREST system. Investors should note that it is the Depositary Interests which are admitted to and settled through CREST and not the Ordinary Shares.

Application has been made for the Depositary Interests to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Depositary Interests following Admission may take place within the CREST System if any Shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain certificates will be able to do so. An investor applying for Ordinary Shares in the Placing may elect to receive Ordinary Shares in uncertificated form in the form of Depositary Interests if the investor is a system member (as defined in the CREST Regulations) in relation to CREST.

Selling and distribution restrictions

The Ordinary Shares have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the US and may not be taken up, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or in the US.

Certain restrictions that apply to the Placing Shares being issued pursuant to the Placing and the distribution of this document in certain jurisdictions are described *Part III – Important Information* of this document.

Transferability

The Ordinary Shares are freely transferable and tradable and there are no restrictions on transfer.

PART X

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Section A: Accountant's Report on the Historical Financial Information of the Group

The Directors
Castillo Copper Limited
45 Ventnor Avenue
West Perth
Western Australia 6005 Australia

27 July 2020

Dear Sirs

Castillo Copper Limited and its subsidiaries (the "Group")

Introduction

We report on the audited historical financial information of the Group for the financial years ended 30 June 2019, 30 June 2018 and 30 June 2017 and the reviewed historical financial information of the Group for the financial half-years ended 31 December 2019 and 31 December 2018 (the "**Historical Financial Information**") as set out in Part X of the Prospectus. The Historical Financial Information has been prepared for inclusion in the document dated 27 July 2020 (the "**Prospectus**") of Castillo Copper Limited (the "**Company**") relating to the proposed admission to listing on the standard segment of the Official List of the UK Financial Conduct Authority (the **"FCA"**) and to trading on the Main Market for listed securities of the London Stock Exchange plc of the Company and on the basis of the accounting policies set out in note 2 of the Notes to the Historical Financial Information in Section B of Part X of the Prospectus. This report is given for the purpose of complying with Annex 1, Section 1, Item 1.2 of Commission Delegated Regulation (EU) 2019/980 (the "**Prospectus Regulation**") and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The directors of the Company (the "**Directors**") are responsible for preparing the Historical Financial Information on the basis of preparation set out in the notes to the Historical Financial Information and in accordance with the Australian Accounting Standards, and International Financial Reporting Standards ("**IFRS**") as adopted by the European Union. Australian Accounting Standards as issued by the Australian Accounting Standards Board include Australian equivalents to International Financial Reporting Standards ("**AIFRS**"). Compliance with the AIFRS ensures the Historical Financial Information is also compliant with IFRS as issued by the International Accounting Standards Board and as adopted by the European Union.

It is our responsibility to form an opinion on the Historical Financial Information, and to report our opinion to you. Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our

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statement, required by and given solely for the purposes of complying with Annex 1, Section 1, Item 1.2 of Commission Delegated Regulation (EU) 2019/980, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with Australian Auditing Standards applicable to assurance engagements. Specifically, our review was carried out in accordance with Standards on Assurance Engagements ASAE 3420 and ASAE 3450.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate to the Company and consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement whether caused by fraud or other irregularity or error. Our examination comprised the tasks and procedures we consider necessary for the purposes of expressing our opinion on the Historical Financial Information as a whole.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Group as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with the IFRS as adopted by the European Union.

Declaration

For the purposes of Prospectus Regulation Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex 1, Section 1, Item 1.2 of Commission Delegated Regulation (EU) 2019/980.

Yours faithfully

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Section B: Historical Financial Information of the Group

Consolidated Statement of Comprehensive Income

	Notes	Half-year ended 31 Dec 2019 Reviewed A$	Half-year ended 31 Dec 2019 Reviewed A$	Year ended 30 June 2019 Audited A$	Year ended 30 June 2018 Audited A$	Year ended 30 June 2017 Audited A$
REVENUE						
Interest received		203	1,313	2,197	7,906	416
Other income		81,005	2,767	2,716	—	—
TOTAL REVENUE		**81,208**	**4,080**	**4,913**	**7,906**	**416**
Listing and public company expenses		(71,573)	(63,137)	(89,204)	(72,656)	(30,955)
Accounting and audit expenses		(70,819)	(76,240)	(170,624)	(149,018)	(136,812)
Consulting and Directors' fees		(344,253)	(168,011)	(343,178)	(388,091)	(208,121)
Impairment of tenements under application	14	—	—	—	(1,072,026)	—
Impairment of deferred exploration and evaluation expenditure	7	(5,633)	—	(976,819)	(31,632)	(28,996)
Share based payments		(223,527)	(28,499)	(27,738)	(434,993)	(51,066)
Other expenses	4	(627,941)	(146,627)	(322,332)	(262,333)	(74,108)
LOSS BEFORE INCOME TAX EXPENSE		**(1,262,538)**	**(478,434)**	**(1,924,982)**	**(2,402,843)**	**(529,642)**
Income tax expense	5	—	—	—	—	—
LOSS AFTER INCOME TAX EXPENSE		**(1,262,538)**	**(478,434)**	**(1,924,982)**	**(2,402,843)**	**(529,642)**
OTHER COMPREHENSIVE INCOME/(LOSS)						
Item that may be reclassified subsequently to profit or loss						
Foreign currency translation		20,267	(1,554)	7,173	1,171	(3,544)
TOTAL OTHER COMPREHENSIVE INCOME/ (LOSS)		20,267	(1,554)	7,173	**1,171**	**(3,544)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(1,242,271)**	**(479,988)**	**(1,917,809)**	**(2,401,672)**	**(533,186)**
Basic and diluted loss per share (cents per share)	15	(0.19)	(0.08)	(0.31)	(0.45)	(0.24)

Consolidated Statement of Financial Position

	Notes	31 Dec 2019 Reviewed A$	31 Dec 2018 Reviewed A$	30 June 2019 Audited A$	30 June 2018 Audited A$	30 June 2017 Audited A$
CURRENT ASSETS						
Cash and cash equivalents	13	1,798,922	946,828	177,972	1,710,498	58,712
Other receivables	6	82,084	121,891	21,933	62,984	28,956
TOTAL CURRENT ASSETS		**1,881,017**	**1,068,719**	**199,905**	**1,773,482**	**87,668**
NON-CURRENT ASSETS						
Other receivables	6	117,100	106,100	106,100	20,000	20,000
Deferred exploration and evaluation expenditure	7	4,887,398	5,498,488	4,777,776	3,978,765	—
Other non-current assets	8, 14	25,000	—	25,000	—	350,000
TOTAL NON-CURRENT ASSETS		**5,029,498**	**5,604,588**	**4,908,876**	**3,998,765**	**370,000**
TOTAL ASSETS		**6,910,515**	**6,673,307**	**5,108,781**	**5,772,247**	**457,668**
CURRENT LIABILITIES						
Trade and other payables	9	358,355	338,402	128,764	178,249	124,747
Borrowings		230,919	—	—	—	—
Derivative liability		20,860	—	—	—	—
Rehabilitation provision	10	121,090	121,090	121,090	—	—
TOTAL CURRENT LIABILITIES		**731,224**	**459,492**	**249,854**	**178,249**	**124,747**
TOTAL LIABILITIES		**731,224**	**459,492**	**249,854**	**178,249**	**124,747**
NET ASSETS		**6,179,291**	**6,213,815**	**4,858,927**	**5,593,998**	**332,921**
EQUITY						
Issued capital	11	20,209,738	17,867,715	17,870,979	16,767,910	10,224,254
Reserves	12	3,144,388	2,811,849	2,900,245	2,813,403	1,693,139
Accumulated losses		(17,174,835)	(14,465,749)	(15,912,297)	(13,987,315)	(11,584,472)
TOTAL EQUITY		**6,179,291**	**6,213,815**	**4,858,927**	**5,593,998**	**332,921**

Consolidated Statement of Changes in Equity

	Issued capital A$	Share based payment reserve A$	Foreign currency translation reserve A$	Accumulated losses A$	Total A$
Half-year ended 31 December 2019 (reviewed)					
Balance as at 1 July 2019	**17,870,979**	**3,023,570**	**(123,325)**	**(15,912,297)**	**4,858,927**
Loss for the half-year	—	—	(1,262,538)	**(1,262,538)**	
Other comprehensive income	—	—	20,267	—	**20,267**
Total comprehensive loss	—	—	**20,267**	**(1,262,538)**	**(1,242,271)**
Transactions with owners in their capacity as owners					
Shares issued to sophisticated investors	1,817,500	—	—	—	**1,817,500**
Shares issued to advisors	75,000	—	—	—	75,000
Conversion of convertible notes	612,110	—	—	—	612,110
Equity component on issuing convertible notes	—	60,220	—	—	**60,220**
Share based payments	—	163,656	—	—	**163,656**
Share issue costs	(165,851)	—	—	—	**(165,851)**
Balance as at 31 December 2019	**20,209,910**	**3,247,446**	**(103,058)**	**(17,174,835)**	**6,179,291**
Half-year ended 31 December 2018 (reviewed)					
Balance as at 1 July 2018	**16,767,910**	**2,943,901**	**(130,498)**	**(13,987,315)**	**5,593,998**
Loss for the half-year	—	—	(478,434)	**(478,434)**	
Other comprehensive income	—	—	(1,554)	—	**(1,554)**
Total comprehensive loss	—	—	**(1,554)**	**(478,434)**	**(479,988)**
Transactions with owners in their capacity as owners					
Shares issued to sophisticated investors	1,230,000	—	—	—	**1,230,000**
Share issue costs	(130,195)	—	—	—	**(130,195)**
Balance as at 31 December 2018	**17,867,715**	**2,943,901**	**(132,052)**	**(14,465,749)**	**6,213,815**
Year ended 30 June 2018 (audited)					
Balance as at 1 July 2017	**10,224,254**	**1,824,808**	**(131,669)**	**(11,584,472)**	**332,921**
Loss for the year		—	—	(2,402,843)	**(2,402,843)**
Other comprehensive income			1,171	—	**1,171**
Total comprehensive loss			**1,171**	**(2,402,843)**	**(2,401,672)**
Transactions with owners in their capacity as owners					
Shares issued to sophisticated investors	4,400,000	—	—	—	4,400,000
Shares issued per QComm acquisition	1,150,000	—	—	—	1,150,000
Shares issued per Total Minerals	1,265,000	—	—	—	1,265,000
Shares issued per Total Iron acquisition	450,000	—	—	—	450,000
Shares issued to advisors and vendors	98,000	—	—	—	98,000
Shares issued to consultants	16,500	—	—	—	16,500
Share based payments	—	389,993	—	—	389,993
Share issue costs	(835,844)	729,100	—	—	(106,744)
Balance as at 30 June 2018	**16,797,910**	**2,943,901**	**(130,498)**	**(13,987,315)**	**5,593,998**
Year ended 30 June 2017 (audited)					
Balance as at 1 July 2016	**9,620,254**	**1,773,742**	**(128,125)**	**(11,054,830)**	**211,041**
Loss for the year	—	—		(529,642)	**(529,642)**

	Issued capital A$	Share based payment reserve A$	Foreign currency translation reserve A$	Accumulated losses A$	Total A$
Other comprehensive income	—	—	(3,544)	—	**(3,544)**
Total comprehensive loss	—	—	**(3,544)**	**(529,642)**	**(533,186)**
Transactions with owners in their capacity as owners					
Shares issued during the year	700,000	—	—	—	**700,000**
Options issued during the year	—	51,066	—	—	**51,066**
Share issue costs	(96,000)	—	—	—	**(96,000)**
Balance as at 30 June 2017	**10,224,254**	**1,824,808**	**(131,669)**	**(11,584,472)**	**332,921**

Consolidated Statement of Cash Flows

	Notes	Half-year ended 31 Dec 2019 Reviewed A$	Half-year ended 31 Dec 2018 Reviewed A$	Year ended 30 June 2019 Audited A$	Year ended 30 June 2018 Audited A$	Year ended 30 June 2017 Audited A$
CASH FLOWS FROM OPERATING ACTIVITIES						
Insurance refund		81,005	—	—	—	—
Interest received		203	1,313	2,197	7,906	416
Payments to suppliers and employers		(761,172)	(466,853)	(887,103)	(902,666)	(367,280)
NET CASH USED IN OPERATING ACTIVITIES	13	**(679,964)**	**(465,540)**	**(884,906)**	**(894,760)**	**(366,864)**
CASH FLOWS FROM INVESTING ACTIVITIES						
Tenement expenditure guarantees		(18,500)	(56,100)	(86,100)	—	(20,000)
Proceeds from sale of plant and equipment		—	2,767	—	—	—
Tenement expenditure guarantees refunded		—	—	2,716	—	—
Rental refund upon tenement relinquishment		23,993	—	—	—	—
Payments for subsidiaries		—	—	(25,000)	(200,000)	(150,000)
Exploration and evaluation expenditure		(246,394)	(1,407,777)	(1,704,236)	(1,427,307)	(25,201)
NET CASH USED IN INVESTING ACTIVITIES		**(240,901)**	**(1,461,110)**	**(1,812,620)**	**(1,627,307)**	**(195,201)**
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from share issue	11	1,832,630	1,230,000	1,230,000	4,400,000	500,000
Proceeds from convertible note issue		878,963	—	—	—	—
Repayment of unissued share capital		(10,000)	—	—	—	—
Prepayment for issue of shares		—	—	10,000	—	—
Share issue costs	11	(165,851)	(75,000)	(75,000)	(226,147)	(96,000)
NET CASH FROM FINANCING ACTIVITIES		**2,535,742**	**1,165,000**	**1,165,000**	**4,173,853**	**404,000**
Net (decrease)/increase in cash and cash equivalents		1,614,877	(761,650)	(1,532,526)	1,651,786	(158,065)
Cash and cash equivalents in beginning of year		177,972	1,710,498	1,710,498	58,712	216,777
Effect of exchange rate fluctuations on cash held		6,084	(2,020)	—	—	—
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	13	**1,798,933**	**946,828**	**177,972**	**1,710,498**	**58,712**

Notes to the Historical Financial Information

1. Corporate Information

Castillo Copper Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and the principal activities of the Group comprise mineral exploration and examination of new revenue opportunities, potentially base metal projects.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The Historical Financial Information has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards as issued by the Australian Accounting Standards Board, which include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the Historical Financial Information is also compliant with IFRS as issued by the International Accounting Standards Board. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The Historical Financial Information has been prepared on an accrual basis and is based on historical costs. Material accounting policies adopted in preparation of the Historical Financial Information are presented below and have been consistently applied unless otherwise stated.

The presentation currency is Australian dollars.

(b) Statement of Compliance

The Historical Financial Information complies with Australian Accounting Standards, which include AIFRS. Compliance with AIFRS ensures that the Historical Financial Information complies with IFRS.

(c) Adoption of new and revised standards

Standards and Interpretations in issue not yet adopted

The Directors have reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2019 and half-year ended 31 December 2019. Those which may have a material impact on the Group are set out below.

AASB 16 Leases

AASB 16 replaces AASB 117 Leases. AASB 16 removes the classification of leases as either operating leases of finance leases-for the lessee – effectively treating all leases as finance leases.

AASB 16 is applicable to annual reporting periods beginning on or after 1 January 2019.

Impact on operating leases

AASB 16 will change how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet. On initial application of AASB 16, for all leases (except as noted below), the Group will:

- Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments.
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss.
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under AASB 16, right-of-use assets will be tested for impairment in accordance with AASB 136 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by AASB 16. The adoption of AASB 16 will not have a material impact on the financial statements.

(d) Going Concern

The Historical Financial Information has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group's annual financial report for the year ended 30 June 2019 and half-year financial report for the period ended 31 December 2019, both disclosed material uncertainties in relation to going concern.

The directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group has been able to secure funds since 31 December 2019 to meet its commitments, in addition to the proceeds from the Placing.

(e) Basis of Consolidation

Subsidiaries are all those entities (including special purpose entities) over which the Company has control. The Company controls an entity when the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

In preparing the Historical Financial Information, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-company transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Company and cease to be consolidated from the date on which control is transferred out of the Company.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

(f) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional and presentation currency of the Company is Australian dollars. The functional currency of the Chilean subsidiary is Chilean peso.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(iii) Group entities

The results and financial position of all the Company entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to foreign currency translation reserve.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, as part of the gain or loss on sale where applicable.

(g) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenditure is charged to the statement of comprehensive income during the financial period in which it is incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Furniture, Fixtures and Fittings	10 per cent.
Computer and software	20 per cent. – 35 per cent.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Derecognition

Additions of plant and equipment are derecognised upon disposal or when no further future economic benefits are expected from their use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the statement of comprehensive income.

(h) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(i) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is impaired; furthermore, the Directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 6 Exploration for and evaluation of mineral resources. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to in AASB 6 is met.

Exploration and evaluation expenditure incurred subsequent to an acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Group's rights of tenure to that area of interest are current.

(j) Trade and Other Receivables

Trade receivables, which generally have 30 – 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Furthermore, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime leases to be recognised from initial recognition of the receivables. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term, discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(k) Cash and Cash Equivalents

Cash and short term deposits in the statement of financial position include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as current liabilities in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Critical accounting estimates and judgment

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model, using the assumptions detailed in note 11.

Functional currency translation reserve

Under the Accounting Standards, each entity within the Group is required to determine its functional currency, which is the currency of the primary economic environment in which the entity operates. Management considers the Chilean subsidiary to be foreign operations with Chilean peso as the functional currency. In arriving at this determination, management has given priority to the currency that influences the labour, materials and other costs of exploration activities as they consider this to be a primary indicator of the functional currency.

(n) Rehabilitation provision

A provision for rehabilitation and restoration is recognised when there is a present obligation as a result of activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

(o) Income Tax

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained. Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

(p) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(r) Earnings / loss per share

Basic earnings / loss per share

Basic earnings / loss per share is calculated by dividing the profit/loss attributable to equity holders of the Group, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings / loss per share

Diluted earnings / loss per share is calculated as net profit/loss attributable to members of the Group, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

(s) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(t) Trade and other payables

Liabilities for trade creditors and other amounts are measured at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the Group.

(u) Share-based payment transactions

The Group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the Group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ("**equity settled transactions**").

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("**market conditions**").

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("**vesting date**").

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share.

(v) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

3. Segment Information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information.

The Board of Directors reviews internal management reports on a monthly basis that is consistent with the information provided in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

4. Other expenses

	Half-year ended 31 Dec 2019 A$	Half-year ended 31 Dec 2018 A$	Year ended 30 June 2019 A$	Year ended 30 June 2018 A$	Year ended 30 June 2017 A$
Travel and accommodation	34,368	21,379	59,305	64,730	18,129
Legal	385,500	11,401	116,432	51,081	39,299
Other	208,073	113,847	146,595	146,522	16,680
Total other expenses	627,941	146,627	322,332	262,333	74,108

5. Income Tax

Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting result before income tax multiplied by the Group's applicable tax rate is as follows:

	Year ended 30 June 2019 A$	Year ended 30 June 2018 A$	Year ended 30 June 2017 A$
Loss from continuing operations before income tax expense	(1,924,982)	(2,402,843)	(529,492)
Tax at the company rate of 27.5% (2018 and 2017: 27.5%)	(529,370)	(660,782)	(145,602)
Income tax benefit not bought to account	529,370	660,782	145,602
Income tax expense	—	—	—

The following deferred tax balances have not been bought to account:

	Year ended 30 June 2019 A$	Year ended 30 June 2018 A$	Year ended 30 June 2017 A$
Assets			
Total losses available to offset against future taxable income	6,007,944	5,265,811	3,182,700
Total accrued expenses	19,986	38,350	9,624
Total share issue costs deductible over five years	37,314	49,752	13,428
Deferred tax liability on capitalised exploration costs	(407,831)	(1,045,810)	(96,250)
Deferred tax assets not brought to account as realisation is not regarded as probable	(5,657,413)	(4,308,103)	(3,109,502)
Deferred tax asset recognised	—	—	—

6. Other Receivables

	Half-year ended 31 Dec 2019 A$	Half-year ended 31 Dec 2018 A$	Year ended 30 June 2019 A$	Year ended 30 June 2018 A$	Year ended 30 June 2017 A$
Current					
GST/VAT receivable	63,268	110,460	16,460	58,363	23,199
Other	18,816	11,430	5,473	4,621	5,757
	82,084	121,891	21,933	62,984	28,956
Non-Current					
Tenement guarantees	117,100	106,100	106,100	20,000	20,000

There are no current tenement guarantees.

7. Deferred Exploration and Evaluation Expenditure

	Half-year ended 31 Dec 2019 A$	Half-year ended 31 Dec 2018 A$	Year ended 30 June 2019 A$	Year ended 30 June 2018 A$	Year ended 30 June 2017 A$
Exploration and evaluation phase:					
Opening balance	4,777,776	3,978,765	3,978,765	—	—
Exploration and evaluation expenditure assumed on acquisition of subsidiaries	—	—	—	2,527,374	—
Exploration and evaluation expenditure during the period	115,255	1,398,633	1,654,740	1,483,023	—
Rehabilitation capitalised against asset	—	121,090	121,090	—	—
Impairment	(5,633)	—	(976,819)	(31,632)	—
Closing balance	**4,887,398**	**5,498,488**	**4,777,776**	**3,978,765**	—

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

8. Other non-current assets

	Half-year endd 31 Dec 2019 A$	Half-year ended 31 Dec 2018 A$	Year ended 30 June 2019 A$	Year ended 30 June 2018 A$	Year ended 30 June 2017 A$
Initial consideration – acquisition of Zed Copper Pty Ltd	25,000	—	25,000	—	—
Initial consideration – acquisition of QComm	—	—	—	—	350,000
	25,000	—	25,000	—	350,000

During the year ended 30 June 2019, the Company entered into a Heads of Agreement to acquire Zed Copper Pty Ltd ("**Zed**") (ACN 634 154 331). Under the terms of the agreement, subject to completion of due diligence and all conditions precedent being satisfied, the Company will acquire 100 per cent. of the issued capital of Zed, a minerals explorer that holds the exclusive rights to acquire five highly-prospective assets in the Lufilian Arc region in Zambia covering 1,050km^2 (the "**Acquisition**").

In consideration for entering into transaction and proceeding with the Acquisition, the Company will pay the Vendors the following:

- A$25,000 upon executing the binding Heads of Agreement paid in June 2019; and
- A$25,000 upon executing the Share Sale Agreement.

On completion of the Acquisition and in accordance with the terms of the Share Sale Agreement, the Company will issue to the Vendors in their respective proportions:

(A) 31,250,000 fully paid ordinary shares;

(B) 46,875,000 performance shares, converting to an equal number of Company shares on delineation of a JORC resource of 200,000 tonnes of contained copper at a minimum grade of 0.5 per cent. within 5 years of execution of the Share Sale Agreement; and;

(C) 46,875,000 performance shares, converting to an equal number of Company shares on completion of a pre-feasibility study demonstrating an internal rate of return greater than 25 per cent. within 5 years of execution of the Share Sale Agreement.

The performance shares will be subject to prior approval by the ASX.

In addition, the Vendors will be entitled to a 2 per cent net smelter return royalty on the sale of concentrates from the projects.

9. Trade and other payables

	31 Dec 2019 A$	31 Dec 2018 A$	30 June 2019 A$	30 June 2018 A$	30 June 2017 A$
Current					
Trade and other payables	39,155	199,694	46,089	38,795	89,752
Accruals	319,200	128,708	72,675	139,454	34,995
Prepayment for unissued share capital	—	10,000	10,000	—	—
	358,355	338,402	128,764	178,249	124,747

Trade and other payables are non-interest bearing and payable on demand. Due to their short-term nature, the carrying value of trade and other payables is assumed to approximate their fair value.

10. Rehabilitation Provision

	Half-year ended 31 Dec 2019 A$	Half-year ended 31 Dec 2018 A$	Year ended 30 June 2019 A$	Year ended 30 June 2018 A$	Year ended 30 June 2017 A$
Rehabilitation provision	121,090	121,090	121,090	—	—
	121,090	121,090	121,090	—	—
Opening balance	121,090	—	—	—	—
Provided during the year	—	121,090	121,090	—	—
Closing balance	121,090	121,090	121,090	—	—

11. Issued Capital

(a) Issued and paid up capital

	Year ended 30 June 2019 A$	Year ended 30 June 2018 A$	Year ended 30 June 2017 A$
Ordinary shares fully paid	17,870,979	16,767,910	10,224,254

(b) Movements in ordinary shares on issue

	Year ended 30 June 2019		Year ended 30 June 2018		Year ended 30 June 2017	
	Number of shares	A$	Number of shares	A$	Number of shares	A$
Opening balance	580,094,475	16,767,910	254,832,218	10,224,254	211,498,885	9,620,254
Shares issued to sophisticated investors	61,500,000	1,230,000	172,916,667	4,400,000	33,333,333	500,000
Shares issued per QComm acquisition	—	—	76,666,668	1,150,000	10,000,000	200,000
Shares issued per Minerals acquisition	—	—	55,000,000	1,265,000	—	—
Shares issued per Total Iron share	—	—	15,000,000	450,000	—	—
Shares issued to advisors and consultants	—	—	5,678,922	114,500	—	—
Transaction costs on issue	—	(126,931)	—	(835,844)	—	(96,000)
	641,594,475	17,870,979	580,094,475	16,767,910	254,832,218	10,224,254

(c) Ordinary shares

The Group does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

(d) Share options

At 30 June 2019 there were 104,500,000 (2018: 84,500,000; 2017: 6,000,000) unissued ordinary shares under options, on issue.

The following share-based payment arrangements for options in existence during the period:

Series	Number	Grant date	Expiry date	Exercise price (A$)	Fair value at grant date	Vesting date
1.	15,000,000	5 July 2017	5 July 2020	0.03	0.008	5 July 2017
2.	6,000,000	5 July 2017	3 June 2020	0.03	0.008	19 October 2017
3.	4,000,000	19 October 2019	3 June 2020	0.03	0.0229	19 October 2017
4.	42,500,000	24 October 2017	24 October 2019	0.065	0.0159	24 October 2017
5.	17,000,000	16 May 2018	31 December 2023	0.10	0.018	16 May 2018
6.	15,000,000	1 February 2019	1 February 2022	0.05	0.0035	1 February 2019
7.	5,000,000	1 February 2019	31 December 2023	0.05	0.0054	1 February 2019

Notes

Issued to Hartleys for broker services rendered in relation to the Placement. Total value of A$51,931, included in transaction costs on share issue.

Issued to director Robert Scott. Total value of A$27,738 included in share based payments in profit or loss.

Options granted as equity compensation benefits to Key Management Personnel during the year are set out in the audited remuneration report.

(e) Weighted average fair value

The fair value of the equity-settled options granted is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which they were granted, and the following inputs:

	Series						
	1	2	3	4	5	6	7
Expected volatility (%)	120	120	112	109	100	87	87
Risk-free interest rate (%)	2.2	2.2	1.9	1.9	1.9	1.9	1.9
Expected life of option (years)	3	3	3	2	5.6	3	4.9
Exercise price (cents)	3	3	3	6.5	10	5	5
Grant date share price (cents)	1.8	1.8	4.4	4.3	3.9	1.6	1.6

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

No other options expired during the year, no options were issued or exercised during the year and no options have been issued or exercised since the end of the financial year.

12. Reserves

Share based payment reserve

The share based payment reserve is used to record the value of equity benefits provided to Directors and executives as part of their remuneration and non-employees for their services.

Foreign currency translation reserve

The foreign exchange differences arising on translation of balances originally denominated in a foreign currency into the functional currency are taken to the foreign currency translation reserve. The reserve is recognised in profit or loss when the net investment is disposed of.

13. Cash and cash equivalents

	Year ended 30 June 2019 A$	Year ended 30 June 2018 A$	Year ended 30 June 2017 A$
Reconciliation of operating loss after tax to net the cash flows used in operations			
Loss from ordinary activities after tax	(1,924,982)	(2,402,843)	(529,642)
Non-cash items			
Exploration expenditure impaired	976,819	1,103,658	28,996
Share based payments	27,738	434,993	51,066
Foreign exchange gain	7,173	6,174	(3,544)
Profit on sale of property, plant and equipment	(2,716)	—	—
Changes in assets and liabilities:			
Increase / (decrease) in trade and other payables	33	(251)	81,479
(Increase) / decrease in other receivables	31,029	(36,491)	4,781
Net cash flow used in operating activities	(884,906)	(894,760)	(366,864)
Reconciliation of cash			
Cash balance comprises: Cash at bank	177,972	1,710,498	58,712

14. Acquisition of subsidiaries

(a) Qld Commodities Pty Ltd

On 22 March 2017, Castillo Copper Limited announced it has entered into a binding heads of agreement to acquire 100 per cent. of the issued capital of Australian copper and cobalt company Qld Commodities Pty Ltd (QComm) (QComm Acquisition).

Under the terms of the binding heads of agreement, the Company would:

- Issue 10,000,000 consideration shares as initial consideration (issued in March 2017 at $0.02 per share for the value of A$200,000);
- Pay the QComm vendors $150,000 as initial cash consideration;
- Issue 76,666,668 CCZ consideration shares on completion of the QComm Acquisition;
- Pay the QComm vendors A$200,000 pro-rata to their QComm shareholding payable as soon as practicable following grant of all applications; and
- Enter into a royalty agreement with the QComm vendors (or their nominee) pursuant to which CCZ will pay a 1 per cent. net smelter return royalty in respect of the area covered by the applications.

On 4 July 2017, the Company completed the QComm Acquisition. Furthermore, in August 2017, the Company received notice all applications had been granted. Following the notice, the Company paid the QComm vendors A$200,000.

At 30 June 2017, the Company had recorded initial consideration totalling A$350,000 as a non-current asset (shares valued at A$200,000 and cash paid of A$150,000).

(b) Total Minerals Pty Ltd

As announced on 21 July 2017, the Company signed a binding Heads of Agreement with Total Minerals Pty Ltd (Total Minerals), which owns three cobalt & copper assets in New South Wales

and Queensland (including the historic Cangai Copper Cobalt Mine in northeast NSW), to acquire all its outstanding issued shares (Total Minerals Acquisition).

In consideration for the Total Minerals Acquisition, the Company agreed to issue 55,000,000 ordinary shares to the shareholders of Total Mineral and enter into a royalty agreement pursuant to which the vendors will be entitled to a net smelter return royalty of 3 per cent. in respect of the tenements.

The Company completed the Total Minerals Acquisition on 11 August 2017.

(c) Total Iron Pty Ltd

As announced on 21 July 2017, the Company signed a binding Heads of Agreement with Total Iron Pty Ltd (Total Iron), which owns five highly prospective cobalt-copper-zinc-nickel project areas – one in New South Wales and four in Queensland – to acquire all its outstanding issued shares (Total Iron Acquisition).

In consideration for the Total Iron Acquisition, the Company agreed to issue 15,000,000 ordinary shares to the shareholders of Total Iron and enter into a royalty agreement pursuant to which the vendors will be entitled to a net smelter return royalty of 3 per cent. in respect of the tenements.

The Company completed the Total Iron Acquisition on 5 September 2017.

15. Loss per share

	Half-year ended 31 Dec 2019 A$	Half-year ended 31 Dec 2018 A$	Year ended 30 June 2019 A$	Year ended 30 June 2018 A$	Year ended 30 June 2017 A$
Loss used in calculating basic and dilutive EPS.	(1,262,538)	(478,434)	(1,924,982)	(2,402,483)	(529,642)
			Number of Shares		
Weighted average number of ordinary shares used in calculating basic loss per share:	675,422,687	641,828,931	613,793,105	536,307,462	221,517,150
Effect of dilution:					
Share options					
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	675,422,687	641,828,931	613,793,105	536,307,462	221,517,150
Basic and diluted loss per share (cents per share)	(0.19)	(0.08)	0.31)	(0.45)	(0.24)

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

There are no potential ordinary shares on issue that are considered to be dilutive, therefore basic earnings per share also represents diluted earnings per share.

16. Financial Risk Management

Exposure to interest rate, liquidity, and credit risk arises in the normal course of the Group's business. The Group does not hold or use derivative financial instruments. The Group's principal financial instruments comprise mainly of deposits with banks.

The Group uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

Capital risk management

The Group's capital comprises share capital and reserves less accumulated losses. As at 30 June 2019, the Group has net assets of A$4,858,927 (2018: A$5,593,998; 2017: A$332,921). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing future capital needs include the cash position and future equity raising alternatives. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. The Board expects that, assuming no material adverse change in a combination of our sources of liquidity, present levels of liquidity will be adequate to meet expected capital needs.

Maturity analysis for financial liabilities

Financial liabilities of the Group comprise trade and other payables. As at 30 June 2019 any financial liabilities that are contractually maturing within 60 days have been disclosed as current. Trade and other payables that have a deferred payment date of greater than 12 months have been disclosed as noncurrent.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

The Group holds cash at bank. Cash was held with financial institutions with a rating from Standard & Poors of AA or above (long term) for all periods presented. The Group has no past due or impaired debtors at any balance date presented.

Fair Value Measurement

There were no financial assets or liabilities at 30 June 2019 requiring fair value estimation and disclosure as they are either not carried at fair value or in the case for short term assets and liabilities, their carrying values approximate fair value.

17. Commitments

In order to maintain current contractual rights concerning its mineral projects, the Group has certain commitments to meet minimum expenditure requirements. The current minimum commitments at balance date but not recognised as liabilities are as follows:

	Year ended 30 June 2019 A$	Year ended 30 June 2018 A$	Year ended 30 June 2017 A$
Within one year	306,428	147,982	—
After one year but not more than five years	1,455,500	415,040	—
Longer than five years	—	—	—
	1,761,928	563,022	—

18. Share based payments

Details of share based payments for the year ended 30 June 2019 are as follows:

(a) Options granted to suppliers and vendors

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Fair value at grant date	Balance at end of the year	Exercisable at end of the year	Total value
		A$	Number	Number	A$	Number	Number	
5/7/2017	5/7/2020	A$0.03	—	15,000,000	0.008	15,000,000	15,000,000	119,400
24/10/2017	24/10/2019	A$0.065	—	42,500,000	0.00159	42,500,000	42,500,000	609,698
16/5/2018	31/12/2023	A$0.10	—	10,000,000	0.018	10,000,000	10,000,000	179,846
1/2/2019	1/2/2022	A$0.05	—	15,000,000	0.0035	15,000,000	15,000,000	51,931
Weighted remaining contractual life (years)						1.367		
Weighted average exercise price						A$0.06		

(b) Options granted to directors

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Fair value at grant date	Balance at end of the year	Exercisable at end of the year	Total value
		A$	Number	Number	A$	Number	Number	
5/7/2017	30/6/2020	0.03		6,000,000	0.0085	6,000,000	6,000,000	51,066
19/10/2017	30/6/2020	0.03	—		4,000,000	0.0229	4,000,000	84,255
16/5/2018	31/12/2023	0.10	—	7,000,000	0.018	7,000,000	7,000,000	125,892
16/5/2018	31/12/2023	0.10	—	7,000,000	0.018	7,000,000	7,000,000	27,738
Weighted remaining contractual life (years)				4.227				
Weighted average exercise price				A$0.057				

(c) Shares issued to suppliers

1,345,589 fully paid ordinary shares were issued to suppliers during the year ended 30 June 2018. The value of these shares being $45,000 was expensed in that year.

(d) Reconciliation to share based payments expense in profit or loss:

	A$
Options issued to advisors and consultants	—
Options issued to directors	27,738
	27,738

(e) Fair value of options

The fair value of all options noted above have been determined using the Black and Scholes model taking into account the inputs outlined in note 11(e).

PART XI

OPERATING AND FINANCIAL REVIEW OF THE GROUP (INCLUDING LIQUIDITY AND CAPITAL RESOURCES AND CAPITALISATION AND INDEBTEDNESS)

The following operating and financial review contains financial information that has been extracted or derived without material adjustment from the Group's financial information for the financial years ended 30 June 2019, 30 June 2018 and 30 June 2017 and the half-years ended 31 December 2018 and 31 December 2019, which are detailed in Part X – Historical Financial Information of the Group of this document prepared in accordance with IFRS. The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in the Group's results of operations and financial condition during the period covered by the audited historical financial information.

This discussion contains forward-looking statements, which, although based on assumptions that the Directors consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. Investors should read the notice in relation to forward-looking statements contained on pages 28 and 29 of this document.

The key risks and uncertainties, include, but are not limited to those described in Part II – Risk Factors of this document.

Overview

The principal activity of the Group during the period covered by the audited historical financial information was the mineral exploration and examination of new resources in Australia and Zambia. The focus of the Group was primarily on its assets in New South Wales, Australia, particularly the advancement of the Cangai Copper Mine by commissioning Phase 1 and Phase 2 drilling campaigns at the Cangai Copper Mine. On 6 September 2017, following the analysis of legacy 3D modelling data for the Cangai Project, the Company announced a high-grade maiden JORC Inferred Resource in unmined working sections were 3.2Mt at 3.35 per cent. Cu. On 17 May 2018, the Company announced assays results on the Phase I drilling campaign and confirmed mineralisation was discovered in seven of nine drill-holes, with the best result being 6m at 2.69 per cent. Cu, 0.39 per cent. Zn and 9.2g/t Ag, including 4m at 3.08 per cent. Cu, 0.44 per cent. Zn and 10.6g/t Ag.

In July 2018, the Company commenced the Phase 2 drilling campaign, comprising 39-RC drill-holes to target supergene ore near legacy workings and known sulphide intersections identified in the Phase 1 drilling campaign. On 3 September 2018, the Company announced that in respect of the Phase 2 campaign assay results achieved were up to 10.25 per cent. Cu, 6.04 per cent. Zn and 32.5g/t Ag from the first five drill-holes out of an extensive 39-hole campaign. In October 2018, preliminary interpretations of the data from the DHEM surveys conducted at Volkardts lode identified several sizeable conductors, with sulphides as the primary source. In December 2018, following the completion of the inaugural diamond drilling campaign, the Company announced the returned assays with up to 14.45 per cent. Cu, 5.93 per cent. Zn and 40.1g/t Ag recorded. The best intersection was 4.39m at 5.06 per cent. Cu, 2.56 per cent. Zn and 20.1 g/t Ag from 49.9m.

During the period covering the audited historical financial information, the Company entered into the Noble Agreement with Noble for the historic stockpiles along the line of lode and adjacent to the old smelter at the Cangai Copper Mine. The Company commissioned metallurgical test-work on samples from a legacy stockpile, which demonstrated copper concentrate recoveries above 80 per cent., with grades up to 22 per cent. Meanwhile, the Board had also received encouraging assay results for legacy stockpiles at Smelter Creek and along the line of lode, with head grades averaging 2.03 per cent. and 1.23 per cent. Cu respectively.

The Company made progress in securing joint venture partner to explore the Marlborough Project by entering into a binding term sheet with ACB, an ASX-listed company, under which ACB would invest A$2.25 million over two years to fund exploration activities up to the completion of a bankable feasibility study stage in consideration for a 60 per cent. interest in the Marlborough Project. In January 2019, ACB withdrew from the agreement and the Company subsequently relinquished the Marlborough Project in July 2019.

The Company undertook reconnaissance mapping and geochemical work on-site at the Broken Hill Project and reviewed legacy drilling and geochemistry data, geophysics, geological observations and regional maps to identify six priority target areas highly prospective for cobalt mineralisation.

The Company also completed the QComm Acquisition, Total Iron Acquisition and Total Mineral Acquisition, as well as entering into the Zed Heads of Agreement and completing the Zed Acquisition.

The Group's principal assets include:

- 100 per cent. interest of the share capital in Total Minerals, which owns four cobalt and copper assets in New South Wales and Queensland (including the historic Cangai Project and Broken Hill Project);
- 100 per cent. interest in the share capital of Total Iron, which owns five highly prospective cobalt-copper-zinc-nickel project areas (including the Marlborough Project);
- 100 per cent. interest of the share capital in QComm, which owns three assets targeting high grade copper and cobalt systems (including the Mt Oxide Project);
- 100 per cent. interest of the share capital in Zed, which holds the exclusive rights to acquire the Zed Projects covering approximately 1,121km^2 in the Lufilian Arc region in Zambia; and
- Approximately A$3.13m of cash, as of 30 June 2020. In late December 2018 the Company also received proceeds of approximately A$1.23 million on completion of the 2018 placement and most recently on 3 December 2019, the Company received A$1.8 million following the issuance of 90,875,000 on the completion of a placement in 2019.

During the period covered by the audited historical financial information, the Group did not record any revenue (aside from interest income from cash held) because it was primarily in the exploration and study phase of operations.

Presentation of financial information

Prospective investors should consult their own professional advisers to gain an understanding of the financial information contained in this document. An overview of the basis for presentation of financial information in this document is set out below.

The financial and volume information in the document, including in a number of tables, has been rounded to the nearest whole number or the nearest decimal place. The sum of the numbers in a column in a table may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this document reflect calculations based on the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

RESULTS OF OPERATIONS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 COMPARED TO THE FINANCIAL YEARS ENDED 30 JUNE 2018 AND 30 JUNE 2017 AND THE HALF-YEAR PERIOD ENDED 31 DECEMBER 2019 COMPARED TO THE HALF-YEAR PERIOD ENDED 31 DECEMBER 2019.

The following table sets forth the Company's results of operations for the financial year ended 30 June 2019 compared to the financial years ended 30 June 2018 and 30 June 2017 and the half-year period ended 31 December 2019 compared to the half-year period ended 31 December 2019.

	Half-year ended 31 Dec 2019 Reviewed A$	Half-year ended 31 Dec 2018 Reviewed A$	Year ended 30 June 2019 Audited A$	Year ended 30 June 2018 Audited A$	Year ended 30 June 2017 Audited A$
REVENUE					
Interest received	203	1,313	2,197	7,906	416
Other income	81,005	2,767	2,716	—	—
TOTAL REVENUE	**81,208**	**4,080**	**4,913**	**7,906**	**416**
Listing and public company expenses	(71,573)	(63,137)	(89,204)	(72,656)	(30,955)
Accounting and audit expenses	(70,819)	(63,137)	(170,624)	(149,018)	(136,812)
Consulting and Directors' fees	(344,253)		(343,178)	(388,091)	(208,121)
Impairment of tenements under application	—	—	—	(1,072,026)	—
Impairment of deferred exploration and evaluation expenditure	(5,633)	—	(976,819)	(31,632)	(28,996)
Shared based payments	(223,527)	(146,627)	(27,738)	(434,993)	(51,066)
Other expenses	(627,941)	(146,627)	(322,332)	(262,333)	(74,108)
LOSS BEFORE INCOME TAX EXPENSE	**(1,262,538)**	**(478,434)**	**(1,924,982)**	**(2,402,843)**	**(529,642)**
Income tax expense	—	—	—	—	—
LOSS AFTER INCOME TAX EXPENSE	**(1,262,538)**	**(478,434)**	**(1,924,982)**	**(2,402,843)**	**(529,642)**
Foreign currency translation	20,267	(1,554)	7,173	1,171	(3,544)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)	**20,267**	**(1,554)**	**7,173**	**1,171**	**(3,544)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(1,242,271)**	**(479,988)**	**(1,917,809)**	**(2,401,672)**	**(533,186)**

Revenue

The Group had no revenue other than interest income and proceeds from the sale of plant and equipment for the period covered by the historical financial information. The Company's income decreased to A$4,913 in the financial year ended 30 June 2019 from A$7,907 for the financial year ended 30 June 2018 and A$416 for the financial year ended 30 June 2017.

Administrative Expenses

The Group's administrative expenses increased to A$322,332 in the financial year ended 30 June 2019 from A$262,333 in the financial year ended 30 June 2018, representing an increase of 22.8 per cent. The Group's administrative expenses were significantly lower in the year ended 30 June 2017 at A$74,108 compared to the financial year ended 30 June 2018.

Income Tax

The Company's income tax loss increased to A$529,370 for the financial year ended 30 June 2019 compared to A$660,782 for the financial year ended 30 June 2018 and A$145,602 for the financial year ended 30 June 2017, reflecting an increase in operating loss before tax.

The table below sets forth a breakdown of corporate income tax for the financial years ended 30 June 2019, 30 June 2018 and 30 June 2017:

	Year ended 30 June 2019 Audited A$	Year ended 30 June 2018 Audited A$	Year ended 30 June 2017 Audited A$
A reconciliation between tax expense and the product of accounting result before income tax multiplied by the Group's applicable tax rate is as follows:			
Loss from continuing operations before income tax expense	(1,924,982)	(2,402,843)	(529,462)
Tax at the company rate of 27.5% (2019, 2018 and 2017: 27.5%)	(529,370)	(660,782)	(145,602)
Income tax benefit not brought to account	529,370	660,782	145,602
Income tax expense	—	—	—

The total income tax charge applicable to the Company remained at nil for the financial years ended 30 June 2019, 30 June 2018 and 30 June 2017, because the tax loss was offset against the loss for the period.

Loss for the Period

The Company recorded a loss for the financial year ended 30 June 2019 of A$1,924,982, compared to a loss of A$2,402,843 for the financial year ended 30 June 2018 and A$529,642 for the financial year ended 30 June 2017.

Cash Flow Analysis

The following table presents the Group's cash flow summary for the financial years ended 30 June 2019, 30 June 2018 and 30 June 2017, and the half-year periods ended 31 December 2018 and 31 December 2019:

	Half-year ended 31 Dec 2019 A$	Half-year ended 31 Dec 2018 A$	Year ended 30 June 2019 Audited A$	Year ended 30 June 2018 Audited A$	Year ended 30 June 2017 Audited A$
CASH FLOWS FROM OPERATING ACTIVITIES					
Insurance refund	81,005	—	—	—	—
Interest received	203	1,313	2,197	7,906	416
Payments to suppliers and employers	(761,172)	(466,853)	(887,103)	(902,666)	(367,280)
NET CASH USED IN OPERATING ACTIVITIES	**(679,964)**	**(465,540)**	**(884,906)**	**(894,760)**	**(366,864)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Tenement expenditure guarantees	(18,500)	(56,100)	(86,100)	—	(20,000)
Proceeds from sale of plant and equipment	—	2,767	—	—	—
Tenement expenditure guarantees refunded	—	—	2,716	—	—
Rental refund upon tenement relinquishment	23,993	—	—	—	—
Payments for subsidiaries	—	—	(25,000)	(200,000)	(150,000)
Exploration and evaluation expenditure	(246,394)	(1,407,777)	(1,704,236)	(1,427,307)	(25,201)
NET CASH USED IN INVESTING ACTIVITIES	**(240,901)**	**(1,461,110)**	**(1,812,620)**	**(1,627,307)**	**(195,201)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from share issue	1,832,630	1,230,000	1,230,000	4,400,000	500,000
Proceeds from convertible note issue	878,963	—	—	—	—
Repayment of unissued share capital	(10,000)	—	—	—	—
Prepayment for issue of shares	—	10,000	10,000	—	—
Share issue costs	(165,851)	(75,000)	(75,000)	(226,147)	(96,000)
NET CASH FROM FINANCING ACTIVITIES	**2,535,742**	**1,165,000**	**1,165,000**	**4,173,853**	**404,000**
Net (decrease)/increase in cash and cash equivalents	1,614,877	(761,650)	(1,532,526)	1,651,786	(158,065)
Effect of exchange rate fluctuations on cash held	6,084	(2,020)	—	—	—
Cash and cash equivalents in beginning of year	177,972	1,710,498	1,710,498	58,712	216,777
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**1,798,933**	**946,828**	**177,972**	**1,710,498**	**58,712**

Net cash flows used in investing activities

For the financial year ended 30 June 2019, the Company's net cash used in investing activities was A$1,812,620 compared to A$1,627,307 for the financial year ended 30 June 2018 and A$195,201 for the financial year ended 30 June 2017. The increased cash used in investing activities is mainly attributable to exploration and evaluation expenditure of A$1,704,236 in the financial year ended 30 June 2019 (up from A$1,427,307 in the financial year ended 30 June 2018 and A$25,201 in the financial year ended 30 June 2017).

Net cash flows from financing activities

For the financial year ended 30 June 2019, the Company's net cash generated from financing activities was A$1,165,000 compared to A$4,173,853 for the financial year ended 30 June 2018 and A$404,000 for the financial year ended 30 June 2017. The majority of cash generated through financing activities are proceeds from the share issuances.

Balance Sheet

The following table presents the Group's balance sheet summary as at 30 June 2019, 30 June 2018 and 30 June 2017:

	31 Dec 2019 Reviewed A$	31 Dec 2018 Reviewed A$	30 June 2019 Audited A$	30 June 2018 Audited A$	30 June 2017 Audited A$
CURRENT ASSETS					
Cash and cash equivalents	1,798,922	946,828	177,972	1,710,498	58,712
Other receivables	82,084	121,891	21,933	62,984	28,956
TOTAL CURRENT ASSETS	**1,881,017**	**1,068,719**	**199,905**	**1,773,482**	**87,668**
NON-CURRENT ASSETS					
Other receivables	117,100	106,100	106,100	20,000	20,000
Deferred exploration and evaluation expenditure	4,887,398	5,498,488	4,777,776	3,978,765	—
Other non-current assets	25,000	—	25,000	—	350,000
TOTAL NON-CURRENT ASSETS	**5,029,498**	**5,604,588**	**4,908,876**	**3,998,765**	**370,000**
TOTAL ASSETS	**6,910,515**	**6,673,307**	**5,108,781**	**5,772,247**	**457,668**
CURRENT LIABILITIES					
Trade and other payables	358,355	338,402	128,764	178,249	124,747
Borrowings	230,919	—	—	—	—
Derivative liability	20,860	—	—	—	—
Rehabilitation provision	121,090	121,090	121,090	—	—
TOTAL CURRENT LIABILITIES	**731,224**	**459,492**	**249,854**	**178,249**	**124,747**
TOTAL LIABILITIES	**731,224**	**459,492**	**249,854**	**178,249**	**124,747**
NET ASSETS	**6,179,291**	**6,213,815**	**4,858,927**	**5,593,998**	**332,921**
EQUITY					
Issued capital	20,209,738	17,867,715	17,870,979	16,767,910	10,224,254
Reserves	3,144,388	2,811,849	2,900,245	2,813,403	1,693,139
Accumulated losses	(17,174,835)	(14,465,749)	(15,912,297)	(13,987,315)	(11,584,472)
TOTAL EQUITY	**6,179,291**	**6,213,815**	**4,858,927**	**5,593,998**	**332,921**

Assets

The Group's current assets comprise cash held and other receivables. Non-current assets are primarily deferred exploration and evaluation expenditure.

Liabilities

The Group's liabilities primarily consist of trade and other payables, which are non-interest bearing and payable on demand. Due to their short-term nature, the carrying value of trade and other payables is assumed to approximate their fair value.

Liquidity and capital resources

The Company's principal source of liquidity is its cash on hand which, at 30 June 2020, amounted to approximately A$3.13m. The use of cash to date has been: (i) to fund the commission of the Phase 1 and Phase 2 drilling campaigns at the Cangai Project to gain knowledge of the underlying ore body; (ii) to develop an inaugural drilling program at the Broken Hill Project; (iii) to progress with exploratory works at the Zed Projects, particularly the Mkushi and Luanshya projects; (iv) to conduct a field trip to the Mt Oxide Project for geochemical sampling and geophysical surveys; and (v) for general working capital.

Historically, funds have been raised through equity issuance and the exercise of share options. During the period covered by the financial years for 30 June 2019, 30 June 2018 and 30 June 2017, the Company completed the following equity fundraisings:

- 11 April 2017 – the Company undertook a placement of 33,333,333 Ordinary Shares at an issue price of A$0.015 to raise A$500,000.
- 5 July 2017 – the Company issued 66,666,667 Ordinary Shares at an issue price A$0.015 pursuant to a capital raising to raise a further A$1,000,000.
- 19 October 2017 – the Company raised A$3,400,000 million (before costs) via a placement of 106,250,000 fully-paid Ordinary Shares at a price of A$0.032 per share.
- 12 December 2018 – the Company issued 61,500,000 Ordinary Shares at A$0.02 per share, raising A$1,230,000.
- 27 August 2019 – the Company issued 26,850,000 convertible notes with a maturity date of 3 August 2020 which are convertible into a maximum of 44,750,000 fully paid Ordinary Shares and 44,750,000 warrants following a raise of £300,000 (A$537,000). The Company issued 34,811,255 Ordinary Shares and options each following the early conversion of convertible notes by the noteholders.
- 19 November 2019 – the Company issued 3,755,500 convertible notes at a price of A$0.02 per share, with a maturity date of 19 November 2020 following a raise of A$343,610.
- 3 December 2019 – the Company issued 90,875,000 Ordinary Shares at a price of A$0.02, raising A$1,800,000 on 27 November 2019.
- 23 January 2020 – the Company allotted 18,133,402 fully paid Ordinary Shares on the conversion of A$268,500 of convertible notes and issued 18,133,402 options with an exercise price of A$0.05, vesting immediately with an expiry date of 1 August 2022.
- 25 February 2020 – the Company issued 31,250,000 fully paid Ordinary Shares and 93,750,000 performance shares to the Zed Sellers as consideration for the Zed Acquisition; and
- 12 May 2020 – the Company allotted 5,246,471 fully paid Ordinary Shares at a price of A$0.0178 in settlement of corporate advisory and investor relation services;
- 15 June 2020 – the Company issued 836,000 fully paid Ordinary Shares at a price of A$0.025 in settlement of corporate advisory and investor relations services;
- 23 June 2020 – the Company announced the issue of 95,454,545 fully paid Ordinary Shares at a price of A$0.022 to existing and new investors, together with 104,454,545 unlisted options each entitling the holder to subscribe for one new Ordinary Share at a price of A$0.05 per share, such options to expire 3 years from the date of issue; and
- On 7 July 2020 – the Company issued 2,333,333 fully paid Ordinary Shares on the exercise of 2,333,333 options at an exercise price of A$0.03 per share.

It is the Company's current intention that the Group's future development costs will be funded from a mixture of equity, debt and other sources. The Directors are of the view that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Capitalisation and indebtedness

The following table shows the Group's indebtedness as at 30 June 2019 (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) and the Group's capitalisation as at 30 June 2019.

	As at 30 June 2019 A$
Total current debt	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
Total non-current debt (excluding current portion of non-current debt)	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
Shareholder's equity	
Share Capital	17,870,979
Legal Reserves	—
Other Reserves	2,900,245
Total capitalisation	**20,771,224**

Shareholders' equity does not include the profit and loss account reserve. The information above has been extracted without material adjustment from the audited financial results of the Group for the financial year ended 30 June 2019. There has been no material change in the Group's capitalisation from 30 June 2019 to the date of this document.

The following table shows the Group's net indebtedness as at 30 June 2019:

	As at 30 June 2019 A$
Cash and cash equivalent	177,972
Trading securities	—
Liquidity	**177,972**
Current financial receivables[(1)]	21,933
Current bank debt	—
Current portion of non-current debt	—
Current financial debt	**—**
Net current financial indebtedness/(liquidity)	**(199,905)**
Non-current bank loans	
Bonds issued	
Other non-current loans	
Non-current financial indebtedness/(liquidity)	—
Net financial indebtedness/(liquidity)	**(199,905)**

The Group had no material indirect or contingent indebtedness as at 30 June 2019.

1 Includes net GST receivable and other receivables

Critical accounting estimates and judgment

The preparation of the Group's consolidated financial statements requires management to make judgment, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgment, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in the historical financial information for the financial years ended 30 June 2019, 30 June 2018 and 30 June 2017, which are detailed in *Part X – Historical Financial Information of the Group* of this document. The fair value of performance rights is determined by the share price at the date of valuation and consideration of the probability of the vesting condition being met.

Financial Risk Management

The Group's exposure to interest rate, liquidity, and credit risk arises in the normal course of the Group's business. The Group does not hold or use derivative financial instruments. The Group's principal financial instruments comprise mainly of deposits with banks. The totals for each category of financial instruments are as follows:

	31 Dec 2019 Reviewed A$	31 Dec 2018 Reviewed A$	30 June 2019 Audited A$	30 June 2018 Audited A$	30 June 2017 Audited A$
Financial Assets					
Cash and cash equivalents	1,798,922	846,828	177,972	1,710,498	58,712
Other receivables (current and non-current).	199,184	2227,991	128,033	82,984	48,956
Financial Liabilities					
Trade and other payables	358,355	338,402	128,764	178,249	124,747

The Group uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

Capital Risk Management

The Group's capital comprises share capital and reserves less accumulated losses. As at 30 June 2019, the Group has net assets of A$4,858,927 (2018: A$5,593,998; 2017: A$332,921). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board.

Alternatives for sourcing future capital needs include the cash position and future equity raising alternatives. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. The Board expects that, assuming no material adverse change in a combination of our sources of liquidity, present levels of liquidity will be adequate to meet expected capital needs.

Financial liabilities of the Group comprise trade and other payables. As at 30 June 2019 any financial liabilities that are contractually maturing within 60 days have been disclosed as current. Trade and other payables that have a deferred payment date of greater than 12 months have been disclosed as noncurrent.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Group's exposure to changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

	31 Dec 2019 A$	31 Dec 2018 A$	30 June 2019 A$	30 June 2018 A$	30 June 2017 A$
Cash and cash equivalents	1,798,922	946,828	177,972	1,710,498	58,712

The following table demonstrates the sensitivity of the Group's statement of comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

Change in Basis Points	Effect on Post Tax Loss (A$) Increase/(Decrease)			Effect on Equity including retained earnings (A$) Increase/(Decrease)		
	2019	2018	2017	2019	2018	2017
Increase 100 basis points	1,780	17,105	587	1,780	17,105	587
Decrease 100 basis points	(1,780)	(17,105)	(587)	(1,780)	(17,105)	(587)

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. This would represent two to four movements by the Reserve Bank of Australia.

Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

At 30 June 2019, the Group held cash at bank. These were held with financial institutions with a rating from Standard & Poor's of AA or above (long term). The Group has no past due or impaired debtors as at 30 June 2019.

Fair Value Measurement

There were no financial assets or liabilities at 30 June 2019 requiring fair value estimation and disclosure as they are either not carried at fair value or in the case for short term assets and liabilities, their carrying values approximate fair value.

PART XII

TAXATION

The following summary is intended only as a general guide and relates solely to Australian and UK tax. It is based on current Australian and UK law and the published practice of the Australian Taxation Office and H.M. Revenue & Customs as at the date of this document, each of which may be subject to change, possibly with retrospective effect.

IT IS RECOMMENDED THAT ALL PROSPECTIVE HOLDERS OF ORDINARY SHARES OBTAIN ADVICE AS TO THE CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSAL OF THE ORDINARY SHARES IN THEIR OWN SPECIFIC CIRCUMSTANCES FROM THEIR OWN TAX ADVISORS. IN PARTICULAR, THE INCOME AND GAINS OF PROSPECTIVE SHAREHOLDERS WHO MAY BE SUBJECT TO TAX IN A JURISDICTION OTHER THAN AUSTRALIA AND THE UK MAY BE IMPACTED BY THE TAX LEGISLATION OF SUCH JURISDICTION. ANY SUCH PROSPECTIVE SHAREHOLDERS ARE ADVISED TO CONSIDER THE POTENTIAL IMPACT OF SUCH LEGISLATION AND ANY RELEVANT DOUBLE TAXATION AGREEMENTS.

Tax residence of the Company

The Company was incorporated in Australia and conducts its affairs such that it is regarded solely as resident in Australia for tax purposes.

Accordingly, provided the place of central management and control of the business of the Company is not in the United Kingdom, the Company will not be resident in the United Kingdom for UK tax purposes or dual resident for the purpose **of Australia's domestic tax law.**

The summary below is therefore prepared on the assumption that the Company will remain resident solely in Australia for tax purposes.

Australian Taxation

This section provides a general summary of the potential Australian tax consequences for the Company's Shareholders and does not purport to be a complete analysis of all potential Australian tax implications of owning and disposing of Ordinary Shares. The specific tax position of each Shareholder will determine the applicable Australian income tax implications for that Shareholder. It is recommended that each Shareholder consult their own tax adviser concerning the implications of receiving dividends and owning and disposing of Ordinary Shares.

This summary is based on established judicial and administrative interpretations of the Income Tax Assessment Act 1997 (Cth) ("**ITAA 1997**"), Income Tax Assessment Act 1936 (Cth) ("**ITAA 1936**"), Taxation Administration Act 1953 (Cth) ("**TAA 1953**"), A New Tax System (Goods & Services Tax) Act 1999 (Cth) (collectively, the "**Tax Acts**") and relevant stamp duty legislation (collectively referred to as the "**taxation law**") as at the date of this letter. This summary does not take into account or anticipate changes in the taxation law or future judicial and administrative interpretations of the taxation law.

Acquisition & disposal

Australian Resident Shareholders

The taxation treatment on the disposal of Ordinary Shares will depend upon whether the shares are held on revenue or capital account. This will be a question of fact and each investor will need to consider its own circumstances.

Australian resident Shareholders who trade in Ordinary Shares as part of the ordinary course of their business would hold their shares on revenue account. These Shareholders will be required to include the profit arising from the disposal of their Ordinary Shares in their assessable income. Conversely, a loss arising from the disposal of Ordinary Shares on revenue account may be allowed as a deduction from assessable income. Shareholders who include profit made on the disposal of their Ordinary Shares in their assessable income (or include their loss arising on the disposal of their Ordinary Shares as an allowable deduction) should not be assessed for tax under the capital gains tax ("**CGT**") provisions but under the ordinary income tax provisions of the ITAA 1997.

Generally, all other Australian resident Shareholders will hold their Ordinary Shares on capital account. These Australian resident Shareholders should consider the impact of the Australian capital gains tax rules on the disposal of their Ordinary Shares.

A Shareholder acquires an Ordinary Share on the date the Ordinary Share is issued or transferred. The cost base of an Ordinary Share acquired is generally the amount the Shareholder pays to acquire the Ordinary Share plus any incidental costs incurred (for example, brokerage). Reduced cost base is usually determined in a similar, but not identical, manner. These amounts should be determined in A$.

The disposal of Ordinary Shares will give rise to a CGT event for Australian resident Shareholders. The time of the CGT event will generally be the date of the contract for sale or the date of transfer of the shares. An Australian resident Shareholder will derive a capital gain where the proceeds received on disposal exceed the cost base of an Ordinary Share for CGT purposes. Alternatively, a Shareholder will incur a capital loss where the disposal proceeds received are less than the reduced cost base of the Ordinary Share. Capital losses can only be used to offset current year capital gains or carried forward to offset future capital gains (subject to the satisfaction of any required loss recoupment tests). Shareholders cannot offset their net capital losses against their ordinary income.

An Australian resident Shareholder who is an individual who holds the Ordinary Shares (directly or indirectly through a trust), or a complying superannuation fund may be entitled to claim the CGT discount in calculating any capital gain provided that the Ordinary Shares were acquired at least 12 months before the date of disposal. In that instance, the applicable CGT discount that should reduce a net capital gain arising from the disposal of Ordinary Shares is as follows:

- 50 per cent. for individuals; and
- 33 1/3 per cent. for a complying superannuation entity.

The CGT discount is applied to the capital gain after any available current or prior year capital losses of the Shareholder are first offset against that capital gain (i.e. on the net gain).

Corporate Shareholders and Non-Australian resident individual Shareholders are not eligible for the general capital gains tax discount concession.

Any net capital gain (after applying capital losses and the CGT discount, as applicable) should be included in the Shareholder's assessable income. The applicable tax payable on the net capital gain will be dependent on the type of Shareholder. An Australian tax resident individual Shareholder will be taxed at their marginal rate. Alternatively, an Australian resident company Shareholder will generally be subject to tax at the corporate rate of 30 per cent. of taxable income or 27.5 per cent. if the company qualifies as a base rate entity.

Non-Australian Resident Shareholders

Where Non-Australian resident Shareholders hold Ordinary Shares on revenue account, the profits on the sale of the Ordinary Shares may be required to be included in the Shareholder's assessable income. This is subject to the application of any relief under Australia's double tax treaties, which may exclude such profits from Australian taxation. However, in the event that a profit is excluded under a double tax treaty, it is still relevant to consider the Australian CGT rules if the Ordinary Shares constitute Taxable Australian Property (refer below).

Generally, all other Non-Australian resident Shareholders will hold their Ordinary Shares on capital account. These Non-Australian resident Shareholders should consider the impact of the Australian CGT rules on the disposal of their Ordinary Shares.

Under the existing law, a Non-Australian resident Shareholder disposing of shares in an Australian company should not be subject to CGT in Australia, subject to the following two exceptions:

- Shares are held as part of a trade or business conducted through a permanent establishment in Australia; or
- Shares are Taxable Australian Property. Broadly, this will be the case where Shares are held in a company where:
- the Shareholder and its associates hold (or have held for a 12 month period during the last 24 months) an interest of 10 per cent. or more in the issued capital of the company; and

- more than 50 per cent. of the value of the company's assets are attributable to taxable Australian real property (see definition below).

Taxable Australian real property includes real property situated in Australia (including a lease of land, if the land is situated in Australia) or a mining, quarrying or prospecting right (to the extent that the right is not a real property), if the minerals, petroleum or quarry materials are situated in Australia.

Dividends

Broadly, dividends paid on Ordinary Shares may be wholly or partially "franked", or "unfranked". The franked portion of a dividend has franking credits attached. These credits represent underlying Australian corporate tax that has been paid on the profits distributed. To the extent a dividend is unfranked no franking credits are attached.

The residency status of the Shareholder, and whether a dividend is franked or unfranked, will have different income tax implications as set out below.

Australian Resident Shareholders

Australian resident Shareholders will include dividends received, together with any franking credits attached, in their assessable income. The Australian resident Shareholders are then entitled to a franking tax offset equal to the amount of franking credits attached to the dividend.

Generally, to be eligible for the franking credit or franking offset, the Shareholder must have held the shares at risk for 45 days (not counting the day of acquisition or disposal). However, this rule should not apply where an individual taxpayer did not have total franking tax offsets exceeding A$5,000 during the income year in which the dividend is received.

Individual Shareholders and complying superannuation funds may receive a tax refund to the extent the franking tax offset exceeds their tax liability for the income year. A corporate entity with franking tax offsets greater than the tax payable by the company in an income year will not receive a refund of the balance. Rather, the excess franking tax offset should be grossed up and carried forward as a tax loss that can be used to reduce the company's taxable income in future years, subject to satisfying company loss rules. The receipt of a franked dividend will also generally give rise to a credit in the corporate entity's franking account to the extent the dividend is franked.

Non-Australian Resident Shareholders

Fully franked dividends paid to Non-Australian resident Shareholders are generally not subject to withholding tax. Dividends that are not fully franked dividends are subject to withholding tax on the unfranked portion except to the extent that the dividend is declared to be "conduit foreign income" (in essence income and gains that have a foreign source from an Australian perspective, which includes dividends received from Non-Australian resident subsidiaries).

To the extent unfranked dividends are not paid out of conduit foreign income, dividend withholding tax will apply at the rate of 30 per cent. unless the rate is reduced under a double tax treaty. For example, the Australia – UK tax treaty generally reduces the dividend withholding tax rate to 15 per cent., noting that this rate may differ in certain circumstances.

The Company will send shareholders statements that indicate the extent to which dividends are franked, paid out of conduit foreign income, and the amount of tax (if any) withheld.

A Non-Australian resident holder of ordinary shares (who is not also a tax resident of Australia and who does not hold ordinary shares as a business asset through a permanent establishment in Australia) with no other Australian source income is not required to file an Australian tax return.

Australian Stamp Duty

While the Ordinary Shares remain quoted on the ASX or LSE, the acquisition or disposal of Ordinary Shares will not have any stamp duty implications in Australia.

Australian stamp duty however may arise if a person, together with related persons, acquires a significant interest in the company (90 per cent. or greater interest) while the company is listed on the ASX or the LSE.

*Goods and Services Tax ("***GST**)"

While the Ordinary Shares remain quoted on the ASX or LSE, the acquisition or disposal of Ordinary Shares should not have any direct GST implications in Australia other than in respect of GST incurred on expenses related to acquiring or disposing of Ordinary Shares (e.g. GST on brokers' commissions).

Australian resident Shareholders who are registered for GST will need to consider their individual circumstances as to whether they are entitled to claim input tax credits for GST incurred on expenses related to acquiring or disposing of Ordinary Shares.

Other Matters

Australian resident Shareholders will generally be required to notify the Company of their tax file number (or Australian Business Number if carrying on an enterprise) in respect of Ordinary Shares held. Failure to do so may result in the Company being required to withhold tax at the top marginal individual rate including Medicare levy (currently 47 per cent.). The Shareholder will however be entitled to a credit or refund in their tax returns to the extent of the tax withheld.

UK Taxation

The following paragraphs are not intended to be exhaustive and relate only to certain limited aspects of the UK taxation consequences of acquiring, holding and disposing of the Ordinary Shares and do not constitute legal or tax advice. Except to the extent expressly stated, they apply only to holders of Ordinary Shares who are resident, and in the case of individuals, domiciled, solely in the United Kingdom for UK tax purposes, and who are the absolute beneficial owners of their Ordinary Shares, and who hold their Ordinary Shares as investments, and who do not hold their Ordinary Shares through an individual savings account or a self-invested personal pension ("UK Holders"). The information may not apply to certain classes of UK Holders such as tax exempt entities, collective investment schemes, pension schemes, insurance companies, financial institutions, dealers, professional investors, persons who hold Ordinary Shares in connection with a trade, profession or vocation, persons connected with the Company and persons who have acquired (or been deemed to have acquired) their Ordinary Shares by reason of their (or another person's) office or employment, to whom special rules may apply.

Dividends

Withholding Tax

Dividends paid by the Company will not be subject to any withholding or deduction for or on account of UK tax, irrespective of the residence or particular circumstances of the holders of Ordinary Shares.

Income Tax

An individual UK Holder may, depending on his or her particular circumstances, be subject to UK tax on dividends received from the Company.

All dividends received by an individual UK Holder from the Company (or from other sources, except to the extent within an individual savings account, self-invested pension plan or other regime which exempts dividends from tax) will form part of that UK Holder's total income for income tax purposes and will constitute the top slice of that income. A nil rate of income tax will apply to the first £2,000 of taxable dividend income received by the individual UK Holder in a tax year. Income within this nil-rate band will be taken into account in determining whether income in excess of the £2,000 nil-rate band falls within the basic rate, higher rate or additional rate tax bands. Dividend income in excess of the nil-rate band will (subject to the availability of any income tax personal allowance) be taxed at 7.5 per cent. to the extent that the excess amount falls within the basic rate tax band, 32.5 per cent. to the extent that the excess amount falls within the higher rate tax band and 38.1 per cent. to the extent that the excess amount falls within the additional rate tax band.

It may be possible for an individual UK Holder to obtain credit for any Australian withholding tax it has suffered on such dividends, subject to the satisfaction of any relevant requirements.

An individual holder of Ordinary Shares who is not resident for tax purposes in the United Kingdom should not be chargeable to UK income tax on dividends received from the Company unless he or she carries on (whether solely or in partnership) a trade, profession or vocation in the United

Kingdom through a branch or agency to which the Ordinary Shares are attributable. There are certain exceptions for trading in the United Kingdom through independent agents, such as some brokers and investment managers.

Corporation Tax

Corporate UK Holders should not be subject to UK corporation tax on any dividend received from the Company so long as the dividends qualify for exemption, which should generally be the case, provided certain conditions (including under anti-avoidance rules) are met. If the conditions for the exemption are not satisfied, or such UK Holder elects for an otherwise exempt dividend to be taxable, UK corporation tax will be chargeable on the amount of any dividends (currently at the rate of 19 per cent..

To the extent that dividends received do not qualify for exemption, or if an election has been made for an otherwise exempt dividend to be taxable, it may be possible for a corporate UK Holder to obtain credit for any Australian withholding tax it has suffered on such dividends, subject to the satisfaction of any relevant requirements.

A corporate holder of Ordinary Shares who is not resident for tax purposes in the United Kingdom should not be within the scope of UK corporation tax in respect of dividends received from the Company unless it carries on (whether solely or in partnership) a trade in the United Kingdom through a permanent establishment to which the Ordinary Shares are attributable.

Chargeable Gains

If a UK Holder disposes (or is treated as disposing) of some or all of its Ordinary Shares, a liability to tax on chargeable gains may arise, depending on the UK Holder's circumstances and any exemptions or reliefs which may be available.

Individual UK Holders

For an individual UK Holder, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain or allowable loss for the purposes of UK capital gains tax. For an individual UK Holder who is subject to UK income tax at either the higher or the additional rate, the current applicable rate of capital gains tax is 20 per cent. For an individual UK Holder who is subject to UK income tax at the basic rate, the current applicable rate would be 10 per cent., save to the extent that any capital gains when aggregated with the UK Holder's other taxable income and gains in the relevant tax year exceed the unused basic rate tax band. In that case, the rate currently applicable to the excess would be 20 per cent. An individual UK Holder is entitled to realise an annual exempt amount of gains (currently £12,000) without being liable to UK capital gains tax.

Corporate UK Holders

For a UK Holder within the charge to UK corporation tax, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain or to an allowable loss for the purposes of UK corporation tax. The current rate of UK corporation tax is 19 per cent., and it is expected such rate will reduce to 17 per cent. from 1 April 2020.

Shareholders who are not UK Resident

A holder of Ordinary Shares who is not resident for tax purposes in the United Kingdom should not normally be liable to UK capital gains tax or corporation tax on chargeable gains on a disposal (or deemed disposal) of Ordinary Shares unless (i) the person is carrying on (whether solely or in partnership) a trade, profession or vocation in the United Kingdom through a branch or agency (or, in the case of a corporate holder of Ordinary Shares, through a permanent establishment) to which the Ordinary Shares are attributable or (ii) in respect of disposals made on or after 6 April 2019, the company directly or indirectly derives 75 per cent. or more of its qualifying asset value from UK land, in which case a holder may, depending on its circumstances, be liable for non-resident capital gains tax. However, an individual holder of Ordinary Shares who has ceased to be resident for tax purposes in the United Kingdom (including where an individual is treated as resident outside the United Kingdom for the purposes of a double tax treaty) for a period of five years or less and who disposes of Ordinary Shares during that period may be liable on his or her return to the United Kingdom to UK tax on any capital gain realised (subject to any available exemption or relief).

Stamp duty and stamp duty reserve tax

A holder of Ordinary Shares who is not resident for tax purposes in the United Kingdom should not normally be liable to UK capital gains tax or corporation tax on chargeable gains on a disposal (or deemed disposal) of Ordinary Shares unless (i) the person is carrying on (whether solely or in partnership) a trade, profession or vocation in the United Kingdom through a branch or agency (or, in the case of a corporate holder of Ordinary Shares, through a permanent establishment) to which the Ordinary Shares are attributable or (ii) the Company directly or indirectly derives 75 per cent. or more of its qualifying asset value from UK land, in which case a holder may, depending on its circumstances, be liable for non-resident capital gains tax. However, an individual holder of Ordinary Shares who has ceased to be resident for tax purposes in the United Kingdom (including where an individual is treated as resident outside the United Kingdom for the purposes of a double tax treaty) for a period of five years or less and who disposes of Ordinary Shares during that period may be liable on his or her return to the United Kingdom to UK tax on any capital gain realised (subject to any available exemption or relief).

Stamp duty and stamp duty reserve tax ("SDRT")

The discussion below relates to holders of Ordinary Shares, wherever resident. However, special rules may apply where Ordinary Shares are issued or transferred to, or to a nominee or agent for, a depositary receipt issuer or clearance service provider or persons such as market makers, brokers, dealers or intermediaries.

Treatment of the transfer of Ordinary Shares into CREST and the trading of Depositary Interests within CREST

Admission of the Ordinary Shares by way of a Standard Listing to the Official List should not in itself give rise to any stamp duty or SDRT.

Where there is a transfer of Ordinary Shares into CREST, Depositary Interests are issued in respect of the Ordinary Shares and there is no change in beneficial ownership in the Ordinary Shares, no stamp duty or SDRT should arise.

Where there is a transfer of Ordinary Shares into CREST, Depositary Interests are issued in respect of the Ordinary Shares and there is a change in beneficial ownership of the Ordinary Shares, no stamp duty should arise on any instrument transferring the Ordinary Shares into CREST, and no SDRT should arise provided that:

- the central management and control of the Company is not currently exercised, and will continue not to be exercised in the UK;
- the register of members of the Company is, and will be, kept outside the UK;
- the underlying Ordinary Shares are not paired with shares in a UK-incorporated company; and
- the underlying Ordinary Shares are, and will continue to be, listed on a recognised stock exchange (such as ASX).

Where Depositary Interests are traded (wholly within CREST), no SDRT should arise provided that:

- the central management and control of the Company is not currently exercised, and will continue not to be exercised in the UK;
- the register of members of the Company is, and will be, kept outside the UK;
- the underlying Ordinary Shares are not paired with shares in a UK-incorporated company; and
- the underlying Ordinary Shares are, and will continue to be, listed on a recognised stock exchange (such as ASX).

Where a transfer of Depositary Interests takes place wholly within CREST, and there is no written instrument of transfer, no stamp duty should arise.

Treatment of the transfer of Ordinary Shares out of CREST and trading of the underlying Ordinary Shares

Where there is a transfer of Ordinary Shares out of CREST (which may involve a cancellation of the Depositary Interests) and there is a change in beneficial ownership of the Ordinary Shares, no SDRT should arise, provided that:

- the register of members of the Company is and will continue to be kept outside the UK; and
- the Ordinary Shares are not paired with shares in a UK-incorporated company.

Provided that the register of members of the Company continues to be kept outside the UK, and the Ordinary Shares are not paired with shares in a UK-incorporated company, no SDRT should arise on any agreement to transfer the Ordinary Shares.

However, any document transferring title to the Ordinary Shares may strictly be within the scope of UK stamp duty. In practice, no such stamp duty should normally need to be paid unless the document is executed in the UK or relates to any matter or thing to be done in the UK, and is required to be relied on as evidence in a UK court or to be used for other official purposes.

Any person who is in any doubt as to his or her tax position or who may be subject to tax in any jurisdiction other than Australia or the United Kingdom should consult his or her professional adviser.

PART XIII

CONSEQUENCES OF A STANDARD LISTING

After careful consideration, the Directors have concluded that in order to promote liquidity in the Ordinary Shares through a public listing on the London Stock Exchange whilst allowing a sufficient degree of flexibility for a company of its size and type, it is appropriate for the Company's Ordinary Shares to be admitted to a Standard Listing of the Official List, in addition to being listed on the ASX. In particular, the following are key considerations for the Company's proposed Standard Listing:

- a Standard Listing, as compared to a Premium Listing, will generally facilitate more cost efficient administration. In this regard, the Company wishes to align its regulatory responsibilities and the associated cost consequences with the Company's size;
- the proposed Standard Listing of the Company will mean that the Company will not be required to comply with the super-equivalent provisions of the Listing Rules that apply to companies with a Premium Listing, which will have a direct cost saving for the Company; and
- the Listing Rules for securities with a Standard Listing are far less demanding and stringent than those applicable to securities with a Premium Listing.

A Standard Listing affords Shareholders and investors in the Company a lower level of regulatory protection than that afforded to investors in companies whose securities are admitted to the premium segment of the Official List, which are subject to additional obligations under the Listing Rules.

Application will be made for the Ordinary Shares to be admitted to a Standard Listing on the Official List (pursuant to Chapter 14 of the Listing Rules) and to trading on the Main Market of the London Stock Exchange. The Company intends to comply with the Listing Principles set out in Chapter 7 of the Listing Rules at Listing Rule 7.2.1 which apply to all companies with their securities admitted to the Official List. In addition, the Company also intends to comply with the Listing Principles at Listing Rule 7.2.1A notwithstanding that they only apply to companies which obtain a Premium Listing. With regard to the Listing Principles at 7.2.1A R, the Company is not, however, formally subject to such Listing Principles and will not be required to comply with them by the FCA.

However, while the Company has a Standard Listing, it is not required to comply with the provisions of, *inter alia*:

- Chapter 8 of the Listing Rules regarding the appointment of a sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The Company has not and does not intend to appoint such a sponsor in connection with the Placing and Admission;
- Chapter 9 of the Listing Rules relating to the ongoing obligations for companies admitted to the Premium List, which therefore does not apply to the Company;
- Chapter 10 of the Listing Rules relating to significant transactions, which requires Shareholder consent for certain acquisitions;
- Chapter 11 of the Listing Rules regarding related party transactions. Nevertheless, the Company will not enter into any transaction which would constitute a 'related party transaction' as defined in Chapter 11 of the Listing Rules without the specific prior approval of the Directors;
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares. In particular, the Company has not adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

It should be noted that the FCA will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company so to comply. However, the FCA would be able to

impose sanctions for non-compliance where the statements regarding compliance in this document are themselves misleading, false or deceptive.

ASX Listing Rules

As the Company has been admitted to the official list of the ASX, the Company is bound to comply with the ASX Listing Rules, as amended from time to time. The ASX Listing Rules address such matters as admission to listing on the ASX, quotation of securities, continuous disclosure, periodic disclosure, certain requirements for terms of securities, issues of new capital, transfers of securities, disclosure of corporate governance practices, mining and exploration reporting requirements, escrow (lock-in) arrangements, transactions with related/ controlling parties, significant transactions, shareholder meetings, trading halts and suspensions and fees payable. The ASX also publishes guidance notes regarding the interpretation of the ASX Listing Rules.

The ASX Listing Rules and guidance notes can be found at www.asx.com.au.

PART XIV

CREST AND DEPOSITARY INTERESTS

1. The Company has established arrangements to enable investors to settle interests in the Ordinary Shares through the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another without the need to use share certificates or written instruments of transfer. Securities issued by non-UK companies, such as the Company, cannot be held or transferred electronically in the CREST system. However, Depositary Interests allow such securities to be dematerialised and settled electronically through CREST. Where investors choose to settle interests in the Ordinary Shares through the CREST system, and pursuant to depositary arrangements established by the Company, the Custodian holds the Ordinary Shares and issues dematerialised Depositary Interests representing the underlying Ordinary Shares, which are held on trust for the holders of the Depositary Interests. The Depositary Interests are independent securities constituted under English law which may be held and transferred through the CREST system. Investors should note that it is the Depositary Interests which are admitted to and settled through CREST and not the Ordinary Shares.

2. The Constitution is consistent with CREST membership in respect of Depositary Interests and the holding and transfer of Depositary Interests in uncertified form. Under the Australian Corporations Act, companies are not prohibited from issuing shares in book-entry form but shareholders have the right to require the Company to issue physical certificates. The Board has passed a resolution authorising the issuance of shares in book-entry form.

3. The Company and the Depositary entered into a depositary agreement on 24 July 2020 (the "**Depositary Agreement**"), the principal terms of which are summarised below.

4. The Depositary Interests have been created pursuant to and issued on the terms of a deed poll that was executed on 8 July 2020 the Depositary in favour of the holders of the Depositary Interests from time to time (the "**Deed Poll**"). Prospective holders of Depositary Interests should note that they will have no rights against Euroclear UK & Ireland (the operator of CREST) or its subsidiaries in respect of the underlying Ordinary Shares or the Depositary Interests representing them.

5. If a holder of Ordinary Shares so requests, its Ordinary Shares will be transferred to an account of the Depositary or its nominated custodian and the Depositary will issue Depositary Interests to participating CREST members. Each Depositary Interest will be represented as one Ordinary Share for the purposes of determining, for example, eligibility for any dividends. The Depositary will pass on to holders of Depositary Interests any stock or cash benefits received by it as holder of Ordinary Shares on trust for such Depositary Interest holder. Depositary Interest holders, through the Depositary, will also be able to receive notices of meetings of holders of Ordinary Shares and other notices issued by the Company to its Shareholders.

6. The Depositary Interests have the same security code (ISIN) as the underlying Ordinary Shares and do not require a separate admission to the Main Market. The Depositary Interests can be traded and settled within the CREST system in the same way as any other CREST securities.

7. If a holder wishes to cancel its Depositary Interest, it will either directly or through its broker instruct the applicable CREST participant to initiate a CREST withdrawal (where such withdrawal is sent to the Depositary) for the name that appears on the Register. The Depositary Interest will then be cancelled by the Depositary and the related Ordinary Shares will be credited to the account on the register of members by the Registrar. The Registrar will then send the holder a new Ordinary Share certificate.

8. The information included within this section relating to the obtaining and cancellation of Depositary Interests by a holder is intended to be a summary only and is not to be construed as legal, business or tax advice. Each investor should consult his or her own lawyer, financial adviser, broker or tax adviser for legal, financial or tax advice in relation to Depositary Interests.

Deed Poll

The Deed Poll executed by the Depositary contains the following provisions:

9. The Depositary will hold (itself or through the Custodian), as bare trustee, the underlying Shares and all and any rights and other securities, property and cash attributable to the underlying Shares pertaining to the Depositary Interests for the benefit of the holders of the relevant Depositary Interests as tenants in common. The Depositary will re-allocate securities or Depositary Interests distributions allocated to the Depositary or Custodian *pro rata* to the Shares held for the respective accounts of the holders of Depositary Interests, but will not be required to account for fractional entitlements arising from such re-allocation.

10. Holders of Depositary Interests agree to give such warranties and certifications to the Depositary as the Depositary may reasonably require. In particular, holders of Depositary Interests warrant, *inter alia*, that the securities in the Company transferred or issued to the Depositary or Custodian on behalf of the Depositary for the account of the Depositary Interest holder are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Company's constitutional documents or any contractual obligation, or applicable law or regulation binding or affecting such holder, and holders of Depositary Interests agree to indemnify the Depositary against any liability incurred as a result of any breach of such warranty.

11. The Depositary and any Custodian shall pass on to the Depositary Interest holders and, so far as they are reasonably able, exercise on behalf of the Depositary Interest holders all rights and entitlements received or to which they are entitled in respect of the underlying Shares which are capable of being passed on or exercised. Rights and entitlements to cash distributions, to information, to make choices and elections and to call for, attend and vote at meetings shall, subject to the Deed Poll, be passed on in the form in which they are received, together with amendments and additional documentation necessary to effect such passing-on, or, as the case may be, exercised in accordance with the Deed Poll. If arrangements are made which allow a holder to take up rights in the Company's securities requiring further payment, the holder must put the Depositary in cleared funds before the relevant payment date or other date notified by the Depositary if it wishes the Depositary to exercise such rights.

12. The Depositary will be entitled to cancel Depositary Interests and treat the holders thereof as having requested a withdrawal of the underlying securities in certain circumstances, including where a Depositary Interest holder fails to furnish to the Depositary with such certificates or representations as to material matters of fact, including his identity, as the Depositary deems appropriate.

13. The Depositary warrants that it is an authorised person under the FSMA and is duly authorised to carry out custodian and other activities under the Deed Poll. It also undertakes to maintain that status and authorisation.

14. The Deed Poll contains provisions excluding and limiting the Depositary's liability. For example, the Depositary shall not be liable to any Depositary Interest holder or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence or wilful default or fraud or that of any person for whom it is vicariously liable, provided that the Depositary shall not be liable for the negligence, wilful default or fraud of any Custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of such Custodian or agent. Except in the case of personal injury or death, any liability incurred by the Depositary to a holder under the Deed Poll is limited to the lesser of:

    (a) the value of the Ordinary Shares that would have been properly attributable to the Depositary Interests to which the liability relates; and

    (b) that proportion of £5,000,000 which corresponds to the portion which the amount the Depositary would otherwise be liable to pay to the holder bears to the aggregate of the amounts the Depositary would otherwise be liable to pay to all such holders in respect of the same act, omission or event which gave rise to such liability or, if there are no such amounts, £5,000,000.

15. The Depositary is entitled to charge holders of Depositary Interests fees and expenses for the provision of its services under the Deed Poll.

16. The Depositary is not liable for any losses attributable to or resulting from the Company's negligence or wilful default or fraud or that of the CREST operator.

17. Each holder of Depositary Interests is liable to indemnify the Depositary and any Custodian (andtheir agents, officers and employees), and hold each of them harmless, from and against all liabilities arising from or incurred in connection with, or arising from any act related to, the Deed Poll so far as they relate to the property held for the account of that holder, other than those caused by or resulting from the wilful default, negligence or fraud of: (i) the Depositary; or (ii) the Custodian or any agent if such Custodian or agent is a member of the Depositary's group or if, not being a member of the same group, the Depositary shall have failed to exercise reasonable care in the appointment and continued use of such Custodian or agent.

18. The Depositary is entitled to make deductions from the deposited property or any income or capital arising therefrom, or to sell such deposited property and make deductions from the sale proceeds thereof, in order to discharge the indemnification obligations of Depositary Interest holders.

19. The Depositary may terminate the Deed Poll by giving not less than 90 days' notice. During such notice period, Depositary Interest holders may cancel their Depositary Interests and withdraw their deposited property and, if any Depositary Interests remain outstanding after termination, the Depositary shall, as soon as reasonably practicable and amongst other things: (i) deliver the deposited property in respect of the Depositary Interests to the relevant Depositary Interest holder; or at the Depositary's discretion (ii) sell all or part of such deposited property. It shall, as soon as reasonable practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll, *pro rata* to the Depositary Interest holders in respect of their Depositary Interests.

20. The Depositary or the Company may require from any holder: (i) information as to the capacity in which Depositary Interests are owned or held by such holders and the identity of any other person with any interest of any kind in such Depositary Interests or the underlying Shares and the nature and amounts of such interests; (ii) evidence or declaration of nationality or residence of the legal or beneficial owner(s) of Depositary Interests and such information as is required to transfer the relevant Depositary Interests or Shares to the holder; and (iii) such information as is necessary or desirable for the purposes of the Deed Poll or CREST system, and holders are bound to provide such information requested. The holders of Depositary Interests consent to the disclosure of such information by the Depositary, Custodian or Company to the extent necessary or desirable to comply with their respective legal or regulatory obligations.

21. Furthermore, to the extent that the Company's constitutional documents, applicable laws or regulations, the Ground Rules for the Management of the FTSE UK Index Series (if applicable), or any court or legal or regulatory authority may require or the Company deems it necessary or desirable in connection therewith (including in response to requests for information), the disclosure to the Company of, or limitations in relation to, beneficial or other ownership of, or interests of any kind whatsoever in the Company's securities, the Depositary Interest holders are to comply with such provisions and with the Company's instructions with respect thereto, and consent to the disclosure of such information for such purposes.

22. It should also be noted that holders of Depositary Interests may not have the opportunity to exercise all of the rights and entitlements available to holders of Shares, including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for holders of Depositary Interests to give prompt instructions to the Registrar or its nominated Custodian, in accordance with any voting arrangements made available to them, to vote the underlying Shares on their behalf or, to the extent possible, to take advantage of any arrangements enabling holders of Depositary Interests to vote such Shares as a proxy of the Registrar or its nominated Custodian.

23. A copy of the Deed Poll can be obtained on request in writing to the Depositary.

Depositary Agreement

The Depositary Agreement entered into between the Company and the Depositary contains the following provisions:

24. Under the Depositary Agreement, the Company appoints the Depositary to constitute and issue from time to time, upon the terms of the Deed Poll, a series of Depositary Interests representing Shares and to provide certain other services (including depositary services, custody services and dividend services) in connection with such Depositary Interests.

25. The Depositary agrees that it will comply with the terms of the Deed Poll and that it will perform its obligations with reasonable skill and care. The Depositary assumes certain specific obligations, including, for example, to arrange for the Depositary Interests to be admitted to CREST as participating securities and provide copies of, and access to, the register of Depositary Interests.

26. The Company acknowledges that it shall be its responsibility and undertakes to advise the Depositary promptly of any securities laws or other applicable laws, rules or regulations in Australia with which the Depositary must comply in providing the services.

27. The Company agrees to provide such assistance, information and documentation to the Depositary as is reasonably required by the Depositary for the purposes of performing its duties, responsibilities and obligations under the Deed Poll and the Depositary Agreement. In particular, the Company is to supply the Depositary with all documents it sends to its Shareholders so that the Depositary can distribute the same to all holders of Depositary Interests. The agreement sets out the procedures to be followed where the Company is to pay or make a dividend or other distribution.

28. The Depositary is to indemnify the Company and its officers and employees from and against any loss (excluding indirect, consequential or special loss) which any of them may incur in any way as a result of or in connection with the fraud, negligence or wilful default of the Depositary (or its officers, employees, agents or sub-contractors).

29. Subject to earlier termination, the appointment of the Depositary shall continue for a fixed period of one year and thereafter until terminated in accordance with the terms of the Depositary Agreement. Should the Depositary Agreement be terminated for any reason, other than arising from the Depositary's fraud, negligence, wilful default or material breach of a term of the Depositary Agreement, the Company shall within 30 days of termination pay to the Depositary the Depositary's reasonable costs and expenses of transferring the Depositary Interest register to its new registrar. Either party may terminate the Depositary Agreement by giving not less than three months' notice in writing. Either party may terminate the Depositary Agreement with immediate effect by notice in writing if the other party: (i) shall be in persistent or material breach of any material term (of the Depositary Agreement) and such breach is not remedied within 21 days of a request for such remedy; (ii) goes into insolvency or liquidation or administration or a receiver is appointed over any part of its undertaking or assets, subject to certain provisos; or (iii) shall cease to have the appropriate authorisations which permit it lawfully to perform its obligations under the Depositary Agreement.

30. The Depositary will be entitled to employ agents for the purposes of carrying out certain of its obligations under the Depositary Agreement which the Depositary reasonably considers to be of a specialist nature.

31. The Company is to pay to the Depositary an annual fee for the services. The Company shall pay a fixed fee for the deposit, cancellation and transfer of the Depositary Interests and the compilation of the initial Depositary Interests register. The Company shall in addition reimburse the Depositary within 30 days of the Depositary's invoice for all network charges, CREST charges, money transmission and banking charges and other out-of-pocket expenses incurred by it in connection with the provision of the services under the Depositary Agreement.

32. The Company will indemnify the Depositary from and against all loss suffered by the Depositary as a result of or in connection with the performance of its obligations under the Depositary Agreement.

33. The aggregate liability of the Depositary to the Company over any 12-month period under the Depositary Agreement will not exceed twice the amount of the fees payable in any 12-month period in respect of a single claim or in the aggregate.

PART XV

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Directors, whose names appear on page 31, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company, the information contained in this document is in accordance with the facts and contains no omission likely to affect its import of such information.

2. THE COMPANY

The Company is a public company limited by shares, incorporated and registered in Australia under the Australian Corporations Act on 11 June 2009 with the name Oakland Resources Limited, and registration number ACN 137 606 476. The Company re-registered with the name Castillo Copper Limited on 24 May 2013. The Company is domiciled in Western Australia. The registered office of the Company, and business address for all of the Directors, as at the date of this document, is 45 Ventnor Avenue, Perth Western Australia 6005, Australia. The Company's telephone number is +61 8 6558 0886. The principal legislation under which the Company operates is the Australian Corporations Act. The liability of each Shareholder is limited by the amount, if any, unpaid on the shares held by him.

3. SHARE CAPITAL OF THE COMPANY

3.1 The following table sets out the fully diluted Ordinary Share capital as at 24 July 2020, being the latest practicable date prior to publication of this document and as at Admission:

	As at the date of this document	Amount paid (A$)	As at the date of Admission
Ordinary Shares issued and fully paid	929,056,398	18,797,920	1,009,938,722
Unquoted Options at A$0.05	246,462,786	Nil	246,462,786
Unquoted Options at A$0.10	17,000,000	Nil	17,000,000
Quoted options at A$0.05	61,500,000	Nil	61,500,000
Class A Performance Shares	46,875,000	Nil	46,875,000
Class B Performance Shares	46,875,000	Nil	46,875,000
Unquoted Options at 2.8 pence	—	Nil	79,117,618
Unquoted Options at 1.7 pence	—	Nil	1,582,353

Accordingly, at Admission the Enlarged Issued Share Capital will be 1,009,938,722 Ordinary Shares with a total of 499,412,757 options outstanding. If all the outstanding options were to be exercised the Company would receive approximately £11.73m in cash and the options would represent 33.12 per cent. of the fully diluted Enlarged Issued Share Capital.

Pursuant to the Zed Acquisition Agreement the Company issued 46,875,000 Class A Performance Shares and 46,875,000 Class B Performance Shares. The Class A and Class B Performance Shares are capable of conversion into Ordinary Shares if certain performance criteria are met prior to 24 February 2025.

On Admission, it is expected that approximately 98.96 per cent. of the Ordinary Shares will be held in public hands (within the meaning of Listing Rule 14.2.2(4)) or the jurisdiction in which the Ordinary Shares are listed.

3.2 The Ordinary Shares will be registered, and may be held in either certificated or uncertificated form (by way of Depository Interests on the London Stock Exchange).

3.3 The Ordinary Shares have no nominal or par value and are recorded at their issue price less any costs associated with issuing the Ordinary Shares. All Ordinary Shares are fully paid. Ordinary Shares issued pursuant to the exercise of options and convertible loan notes are recorded at their exercise price less any costs associated with issuing the Ordinary Shares.

3.4 Under the Australian Corporations Act, the Company does not have an authorised share capital and there is generally no limit under the Australian Corporations Act or the Constitution on the power of the Directors to issue Ordinary Shares or other securities.

The following changes have occurred in the issued share capital of the Company during the period covered by the Historical Financial Information of the Group:

3.5 On 23 March 2017, the Company allotted 10,000,000 Ordinary Shares at a price of A$0.02 per share to the QComm Shareholders.

3.6 On 5 July 2017, the Company:

(a) allotted 66,666,667 Ordinary Shares at a price of A$0.015 per share;

(b) allotted 76,666,668 Ordinary Shares for nil cash consideration to the QComm Shareholders as consideration under the QComm Acquisition;

(c) allotted 4,333,334 Ordinary Shares for nil cash consideration to CPS Capital Group Pty Ltd and Armada Capital and Equities Pty Ltd as consideration for services provided in connection with the QComm Acquisition;

(d) issued 15,000,000 options to CPS Capital Group Pty Ltd and Armada Capital and Equities Pty Ltd, exercisable at a price of A$0.03 each on or before 5 July 2020 as consideration for services provided in connection with the QComm Acquisition; and

(e) issued 6,000,000 director options exercisable at a price of A$0.03 on or before 30 June 2017.

3.7 On 31 August 2017, the Company allotted 970,588 Ordinary Shares at a price of A$0.034 per share to S3 Consortium Pty Ltd as consideration for promotion and news circulation services;

3.8 On 19 October 2017, the Company allotted 106,250,000 Ordinary Shares at a price of A$0.032 per share in connection with a placing.

3.9 On 19 October 2017, the Company issued 2,000,000 director options exercisable at a price of A$0.03 on or before 30 June 2017 to each of Alan Armstrong and Neil Hutchinson, both former directors of the Company.

3.10 On 24 October 2017, the Company issued 42,500,000 options exercisable at a price of A$0.065 on or before 24 October 2019 to CPS Capital Group Pty Ltd as consideration for services provided.

3.11 On 16 January 2018, the Company allotted 375,000 Ordinary Shares for nil cash consideration as consideration shares to TSI Capital Pty Ltd as consideration for services provided.

3.12 On 16 May 2018, the Company issued 17,000,000 options exercisable at a price of A$0.10 on or before 31 December 2023 to certain consultants as consideration for services provided.

3.13 On 12 December 2018, the Company allotted 61,500,000 Ordinary Shares at an issue price of A$0.02 per Ordinary Share to certain investors following a placement on 4 December 2018.

3.14 On 1 February 2019, the Company issued 15,000,000 options exercisable at a price of A$0.05 on or before 1 February 2022 to Zenix Nominees as consideration for services provided.

3.15 On 1 February 2019, the Company issued 5,000,000 options exercisable at a price of A$0.05 on or before 31 December 2023 to Robert Scott, the Non-Executive Chairman, in consideration for his services to the Company.

3.16 On 27 August 2019, the Company issued 26,850,000 convertible notes with a maturity date of 3 August 2020 and convertible into a maximum of 44,750,000 fully paid Ordinary Shares and 44,750,000 options pursuant to funding raise.

3.17 On 27 September 2019, the Company allotted 34,811,255 fully paid Ordinary Shares and 34,811,255 options exercisable at a price of exercisable A$0.05 on or before 1 August 2022 following the early conversion of outstanding convertible loan notes issued on 27 August 2019.

3.18 On 19 November 2019, the Company issued 3,755,500 convertible loan notes in respect of a fundraise of approximately £186,615 (circa A$343,610) with a purchase price of A$0.02 each (fixed exchange rate of 1.79 GBP/AUD) and a maturity date of 19 November 2020 which are convertible into a maximum of 6,259,166 fully paid Ordinary Shares and 6,259,166 options.

3.19 On 3 December 2019, the Company issued:

(a) 6,000,000 options exercisable at a price of A$0.05 on or before 3 December 2022 to Simon Paull in consideration for his services to the Company;

(b) 3,000,000 options exercisable at a price of A$0.05 on or before 3 December 2022 to each of Ged Hall and Peter Smith in consideration for their services to the Company;

(c) the Company issuing 3,000,000 options exercisable at a price of A$0.05 and expiring on 3 December 2022 to SI Capital (or their nominee) for broker services provided in respect of the convertible notes;

(d) the Company allotted 90,875,000 fully paid Ordinary Shares at a price of A$0.02 per share in connection with a placing in 2019;

(e) the Company allotted 3,000,000 fully paid Ordinary Shares at a price of A$0.0001 per share to financial consultants in connection with a placing in 2019;

(f) the Company allotted 4,771,917 fully paid Ordinary Shares and 4,771,917 options exercisable at a price of exercisable A$0.001574 on or before 1 August 2022 following the conversion of outstanding convertible loan notes issued on 19 November 2019;

(g) the Company allotted 750,000 fully paid Ordinary Shares at a price of A$0.02 per share, issued in lieu of cash to a media consultant for the provision of services;

(h) the Company issuing 30,291,667 options exercisable at a price of A$0.05 and expiring on 3 December 2022;

(i) the Company issuing 10,000,000 options exercisable at a price of A$0.0001 and expiring on 3 December 2022, in connection with a placing in 2019; and

(j) the Company allotted 15,000,000 fully paid Ordinary Shares at a price of A$0.02 per share in connection with a placing in 2019.

3.20 On 23 January 2020 the Company allotted 18,133,402 fully paid Ordinary Shares on the conversion of A$268,500 of convertible notes and issued 18,133,402 options with an exercise price of A$0.05, vesting immediately with an expiry date of 1 August 2022.

3.21 On 25 February 2020, the Company issued 31,250,000 fully paid Ordinary Shares and 93,750,000 performance shares to the Zed Sellers as consideration for the Zed Acquisition; and

3.22 On 27 March 2020 the Company issued 61,500,000 listed options with an exercise price of A$0.05, exercisable at any time on or before 27 March 2023;

3.23 On 12 May 2020 the Company allotted 5,246,471 fully paid Ordinary Shares at a price of A$0.0178 in settlement of corporate advisory and investor relation services;

3.24 On 15 June 2020 the Company issued 836,000 fully paid Ordinary Shares at a price of A$0.025 in settlement of corporate advisory and investor relations services;

3.25 On 23 June 2020 the Company announced the issue of 95,454,545 fully paid Ordinary Shares at a price of A$0.022 to existing and new investors, together with 104,454,545 unlisted options each entitling the holder to subscribe for one new Ordinary Share at a price of A$0.05 per share, such options to expire 3 years from the date of issue;

3.26 On 30 June 2020, 10,000,000 unlisted options with an exercise price of A$0.03 lapsed;

3.27 On 7 July 2020 the company issued 2,333,333 fully paid Ordinary Shares on the exercise of 2,333,333 options at an exercise price of A$0.03 each; and

3.28 On 5 July 2020, 12,666,666 options with an exercise price of A$0.03 lapsed.

3.29 Save as disclosed in this document:

(a) the Company does not have in issue any securities not representing share capital;

(b) no Ordinary Shares or loan capital of the Company has been issued or is proposed to be issued;

(c) no person has any preferential subscription rights for any Ordinary Shares of the Company;

(d) no Ordinary Share or loan capital of the Company is unconditionally to be put under option; or

(e) no commissions, discounts, brokerages or other special terms have been granted by the Company or any other member of the Group in connection with the issue or sale of any share or loan capital of any such company.

3.30 The Company has only Ordinary Shares in issue and no shares which do not represent capital.

3.31 No Ordinary Shares are held by or on behalf of the Company or by any subsidiary of the Company.

3.32 **Rights attaching to the Ordinary Shares**

The rights attaching to Ordinary Shares arise from a combination of the Constitution, statute and general law. Paragraph 9 below contains a summary of certain provisions of the Constitution relation to the Ordinary Shares.

Shareholders should be aware that there are certain situations under statute and the general law where they may be deprived of their rights attaching to the Ordinary Shares. In particular, if the Company is under the control of an administrator, due to concerns relating to the solvency of the Company, the administrator has the power under the Australian Corporations Act to compulsorily transfer shares from shareholders to third parties, such as creditors, without the consent of shareholders, provided leave of a court has been obtained. A court is only permitted to grant an administrator leave for the compulsory transfer of the shares if satisfied that the transfer does not unfairly prejudice the interests of shareholders. This will typically occur where evidence is presented to the court that the shares in the Company have no residual value to shareholders and that shareholders would be unlikely to receive any distribution if the Company were placed into liquidation.

The rights of a shareholder to freely transfer their shares is also limited when a liquidator has been appointed to wind up the Company. If the Company is in liquidation, a transfer of shares will not be effective unless a shareholder obtains the consent of the liquidator or an order of a court authorising the transfer, such consent or authorisation being provided where the transfer of shares is in the best interests of the Company's creditors as a whole.

Ordinary Shares issued following the conversion of options or the conversion of performance rights or convertible notes will rank equally in all respects with the Company's existing Ordinary Shares.

4. APPLICATION OF THE CITY CODE ON TAKEOVERS AND MERGERS

The Company is incorporated in, has its registered office and is resident in Australia. Accordingly, transactions involving the Ordinary Shares will not be subject to the provisions of the City Code which regulates takeovers in the UK. The Company is subject to requirements for takeovers under the Australian Corporations Act and other applicable Australian law which may affect a bidder's ability to freely acquire Ordinary Shares.

5. AUSTRALIAN TAKEOVER PROTECTIONS

The following Australian legislation and regulations in relation to takeovers apply to the Company:

- the Australian Corporations Act, particularly Chapter 6 (the relevant provisions of which are outlined in section 5.1 below); and
- the Foreign Acquisitions and Takeovers Act 1975 (Cth) ("**FATA**") (the relevant provisions of which are outlined in section 5.5 below).
- The main Australian regulatory bodies are:
- the Australian Securities and Investments Commission, which is responsible for administering and enforcing the Australian Corporations Act;
- the Australian Takeovers Panel, which is the principal forum for resolving disputes relating to a takeover during the bid period; and
- the Australian Securities Exchange.

If a proposed investor is a foreign company for the purposes of FATA, the acquisition may need to be approved by the Treasurer of Australia acting on the advice of the Foreign Investment Review Board.

If competition issues are likely to arise, the Australian Competition and Consumer Commission may become involved. The Australian Competition and Consumer Commission administers the Competition and Consumer Act 2010 (Cth).

5.1 Chapter 6 of the Australian Corporations Act

Section 606 of the Australian Corporations Act prohibits a person from acquiring a "relevant interest" in voting shares (or a legal or equitable interest in securities which results in a person acquiring such a relevant interest) in a listed company or an unlisted company with more than 50 shareholders if, because of the acquisition, that person's or someone else's voting power increases:

(a) from 20 per cent. or below to more than 20 per cent.; or

(b) from a starting point that is above 20 per cent. and below 90 per cent.

However, it is not mandatory for a person who exceeds these thresholds to make a takeover bid for all the shares in the relevant company. A person generally has a "relevant interest" in a share if they hold the share, have the power to control disposal of that share or to control the exercise of the right to vote in respect of that share. The term "voting power" is defined in broad terms and captures any relevant interest in shares held by a person's "associates".

These concepts are broad and, for example, a person can have a relevant interest and voting power in a share as a result of an agreement to purchase the share (even a conditional agreement) or a call option to acquire the share.

The concept of "associates" is complex, and generally includes:

(a) (a person with whom the other person is acting, or proposing to act, in concert in relation to the company's affairs;

(b) persons with whom the relevant person has entered or proposed to enter into an agreement for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; and

(c) companies that the person controls or that control the person.

5.2 **Exceptions to the takeovers prohibition**

If a person wishes to acquire more than 20 per cent. of the Company, or increase a holding which is already above 20 per cent. (but less than 90 per cent.), the person must do so under an exception. There are five principal exceptions to the general prohibition under section 606 of the Australian Corporations Act which are relevant in this context:

(a) under a formal takeover offer in which all Shareholders can participate;

(b) *pro rata* offers of new shares in which all Shareholders can participate;

(c) by an underwriter or sub-underwriter to offers of securities in the Company in certain circumstances;

(d) in 3 per cent. increments every six months (provided that the acquirer has had voting power of at least 19 per cent. in the Company at all times during the six months prior to the acquisition); and

(e) with the approval of a majority of Shareholders who are not parties to the transaction, given at a general meeting of the Company.

5.3 **Compulsory acquisitions**

A bidder may compulsorily acquire any remaining securities in the bid class if during, or at the end of, the offer period, the bidder and its associates have:

(a) a relevant interest in at least 90 per cent. (by number) of the securities in the bid class; and

(b) acquired at least 75 per cent. (by number) of the securities that the bidder offered to acquire under the bid.

The process for making a compulsory acquisition is set out in the Australian Corporations Act.

5.4 **Scheme of Arrangement**

In addition to takeover bids, the other main method of acquiring all of the voting shares of an Australian listed company or unlisted company with more than 50 shareholders, is a scheme of arrangement. A scheme of arrangement is a statutory procedure under the Australian Corporations Act that allows a company to reorganise its capital structure to give effect to a proposal, such as transferring all of the voting shares in a company to a bidder.

Unlike a takeover bid, a scheme of arrangement is a legal process involving the target company and its shareholders consenting to a proposal that will bind all shareholders. For a scheme of arrangement to bind all shareholders, the following majority approvals must be obtained from shareholders:

(a) head count test – a simple majority in number (more than 50 per cent.) of the shareholders who vote; and

(b) voted shares test – at least 75 per cent. of the total number of votes cast.

The scheme of arrangement must also be approved by an Australian court, having regard to whether the majority approvals for shareholders have been achieved. Once the scheme of arrangement is approved by the Australian court, it becomes legally binding on all shareholders of the target company, including those who voted against the scheme or omitted to vote as soon as the Australian court's order is lodged with the ASIC. Following which, the scheme will be implemented according to its terms.

5.5 **Foreign investment**

Foreign investment in, and ownership of, companies and property in Australia is regulated under the FATA. The FATA is administered by the Foreign Investment Review Board, a division of the Treasury Department of the federal government. The ultimate responsibility for making decisions on foreign investment proposals rests with the Treasurer of the federal government.

The FATA provides for, amongst other things, a notification and approval process for proposed investments in Australia by "foreign persons" (individuals, corporations or trusts) which may result in foreign control or ownership of Australian businesses and companies. Regulations (and accompanying guidelines) to FATA set out a number of exemptions from notification for small proposed transactions whilst large proposed transactions generally require notification; both are subject to determination as to whether they are in the Australian national interest. Under FATA the threshold requirements for notification vary according to, for example, the nature of the foreign investor (i.e. whether the foreign investor is private or state-owned), the nature and value of the business to be acquired and the aggregate Australian land holding of that business.

While the provisions of FATA are complicated, it generally provides that where:

(a) the Treasurer is satisfied a person proposes to acquire shares in a company which carries on an Australian business;

(b) the acquisition would result in the company being controlled by a foreign person; and

(c) the result would be contrary to the national interest, the Treasurer may make an order prohibiting the acquisition.

Generally, a proposed acquisition of shares (unless an exempt dealing under FATA) will have the effect of a foreign person acquiring a controlling interest in an Australian company if one of the following applies:

(d) that person alone, or together with their associates, directly or indirectly acquires 20 per cent. or more of the shares or controls 20 per cent. or more of the voting power (or potential voting power) in an Australian company; or

(e) that person, together with other foreign persons and each of their associates, directly or indirectly acquires 40 per cent. or more of the shares or controls 40 per cent. or more of the voting power (or potential voting power) in an Australian company.

If a foreign person is required to give notice of a proposed transaction to the Treasurer under FATA, it must either wait for the decision of the Treasurer or allow for a prescribed period following the notification to the Treasurer to lapse before entering into a binding agreement to acquire shares which will result in a foreign person acquiring a controlling interest in a company.

6. MINORITY SHAREHOLDERS

The Australian Corporations Act provides protection for minority shareholders where the conduct of a company's affairs or an act or omission (including a resolution of members or a class or members) by a company is contrary to the interests of the members as a whole, or oppressive to, unfairly prejudicial to, or unfairly discriminatory against a member or a group of members.

7. SUBSTANTIAL HOLDINGS

Under the Australian Corporations Act, a person has a "substantial holding" if that person and his/her associates have a relevant interest in 5 per cent. or more of voting shares in a listed company or an unlisted company with over 50 shareholders. A person who begins to or ceases to have a substantial holding in a company, or has a substantial holding in a company and there is movement in that holding by at least 1 per cent., must give notice to the Company and to the ASX. The contents of this notice are prescribed in section 671B(3) and (4) of the Australian Corporations Act.

Under the DTRs, specifically DTR 5, Shareholders must notify the Company of the percentage of voting rights he or she holds as a shareholder (or holds or is deemed to hold through his direct or indirect holding of financial instruments) if, as a result of an acquisition or disposal of shares or financial instruments, the percentage of those voting rights reaches, exceeds or falls below 5 per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent., 50 per cent. and 75 per cent. This obligation is in addition to the obligation to notify the Company and the ASX under the Australian Corporations Act.

8. ASX DISCLOSURE REQUIREMENTS

8.1 *Periodic disclosure*

The Australian Corporations Act and ASX Listing Rules set out the periodic disclosure requirements that apply to the Company. For example, the Company must prepare and lodge half-year and full-year financial reports, and must prepare and lodge an annual report to Shareholders.

In addition, as the Company is currently a mining exploration entity for the purposes of the ASX Listing Rules, it must prepare and lodge quarterly reports with the ASX setting out the information required in the ASX Listing Rules, including:

(a) details of the Company's and any subsidiaries' activities relating to exploration and a summary of the expenditure incurred on those activities;

(b) details of the Company's and any subsidiaries' activities relating to mining production and development and a summary of the expenditure incurred on those activities; and

(c) details of mining tenements owned by the Company's and any subsidiaries' and their location.

8.2 *Continuous disclosure*

ASX Listing Rule 3.1 provides that once the Company is aware or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities, it must immediately inform the ASX that information, subject to the limited exception outlined below.

Immediate disclosure under ASX Listing Rule 3.1 can only be delayed under ASX Listing Rule 3.1A if each of the following is satisfied:

(a) a reasonable person would not expect the information to be disclosed;

(b) the information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

(c) one or more of the following applies:

  (i) it would be a breach of a law to disclose the information; or

  (ii) the information concerns an incomplete proposal or negotiation; or

  (iii) the information comprises matters of supposition or is insufficiently definite to warrant disclosure; or

  (iv) the information is generated for internal management purposes of the Company; or

  (v) the information is a "trade secret."

8.3 *Disclosure in relation to false markets*

ASX Listing Rule 3.1B provides that if ASX considers that there is, or is likely to be, a false market in an entity's securities, and requests information from the entity to correct or prevent the false market, the entity must give ASX the information needed to correct or prevent the false market.

8.4 *Information must be given to ASX first*

ASX Listing Rule 15.7 requires that an entity must not release information that is for release to the market to anyone until it has given the information to ASX, and has received an acknowledgement from ASX that the information has been released to the market. The ASX has issued guidance for dual listed companies that where the company becomes aware of information outside of ASX trading hours and which it is required to release that information on an overseas exchange, it is permitted to do so provided that it gives the information to the ASX Market Announcements Office at the same time, together with written advice that the information has been released to the overseas exchange.

8.5 *JORC Code*

In addition, the Company is subject to the JORC Code, a set of minimum standards, recommendations and guidelines defined by the Australasian Joint Ore Reserves Committee, which is sponsored by the Australian mining industry and its professional organisations. The JORC Code covers public reporting in Australasia of exploration results, mineral resources and Ore Reserves. Disclosure under the JORC Code is governed by the principles of transparency, materiality and competence.

The materiality principle requires disclosure of all the relevant information that investors and their professional advisers would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement.

The competence principle requires disclosure on exploration targets, exploration results, mineral resources and Ore Reserves to be based on, and fairly reflect, the information and supporting documentation prepared by a "competent person". A competent person must have a minimum of 5 years relevant experience and be a member of an appropriate professional organisation. The JORC Code does not specify an amount, type or quality of exploration or other work required to be done before a competent person assesses and estimates a Mineral Resource or Ore Reserve.

9. CONSTITUTION OF THE COMPANY

The following is a non-exhaustive summary of the provisions of the Constitution of the Company. Please see paragraph 25.1 of this Part XV – Additional Information of this document for details of how to obtain a full copy of the Constitution.

9.1 *Objects*

The Constitution does not contain any limitations on the Company's objects and purposes.

9.2 *Shareholder voting*

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company on a show of hands, every ordinary Shareholder present in person, or by proxy, attorney or representative (in the case of a Company) has one vote and upon a poll, every Shareholder present in person, or by proxy, attorney or representative (in the case of a Company) has one vote for each fully paid Share held by the Shareholder. For each partly paid share, a Shareholder is entitled to a fraction of one vote equal to the proportion which has been paid up on that share.

A poll may be demanded by the Chairperson of the meeting, at least 5 Shareholders entitled to vote on that resolution, or by any one or more Shareholders holding not less than 5 per cent. of the total voting rights of all Shareholders having the right to vote on that resolution.

9.3 *Restrictions on Shareholder voting*

A holder of restricted shares is not entitled to any voting rights in respect of those restricted shares which would result in a breach of the ASX Listing Rules or a breach of a restriction agreement. Shareholders who have not paid any calls due and payable in respect of their shares are not entitled to vote on any resolution in respect of those shares.

A holder of a preference share only has the right to vote:

(a) during a period during which a dividend (or part of a dividend) in respect of the share is in arrears;

(b) on a proposal to reduce the share capital of the Company;

(c) on a resolution to approve the terms of a buy-back agreement;

(d) on a proposal that affects rights attached to the share;

(e) on a proposal to wind up the Company;

(f) on a proposal for the disposal of the whole of the property, business and undertaking of the Company; and

(g) during the winding up of the Company.

9.4 *Dividends*

Subject to any rights or restrictions attached to a class of shares, the Company may pay dividends as the directors resolve but only out of profits of the Company.

Subject to and in accordance with the Australian Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules (together, **''Applicable Law**"), the directors may determine that a dividend is payable on shares and fix the amount of the dividend, whether it is franked and the franking percentage, the time for determining entitlements to the dividend, and the method of payment of the dividend (which is not limited to cash).

The directors may determine that dividends be paid on shares of one class but not another class, and at different rates for different classes of shares.

A holder of restricted shares is not entitled to any dividends in respect of those restricted shares during a breach of the ASX Listing Rules or a breach of a restriction agreement.

9.5 *Offers of shares to be on a pre-emptive basis*

The Constitution does not contain any requirement for the Company to offer shares on a preemptive basis.

9.6 *Issue of shares*

Subject to the Applicable Law and any rights and restrictions attached to a class of shares, the Company may allot and issue unissued shares and grant options over unissued shares, on any terms, at any time and for any consideration, as the directors resolve.

9.7 *Preference shares*

The Company may issue any shares as preference shares. Holders of preference shares have the same rights as holders of ordinary shares in relation to receiving notices, reports and audited accounts, and attending meetings, however they have limited voting rights.

9.8 *Reductions of capital and buy backs*

Subject to the Applicable Law, the Company may reduce its share capital and buy-back shares in itself on any terms and at any time. The Australian Corporations Act sets out certain procedures that must be followed in relation to reductions in share capital and the buy-back of shares. The method of distribution of a reduction of the share capital is not limited to cash.

9.9 *Variation of class rights and converting shares*

Subject to the Australian Corporations Act and the terms of issue of shares of a particular class, the Company may:

(a) vary or cancel rights attached to shares in that class; or

(b) convert shares from one class to another, by special resolution of the Company, and

(c) a special resolution passed at a meeting on the members holding shares in that class; or

(d) the written consent of members who are entitled to at least 75 per cent. of the votes that may be cast in respect of shares in that class.

The Company may by ordinary resolution at a general meeting convert all or any of its shares into a larger or smaller number of shares.

9.10 *Number and appointment of directors*

The number of directors must not be less than three and not more than ten. The Company may in a general meeting alter the maximum or minimum number of directors provided that the minimum is not less than three. The directors may appoint any person as a director. The Company in general meeting may by ordinary resolution appoint any person as a Director. A director need not be a member. The Company must hold an election of directors annually.

With the approval of a majority of the other directors, a director may appoint a person as an alternate director of that director. An alternate director need not be a member. The appointing director may terminate the appointment of their alternate director at any time.

9.11 *Removal and resignation of directors and alternate directors*

The Company may by ordinary resolution passed at a general meeting remove any director, and if thought fit, appoint another person in place of that director. A director may resign from office by giving the Company notice in writing.

9.12 *Remuneration of directors*

The Company may pay the non-executive directors a maximum total amount as determined by the Company in a general meeting, or until so determined, as the director's resolve. The remuneration of the executive directors must, subject to the provisions of any contact between each of them and the Company, be fixed by the directors. If a director performs extra or special services, including being a member on a committee of directors or the chairperson or deputy chairperson, the Company may pay additional remuneration or provide benefits to that director as the directors resolve. The remuneration of directors must not be calculated as a commission on, or percentage of, profits or operative revenue.

9.13 *Disqualification and retirement of directors*

All directors, excluding the managing director, must retire from office no later than the longer of:

(a) the third annual general meeting of the Company; or

(b) three years, following that director's last election or appointment.

If the Company has three or more directors, one third of the directors must retire at each AGM. If the Company has less than three directors, one director must retire at each AGM.

The directors to retire are:

(c) those who have held their office as director the longest period of time since their last election or appointment; and

(d) if two or more directors have held office for the same period of time, those directors determined by lot, unless those directors agree otherwise.

The retirement provisions of the Constitution do not apply to the managing director of the Company.

A director who retires under the Constitution is eligible for re-election.

A director appointed by the existing directors may retire at the next general meeting of the Company and is eligible for re-election at that meeting. If that director does not retire at the next general meeting, that director must retire at the next annual general meeting of the Company and is eligible for re-election at that meeting.

A director ceases to be a director if:

(e) the director becomes of unsound mind or a person whose property is liable to be dealt with under a law about mental health;

(f) the director is absent without the consent of the directors from all meetings of the directors held during a period of six months;

(g) the director resigns or is removed under the Constitution;

(h) the director is an executive director and ceases to be an employee of the Company or of a related body corporate of the Company;

(i) the director becomes an insolvent under administration; or

(j) the Australian Corporations Act so provides.

A director who ceases to be the managing director must retire at the next AGM held following such director's cessation date as managing director.

9.14 *Powers of the Board*

The business of the Company is managed by or under the direction of the directors. The directors may exercise all the powers of the Company except any powers that the Australian Corporations Act or the Constitution require the Company to exercise in general meeting.

9.15 *Interests of directors A director may:*

(1) hold an office or a place of profit (except as auditor) in the Company on terms as the directors resolve, or in a related body corporate of the Company; or

(2) act, or the director's firm may act, in any professional capacity for the Company (except as auditor) or any related body corporate of the Company, and retain the benefits of doing so provided that the Director discloses the interest giving rise to those benefits in accordance with the Australian Corporations Act.

9.16 *Quorum of General Meetings*

A quorum for a meeting of members is two eligible Shareholders entitled to vote at that meeting.

9.17 *Notice of General Meetings*

A general meeting of Shareholders must be called by a notice of at least 28 days.

The notice of meeting of Shareholders must be given to ASX, each member, each director, each alternate director and any auditor of the Company. The notice must set out the date and time (and if the meeting (of the meeting is to be held in two or more places, the technology that will be used), the general nature of the business of the meeting, the date and time (being not more than 48 hours before the meeting) at which persons will be taken for the purpose of the meeting to hold shares and any other information or documents specified by the Applicable Law.

A meeting may be held at two or more places linked together by technology that gives the Shareholders a reasonable opportunity to participate, enables the chairperson to be aware of the proceedings in each place, and enables the Shareholders in each place to vote by a show of hands and by a poll.

9.18 *Registered holders*

Except as required by law, the settlement entity or the Constitution, the Company is not required to recognise any interest in, or right in respect of, a share except an absolute right of legal ownership of the Shareholder registered as the holder of that share.

9.19 *Transfer of shares*

Subject to the Constitution and the Applicable Law, the Company must not refuse or fail to register a transfer of shares.

The Company must refuse to register any transfer of shares where:

(1) the Applicable Law requires the Company to do so;

(2) those shares are restricted securities during the escrow period; or

(3) the proportional takeover provisions of the Constitution require the Company to do so.

9.20 *Calls*

Subject to the terms of issue of shares, the Company may at any time make calls on the Shareholders for all or any part of the amount unpaid on shares as the directors may resolve.

9.21 *Liens*

The Company has a first ranking lien on:

(a) the shares registered in the name of a Shareholder;

(b) the proceeds of sale of such shares; and

(c) all dividends determined to be payable in respect of such shares, for:

(d) each unpaid call or instalment which is due but unpaid on such shares;

(e) if such shares were acquired under an employee incentive scheme, all amounts payable to the Company by the Shareholder under loans made to enable those shares to be acquired;

(f) all amounts which the Company is required by law to pay, and has paid, in respect of such shares or the forfeiture or sale of such shares; and

(g) all interest and expenses appropriately due and payable to the Company. 9.22 *Proportional Takeover Provisions*

A proportional takeover bid is one in which the offer is, or offers are, only to buy a specified proportion of each Shareholders' shares.

The Constitution provides for Shareholder approval of any proportional takeover bid for the shares. Subject to the ASX Listing Rules and ASX Settlement Operating Rules, the provisions require the Directors to refuse to register any transfer of shares made in acceptance of a proportional takeover offer until the requisite Shareholder approval has been obtained.

To comply with the Australian Corporations Act, the proportional takeover provisions must be renewed by Shareholders in general meeting at least every three years to remain in place. The Company renewed these provisions at its 2017 AGM.

9.22 *Unmarketable parcels*

The Constitution contains provisions enabling the Company to require the Shareholder to dispose of shares where the Shareholder holds less than a marketable parcel of shares. To invoke this procedure, the directors must first give notice to the relevant Shareholder holding less than a marketable parcel of shares, who may then elect not to sell or dispose of the shares by notifying the Company.

9.23 *Indemnity*

To the extent permitted by law, the Company indemnifies every person who is or has been a director or secretary of the Company against a liability or legal costs incurred by that person in his or her capacity as a director or secretary. The Company may also pay the premiums on directors' and officers' liability insurance.

9.24 *Borrowing powers*

The Constitution does not contain provisions specific to the borrowing powers of the Company. The Company may exercise in any manner permitted by the Australian Corporations Act any power which a public company limited by shares may exercise under the Australian Corporations Act.

9.25 *Winding up*

Subject to any rights or restrictions attached to a class of shares and if the Company is wound up, the liquidator may, with the authority of a special resolution, distribute among the Shareholders the whole or any part of the Company's property and may, for that purpose, decide how to distribute such property as between the Shareholders or different classes of Shareholders.

10. DIRECTORS AND OTHER INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

10.1 The Directors and their functions within the Company and their biographies are set out in *Part VII – The Directors and Corporate Governance* of this document

10.2 The Ordinary Shares held by the Directors (all of which are held beneficially unless otherwise stated) on Admission are as follows:

Name	No. of Ordinary Shares	Percentage of the share capital
Directors		
Robert Scott[2]	1,405,361	0.14%
Simon Paull[3]	1,000,000	0.10%
Ged Hall	8,041,176	0.79%

2 Held through Ferber Holdings Pty Ltd

3 Held through Paulkiner Pty Ltd

10.3 At the date of this document, the Company has 17,000,000 outstanding options in favour of the Directors comprising (i) 5,000,000 options granted to Rob Scott, pursuant to a share-based payment arrangement as part of his remuneration which are exercisable at an exercise price of A$0.05 per share until 31 December 2023; (ii) 6,000,000 options (of which 3,000,000 vests on Admission) granted to Simon Paull in consideration for his services to the Company and exercisable at an exercise price of A$0.05 per share until 31 December 2022; and (iii) 3,000,000 options granted to Ged Hall in consideration for his services to the Company and exercisable at an exercise price of A$0.05 per share until 31 December 2022.

10.4 A summary of the amount of remuneration paid by the Group to the Directors (and the previous Senior Manager) and benefits in kind for the financial year ended 30 June 2019 for their services, in all capabilities, to the Group is set out below:

	Short term		Options	Post- employment		
2019	**Directors' Fees $**	**Consulting Fees $**	**Share based Payments $**	**Superannuation $**	**Total $**	**Remuneration linked to performance %**
Director						
Mr. Robert Scott.....	26,450	—	27,738	—	54,188	51.2
Mr. Simon Paull.....	—	—	—	—	—	—
Mr. Peter Smith	48,000	87,900	—	—	135,900	—
Mr. Gerrard Hall	—	—	—	—	—	—
Mr. Alan Armstrong.....	48,000	36,000	—	—	84,000	—
Mr. Peter Meagher.....	48,000	—	—	4,560	52,560	—
	170,450	**123,900**	**27,738**	**4,560**	**326,648**	**8.5**

1 Mr. Robert Scott was appointed on 13 December 2018.
2 Mr. Gerrard Hall was appointed on 24 June 2019.
3 Mr. Simon Paull was appointed on 23 August 2019, Mr Paull received a consulting fee of A$10,000 in the period commencing as the date of this appointment and ending on 31 December 2019 and an additional consulting fee of A$45,000 in the subsequent 6 month period ending 30 June 2020.
4 Mr. Peter Meagher resigned on 24 June 2019.
5 Mr. Alan Armstrong resigned as a director on 23 August 2019 and was appointed Chief Financial Officer.
6 Mr Peter Smith resigned as a director on 31 December 2019.

10.5 Save as disclosed in this document, and with regards to options in paragraph 10.3 of this *Part XV – Additional Information* of this document, none of the Directors nor any member of their immediate family or any person connected with them holds or is beneficially or non-beneficially interested directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company.

10.6 In addition to their directorships of the Group, the Directors are, or have been, members of the administrative, management or supervisory bodies or partners of the following companies or partnerships, at any time in the five years prior to the date of this document:

Robert Scott

Current	**Past**
Boston Minerals Pty Ltd	Sandalwood Properties Ltd (in liquidation)
Fatjack Pty Ltd	Resimac Group Limited (formerly Homeloans Limited)
TSC Exploration Pty Ltd	Lonestar Resources Inc (formerly Amadeus Resources NL)
Twenty Seven Co Limited	Manas Resources Limited
RTG Mining Inc	Barnes Mortgage Management Pty Ltd
Sandfire Resources NL	Access Network Management Pty Ltd
Coverley Management Services Pty Ltd	Access Home Loans Pty Ltd
Ferber Holdings Pty Ltd	Auspak Financial Services Pty Limited
Balkan Holdings Pty Ltd	Fai First Mortgage Pty Limited
	HLL Pty Ltd
	Independent Mortgage Corporation Pty Ltd
	Premium Credit Finance Pty Ltd
	Premium Credit Pty Ltd

Robert Scott

Current	Past
	I F & I Securities Pty Ltd
	N.S.W. Home Loans Pty Ltd
	QLD Home Loans Pty Ltd
	S.A. Home Loans Australia Pty Ltd
	W.A. Home Loans Australia Pty Ltd
	Vic Home Loans Pty Ltd
	Redrover Corporation Pty Ltd
	SEC Distributors Pty Ltd
	Tweed Heritage Park Pty Ltd

Simon Paull

Current	Past
Australian Aboriginal Mining Corp. Pty Ltd	Falck Pty Ltd
Paulkiner Pty Ltd	
Yingyang Pty Ltd	

Ged Hall

Current	Past
HCH (Lanhydrock) Ltd	Lanhydrock Financial Services Limited
GVH (Lanhydrock) Ltd	
FGH (Lanhydrock) Ltd	
Haslemere Community Rugby Club Ltd	
Woolmer Hill Sports Association Ltd	
Strategic Business Analysis Limited	
Zag Estates Ltd	
Northwest Domestic Properties Ltd	

10.7 At the date of this document, none of the Directors have at any time within the last five years:

(a) has any convictions in relation to fraudulent offences for at least the previous five years;

(b) has been associated with any bankruptcy, receivership or liquidation or company put into administration while acting in the capacity of a member of the administrative, management or supervisory body or of senior manager of any company for at least the previous five years; or

(c) has been subject to any official public incrimination and/or sanction of them by any statutory or regulatory authority (including any designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

10.8 None of the Directors have any potential conflicts of interest between their duties to the Company and their private interests or other duties they may also have.

10.9 There are no family relationships between any Directors.

10.10 There are no outstanding loans granted by the Company to the Directors or any guarantees provided by the Company for the benefit of the Directors.

10.11 Save as set out in paragraph 20 of this *Part XV – Additional Information* of this document, there are no service contracts or consultancy agreements between any of the Directors and the Company or any of its subsidiaries and no such contract has been entered into or amended or replaced within the six months preceding the date of this document and no such contracts are proposed.

10.12 Save as set out in this paragraph 10 of this *Part XV – Additional Information* of this document, the Directors receive no Ordinary Shares or options over Ordinary Shares in lieu of remuneration or as any form of compensation.

10.13 No Director has any accrued pension or retirement benefits, other than statutory pension entitlements.

10.14 There is no arrangement under which any Director has waived or agreed to waive future emoluments.

10.15 In the year ended 30 June 2019, the total aggregate remuneration paid, and benefits-in-kind granted, to the Directors was A$326,648.

11. MAJOR SHAREHOLDERS

11.1 Save as set out below, the Directors are not aware of any person who, directly or indirectly, had an interest in 3 per cent. or more of the voting rights of the Company as at the date of publication of this document and immediately following completion of the Placing and Admission (on the basis that 77,117,618 Placing Shares and 1,764,706 Ordinary Shares will be issued pursuant to the Placing):

Name	Number of Ordinary Shares held as at the date of this document	Percentage of the Existing Issued Share Capital held as at the date of this document	Number of Ordinary Shares held immediately following Admission	Percentage of Enlarged Issued Share Capital held immediately following Admission
BNP Paribas Nominees Pty Ltd	35,101,627	3.78%	35,101,627	3.48%

There are no differences in the voting rights enjoyed by the Shareholders described above and those enjoyed by the other holders of Ordinary Shares and none of the Directors have any interests in the above entities.

11.2 As at 24 July 2020 (being the latest practicable date prior to the publication of this document), the Company was not aware of any person or persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

11.3 Those interested, directly or indirectly, in 3 per cent. or more of the issued Ordinary Shares of the Company (as set out in paragraph 10.1 above) do not now, and, following the Placing and Admission, will not, have different voting rights from other holders of Ordinary Shares.

12. SHARE PURCHASE PLAN OFFER

On 18 December 2018, the Company lodged a prospectus with the ASIC in respect of an offer to eligible shareholders to subscribe for up to approximately 75,000,000 Ordinary Shares, with one free attaching option (exercisable at five cents and expiring three years after the date of issue) for every Ordinary Share subscribed for, at an issue price of A$0.02 to raise up to A$1,500,000, with each eligible shareholder able to subscribe for up to 750,000 Ordinary Shares (the "**SPP Offer**"). The Company withdrew the SPP Offer on 23 January 2019 and filed a supplementary prospectus with ASIC as the Company believed that eligible shareholders were not able to make a fully informed investment decision whilst the status of its exploration tenements remained uncertain following the NSWRR suspending all operations

on two exploration licences held by Total Mineral and Total Iron on 5 December 2018, which were later lifted on 28 May 2019. The Company nevertheless obtained shareholder approval for the SPP Offer at the Company's annual general meeting on 29 January 2019.

13. WORKING CAPITAL

In the opinion of the Company, taking into account the Net Placing Proceeds receivable by the Company, the working capital available to the Group is sufficient for the Group's present requirements, that is, for at least 12 months from the date of this document.

14. INVESTMENTS IN PROGRESS

The Company has no investments in progress.

15. SIGNIFICANT CHANGE

Since 31 Decmeber 2019 (being the end of the last financial period of the entities making up the Group for which financial information has been published), the only significant changes in the financial or trading position of the Group were:

- on 7 July 2020 the Company issued 2,333,333 fully paid Ordinary Shares on the exercise of 2,333,333 options at an exercise price of A$0.03 each;
- on 23 June 2020 the Company announced the issue of 95,454,545 fully paid Ordinary Shares at a price of A$0.022 to existing and new investors, together with 104,454,545 unlisted options each entitling the holder to subscribe for one new Ordinary Share at a price of A$0.05 per share, such options to expire 3 years from the date of issue;
- on 15 June 2020 the Company issued 836,000 fully paid Ordinary Shares at a price of A$0.025 in settlement of corporate advisory and investor relations services;
- on 12 May 2020 the Company issued 5,246,417 fully paid Ordinary Shares at a price of A$0.0178 in settlement of corporate advisory and investor relations services;
- on 27 March 2020 the Company issued 61,500,000 listed options with an exercise price of A$0.05, exercisable at any time on or before 27 March 2024;
- the completion of the Zed Acquisition on 25 February 2020;
- the Company issuing 18,133,402 fully paid Ordinary Shares on 23 January 2020 following the conversion of convertible notes; and
- the Company issuing 31,250,000 fully paid Ordinary Shares on 25 February 2020 to the Zed Sellers as consideration for the Zed Acquisition.

Save as disclosed above, there has been no significant change in the financial performance or financial position of the Group since 31 December 2019, being the end of the period for which the last financial statements of the Group were produced.

16. LITIGATION AND ARBITRATION PROCEEDINGS

There are currently no proceedings against the Group and there have been no governmental, legal or arbitration proceedings and the Group is not aware of any governmental legal or arbitration proceedings pending or threatened, nor of any such proceedings having been pending or threatened at any time since the incorporation of any member of the Group which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Group.

17. NOTIFICATIONS BY SHAREHOLDERS UNITED KINGDOM

The provisions of DTR 5 will apply to the Company and its Shareholders once the Ordinary Shares are admitted to the Official List. DTR 5 sets out the notification requirements for Shareholders and the Company where the voting rights of a Shareholder exceed, reach or fall below the thresholds of 5 per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent., 50 per cent. and 75 per cent.

DTR 5 provides that disclosure by a Shareholder to the Company must be made within four trading days of the event giving rise to the notification requirement and the Company must release details to a regulatory information service as soon as possible following receipt of a notification and by no later than the end of the trading day following such receipt.

Australia

Whilst the Company remains listed on ASX, the Australian Corporations Act requires Shareholders to notify the Company and ASX if they acquire voting power in 5 per cent. or more of the issued share capital of the Company, of any changes of 1 per cent. or more in their holding while they have a voting power of 5 per cent. or more, and if they cease to have voting power of 5 per cent. or more.

18. NET PLACING PROCEEDS

The total costs and expenses relating to the Placing which are payable by the Company are estimated to amount to £325,000 (excluding any applicable VAT) and accordingly the Net Placing are expected to be £1,020,000.

Gross proceeds which the Company is expected to raise by the Placing are approximately £1,345,000.

19. MATERIAL CONTRACTS

The following contracts are outside the course of business and either: (a) have been entered into by the Group within two years immediately preceding the date of this document; or (b) contain provisions under which the Group has an obligation or entitlement that is or may be material to the Group as at the date of this document.

19.1 SI Capital engagement letter

An engagement letter dated 10 June 2019 between the Company and SI Capital, pursuant to which the Company appointed SI Capital as its financial adviser and placing agent for the purposes of the Placing, this document and Admission. Pursuant to the SI Capital engagement letter, the Company has agreed to pay to SI Capital an annual retainer fee £30,000 (plus VAT, if applicable), with effect from 1 June 2019, for work undertaken in relation to Placing and Admission. On 27 September 2019, the Company announced, that subject to shareholder approval, it would issue 3,000,000 options to acquire Ordinary Shares to SI Capital at an exercise price of A$0.05 expiring on 31 December 2023 as consideration for broker services provided. SI Capital are also entitled to a success fee of £30,000 upon Admission which is to be settled in Ordinary Shares at the Placing Price.

The SI Capital engagement letter shall terminate upon Admission.

19.2 Placing Agreement

A Placing Agreement dated 27 July 2020 between the Company, SI Capital and the Directors pursuant to the terms of which SI Capital has agreed to use its reasonable endeavours to procure placees for the Placing Shares at the Placing Price, as the Company's agents in the Placing.

The Placing Agreement contains certain warranties, indemnities and undertakings from the Company in favour of SI Capital and is conditional, *inter alia*, on:

(a) the allotment of the Placing Shares;

(b) there being no breach of warranty under the Placing Agreement; and

(c) Admission occurring by not later than 8:00 a.m. on 31 August 2020 (or such other time and/or date as SI Capital and the Company may agree).

In addition, the Placing Agreement contains certain warranties and undertakings from the Directors in favour of SI Capital.

SI Capital may terminate the agreement in certain circumstances prior to Admission, but not following Admission, including, *inter alia*, if there shall have been a material adverse change in respect of the Company or if the Company is in material breach of the Placing Agreement or of applicable law in connection with the Placing.

In addition SI Capital are entitled to success fee of £30,000 which will be settled by the issue of 1,764,706 Ordinary Shares at the Placing Price.

19.3 **Lock-in and orderly market agreement**

Each Director has entered into a lock-in agreement dated 27 July 2020 with the Company and SI Capital pursuant to which they have agreed that, during the period commencing at Admission and ending on the first anniversary of Admission, they will not sell, pledge or otherwise dispose of any Ordinary Shares and for a period of 12 months thereafter they will not sell, pledge or otherwise dispose of any Ordinary Shares except through SI Capital and in such orderly manner as SI Capital may determine so as to ensure an orderly market for the issued share capital of the Company.

The restrictions on the ability of each Director to transfer their Ordinary Shares, are subject to certain usual and customary exceptions for: transfers pursuant to the acceptance of, or provision of, an irrevocable undertaking to accept, a general offer made to all Shareholders on equal terms, transfers pursuant to an offer by or an agreement with the Company to purchase Ordinary Shares made on identical terms to all Shareholders or transfers as required by an order made by a court with competent jurisdiction.

19.4 **Zed Acquisition Agreement**

The Zed Acquisition Agreement was entered into on 20 February 2020 and was conditional on the Company obtaining all necessary regulatory, shareholder and other approvals, and other customary conditions as agreed between the parties.

On completion of the Zed Acquisition on 24 February 2020 and in accordance with the terms of the Zed Acquisition Agreement, the Company issued to the Zed Sellers in their respective proportions:

(i) 31,250,000 fully paid Ordinary Shares;

(ii) subject to approval by the ASX, 46,875,000 performance shares, converting to an equal number of Ordinary Shares on delineation of a JORC resource of 200,000 tonnes of contained copper at a minimum grade of 0.5 per cent. within five years of executing of the Zed Sale Agreement; and

(iii) subject to approval by the ASX, 46,875,000 performance shares, converting to an equal number of Ordinary Shares on completion of a pre-feasibility study demonstrating an internal rate of return greater than 25 per cent. within five years of executing of the Zed Sale Agreement.

In addition, the Zed Shareholders are entitled to a 2 per cent. net smelter return royalty on the sale of concentrates from the Zed Projects.

19.5 **Depositary Agreement and Depositary Interest Deed Poll**

On 27 July 2020 and 8 July 2020, respectively, the Company entered into the Depositary Agreement and the Deed Poll, as described in *Part XIV – CREST and Depositary Interests* of this document.

20. RELATED PARTY TRANSACTIONS

20.1 **Non-Executive Directors' letters of appointment**

Each of Robert Scott and Ged Hall entered into a Director's non-executive letter of appointment dated 13 December 2018, 24 June 2019 and 31 December 2020, respectively, with the Company in respect of their appointment as Non-Executive Directors of the Company. Under the terms of the appointment letters, each of Robert Scott and Ged Hall are

entitled to a fee of A$48,000, payable in monthly instalments in arrears. This fee is subject to annual review by the Board of the Company and approval by the shareholders of the Company (if required).

Each of the Directors' appointment as a non-executive director of the Company can be terminated at any time by giving written notice to the Company or by the Company passing an ordinary resolution at a general meeting to remove any of the non-executive directors, which will automatically terminate the relevant letter of appointment.

The aggregate remuneration for non-executive directors has been set at an amount not to exceed A$500,000 per annum. This amount may only be increased with the approval of Shareholders at a general meeting.

With effect from 1 April 2020 all of the board members agreed to take a temporary 50% reduction in directors' fees as part of a series of measures to preserve cash as a result of the impact of Covid-19 on equity capital markets.

Ged Hall, a non-executive director, has committed to invest £50,000 in the Placing.

20.2 **Managing Director letter of appointment**

Simon Paull entered into a Managing Director's letter of appointment dated 28 August 2019 which was amended on 31 December 2019 with the Company in respect of his appointment as Managing Director of the Company. Under the terms of the appointment letter, Simon Paull is entitled to a fee of A$48,000, payable in monthly instalments in arrears. This fee is subject to annual review by the Board of the Company and approval by the shareholders of the Company (if required).

Mr Paull's appointment as managing director can be terminated at any time by giving written notice to the Company or by the Directors voting to remove him as a managing director. The Company can also remove him as a Director by passing an ordinary resolution at a general meeting.

With effect from1 April 2020 Mr Paull also agreed a 50% reduction in fees in line with the other Directors.

20.3 **Option Plan Rules**

The rewards for Directors have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted. The Group has no policy on executives and Directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

On 1 February 2019, Robert Scott was issued 5 million options exercisable at A$0.05 each before 31 December 2023 in recognition of his services to the Company and to further incentivise his performance. These options were issued for nil cash consideration, were valued at A$27,738 in total and were recognised as share-based payments for the year ended 30 June 2019.

On 3 December 2019, the Company issued the following options exercisable at A$0.05 each on 3 December 2022:

- 6,000,000 to Simon Paull (3,000,000 of which vests on Admission) as consideration for services provided to the Company as Managing Director; and
- 3,000,000 to Ged Hall in recognition of his services to the Company and to further incentivise his performance.

20.4 **Consulting Fees**

During the period covered by the historical financial information (and whilst Peter Smith was a director of the Company), Yoda Consulting Pty Ltd, a company of which Peter Smith is a director, charged the Group director's fees of A$48,000 (2018: A$12,000; 2017: Nil) and geological consulting fees of A$87,900 (2018:A $27,000; 2017: Nil).

20.5 **Other related party transactions**

Save as set out in paragraph 20 of this Part XV – Additional Information of this document or as set out in the audited financial statements relating to the Group for the financial years ended 30 June 2019, 30 June 2018 and 30 June 2017 referenced in Part X – Historical Financial Information of the Group of this document, there are no related party transactions that were entered into by the Group during the period for the financial years ended 30 June 2019, 30 June 2018 and 30 June 2017 and up to and including the date of this document.

21. ACCOUNTS

The Company's annual report and accounts will be made up to 30 June in each year. It is expected that the Company will make public its annual report and accounts within four months of each financial year end (or earlier if possible) and that copies of the annual report and accounts will be sent to Shareholders within six months of each financial year end (or earlier if possible).

22. GENERAL

22.1 The auditors of the Company for the financial years ended on 30 June 2017, 30 June 2018, and 30 June 2019 have been HLB Mann Judd, Chartered Accountants, whose registered address is at Level 4, 130 Stirling Street, Perth, Western Australia 6000.

22.2 HLB Mann Judd have audited the annual consolidated financial statements for the Company, which have been prepared in accordance with Australian Accounting Standards and the Australian Corporations Act. The audited annual consolidated financial statements also comply with IFRS, as issued by the IASB.

22.3 Other than the Directors, the Group currently has no employees as at the date of this document.

22.4 The total expenses incurred (or to be incurred) by the Company in connection with Admission and the Placing are approximately £325,000. The estimated Net Placing Proceeds (given that £1,345,000 has been raised by way of the Placing), after deducting fees and expenses in connection with Admission and the Placing, are approximately £1,020,000.

22.5 The Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.

22.6 The Ordinary Shares are currently listed on ASX and traded on ASX in accordance with the ASX Listing Rules, the ASX Settlement Rules and the Australian Corporations Act.

23. THIRD PARTY SOURCES

The Company confirms that information sourced from third parties has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Estimates extrapolated from these data involve risks and uncertainties and are subject to change based on various factors, including those discussed in Part II – Risk Factors of this document. There is only a limited amount of independent data available about certain aspects of the industry in which the Company intends to operate and no objective or reliable data on the position of the Company relative to its competitors. As a result, certain data and information about its market contained in this document are based on good faith estimates reflecting the Company's reasonable review of internal data and information obtained from other third party sources, such as trade and business organisations and associations and governmental bodies and industry regulators. The Company believes these internal management assessments to be reasonably held; however, no independent sources have verified such assessments.

24. CONSENTS

24.1 SI Capital has given and not withdrawn its written consent to the inclusion in this document of its name and reference thereto in the forms and contexts in which they appear.

24.2 HLB Mann Judd has given and has not withdrawn its consent to the inclusion in this document of its accountant's report in Section A of *Part X – Historical Financial Information of the Group* of this document in the form and context in which it is included and has authorised the contents of that report. Accordingly HLB Mann Judd accepts responsibility for such report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules

24.3 SRK Exploration Services Ltd has given and not withdrawn its written consent to the inclusion of its report contained in Part XVIII – Competent Person's Report of this document and/or extracts therefrom and references thereto and to the inclusion of its name and references in the form and context in which they are included and has authorised the contents of those parts of this document which comprise its report. Accordingly SRK Exploration Services Ltd accepts responsibility for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Regulation Rules. To the best of the knowledge of SRK Exploration Services Limited, the information in the report, estimates of mineral reserves and resources contained therein, as well as references to them, and statements and information attributed to them or extracted from their report are in accordance with the facts and contain no omission likely to affect the import of such information.

25. AVAILABILITY OF DOCUMENTS

25.1 Copies of the following documents may be inspected at the registered office of the Company at 45 Ventnor Avenue, West Perth WA 6005, Australia and at Orrick, Herrington & Sutcliffe (UK) LLP, 107 Cheapside, London EC2V 6DN, United Kingdom during usual business hours on any day (except Saturdays, Sundays and public holidays) for a period of 12 months following Admission:

(a) the Constitution of the Company;

(b) the consent letters referred to in "Consents" in paragraph 24 of this *Part XV – Additional Information* of this document;

(c) the audited consolidated financial statements of the Group for the financial years ended 30 June 2019, 30 June 2018 and 30 June 2017, together the report of HLB Mann Judd, which is set out in Section A of *Part X – Historical Financial Information of the Group* of this document;

(d) the Competent Person's Report set out in *Part XVIII – Competent Person's Report* of this document; and

(e) this document.

25.2 In addition, this document will be published in electronic form and be available on the Company's website at www.castillocopper.com subject to certain access restrictions applicable to persons located or resident outside the United Kingdom.

Date: 27 July 2020

PART XVI

DEFINITIONS

The following definitions apply throughout this document (unless the context requires otherwise):

"**ACB**"	A-Cap Energy Limited (formerly A-Cap Resources Limited) incorporated and registered in Australia with Australian Company Number ACN 104 028 542;
"**Admission**"	admission of the Ordinary Shares to the standard listing segment of the Official List and to trading on the Main Market of the London Stock Exchange;
"**Affiliate**" or "**Affiliates**"	an affiliate of, or person affiliated with, a person; a person that, directly or indirectly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified;
"**AGM**"	an annual general meeting of the Company;
"**Annual Report**"	the Company's yearly report to shareholders documenting its operational and financial conditions for the previous year;
"**Applicable Law**"	the Australian Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules;
"**ASIC**"	the Australian Securities and Investments Commission;
"**ASX**" **or** "**Australian Securities**"	ASX Limited ACN 008 624 691 trading as the 'Australian Exchange" Securities Exchange' or the financial market operated by it as the context requires;
"**ASX Listing Rules**"	the official listing rules of the ASX;
"**ASX Principles**"	the corporate governance principles and recommendations of the ASX;
"**Australian Corporations Act**"	the Corporations Act 2001 (Commonwealth);
"**Broken Hill Project**"	two contiguous tenements that are located within a 20km radius of Broken Hill, New South Wales, that are prospective for copper-cobalt-zinc;
"**Business Day**"	any day (other than a Saturday or Sunday) or an English bank or public holiday;
"**Cangai Project**"	Cangai Copper Mine located near Grafton in the northeast of New South Wales;
"**certificated**" or "**in certificated form**"	in relation to, as the case may be, a share, warrant or other security, a share, warrant or other security, title to which is recorded in the relevant register of the share, warrant or other security concerned as being held in certificated form (i.e., not in CREST);
"**Company**" or "**Castillo Copper**"	Castillo Copper Limited incorporated and registered in Australia with registered number ACN 137 606 476, whose registered office is at Level 26, 140 St Georges Terrace, Perth WA 6000, Australia;
"**Corporate Governance**"	ASX Corporate Governance Council's Corporate Governance
"**Recommendations**"	Principles and Recommendations (3rd Edition);
"**CREST**" or "**CREST System**"	the paperless settlement system operated by Euroclear enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instruments;
"**CREST Regulations**"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/ 378), as amended;

"**Custodian**"	Computershare Investor Services plc or a subsidiary or third party appointed by Computershare Investor Services plc to provide the Custody Services;
"**Deed Poll**"	the deed poll executed by the Depositary on 8 July 2020 in favour of the holders of the Depositary Interests from time to time;
"**Depositary**"	Computershare Investor Services plc;
"**Depositary Agreement**"	the agreement entered into between the Company and the Depositary on 27 July 2020 appointing the Depositary;
"**Depositary Interests**"	the dematerialised depositary interests issued by the Depositary in respect of the underlying Ordinary Shares;
"**Directors**" or "**Board**"	the directors of the Company, whose names appear in *Part VII – The Directors and Corporate Governance* of this document, or the board of directors from time to time of the Company, as the context requires, and "Director" is to be construed accordingly;
"**Disclosure Guidance and Transparency Rules**"	the disclosure guidance and transparency rules of the FCA or "**DTRs**" made in accordance with section 73A of FSMA;
"**SI Capital**"	SI Capital Limited;
"**EEA**"	the European Economic Area;
"**EEA Member States**"	the member states of the EEA;
"**Enlarged Issued Share Capital**"	the issued share capital of the Company following the Placing;
"**EU**"	the European Union;
"**Euroclear**"	Euroclear UK & Ireland Limited;
"**Existing Issued Share Capital**"	the issued share capital of the Company as at the time of this document;
"**Existing Ordinary Shares**"	929,056,398 Ordinary Shares of no par value in the capital of the Company in issue as at the date of this document;
"**FATA**"	the Foreign Acquisitions and Takeovers Act 1975 (Cth);
"**FCA**"	the UK Financial Conduct Authority;
"**Finance Act**"	the Finance Act 1986;
"**FSMA**"	the UK Financial Services and Markets Act 2000;
"**general meeting**"	a meeting of the Shareholders of the Company or a class of Shareholders of the Company (as the context requires);
"**Group**"	the Company as enlarged by an acquisition or acquisitions of target businesses or companies, which become its subsidiaries or subsidiary undertakings from time to time;
"**GST**"	Goods & Services Tax;
"**HLB Mann Judd**"	HLB Mann Judd (WA Partnership);
"**HMRC**"	Her Majesty's Revenue & Customs;
"**IASB**"	International Accounting Standards Board;
"**ICSG**"	International Copper Study Group;
"**IFRS**"	International Financial Reporting Standards, as adopted by the EU;
"**ITAA 1997**"	Income Tax Assessment Act 1997 (Cth);

"**JORC Code**"	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012) produced by the Australasian Joint Ore Reserves Committee;
"**LEI**"	legal entity identifier;
"**Listing Rules**"	the listing rules made by the FCA under section 73A of FSMA;
"**London Stock Exchange plc**" or "**LSE**"	London Stock Exchange
"**Main Market**"	main market for listed securities of the London Stock Exchange;
"**Market Abuse Regulation**"	the Market Abuse Regulation (EU) No. 596/2014;
"**Marlborough Project**"	nickel and cobalt tenements at the Ni-Co Marlborough project, near Rockhampton in north-east Queensland under exploration licences EPM 26522, EPM 26528 and EPM 26541;
"**Mineral Resource**", "**Resource**", "**Mineral Reserve**", "**Reserve**" or "**Ore Reserve**"	as defined in the JORC Code, a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling;
"**Mt Oxide Project**"	a copper mining operation at the prospective Mt Oxide project, which is located approximately 150km north of Mt Isa in northwest Queensland and where the Company holds the following exploration licences: EPM 26462, EPM 26513, EPM 26525 and EPM 26574;
"**Net Placing Proceeds**"	the funds received on closing of the Placing less any expenses paid or payable in connection with Admission, the Placing and the incorporation (and initial capitalisation) of the Company;
"**NSWRR**"	the New South Wales Resources Regulator;
"**Official List**"	the official list maintained by the FCA;
"**Order**"	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005;
"**ordinary resolution**"	a resolution of Shareholders requiring a simple majority of not less than 50 per cent.;
"**Ordinary Shares**"	the ordinary shares of no par value in the capital of the Company including, if the context requires, the Placing Shares;
"**PDMR**"	person discharging managerial responsibilities, as defined in Article 3(1)(25) of the Market Abuse Regulation;
"**Placees**"	those persons who have signed placing letters;
"**Placing**"	the conditional placing of 79,117,618 Placing Shares by the Company at the Placing Price and on the terms and subject to the conditions of the Placing Agreement;
"**Placing Agreement**"	the agreement dated 27 July 2020 between the Company, the Directors and SI Capital relating to the Placing, further information of which is set out in paragraph 19.2 of *Part XV – Additional Information* of this document;
"**Placing Price**"	1.7 pence per Placing Share;
"**Placing Shares**"	the new Ordinary Shares to be allotted and issued by the Company pursuant to the Placing;

"**Premium Listing**"	a premium listing under Chapter 6 of the Listing Rules;
"**Projects**"	the Cangai Project, the Mt Oxide Project and the Zed Projects;
"**Prospectus Regulation**"	Regulation (EU) 2017/1129;
"**Prospectus Regulation Rules**"	the prospectus regulation rules of the FCA made in accordance with section 73A of FSMA;
"**QComm**"	Qld Commodities Pty Ltd;
"**QComm Acquisition**"	the acquisition by the Company of the entire issued share capital in QComm from the QComm Sellers;
"**QComm Sellers**"	Vassago Pty Ltd (as trustee for Aston Trust), JBO Assets Pty Ltd (as trustee for JBO Assets Trust), TWW Assets Pty Ltd (as trustee for TWW Assets Trust), Rom Resources Pty Ltd (as trustee for the 2M Coal Asset Growth Trust) and JD Squared Investments Pty Ltd;
"**Qualified Investors**"	persons who are "qualified investors" within the meaning of Article 2(e) of the Prospectus Regulation;
"**Registrar**"	Automic Registry Services Pty Ltd or any other registrar appointed by the Company from time to time;
"**Regulations**"	the Uncertificated Securities Regulations 2001 (*SI 2001 No. 3755*);
"**Relevant Persons**"	in the UK, Qualified Investors who (i) are persons who have professional experience in matters relating to investments falling within article 19(5) of the Order, (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) are other persons to whom it may otherwise lawfully be communicated;
"**Restricted Jurisdiction**"	the United States, Canada, Japan, Australia and the Republic of South Africa;
"**Securities Act**"	US Securities Act of 1933;
"**Shareholder**"	a holder of Ordinary Shares and/or Placing Shares, as the context requires;
"**special resolution**"	a resolution of Shareholders requiring a majority of not less than 75 per cent.;
"**SPP Offer**"	an offer to eligible shareholders to subscribe for up to approximately 75,000,000 Ordinary Shares, with one free attaching option (exercisable at five cents and expiring three years after the date of issue) for every Ordinary Share subscribed for, at an issue price of A$0.02 to raise up to A$1,500,000, with each eligible shareholder able to subscribe for up to 750,000 Ordinary Shares;
"**Standard Listing**"	a standard listing under Chapter 14 of the Listing Rules;
"**Total Iron**"	Total Iron Pty Ltd;
"**Total Iron Acquisition**"	the acquisition by the Company of the entire issued share capital in Total Iron from the Total Iron Sellers;

"**Total Iron Sellers"**	Foucart Pty Ltd (as trustee for the CRB Trust), BBD Custodians Pty Ltd (as trustee for the BBD Trust), Red Marlin Pty Ltd (as trustee for the Red Marlin Trust), Rom Resources Pty Ltd (as trustee for the 2m Coal Asset Growth Trust) and JD Squared Investments Pty Ltd;
"**Total Minerals"**	Total Minerals Pty Ltd;
"**Total Minerals Acquisition"**	the acquisition by the Company of the entire issued share capital in Total Iron from the Total Minerals Sellers;
"**Total Minerals Sellers"**	Foucart Pty Ltd (as trustee for the CRB Trust), BBD Custodians Pty Ltd (as trustee for the BBD Trust), Red Marlin Pty Ltd (as trustee for the Red Marlin Trust), Rom Resources Pty Ltd (as trustee for the 2m Coal Asset Growth Trust) and JD Squared Investments Pty Ltd;
"**uncertificated**" or "**uncertificated form**"	in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by using CREST;
"**United Kingdom**" or "**UK**"	the United Kingdom of Great Britain and Northern Ireland;
"**United States**" or "**US**"	the United States of America;
"**US Investment Company Act**"	US Investment Company Act of 1940;
"**US Securities Act**"	US Securities Act of 1933;
"**US Person**"	any person who is a US person as defined under the Securities Act;
"**VAT**"	(i) within the EU, any tax imposed by any EU member state in conformity with the Directive of the Council of the European Union on the common system of value added tax (2006/112/EC), and (ii) outside the EU, any tax corresponding to, or substantially similar to, the common system of value added tax referred to in paragraph (i) of this definition;
"**Zed"**	Zed Copper Pty Ltd;
"**Zed Acquisition**"	the proposed acquisition by the Company of the entire issued share capital in Zed from the Zed Sellers;
"**Zed Acquisition Agreement**"	an agreement between the Zed Sellers and the Company entered into on 20 February 2020 and completed on 25 February 2020;
"**Zed Projects**"	four highly-prospective assets in the Lufilian Arc region in Zambia covering 1,121km^2; and
"**Zed Sellers**"	Resource Corporate Pty Ltd and Nkandu Maliki Nshindano Beltz.

References to a "company" in this document shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established.

All references to legislation or regulation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, supplement, re-enactment or extension thereof. Words importing the singular shall include the plural and *vice versa*, and words importing the masculine gender shall include the feminine or neutral gender.

PART XVII

GLOSSARY OF TECHNICAL TERMS

"**Adit**"	entrance to an underground mine which is horizontal or near horizontal.
"**Ag**"	silver.
"**anomalous**"	samples that differ significantly from all others in a group of population.
"**As**"	arsenic.
"**ATV**"	All-terrain vehicle.
"**Au**"	gold.
"**basin**"	a general region with an overall history of subsidence and thick sedimentary accumulation.
"**block model**"	a model created using geostatistics and geological data.
"c**hannel sampling**"	a means of taking a sample from a rock face by collecting the cuttings from a small channel.
"**cm**"	centimetre.
"**Concentrate**"	metal ore once it has been through milling and concentration so that it is ready for chemical processing or smelting.
"**Co**"	cobalt.
"**Cu**"	copper.
"**Deposit**"	an anomalous occurrence of a specific mineral or minerals within the Earth's crust.
"**DDH**"	diamond drill holes.
"**DHEM**"	downhole electromagnetic.
"**Diamond drilling**"	the act or process of drilling boreholes using bits inset with diamonds as the rock-cutting tool.
"**Drill core**"	a solid, cylindrical sample of rock produced by diamond drilling.
"**EM**"	electromagnetic.
"**EPM**"	exploration permit minerals.
"**FLEM**"	fixed-loop electromagnetic.
"**g/t**"	grams per tonne — equivalent to parts per million and typically used when expressing the grade of precious metals.
"**granitoid**"	a variety of coarse grained plutonic rock — granite or similar — which mineralogically is composed predominantly of feldspar and quartz mica.
"**ha**"	hectare.
"**Indicated Mineral Resource**"	the part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence.
"**Inferred Mineral Resource**"	the part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a low level of confidence.
"**IP**"	induced polarisation.
"**Iron Ore**"	rocks and minerals from which metallic iron can be extracted.

"**kg**"	kilogram.
"**km**"	kilometre.
"**m**"	metre.
"**mm**"	millimetre.
"**Measured Mineral Resource**"	the part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit.
"**Mineral Reserve**"	a Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least the preliminary feasibility study.
"**Mineral Resource**"	a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such a form and quantity that there are reasonable prospects of eventual economic extraction.
"**MRE**"	Mineral Resource Estimate.
"**Mt**"	million metric tonnes.
"**Pb**"	lead.
"**Porphyritic**"	rock texture containing distinct crystals or crystalline particles embedded in a finer mass.
"**ppm**"	parts per million.
"**pXRF**"	portable X-ray Fluorescence devices.
"**quartz**"	a hard, crystalline mineral composed of silicon and oxygen atoms.
"**RAB**"	rotary air blast.
"**RC**"	reverse circulation.
"**REE**"	rare earth element.
"**t**"	tonne — 1,000kg.
"**tpd**"	temperature programmed desorption.
"**W**"	watt.
"**Zn**"	zinc.

PART XVIII

COMPETENT PERSON'S REPORT

The Company has produced a prospectus in connection with Admission and by paragraphs 131 to 133 of the European Securities and Markets Authority (ESMA) update of the Committee of European Securities Regulators (CESR) recommendations in respect of the consistent implementation of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive to include an independent mineral expert report in this document on the interests of the Group along with a glossary of the technical terms used in the mineral expert's report. The Company commissioned SRK Exploration Services Limited to prepare the independent expert report (referred to as the Competent Person's Report), which is set out in full below.

A COMPETENT PERSONS REPORT ON THE MINERAL ASSETS OF CASTILLO COPPER LIMITED



Prepared for

Castillo Copper Limited

Report prepared by

srk exploration

SRK Exploration Services Ltd
ES7852
17 July 2020

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Important Notice

This report was prepared as a competent persons report for the London Stock Exchange main board listing for Castillo Copper Limited. ("Castillo") by SRK Exploration Services Ltd ("SRK ES"). The quality of information, conclusions, and estimates contained herein is dependent upon: i) information available at the time of preparation, ii) data supplied by outside sources, and iii) the assumptions, conditions, and qualifications set forth in this report. This report is intended for use by Castillo subject to the terms and conditions of its contract with SRK ES and relevant securities legislation. The contract permits Castillo to file this report as an Independent Technical Report with the London Stock Exchange. Except for the purposes legislated under provincial securities law, any other uses of this report by any third party is at that party's sole risk. The responsibility for this disclosure remains with Castillo. The user of this document should ensure that this is the most recent Technical Report for the property as it is not valid if a new Technical Report has been issued.

SRK ES Legal Entity:		SRK Exploration Services Ltd
SRK ES Registered Address		21 Gold Tops Newport NP20 4PG
SRK ES Office Address:		12 St Andrew's Crescent Cardiff CF10 3DD
Date:		17/07/2020
Project Number:		ES7852
SRK ES Project Manager:	Nicholas O'Reilly	Principal Exploration Geologist (Associate)
Client Legal Entity:		Castillo Copper Limited
Client Address:		Level 26, 140 St Georges Terrace, Perth WA, 6000, Australia

Client Feedback

We merit all comments received from our clients, take pride in providing an excellent service and place value on our ability to correct error. Should you wish to comment on any aspect of the service that an individual staff member has provided, or else the company as a whole, please feedback a reply to the email address clientfeedback@srkexploration.com, or if appropriate write in confidence to our Managing Director at the address above.

A COMPETENT PERSONS REPORT ON THE MINERAL ASSETS OF CASTILLO COPPER LIMITED – EXECUTIVE SUMMARY

Castillo Copper Limited ("Castillo") is an Australian Stock Exchange listed copper and base metals exploration company with exploration stage interests in Australia and Zambia, these projects range from early stage exploration through to resource development. Castillo is also in the process of gaining admission to the standard segment of the London Stock Exchange.

Castillo's current main asset is the Cangai Copper Mine, in the state of New South Wales, Australia. Cangai consists a historical underground mine with a current JORC compliant maiden Inferred Mineral Resource Estimate of 3.2 Mt @ 3.35% Cu, 0.37% Zn & 20.17g/t Ag (at 1.0% Cu cut-off). Exploration drilling and geophysics data conducted by Castillo since the maiden Resource show there is potential through further drilling and downhole electromagnetic geophysics, to delineate additional mineralisation downdip of the known ore lenses. This additional data would allow for an independent verification and update of the current Resource with the possibility of significant increases.

The Cangai Mine also offers the potential of a near-term revenue stream from the processing of smelter slag dumps subject to relevant permissions and slag chemistry. Preliminary sampling has shown the slag to carry potentially economic residual grades of zinc and copper. The viability of the slag for economic repossessing will depend on metallurgical test work findings, the 50kg sample of material collected whilst SRK ES were onsite should help with investigations.

Metallurgical testwork undertaken on a composite sample of massive sulphide (of head grade 8.18% Cu and 4.36% Zn), from reverse circulation (RC) drill hole CC0023R, achieved a copper flotation concentrate grade of 22% Cu and 7.39% Zn at 79% Cu recovery and 48.3% Zn recovery.

In late September 2019 Castillo announced the intention to progress the Cangai Mine towards a Feasibility Study, SRK ES consider that with the necessary budget and work stream planning this is achievable goal, though the company will have to maintain strict coherence to the stringent NSW environmental legislation and should prioritise a Resource upgrade and a scoping study as the intermediate work steps, with a pre-feasibility and optimisation studies to follow.

Additional potential is provided by the Arya Prospect in the company's Mt. Oxide Project, in northern Queensland. A strong geophysical anomaly coincides with strongly copper anomalous copper in rock-chip and soil geochemistry. This had previously been investigated by mining company BHP, but they negated to drill the target which possibly relates to epigenetic copper or iron oxide copper-gold (IOCG) type mineralisation some 426m below surface. Further upside at Mt. Oxide is provided by eleven, desk study based, copper and gold exploration prospects have been identified within the concessions.

Castillo's Broken Hill Project, which is underlain by large tracts of Himalayan Formation, a geological unit which hosts cobalt resources in a neighbouring licence, offers good prospectivity for the discovery of cobalt mineralisation. Although the region has been relatively well explored in the past, prior efforts were focussed on Broken Hill Type (BHT) silver-lead-zinc mineralisation

and copper porphyry deposits with the potential for cobalt overlooked. The six current exploration targets from known surface cobalt anomalies afford the opportunity to employ modern exploration techniques to outline new cobalt mineralisation and to widen the search below the alluvial cover which is known to overlie the Himalayan Fm. in untested parts of the tenement.

In Zambia, Castillo holds interests in a total 737 km^2 of ground, split across four tenement packages prospective for copper mineralisation. Since acquiring the interests in February 2020 Castillo's initial focus has been on the high priority Mkushi and Luanshya project areas which have both undergone soil sampling programmes, which yielded copper anomalies that justify follow-up. Both project areas offer clear structural, geochemical and stratigraphic exploration targets and are within easy reach of transport and infrastructure networks. They are in close proximity to known copper deposits and active mines.

The Luanshya Project sits upon the Zambian Copperbelt's Lufilian Arc geological structure and over the historically prospective Lower Roan stratigraphy. The Mkushi Project contiguously surrounds an operating open-pit copper mine lease area, in a region proven to be prospective for Cu-Au mineralisation. A gridded pXRF soil sampling programme conducted by Castillo around the periphery of the mining lease has outlined five areas with anomalous copper in soil trending sub-parallel to the shear zone associated with the open-pit and artisanal copper workings within the mining lease area. Ground geophysics is planned to follow-up on these copper anomalies.

It is understood that Castillo are currently looking to establish a Zambian in-country presence, utilising local geologists and joint venture partner technical teams.

The Luanshya permit is also prospective for the discovery of emerald gemstone deposits, as it borders the Ndola Rural Emerald Restricted Area and shares the same stratigraphy as Gemfields's Kagem Emerald Mine, the world's single largest producer of emeralds. The recent pXRF gridded soil sampling programme over the central portion of the Luanshya project area has highlighted a copper in soil anomaly which correlates well with mapped strike extensions of talc-magnetite schist stratigraphy. The interaction between these schists and pegmatite dykes is understood to have helped form the emeralds exploited in the Kagem Mine. SRK ES recommend further study to ascertain the potential significance of the elevated copper.

The Lumwana north and south concession areas are prospective for copper and cobalt mineralisation located on the under explored periphery of the Mwombezhi Dome basement inlier which hosts Barrick's active Lumwana Mine. Historical exploration has shown a large number of copper occurrences associated with a similar dome margin setting. Given the lack of recent exploration work the indications are that a targeted geochemical and geophysical driven structural survey has a good likelihood of delineating further copper anomalies, with the potential for associated uranium discoveries.

The Mwansa application is in an underexplored province and it is not currently known whether the area has undergone any form of systematic exploration work. though the mapped sedimentary stratigraphy if favourable for hosting copper-cobalt mineralisation and there are a number of known manganese deposits and occurrences in the wider area.

Castillo have published the intention to adopt a three pillar strategy for the business going forward; focussing resources on; Pillar One: Zambia, specifically exploration of the Luanshya and Mkushi project areas; Pillar Two: Initiating ground reconnaissance and exploration at the Mt Oxide Project with particular attention on the Arya Prospect; and Pillar Three: Progressing

the historical Cangai Copper Mine through scoping study to feasibility stage and attempting to monetise the historical smelter dumps.

Following the completion of the Zed Copper acquisition, Castillo became an international copper exploration company with a portfolio of geologically prospective assets at varying stages of development ranging from early exploration to resource development .

SRK ES has set out a number of specific exploration recommendations. Integral to these is the requirement that Castillo continues to invest in a robust Environmental, Social and Stakeholder engagement programme in all jurisdictions prior to any planned field work. The common denominator across all the projects is engagement with landholders whether they be Australian cattle station owners, indigenous title holders, Zambian farmers or artisanal miners.

Much of the exploration recommended is, in the initial phases, non-invasive and relatively low cost. SRK ES considers that with sufficient budgets, prudent management, technical competence and a healthy dose of good fortune, Castillo has the geological assets to build significant shareholder value.

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A COMPETENT PERSONS REPORT ON THE MINERAL ASSETS OF CASTILLO COPPER LIMITED

FILE REF: ES7852_Castillo_Copper_CPR_Final_V2.2

1 INTRODUCTION

1.1 Background

SRK Exploration Services Ltd ("SRK ES") was requested by Castillo Copper Limited ("Castillo", hereinafter also referred to as the "Company" or the "Client") to prepare a Competent Persons Report ("CPR" or the "Report") on the Mineral Assets of the Company comprising its exploration stage projects in Australia and in the Republic of Zambia ("Zambia"). SRK ES is part of the global SRK Consulting Group (the "SRK Group").

Castillo intends to include this CPR in a Prospectus for the Admission of the Company on the Standard Market segment of the London Stock Exchange ("LSE"), successful admission will result in a dual listing of the Company which is currently listed on the Australian Stock Exchange under the ticker code ASX:CCZ.

1.2 Scope of Work

SRK ES were contracted to review the technical status of each mineral asset and make recommendations for further exploration work and present its findings in a CPR.

The following scope of work was agreed by the Company:

- Compile and review geological and exploration data for the Australian and Zambian mineral properties comprising the Company's current and proposed Exploration Assets;
- Undertake site visits by a suitably-qualified Competent Person ("CP"); and
- Produce a CPR to include current exploration status and recommendations for further work on the key projects, in a format that can be used by the Company for their listing on the London Stock Exchange.

1.3 Requirement, Structure and Compliance

This CPR has been prepared in accordance with the European Securities and Markets Authority ("ESMA") update of the CESR recommendations on the consistent implementation of Commission Regulation (EC) No.809/2004 implementing the Prospectus Directive (the "CESR Guidance") and the listing rules of the UK Financial Conduct Authority.

The CPR is issued by SRK ES, and accordingly SRK ES assumes responsibility for the CPR and confirms that, to the best of its knowledge and belief, the information contained is true and accurate as of 17 July 2020.

This CPR incudes technical sections covering mineral tenure, regional geology and mineralisation, mineral assets (including geographical setting, geological setting and mineralisation, exploration history and results, summary and recommendations for each property) and concluding remarks.

It has been prepared under the direction of a Competent Person ("CP") as defined by Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, published by the Joint Ore Reserves Committee in 2012 (the "JORC (2012) Code").

1.4 Verification, Validation and Reliance

This CPR is dependent upon technical, financial and legal input. In respect of the technical information, as provided by the Company and taken in good faith by SRK ES, other than where expressly stated, any figures provided have not been independently verified by means of re-calculation.

SRK ES has, however, conducted a review and assessment of all material technical issues likely to influence the Exploration Assets, which included the following:

- An examination of historical data made available by the Company and found in the public domain in respect of the Exploration Assets;
- Meeting with ROM Resources the consultants who authored the Cangai Mine Mineral Resource Estimate ("MRE") report (ROM Resources, 2017) in Brisbane on 24 September 2019.
- Inspection site visits to; the Cangai Project, Australia on 25 and 26 September 2019; the Mkushi Project, Zambia on 30 September 2019; and the Luanshya Project, Zambia on 1 October 2019. Site visits were completed by the CP, Mr Nicholas O'Reilly of SRK ES and accompanied by representatives of Castillo and Zed.
- Discussions with key project personnel and members of the Company's Board.

1.4.1 Technical Reliance

SRK ES places reliance on the Company and its technical representatives that all technical information provided to SRK ES is accurate. Information obtained in the public domain that pertains to historical records of mining and exploration, academic research or work by geological survey organisations has been taken in good faith. SRK ES cannot be held responsible for any loss or damage resulting from errors or misinterpretations in technical information produced by third parties and summarised in this CPR. To the knowledge of SRK ES, as informed by the Company, there has been no material change in respect of the Exploration Assets since 17 July 2020.

1.4.2 Financial Reliance

SRK ES has not been provided with any information by the Company regarding the funds that it intends to make available for exploration following a successful LSE listing. An exploration budget is therefore not provided in this CPR.

1.4.3 Legal Reliance

In consideration of all legal aspects relating to the Exploration Assets, SRK ES has placed reliance on the representations by the Company that the following are correct as of 17 July 2020 and remain correct until the date of the documents submitted to the LSE:

- That, save as disclosed in documents submitted to the LSE, the Directors of the Company are not aware of any legal proceedings that may have any influence on their rights to explore for minerals;
- That the legal owners of all mineral and surface rights have been verified; and
- That save as disclosed in documents submitted to the LSE, no significant legal issue exists which would affect the likely viability of the exploration as reported herein.

The legal representatives of the Company are Orrick, Herrington & Sutcliffe (UK) LLP in the United Kingdom.

1.4.4 Reliance on Information

SRK ES believes that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the opinions presented in the CPR. The preparation of a CPR is a complex process and does not lend itself to partial analysis or summary.

SRK ES' opinion in respect of the mineral prospectivity of the Mineral Assets and the exploration recommendations is effective as of 17 July 2020 and is based on information provided by the Company or sourced in the public domain throughout the course of SRK ES' investigations. The opinion is subject to technical-economic conditions prevailing at the date of this report. SRK ES has no obligation or undertaking to advise any person of any change in circumstances which comes to its attention after the date of this CPR or to review, revise or update the CPR or opinion.

1.5 Declaration and Consent

1.5.1 Declaration

SRK ES will receive a fee for the preparation of this report in accordance with normal professional consulting practice. This fee is not contingent on the outcome of the Admission and SRK ES will receive no other benefit for the preparation of this report.

Neither SRK ES, the Competent Person, nor any Directors of SRK ES have at the date of this report, nor have had within the previous two years, any shareholding in the Company or the Exploration Assets of the Company. Consequently, SRK ES, the Competent Person and the Directors of SRK ES consider themselves to be independent of the Company.

In this CPR, SRK ES provides assurances to the Company that existing interpretations of technical data pertaining to the mineral prospectivity of the Mineral Assets, as stated in documents provided to SRK ES by the Company and sourced by SRK ES from the public domain, where modified by SRK ES, are reasonable, given the information currently available.

This CPR includes technical information, which requires subsequent calculations to derive subtotals, totals and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur, SRK ES does not consider them to be material.

1.5.2 Consent

In compliance with the CESR Guidance and Rule 5.5.3R(2)(F) of the prospectus regulation rules of the Financial Conduct Authority made in accordance with section 73A of the UK Financial Services and Markets Act 2000, SRK ES will give its written consent to the publication of the CPR on Company's website and all information to be contained in any prospectus published by the Company, which has been extracted directly from this CPR.

1.6 Qualifications of SRK ES

This CPR has been prepared based on a technical and economic review by a team of consultants sourced from SRK ES's offices in the United Kingdom. These consultants have extensive experience in the mining and metals sector and are members in good standing of appropriate professional institutions. The consultants comprise specialists in the fields of geology and mineral exploration (hereinafter the Technical Disciplines).

The Competent Person who has overall responsibility for this CPR is Mr Nicholas O'Reilly, MAusIMM MIMMM, Principal Geologist (Associate), an associate at SRK ES in the United

Kingdom. Mr O'Reilly has 15 years' experience in the mining and metals industry, and has been involved in the preparation of Competent Persons' Reports comprising technical evaluations of various mineral assets internationally. Mr O'Reilly has over 10 years' experience relevant to the activity which he is undertaking to qualify as a Competent Persons as defined in the JORC Code (2012) and a Specialist Practitioner as defined in the VALMIN Code (2015).

Mr O'Reilly has been assisted in authoring this report by Mr Thomas Stock, FGS, MSc, Exploration Geologist, and by Mr Bill Kellaway, MAusIMM, Chairman and Principal Geologist, who has 38 years' experience in the mining and metals industry and has been involved in the preparation of Competent Persons' Reports comprising technical evaluations of various mineral assets internationally for 10 years. Table 1-1 provides a summary of the designated Competent Person and other key contributors of the completion of this CPR.

Mr O'Reilly consents to the inclusion of this Report of the matters based on his information in the form and context in which it appears.

Table 1-1 Responsibility table summarising the Competent Person and key contributors

Name	Position / SRK Exploration Services Ltd	Responsibility	Independent of Castillo	Date of last site visit	Professional designation
Nicholas O'Reilly	Principal Geologist (Associate)	Author and Competent Person	Yes	September 2019 (Australia) October 2019 (Zambia)	MAusIMM MIMMM FGS MSc. DIC
Thomas Stock	Exploration Geologist	Author	Yes	None	MSc, FGS
William Kellaway	Chairman and Principal Geologist	Peer Review	Yes	None	MAusIMM

1.7 Castillo Mineral Assets

The Mineral Assets which form the basis of this report consist of seven separate base metal exploration stage project areas (the "Projects") located in Australia and Zambia. The three Australian Projects, outlined in Table 1-2, were the main focus of the Company up until the completion of the Zed Copper Pty limited ("Zed") acquisition on 25 February 2020. The Zambian Projects, outlined in Table 1-3 are held through Zed which is 100% owned by Castillo.

It is understood that Castillo's flagship project is the historic Cangai Copper Mine ("Cangai Mine") located in the Company's Cangai Project (previously also known as the Jackadgery Project), which covers an area of 411.6 km^2, near Grafton in the northeast of New South Wales ("NSW") state, Australia. The Cangai Mine comprises a volcanogenic massive sulphide deposit,

with a JORC (2012) compliant Inferred Resource of 3.2Mt @ 3.35% Cu (6 September 2017). The wider Cangai Project area is understood to be prospective for copper-cobalt-zinc and gold mineralisation.

The Company's other NSW asset is the Broken Hill Project, which covers an area of 124.8 km^2, which consists of two contiguous tenements prospective for cobalt-zinc mineralisation that are located within a 20 km radius of Broken Hill and just north of Cobalt Blue Holdings Ltd ground (ASX: COB).

In the northwest of Queensland, Mount Isa Region, the Company's Mount Oxide Project consists four tenements (three are contiguous) and a pending licence application, totalling an area of 980.4 km^2, prospective for copper-cobalt mineralisation.

In Zambia the Company holds interests, for a total 737km^2 of ground, split across four copper mineralisation prospective tenement packages. The Company's initial focus has been on the Luanshya Project, which sits upon the Zambian Copperbelt's Lufilian Arc geological structure. The second priority is the Mkushi Project, which contiguously surrounds an operating open-pit copper mine, in a region proven to be highly prospective for Cu-Au mineralisation. It is understood that Castillo are currently building a Zambian in-country presence, utilising local geologists and joint venture partner teams.

Table 1-2: Australian mineral assets

Project Area	Project Name	Number of Licences / Tenements	Area km^2 †	Percentage Holding	Corporate Priority
Australia, New South Wales	Cangai (Jackadgery)	3	442	100%	High
	Broken Hill	2	125	100%	Low
Australia, Queensland	Mount Oxide	4 ‡	750 ‡	100%	Med
	Total	**9**	**1,317**		

† *areas rounded.*

‡ *As at the date of this report Castillo has a pending application for tenement EPM27440 called 'The Wall', which will add an additional 230km^2 to the Mount Oxide project area where it is granted (Mt Oxide total 980km^2).*

Table 1-3: Zambian mineral assets

Project Area	Project Name	Number of Licences / Applications	Area km^2 #	Percentage Holding	Corporate Priority
Zambia	Luanshya	3	82	(Currently between 0-55%) Earn-in Up to 80%	High
	Mkushi	1	502	100%	Med
	Lumwana N&S	2	10	100%	Med
	Mwansa	1	142	100%	Low
	Total	**7**	**737**		

**subject to Zed meeting minimum earn-in requirements specified in 6.1.2 below.*

\# *areas rounded*

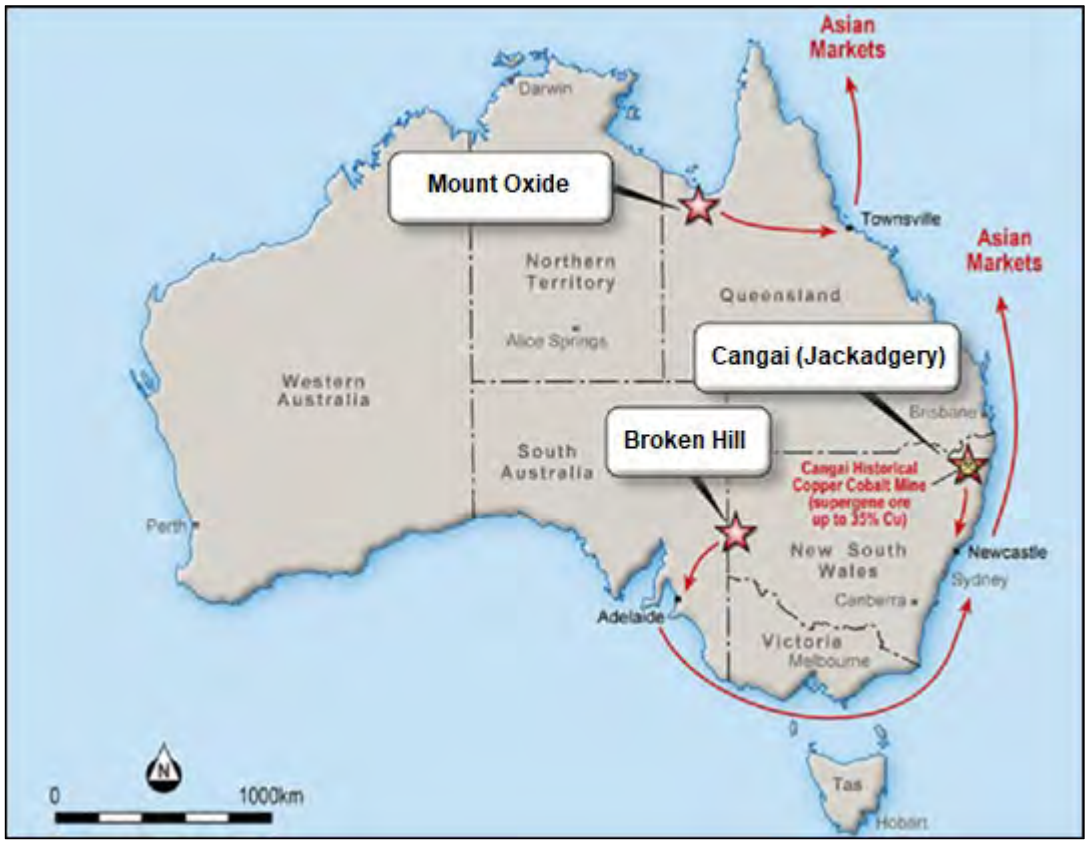

Figure 1-1 Location of Castillo's Australian Projects (adapted from Castillo)

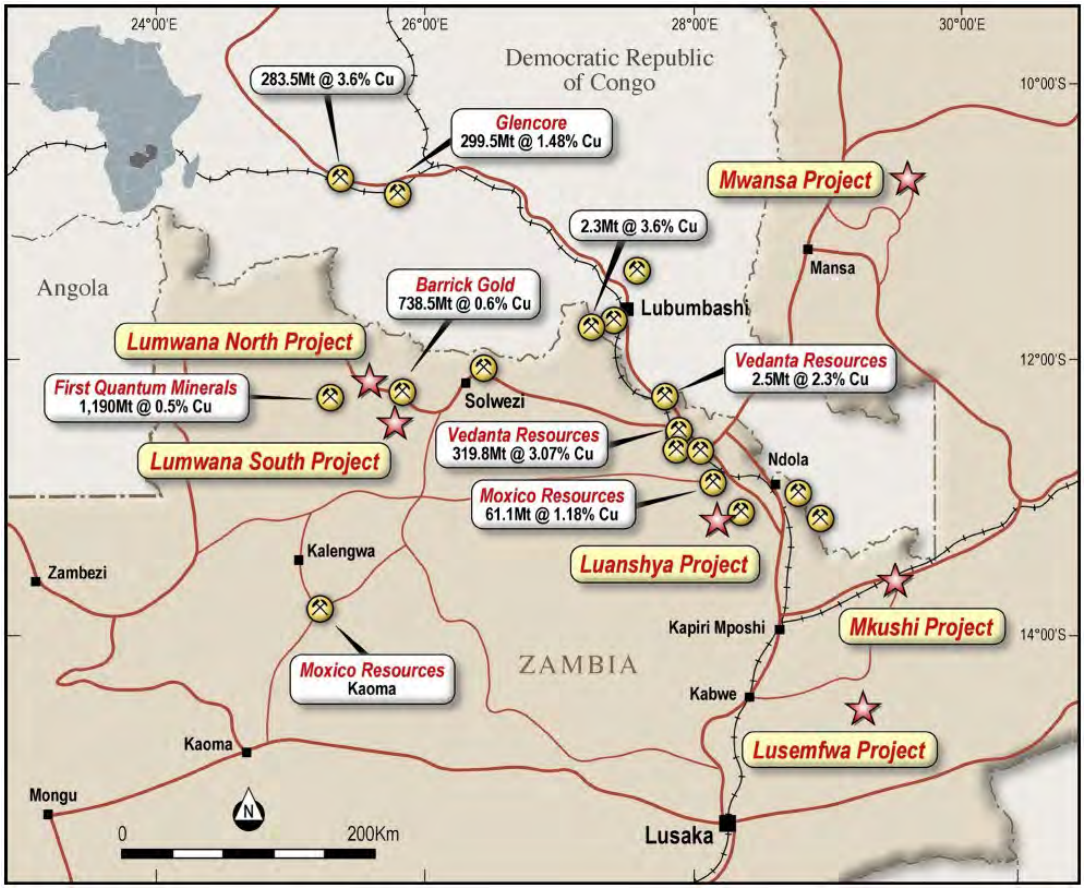

Figure 1-2 Location of Castillo's Zambian Projects (Image Source: Castillo Copper, 2019d)

2 MINERAL LEGISLATION

2.1 Australian Mineral Legislation

Under Australian mining law, all minerals are vested in the Crown in right of the State (with respect to the Australian States), and the Commonwealth (with respect to the Northern Territory and Australian Capital Territory). As such, each of the States and the Northern territory have enacted separate legislation relating to the exploration and extraction of minerals within their boundaries.

Castillo Copper's assets in Australia are held in Queensland (Mt Oxide Project) and New South Wales (Cangai Project and Broken Hill Project).

2.1.1 New South Wales

All exploration and mining activity in New South Wales ("NSW") must be completed in accordance with the Mining Act 1992 (NSW). Under this any party wishing to explore for or exploit mineral deposits must acquire a mining or exploration authority prior to commencement of work. Authorities give the holders exclusive rights to explore or mine for the mineral groups for which the authority is granted. The authorities do not however grant access to the land, and this must be negotiated separately with the landowners.

The Mining Regulation 2016 prescribes Schedules 1 and 2, classified as "minerals" and "groups of minerals" respectively. Schedule 2 is further sub-divided into 12 Groups, summarised in Table 2-1.

Table 2-1 Summary of NSW Schedule 2 Mineral Groups

Groups of Minerals	Minerals
Group 1	Metallic minerals
Group 2	Non-metallic minerals
Group 3	Semi-precious stones
Group 4	Marine aggregate
Group 5	Clay minerals
Group 6	Corundum, diamond, ruby and sapphire
Group 7	Opal
Group 8	Geothermal energy
Group 9	Coal
Group 9A	Oil shale
Group 10	Mineral sands
Group 11	Uranium

Three types of mineral authority are available; an exploration licence; an assessment lease; and a mining lease. All authorities held by Castillo Copper and its subsidiaries in New South Wales are classified as exploration licences for Group 1 minerals.

Exploration licence holders have the right to undertake such works on the surface of the land as are necessary to establish the existence of mineral deposits, although activities that could cause damage may not be implemented without the consent of the landowner and the user of the land. Exploration licences may be granted for a period of up to 6 years.

Prior to expiration of an exploration licence, all or part of the licence may be renewed for up to 6 years, alternatively an assessment lease application can be lodged. Assessment leases allow the holder to maintain an authority over a potential project area without having to commit to

further exploration. The holder can, however, continue exploration subject to the same environmental regulations as an exploration licence. Assessment leases may be granted for a period of up to 6 years.

All authorities are subject to an annual rent.

For an exploration licence to be renewed in NSW the following criteria should be satisfied:

1. Expenditure and reporting conditions of licence satisfactorily complied with.
2. Licence area has been explored effectively.
3. Satisfactory proposed programme for the renewal period has been submitted.

Section 114(6) of the Mining Act 1992 provides that an exploration licence may be renewed for more than 50% of its area if "special circumstances" exist. Special circumstances exist when all three points have been complied with, and specifically where the **full** area of the licence has been explored effectively and the proposed programme for the renewal satisfactorily covers the **full** area to be renewed.

Where these criteria are not fully satisfied, other extenuating factors may be considered in considering renewals including:

- Circumstances beyond the control of the holder have delayed satisfactory exploration.
- A change in exploration concepts will result in a substantial increase in exploration activity.
- Exploration delayed while the holder justifiably focused work on an adjacent title.
- Explorer made a significant investment in the project area in the recent past and further exploration is imminent.
- There is a need to hold ground adjacent to an existing mine or development project for longer term exploration objectives.

Licences will only be renewed on the basis of extenuating factors if the NSW Resources & Geoscience department's Exploration Titles Committee is satisfied that this is in the best interests of development of the State's mineral resources.

The quality of previous performance on the licence and the proposed programme carry particular weight in determining extenuating factors for "special circumstance" renewals (NSW Renewal Policy, 2019).

Environmental Regulation

Exploration licences are granted subject to conditions, including strict environmental management conditions. Under the current regulatory framework, low environmental impact activities may be conducted without further approval from the NSW Department of Industry, Resources & Energy. Higher impact activities such as drilling or bulk sampling require prior submission of a Review of Environmental Factors ("REF") which addresses all potential impacts of the proposal (including community and environmental). Low impact exploration works may also be subject to a REF in areas of high environmental sensitivity. Any application likely to have an unacceptable impact on the environment will not be approved.

Licence holders are also required to rehabilitate areas disturbed by exploration and must provide a security to cover likely rehabilitation costs in the event of default.

2.1.2 Queensland

The Mineral Resources Act 1929 (QLD) established and regulated the process of obtaining exploration and mining permits in Queensland in relation to coal and other minerals. Parties must hold a relevant authority prior to commencement of work. There are five types of mining tenement available;

- Prospecting Permit;
- Mining Claim;
- Exploration Permit;
- Mineral Development Licence; and a
- Mining Lease.

Exploration, mineral development and mining leases are granted on a system of sub-blocks, defined as bound by two meridians of latitude 1 minute apart, and two parallels of longitude 1 minute apart. The boundaries must fall on a multiple of 1 minute from the equator or prime meridian.

Exploration permits are further sub-divided into categories dependent on the commodity to be explored for, including minerals, coal, geothermal energy and greenhouse gas storage. All permits held by Castillo Copper and its subsidiaries in Queensland are Exploration Permits for Minerals other than Coal (EPM).

An exploration permit grants the holder exclusive rights to explore for minerals, subject to land access requirements, environmental permitting and native title requirements. Permits are issued for up to 5 years and may be renewed for up to 5 years.

Typically, exploration permits must be reduced by 40% by the end of the first three years after the permit is granted. A further 50% of the remaining area of the permit must be relinquished at the end of 5 years after the permit is granted. Each time a permit is renewed, 40% of the permit area must be relinquished by the end of the third year after renewal, and 50% of the remaining area by 5 years after renewal.

Exploration permits are subject to an annual rent, currently set at AUD$161.30 per sub-block (excluding sales tax) (August 2019).

Environmental Permitting

In addition to an exploration permit, an environmental authority must also be held for the exploration activities to be completed. Depending on the level of environmental risk, this may be a standard application, variation application or a site-specific application. Environmental permitting in Queensland is governed by the Environmental Protection Act 1994.

2.1.3 Native Title

Australian law recognises that Indigenous people have rights and interests in the land under their traditional laws and customs. Under the Native Title Act 1993 applications for most mineral authorities are considered “future acts” and are subject to native title processes.

Native title processes include the right-to-negotiate (“RTN”), whereby native title holders may negotiate what activities can take place on the land, and what compensation will be offered. The RTN does not give native title parties the right to veto grants.

Indigenous land use agreements ("ILUAs") are also covered the Native Title Act 1993 and enable agreement on how land and waters will be used and managed in the future. ILUAs cover a broad range of considerations, including:

- Financial Compensation;
- Employment or Training Provisions;
- Cultural Heritage;
- Contracting Opportunities; and
- Environmental Preservation and Rehabilitation.

2.1.4 Royalties

New South Wales

In NSW, for non-coal assets, an *Ad valorem* royalty is applied to high value to volume minerals. The base rate applicable for ad valorem minerals is 4% of 'ex-mine' value. The ex-mine value refers to the value of the mineral once it is mined and brought to the surface. In some cases, the costs associated with the processing or treatment may be allowable deductions. However, the costs associated with exploration, development and mining of the ore body and the rehabilitation of the site are not allowable deductions (NSW Royalties, 2019).

Queensland

In Queensland, depending on the mineral, the royalty rate payable under the Mineral Resources Regulation 2013 is either a percentage of the value of the mineral or a flat rate per tonne.

For base and precious metals, a variable rate between 2.50% and 5.00% (varying in 0.02% increments) of value, depending on average metal prices, applies. The rate for each return period set out in the *Quarterly and Annual Metal Prices and Variable Rates* publication. A processing discount (except gold and silver) and royalty-free threshold applies (QLD Royalties, 2019).

2.2 Zambian Mineral Legislation

Mining and exploration in Zambia is governed primarily by the Mines and Minerals Development Act 2015, as well as the Mines and Minerals Development Amendment Act 2016, and other supporting legislation. Under the Mines and Minerals Development Act 2015, two types of mining right may be granted; an exploration licence, and a mining licence.

An exploration licence grants the holder exclusive rights to carry out exploration for the minerals listed in the licence, and the relevant permissions required to undertake exploration (e.g. drilling rights). Licences may be a minimum of 2 cadastral units, and up to a maximum of 120 units. One cadastral unit is equivalent to a square of 60 arc seconds by 60 arc seconds, based on the Clarke 1880 ellipsoid. Units must be contiguous.

Licences are granted for a period of four years, renewable twice for a period not exceeding three years each time. At each renewal, 50% of the licence holding must be relinquished. Small-scale exploration licences and licences for gemstones other than diamonds are not renewable.

No exploration activities may be undertaken by a licence holder until activities are approved by the Zambian Environmental Management Agency. A pegging certificate must be submitted with 180-days of licence approval. A minimum exploration expenditure is also dictated in the licence terms, this is set against the exploration plan and budget submitted at the time of licence

application.

The holder of an exploration licence may apply for a mining licence up to 6 months before expiry of the licence. Three licence types are available, each with a different prescribed land holding and validity:

- Artisanal mining – 1 to 2 cadastral units – 2 years
- Small-scale mining – 3 to 120 cadastral units – 10 years
- Large-scale mining – 120 to 7,485 cadastral units – 25 years

An annual fee (determined in Fee Units) is payable on all mining rights, based on the licence type, land holding area and the number of years the licence has been held. The monetary value of a Fee Unit is set by the State. The current annual area charges for the Zambian large-scale exploration licences, in Zambian Kwacha are calculated at ZMW 1.2 per hectare for year 1-4; ZMW 3.6/ha for year 5-7 and ZMW 4.8/ha for year 8-10 (Mwamba, 2019).

The current schedule of licence fees and the minimum exploration expenditures for the Zed exploration licences, under Schedule 2 of the Zambian Mines and Minerals Act, are set out in Appendix G.

Table 2-2 Schedule of Zambia annual Fee Units by licence Type (as set out by The Mines and Minerals Development (General) Regulations, 2016)

Licence Type		Fee Units Payable			
		Yeas 1 - 4	*Year 5 - 7*	*Year 8 - 10*	*Year 11 or later*
Exploration Licence (per hectare per year)	Small Scale	2	5	-	
	Large Scale	4	12	16	
Mining Licence (per hectare per year)	Artisanal Mining	14	14	14	14
	Small Scale Mining	28	28	28	28
	Large Scale Mining	56	56	56	56
Mineral Processing Licence (per hectare per year)		56	56	56	56
Excess Exploration Ground		22	22	22	22

2.2.1 Royalties

The Zambian Mines and Minerals Development (Amendment) Act 2018 sets the rate at which royalties must be paid. Under this Act, as of 1st January 2019, royalties are paid at a rate of;

- 5% of the *norm value* of base metals, except where the metal is copper, cobalt or vanadium;
- 5% of the *gross value* of energy and industrial minerals produced;
- 6% of the *gross value* of gemstones produced; and
- 6% of the *norm value* of precious metals produced.

Where the base metal is copper, royalties are payable at;

- 5.5% of the *norm value* when the norm price per tonne is less than US$4,500;
- 6.5% of the *norm value* when the norm price per tonne is US$4,500 or greater but less than US$6,000;
- 7.5% of the *norm value* when the norm price per tonne is US$6,000 or greater but less than US$7,000,
- 8.5% of the *norm value* when the norm price per tonne is US$7,000 or greater but less than US$9,000 per tonne; or
- 10% of the *norm value* when the norm price per tonne is US$9,000 or greater.

Where the base metal produced, or recoverable metal, under the licence is cobalt or vanadium, the mineral royalty payable is at the rate of 8% of the *norm value* of the cobalt or vanadium produced or recoverable.

The "*gross value*" is defined as the realised price for a sale, free on board, at the point of export from Zambia or point of delivery within Zambia; and the "*norm value*" is defined as;

- the monthly average London Metal Exchange cash price per tonne multiplied by the quantity of the metal or recoverable metal sold;
- the monthly average Metal Bulletin cash price per tonne multiplied by the quantity of the metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange; or
- the monthly average cash price per tonne, at any other exchange market approved by the Commissioner-General, multiplied by the quantity of the metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange or in the Metal Bulletin.

3 CANGAI PROJECT, NEW SOUTH WALES, AUSTRALIA

3.1 Property Location and Description

The Cangai Project (formerly Jackadgery Project, Cangai Cobalt/Copper Project) is located in the north western corner of New South Wales, Australia, approximately 220 km south-southwest of Brisbane, and 500 km north northeast of the State Capital, Sydney. The project comprises two contiguous exploration licences, EL8625 and EL8635 comprising the Cangai South Project, and a third licence (EL8601) to the north comprising the Cangai North Project (Figure 3-1). These licences sit immediately north and south of Corazon Mining's Mt Gilmore Project, where reverse circulation drilling at of Corazon's Cobalt Ridge prospect has returned grades of up to 2.475 Co, including 16 m @ 0.65% Co, 0.26% Cu and 0.17 g/t Au; and 34 m @ 0.23% Co, 0.26% Cu and 0.08 g/t Au (Mining Capital, 2017).

Castillo Copper have principally explored the Cangai North and South Project licences for copper and cobalt mineralisation. Approximately 80% of the historical Cangai Copper Mine ("Cangai Mine"), active between 1901 and 1919 (Total Minerals PTY, 2018a), sits within EL8625, and this area has been the primary focus of exploration completed to date.

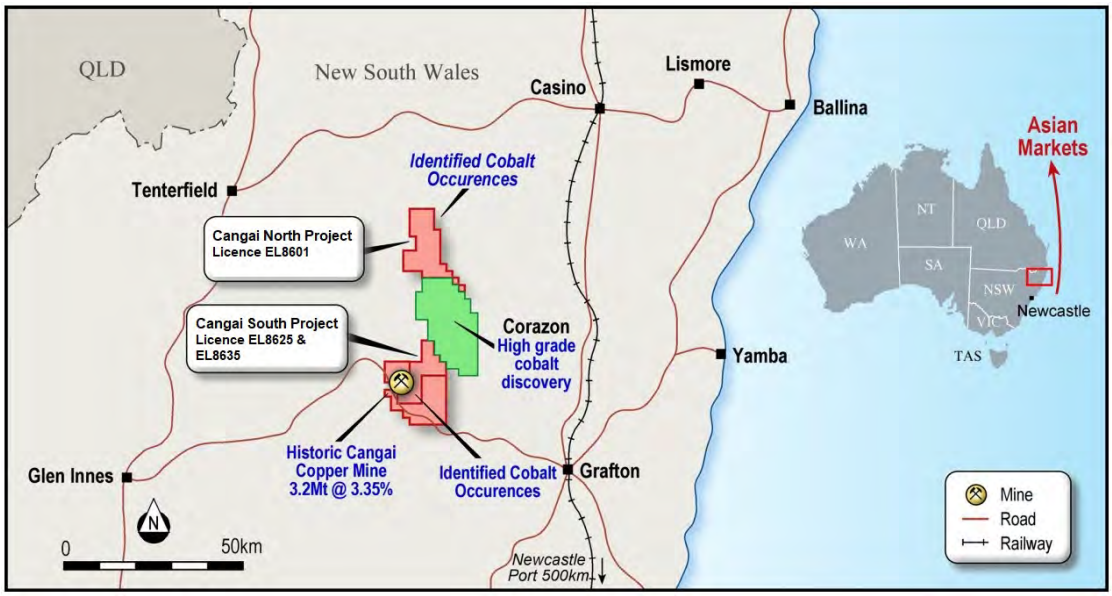

Figure 3-1 Location of the Cangai Project (Adapted from: Castillo Copper, 2018c)

No significant cobalt mineralisation has been identified at the Cangai Mine or the wider Cangai Project area, though the mine does have a high-grade copper Inferred Resource, outlined below, and cobalt occurrences are evident in the Cangai North licence.

3.1.1 Mineral Tenure

The exploration licences that make up the Cangai Project are held by three companies, Total Minerals Pty Ltd, Total Iron Pty Ltd and Queensland Commodities Pty Ltd. All companies are understood to be 100% owned subsidiaries of Castillo Copper Ltd. EL8625 was applied for by Total Minerals PTY in February 2017 as Exploration Licence application ("ELA") 5460. The application was granted on 17 July 2017 for a period of three years. The licence renewal application was lodged on 10 July 2020 with the appropriate renewal fee paid 13 July 2020. The licence covers 35 units (112 km^2), for Group 1 Minerals, under the Australian Mining Act (1992) within Drake and Gresham counties.

Licence EL8635 was applied for by Total Iron Pty Ltd in April 2017 as ELA 5482 and granted on 21st August 2017 for a period of three years for Group 1 Minerals. The licence covers 52

units (166 km^2) under the Australian Mining Act (1992) within Drake and Gresham counties.

As of the reporting date Castillo's tenure management agent, UTM Global Pty Ltd, was in the process of finalising the tenure renewal for EL8635 (Cagnai East - expiry 21 August 2020).

EL8601 was applied for by Queensland Commodities Pty Ltd as ELA 5446 and was granted on 21st June 2017 for a period of three years for Group 1 Minerals. The licence covers 51 units (163 km^2) under the Australian Mining Act 1992 within Drake county. The location and extents of the Cangai licences are provided in Appendix A.

Under the terms of the licences the licence holder is required to lodge a security deposit to secure funding for the fulfilment of obligations under the licence (including obligations that may arise in the future) the amounts in Australian dollars are as follows:

EL8625: A$39,600

EL8635: A$55,000

EL8601: A$10,000

3.1.2 Landholding

The surface landholding over the Cangai Project consists private cattle stations and timber forest. Access is by agreement with the framers and landholders.

3.2 Accessibility, Climate, Infrastructure and Physiography

3.2.1 Accessibility

The Cangai Project is easily accessed by road from Brisbane, following the main A1 highway south to Grafton before turning inland along the B76 for approximately 40 km.

The Cangai South project straddles this road between Jackadgery and Cangai (Figure 3-2 and Figure 3-4). There are a number of smaller roads within the licence, and much of the north and eastern sections are only accessible by foot, four wheel drive or all-terrain vehicle ("ATV").

Cangai North is accessed similarly from Brisbane but turning north from the B76 at Grafton onto Clarence Way. This road passes through the western section of the project licence after approximately 80 km drive northwest (Figure 3-2). A regional road transects the project and provides access over the Clarence River which runs north-south through the project. Otherwise access is limited to foot of ATV/4x4 vehicle tracks.

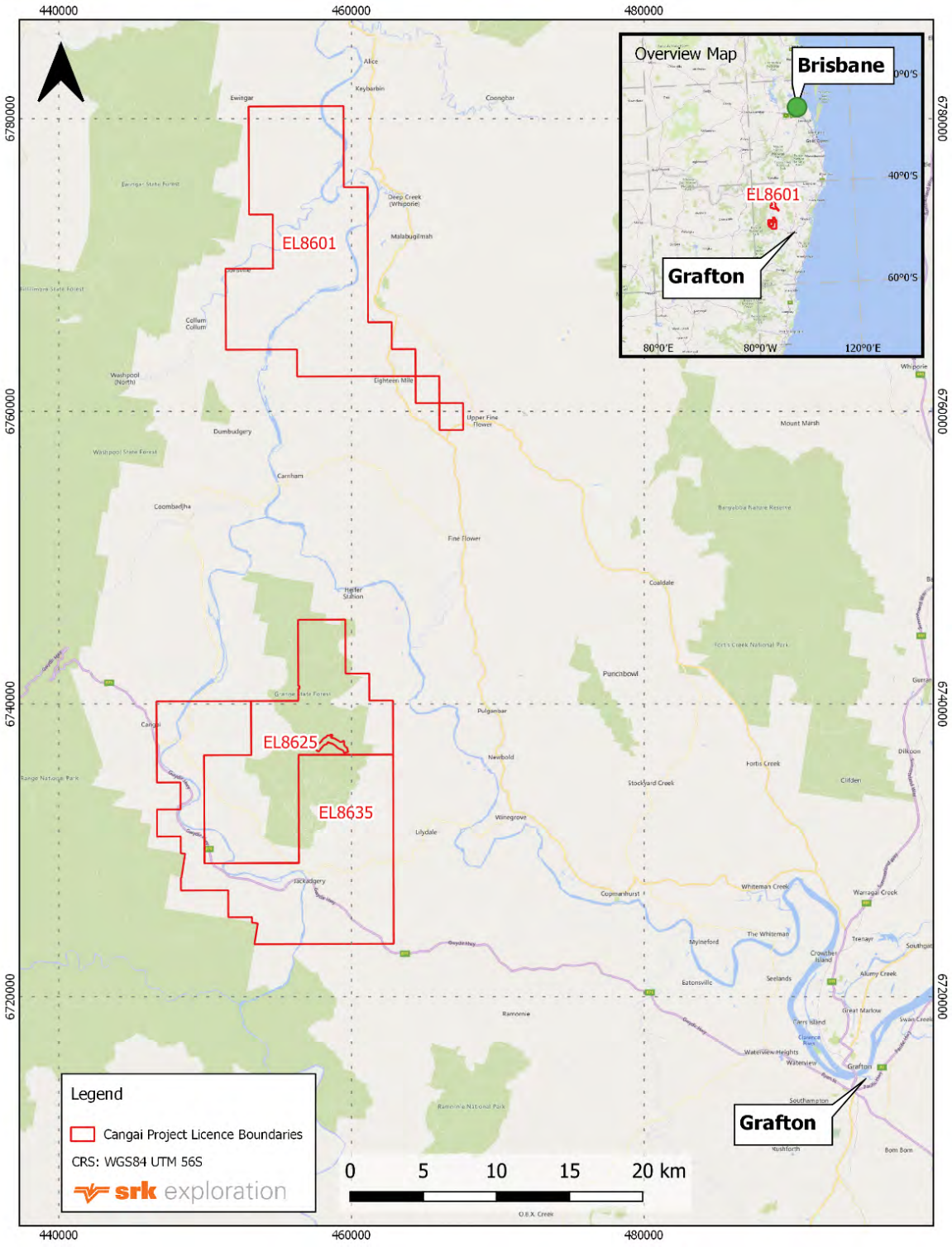

Figure 3-2 Cangai Project location (Sources: SRK ES, Open Street Map, NSW MinView, 2019)

3.2.2 Infrastructure

There are basic water, power and fixed line telephone resources in the vicinity of the historical Cangai Mine. Castillo rents a farm shed close to the mine for use as a core and sample store. There is the possibility that a further disused farm building next to the core shed could be rented from the landowner for use as a site office, subject to some renovation work.

The Mann River Caravan Park, approximately 10 km from the mine, in Jackadgery (Figure 3-4) has been utilised by Castillo for exploration contractor lodging and fuel (Figure 3-3). At the mine there are a number of historical adits which appear to have largely stable portals as well as open stopes.

Figure 3-3 Mann River Caravan Park facilities in Jackadgery, in the south of licence EL8635 has fuel available and provides basic meals and cabin accommodation

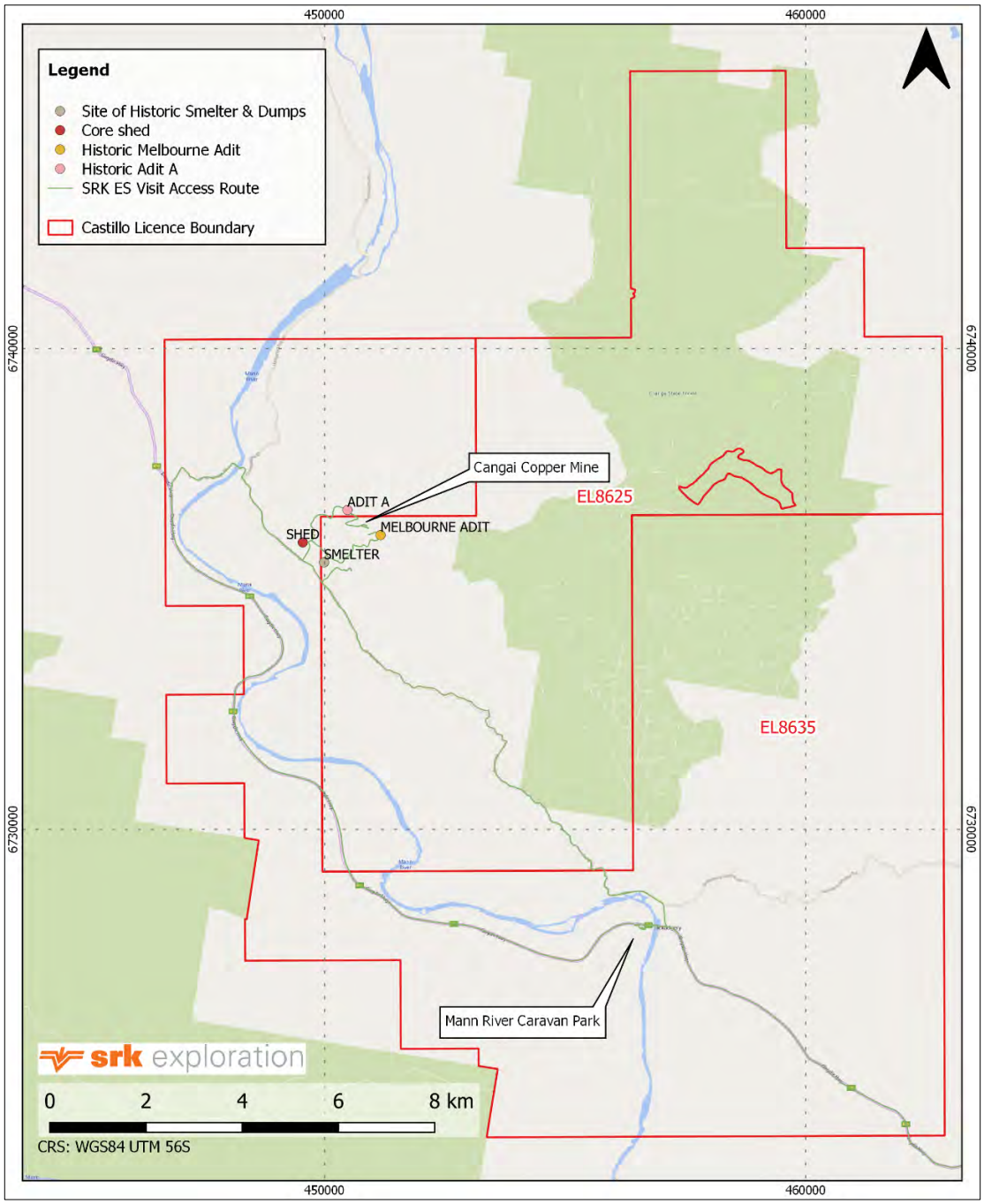

Figure 3-4 Cangai South showing location of Cangai Mine, local access and infrastructure

3.2.3 Climate

The climate at Cangai is typically warm and humid with average temperatures between 7.5 ºC (July lows) and 30.5 ºC (January highs). Yearly average rainfall is 992 mm from 92.2 rain days. The most rain is during the hotter months, peaking at 151.3 mm average in January, and lowest at 42.5 mm in July. Figure 3-5 shows climate averages over a 12-month cycle (MLA, 2019).

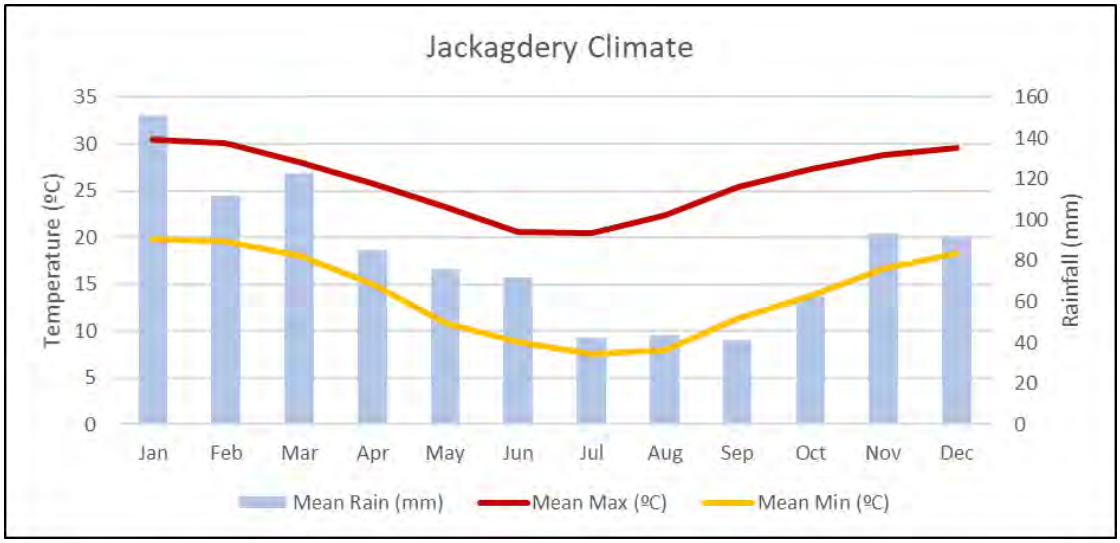

Figure 3-5 Climate averages for the village of Jackadgery, New South Wales

3.2.4 Physiography

The project lies on the northern edge of the Great Dividing Range of eastern Australia and is characterised by low hills and moderate to steep valleys. Elevations above mean sea level ("amsl") range between around 85m in the river valleys in the south and west of the project area to just below 700m in the central and northern sections of the licence.

The lower valleys are characterised by grasslands and scrub, and the upland areas by moderate to dense forests (Figure 3-6).

Figure 3-6 View looking north over farmland to the forested ridge line of the Cangai Mine

3.3 Early Mining History at Cangai

The Cangai Project area derives its name from the former, now abandoned, mining settlement of Cangai located in the southern licence group.

Alluvial gold was discovered along the Mann River near Cangai in early 1861 with the first gold-bearing quartz vein or 'reef' reported later that year. The John Bull reef and subsequent Sir Walter Scott reef had become small scale mines by the end of 1872, and the Sir Walter Scott Gold Mining Company NL was floated in 1890. Whilst the Sir Walter Scott reef initially proved productive producing 1oz gold per ton from 620 tonnes, as the workings progressed deeper the ore became increasingly refractive and gold recovery dropped off with the mine subsequently closing due to losses in September 1898. The total production by the Sir Walter Scott Gold Mining Company is reported as 1,790oz gold from 2,203 tonnes of ore (McQueen, 2019).

Following the discovery of copper carbonates outcropping on a mountain ridge spur at Cangai in August 1901 a 40 acre mineral claim was pegged, and a group of local residents and former Walter Scott gold miners set about raising the funds to start a mining operation. This operation, that was later to become known as the Cangai Copper Mine, was operated by the Grafton Copper Mining Company from 1905 to 1917, with a reported 4,950 tonnes of copper, 52.7kg of gold and 1,035kg of silver produced from 76,940 tonne of mined ore.

The deposit was described as a well-defined lode with relatively high grade ore (circa 7% Cu) that could be directly smelted. The mine was self-draining via a series of adits and shafts which worked the west-plunging ore shoots which outcropped from surface to depth on six principal levels (see Figure 3-7 and Figure 3-8).

The lenses varied in thickness from 0.3m to 3.5m typically with one wall of massive chalcopyrite-rich ore in sharp contact with the host rocks and the other with a more irregular boundary showing alteration and lower grade ore (McQueen, 2019). The main lens beneath the discovery site was found to strike 122m and to extend to the full depth of the workings. The carbonate-oxide ore was found to be enriched up to 45% copper to around 20m below surface with a transition zone of black ore through to primary sulphide mineralisation (typically grading 12% copper) below. The host rocks were described at volcanic tuffs.

Ore treatment consisted calcining the self-fluxing ore in open-air clamps, smelting by four reverberatory furnaces to produce a first-stage matte followed by roasting in furnaces to produce a high-grade matte with around 65% copper. The high-grade matte was sold to market due to the unavailability of local coke to refine the copper further.

In 1904 the leases for the nearby Sir Walter Scott Mine were acquired by the Grafton Copper Mining Company with the aim of extracting refractory gold as part of copper smelting, however it is not clear how much ore was mined and whether significant amounts of gold were contributed by the Sir Walter Scott Mine.

Figure 3-7 Historical photograph of miners outside Cangai Copper Mine Volkhardts F Level

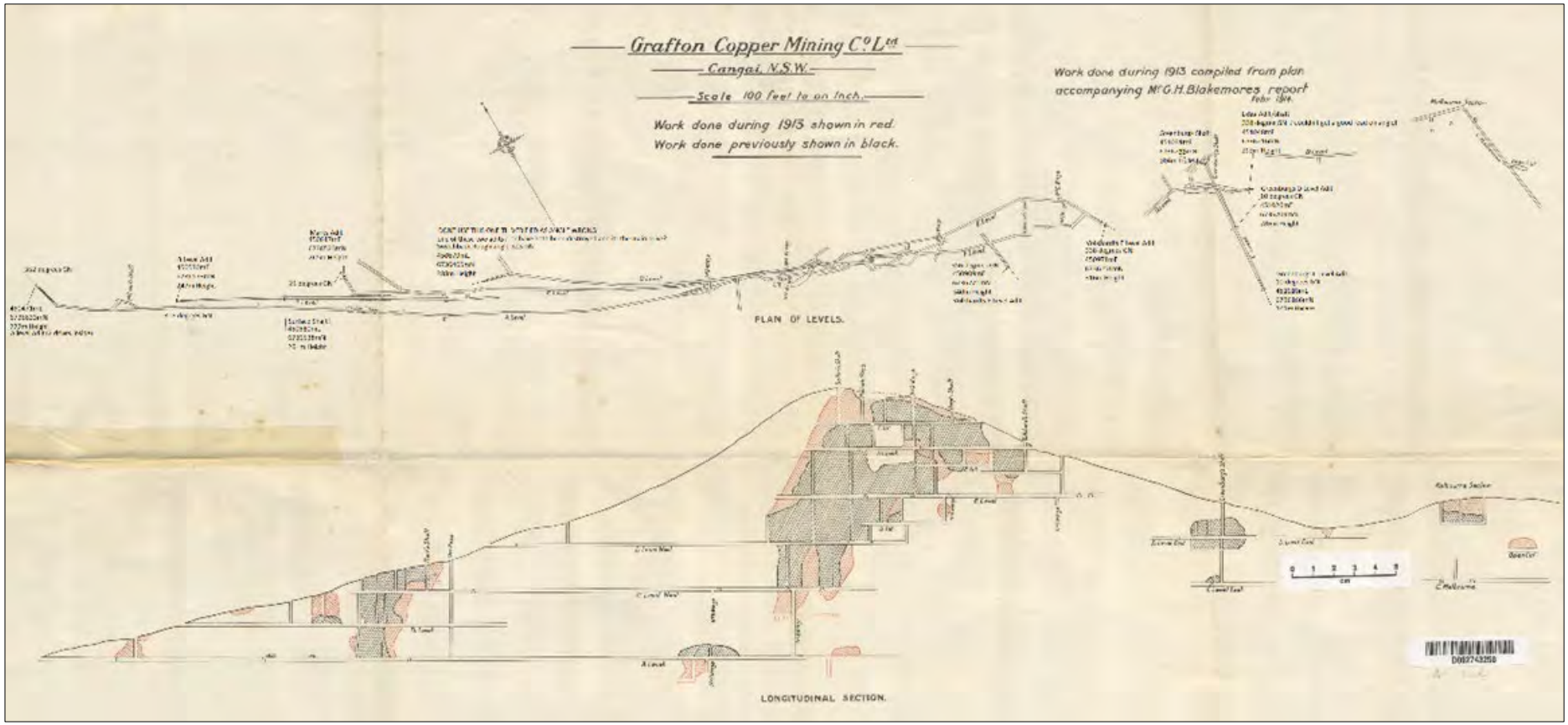

Figure 3-8 Plan and section of the Cangai Copper Mine dated February 1914, showing the ground mined during 1913.

T-35

3.4 Historical Exploration

The principal focus within the Cangai Project area is the Cangai Copper Mine, as summarised in section 3.3 above. Since its closure a series of exploration programmes have been completed on the mine and the wider area, summarised in Table 3-1 below.

Table 3-1 Exploration history of the Cangai Mine and surrounding areas

Dates	Company	Summary
1901 - 1917	Grafton Copper Mining Company Ltd	Following initial discovery in 1901, a reported 4,950 tonnes of copper, 52.7 kg of gold and 1,035 kg of silver were extracted over 17 years (Australian Geological Survey, 1999). The mine was reportedly exhausted in 1917 (Daily Examiner, 2009), although no exploration had been undertaken below the lowest adit.
1968 - 1971	North Broken Hill	Stream sediment sampling, mapping and rock chip sampling completed. No results justified drilling (Total Minerals, 2018a)
1971 - 1972	Union Corporation	Focused on the Cangai Copper Mine. Channel sampling within the mine showed low grade ore remaining (<2% Cu). TURAM EM, IP and ground magnetics failed to delineate the shear zone or generate drill targets. Two holes we drilled, most significantly identifying 2 m @ 1.94% Cu (Total Minerals, 2018a).
1977 - 1978	Amoco Minerals	Amoco explored for massive sulphide mineralisation with ground magnetics, soil geochemistry and pulse EM but recorded a poor response to all methods and relinquished the ground without drilling (Total Minerals, 2018a).
1982 – 1984	Western Mining	Previously completed ground magnetics were reappraised on the recognition of substantial amounts of Pyrrhotite in high grade ore collected in mine dumps. Two soil anomalies were identified at +60 ppm Cu, as well as several strong linear magnetic anomalies. Soil sampling over the primary magnetic anomaly failed to identify anomalous geochemistry or source lithologies. A 180 m diamond drill hole tested the anomaly but returned poor results. Combined with the poor stream sediment results, no further work was recommended, and the licence was relinquished in 1984.
1991 – 1992	CRA Exploration	Geological mapping, rock chip sampling and underground investigations were completed over the Cangai Copper Mine, as well as an exploration drilling campaign with unknown meterage or number of holes. CRA interpreted the mine to be hosted by sedimentary rocks of the Siluro-Devonian Willowie Creek Beds, comprising tuffaceous mudstones, tuffaceous sandstones and conglomerates. Mineralisation is associated with steeply dipping ore shoots in and adjacent to the main shear zone. Whole rock analysis of massive ore ranges from 5-15% Cu in primary ore, rising to nearly 30% in supergene enriched rocks (single sample). Zinc ranges from <1% to 10%; lead typically between 0.05% and 1%. Gold assays range from 0.5 g/t to 3 g/t, elevated in oxidised and transitional rocks. Cobaltite has reportedly been identified in primary ore, elevated cobalt grades of “approximately 300 ppm” Co reported (Total Minerals, 2018a).

3.5 Geological Setting and Mineralisation

3.5.1 East Australian Tectonic History

The following summary of Eastern Australian Geology is compiled after NSW Resources & Geoscience (2019).

The geology of New South Wales is dominated by a series of major sedimentary basins, which make up over 60% of the surface geology. These basins overly and are surrounded by ancient rocks up to 1.7 billion years old, which represent a very complex history of plate tectonics, mountain building and ocean formation. These ancient rocks are collectively referred to as the "Tasmanides", but can be sub-divided into five major tectonic events (Figure 3-9),, the;

- Delamerian Orogen;
- Lachlan Orogen;
- Thomson Orogen;
- New England Orogen; and
- Sydney and Gunnedah basins.

Some of the oldest rocks in Australia and in the world are found near to Broken Hill in western NSW and represent volcanic and sedimentary rocks dated at approximately 1.7 to 1.6 billion years old. These rocks became part of the Rodinia supercontinent around 1 billion years ago, where they were deeply buried and deformed.

Rodinia started to break up into smaller continents around 800 million years ago. This process is recorded in the geology of the Adelaide Rift complex of volcanic and sedimentary rocks. The Adelaide Rift Complex sequence shows thinning of the crust as the continents drifted apart, eventually giving way to oceanic crust and sea-floor spreading.

Delamerian Orogen

Around 530 million years ago, the direction of continental drift reversed, and a convergent plate margin was formed. The collision of the plates led to subduction of one section of oceanic crust beneath the other, which in turn led to increased volcanism in the overlying plate and the formation of a volcanic island arc. Gradual closure of the ocean basin finally led to collision between the island arc and the rocks of Broken Hill, leading to a period of mountain building, deformation, magmatic intrusion and metamorphism known as the Delamerian Orogen.

Lachlan Orogen / Fold Belt

Following collision of the island arc and the continent, a new island arc formed hundreds of kilometres to the east. This island arc was slowly forced west, and during this time the mountains formed by the Delamerian Orogen were deeply eroded and shed vast amounts of sediments into the ocean basin creating thick turbidite sequences. Eventually, the island arc collided with these turbidites, leading to another mountain building, deformation and magmatic phase, known as the Lachlan Orogen.

After collision, the rocks of the Lachlan Orogen underwent a period of extension and rifting, carving the island arc into several belts separated by sedimentary basins. During this time, large amounts of granitic rock were emplaced, some hosting tin and gold deposits. Volcanic hosted metal sulphide deposits also formed within these basins. Later convergent tectonism caused these basins to close, marking the end of the second deformation stage in the Lachlan fold belt, followed by a final stage of extension and rifting and minor deformation relating to the

events of the New England orogen to the north.

Thomson Orogen / Fold Belt

The rocks of the Thomson Orogen lie to the north of the Lachlan and extend into central Queensland. The basin is extensively covered by sedimentary deposits and is less well understood than other parts of the Tasmanides.

Work on the Thomson Orogen suggests that it had a similar geological history to the Lachlan Fold Belt, but has a different assemblage of volcanic, metamorphic and sedimentary rocks. Geophysical analysis suggests that the Thomson Orogen partially overlies the Lachlan Orogen.

New England Orogen

The New England Orogen has a three-phase history, though the latest stage is the best understood.

The initial phase began around 600 million years ago and extended to around 490 million years ago. The phase is marked by the emplacement of volcanic and volcaniclastic rocks on the edge of a convergent plate margin, as well as obduction of ophiolites (thrusting of sections of oceanic crust on top of continental crust), and formation of very high metamorphic grade blueschist rocks.

The second phase is also marked by convergence between the Australian Plate and the proto-Pacific plate, creating a sequence of mid-ocean volcanic arc rocks and accretionary prism rocks (sedimentary rocks caught between the plates within the subduction zone. These sediments are scraped off the top of the subducted plate as it passes beneath the over-riding plate).

The third and best understood phase of the orogen is recorded by a continental arc sequence, similar to that now seen in the Andes with the pacific plate subducted underneath the overlying continental crust. The magmatism was however more basic than is seen in the Andes, slowly changing over time to produce more felsic volcanic and volcaniclastic rocks. The volcanism was also accompanied by the formation of a new accretionary wedge within the subduction zone, and a marine basin at the edge of the continental crust (a foreland basin).

Multiple deformation, metamorphism and volcanic emplacement events occurred within the accretionary complex and foreland basin, creating a fold-thrust belt. Major faults within this complex contain scatterings of gold, asbestos and chromite.

Around 300 million years ago, convergence changed to extension and strike-slip faulting, creating small rift basins and the Sydney and Gunnedah Basins. Some volcanic-hosted mineralisation formed within the basins, and renewed convergence around 250 million years ago led to volcanism, emplacement of granites and epithermal gold and base metal deposits.

The Sydney and Gunnedah Basins

The Sydney and Gunnesdah Basins lie between the Lachlan and New England Orogens. The basins originally formed as rifts, developing into continental basins around 300 million years ago. Most of the basin fill came from uplift and erosion of mountains within the New England Orogen, with lesser fill from the Lachlan Orogen.

The basins are highly prospective for coal and natural gas, deposited in rivers and deltas within the basins.

Two further periods of basin formation around 250 to 65 million years ago and 90 million years ago have also affected New South Wales' geology, creating large volumes of coal and methane,

volcanism containing economic diamond and sapphire deposits, and creating the sedimentary cover that dominates the surface geology today.

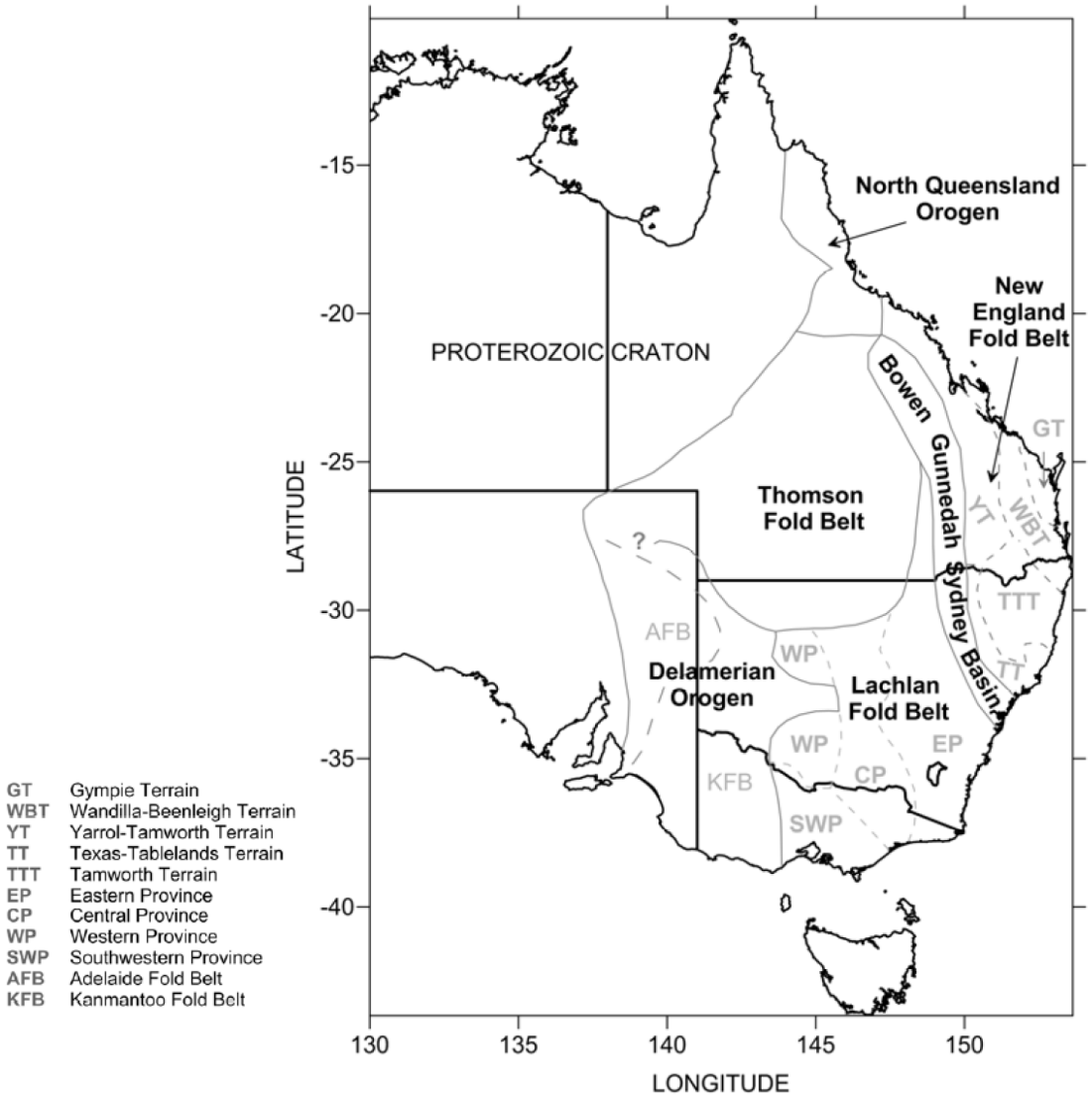

Figure 3-9 Subdivision of the Tasmanides (Image Source: O'Neill and Danis, 2013)

3.5.2 Regional Geology

The Cangai Project lies within an exposed segment of the eastern New England Orogen (Figure 3-10). The rocks of the New England Orogen range widely from marine regressive sequences and fore-arc sediments in the Tamworth belt which runs along the southern and western sections of the exposure; to oceanic sediments and subduction complexes in the central and eastern blocks.

The New England Orogen has also been subjected to extensive plutonism (deep emplacement of magmatic rocks – typically granites) including Late Carboniferous – Early Permian S-type (interpreted as being derived from melting of "supracrustal", sedimentary rocks) suites and Late Permian – Early Triassic I-type (interpreted as being derived from melting of igneous rocks) granites. Some of these I-type granites are highly fractionated and are responsible for many of the richest mineral deposits in the orogen (Suppel et al., 1998). One such granite, the New England Batholith, lies immediately west and north of the Coffs Harbour Block, which contains the Cangai Project.

Several major units are mapped in the Coffs Harbour block, folded into a large scale synform. The sediments represent deep marine facies associated with subduction zones, and include (from north to south), the;

- Gundahl Complex – lithic sandstone, mudstone, tuff, chert and altered basalt;
- Cunglebung Creek beds – dominated by mudstones and represent deep marine facies;
- Coramba beds – turbidites containing abundant thick layers of massive to graded sandstone and rare conglomerates;
- Brooklana beds – mudstones and less abundant sandstones, cherts and altered basalts; and
- Moombil beds – mudstone dominant unit similar to the Cunglebung Creek beds.

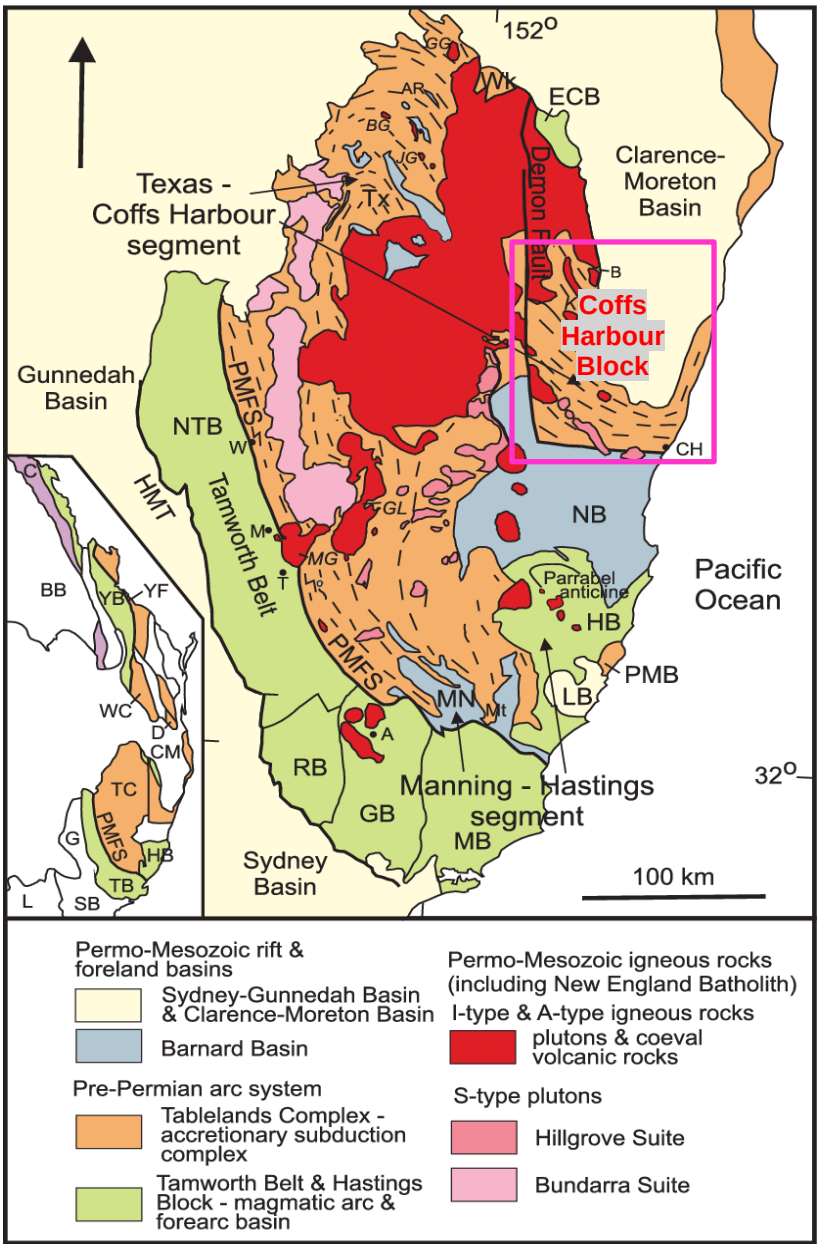

Figure 3-10 Summary geological map of the New England Fold Belt (Image Source: Pisarevsky & Leitch, 2011)

3.5.3 Local Geology

The geology of the Cangai Project area is illustrated in Figure 3-11. The geology is dominated by the Willowie Creek Beds and Carboniferous Gundagai Complex, as well as Late Permian – Early Triassic (240 to 180 Ma) age granitoids. Associated with the intrusives are narrow dykes of porphyritic latite, hornblende andesite and feldspar porphyry (Total Minerals, 2018b).

The Cangai Copper Mine is hosted in a hornfelsed volcanoclastic sequences of dacitic volcanics and tuffaceous sediments of the Willowie Creek Beds. The sequence is crosscut by two generations of steeply dipping dykes; an older hydrothermally altered micro-tonalite (WNW-ESE); and younger crosscutting lamprophyre dykes. A series of late stage chlorite-carbonate-quartz-pyrite veins are common throughout the mine area and appear to be related to mineralisation. Pyrite disseminations and fracture fill is also common (Total Minerals, 2018b).

In addition to the mineralisation at the Cangai Mine, multiple mineral occurrences and mineralised dykes have been mapped by previous explorers. These bodies have a northwest-southeast trend and have been mapped over a 10 km strike length (Figure 3-12).

A desk study for the Cangai North area, based on regional reconnaissance and associated stream sediment data, undertaken by Xplore Resources on behalf of Castillo during 2018 (Xplore Resources, 2018d) determined that elevated cobalt, nickel and chromium levels were associated with underlying serpentines, whilst lead, antimony and molybdenum levels were slightly elevated in areas underlain by Drake volcanics. Occurrences of copper, mercury and rare earths were plotted (Figure 3-13) and, although the data coverage was poor, Xplore concluded that there was no evidence to suggest that the Cangai North (EL8601) tenement hosted similar geological conditions to that of either the Corazon Mining's Mt Gilmore Cobalt Ridge cobalt deposit in EL8379 (see Figure 3-1) or Castillo's Cangai Mine.

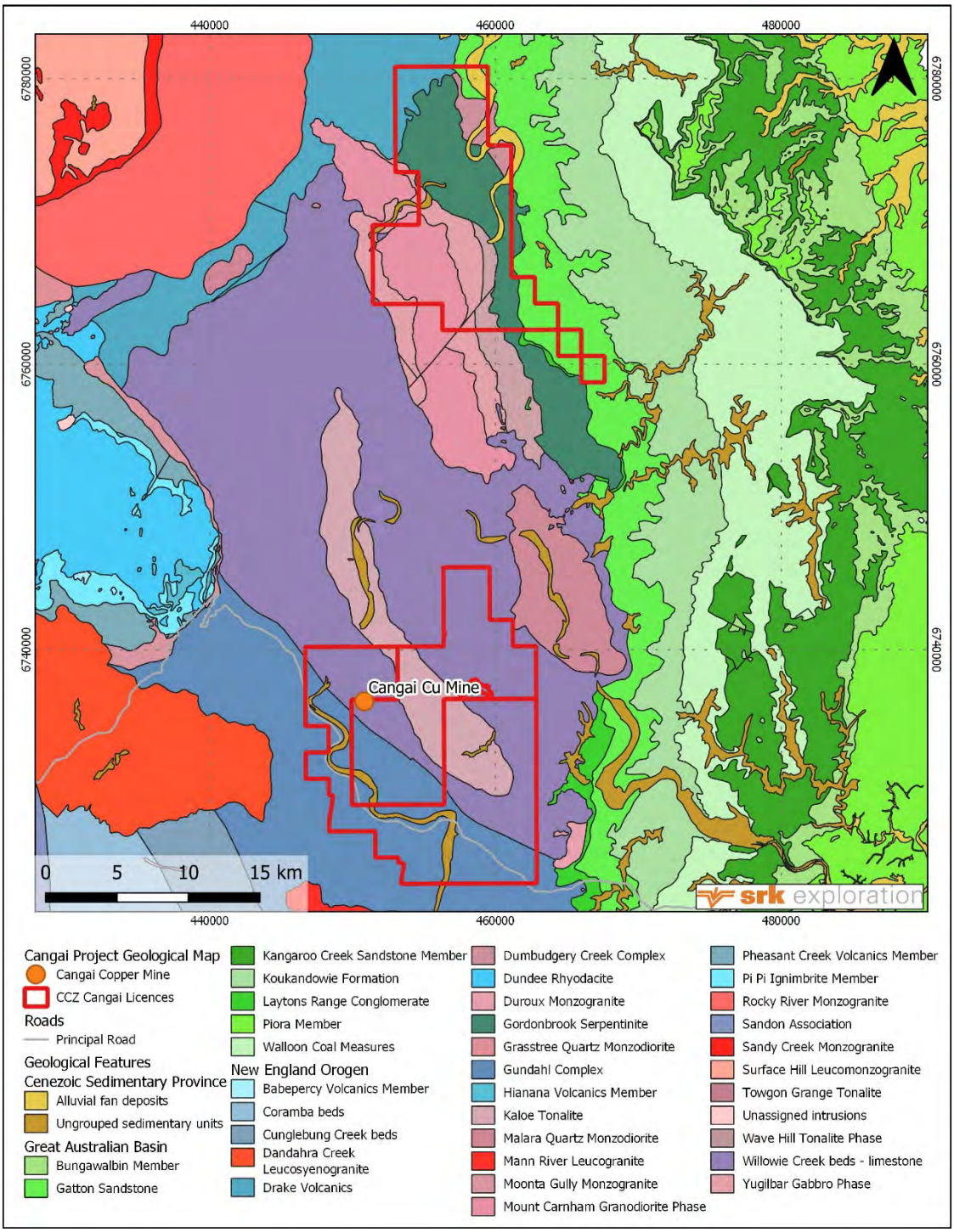

Figure 3-11 Geology of the Cangai Project area (Source: SRK ES)

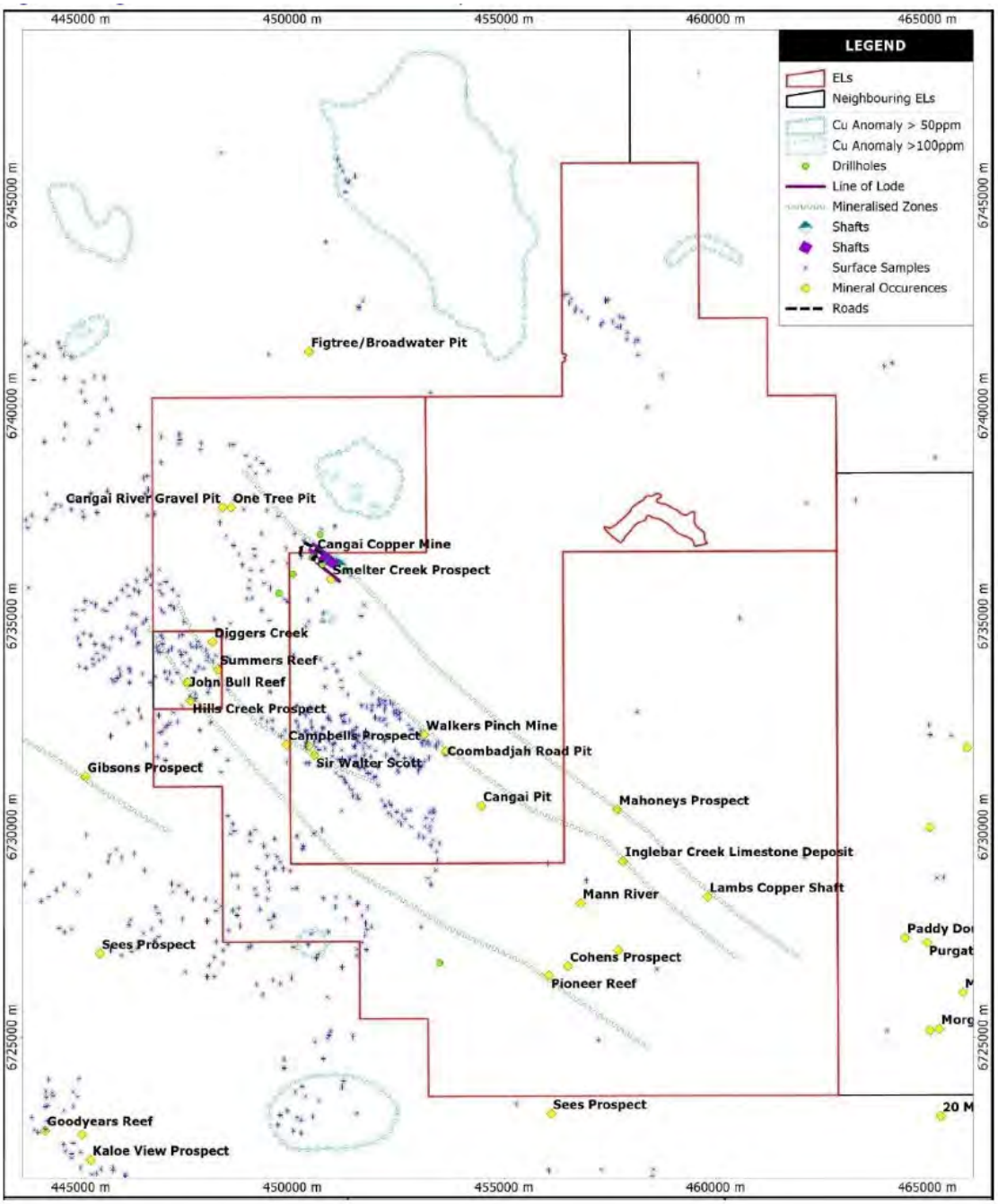

Figure 3-12 Regional mineral occurrences at Cangai South (Image Source: ROM Resources, 2017)

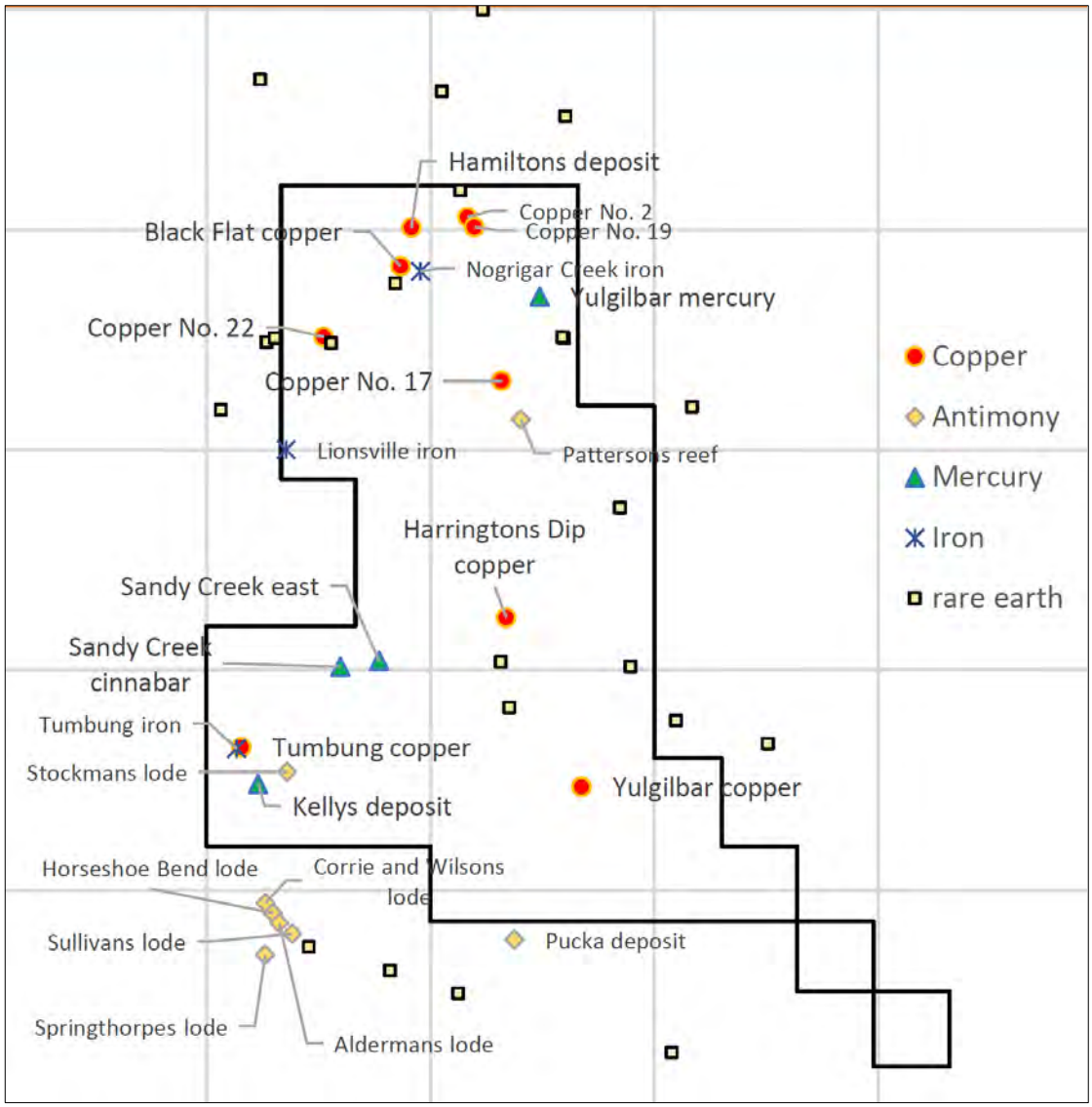

Figure 3-13 Regional mineral occurrences at Cangai North (Image Source: Xplore Resources, 2018d)

3.5.4 Deposit Styles

At least four different types of mineralisation style have been identified within the Cangai Project area.

1. Exploration to date has principally focused on the lode-style style, supergene enriched copper mineralisation identified and mined at the Cangai Mine.

Previous explorers have interpreted a “basement window” of exposed magmatic hydrothermal alteration and historical copper workings to the east of the Cangai Mine. This window is prospective for (after ROM Resources, 2017);

2. Quartz-tourmaline-sulphide cemented, magmatic hydrothermal breccia hosted copper-gold-molybdenum-cobalt mineralisation;
3. Concealed porphyry copper-gold-molybdenum-cobalt ore associated with quartz diorite to tonalite porphyries proximal to tourmaline-sulphide cement breccia; and
4. Copper-gold skarn mineralisation.

3.6 Recent Exploration

Exploration of the Cangai Mine by Castillo commenced with a compilation of historical data and a maiden JORC compliant Mineral Resource Estimate. Following positive results from this work, further investment was deemed appropriate, and continued exploration has included re-analysis of historical drill core, surface and downhole geophysics, and drilling.

3.7 Mineral Resource Estimate

A maiden Mineral Resource Estimate ("MRE") was completed for the Cangai copper lode-style deposit by ROM Resources for Castillo Copper in September 2017. Full details of this estimate are available from the Castillo Copper website (URL: www.castillocopper.com/asx-announcements/).

The Inferred Resource was based on all available historical data as of 31st August 2017, compiled in a three dimensional block model. Estimation and classification of the Resource was completed in accordance with JORC 2012.

Inferred resources of 3.2 Mt @ 3.35% Cu were reported at a cut-off grade of 1.0% Cu. The Mineral Resource was modelled using a 0.5% Cu wireframe threshold and reported using a reporting cut-off grade of 1.0% Cu (ROM Resources, 2017). The Inferred classification was based on geological confidence, drill hole spacing, grade continuity and historical mining data. A summary of the MRE is provided in Table 3-2.

Table 3-2 Summary of Cangai Mineral Resources as of 4th September 2017 (after ROM Resources, 2017)

Cangai Project Copper Resource	Mineral Resource Category: Inferred Only						
	Tonnes (Mt)	Grade Cu (%)	Cu metal (t)	Grade Co (%)	Grade Zn (%)	Grade Au (g/t)	Grade Ag (g/t)
Oxide/Transition Zone	0.814	4.1	33,391	0.010	0.63	0.06	27.3
Sulphide Zone	2.397	3.1	74,198	0.003	0.28	0.89	17.7
Total Cu Resource	3.211	3.4	107,500	0.005	0.37	0.80	20.2

**Note: Note: Totals may not sum exactly due to rounding. Meets the standard of the 2012 JORC Code, reported using a 1.0 % Cu cut-off.*

Not included in the resource estimate were reject ore dumps and smelter slag piles associated with mining activities, which will require detailed survey and bulk channel or costean sampling in order to define their dimensions.

Based on the MRE, the Cangai Project is noted as being one of the highest grade copper resources in Australia (though the tonnage is modest). In the MRE report the mineralisation was reportedly suitable for open pit mining, extracting remnants from partially mined stopes, and focusing initially on supergene enriched ore. SRK ES considers the deposit would be more amenable to underground mining as set out in section 3.15.1 below. The deposit is interpreted as open at depth and along strike (ROM Resources, 2017).

This estimate was completed based on historical data alone, with verification of historical results through handheld X-ray Fluorescence Spectroscopy (pXRF) analysis (see the following Section 3.7.1). It is noted by SRK ES that whilst re-analysis results have generally supported the historical results, the locational accuracy of the historical drill holes and underground sample points, is however, very poor.

3.7.1 Historical Drill Core Analysis

Of the 10 holes drilled at Cangai between 1972 and 1992, eight are stored at the NSW Geological Survey core storage facility in Londonderry, west Sydney. These drill holes were sited around the mined-out areas and contain intervals of brecciated andesites or tuffs containing multiple sulphide mineral species.

In June 2017, geologists from Castillo visited the facility with the intention of viewing, logging and resampling the cores and testing for cobalt mineralisation. As much of the core was only available as quarter samples, a pXRF was used to scan thirty-seven selected intervals of between 0.5 and 2 m length.

Samples were analysed using an Olympus Delta Premium-50kV handheld XRF, with each sample analysed three times for ~30 seconds each. The unit was calibrated for 32 elements at the start of analysis, and standards and blanks were also inserted into the sample stream. No insertion rates, certified grades, accepted ranges or analytical results have been provided for these materials, and SRK ES have been unable to verify the quality of this data. A summary of the results is presented in Table 3-3.

Table 3-3 Summary of Cangai pXRF testing (Total Minerals, 2018b)

Element	Total Tests	Anomalous Threshold (ppm)	Number of Anomalous Values	Highest Value (ppm)
Cu	37	500	17	190,000
Pb	37	600	3	2,500
Zn	37	600	5	1,860
Co	37	500	4	730
Au	37	5 (ppb)	1	25 (ppb)
Ag	37	2	2	15
U	37	50	1	170

Limited laboratory assay results were provided by the NSW Geological Survey, and only results for Cu, Au, Ag, Pb and Zn were available. It is unclear what analysis methods were used for this data, and what QAQC procedures were used to ensure data quality. No systematic comparisons have been made between the pXRF and laboratory data, but reportedly the "*pXRF copper values were higher than the comparable assayed interval*" (Total Minerals, 2018b).

In addition to the historical laboratory and pXRF analysis, it is reported that seventeen new samples were cut from existing core and submitted for analysis by ALS Laboratories Brisbane (ALS analytical method ME-MS61). A review of the ROM Resources drill hole database used for the MRE shows a total 39 (pyrite-pyrrhotite rich) intervals were resampled from the NSW core store (holes; BJAC1; BJAC2; DD91CG2 to DD91CG5; DDH2; and DDH5). The results of these interval reanalysis have not been provided to SRK ES for comparison and were not included in the MRE.

3.7.2 Surface Data Compilation

Two phases of surface data compilation and analysis have been undertaken at Cangai. Initially, over 1,200 historical samples were collated including soils, stream sediments and rock chip samples (ROM Resources, 2017). As a preliminary exercise, the results from all samples were gridded, using the Surfer 14 software minimum curvature algorithm, and "heat maps" produced, highlighting potential zinc, copper and cobalt anomalies. Several anomalous areas (up to 1200 ppm for copper, and 380ppm for zinc) were identified, with the most significant to the southeast of the Cangai Mine (Figure 3-14) (ROM Resources, 2017).

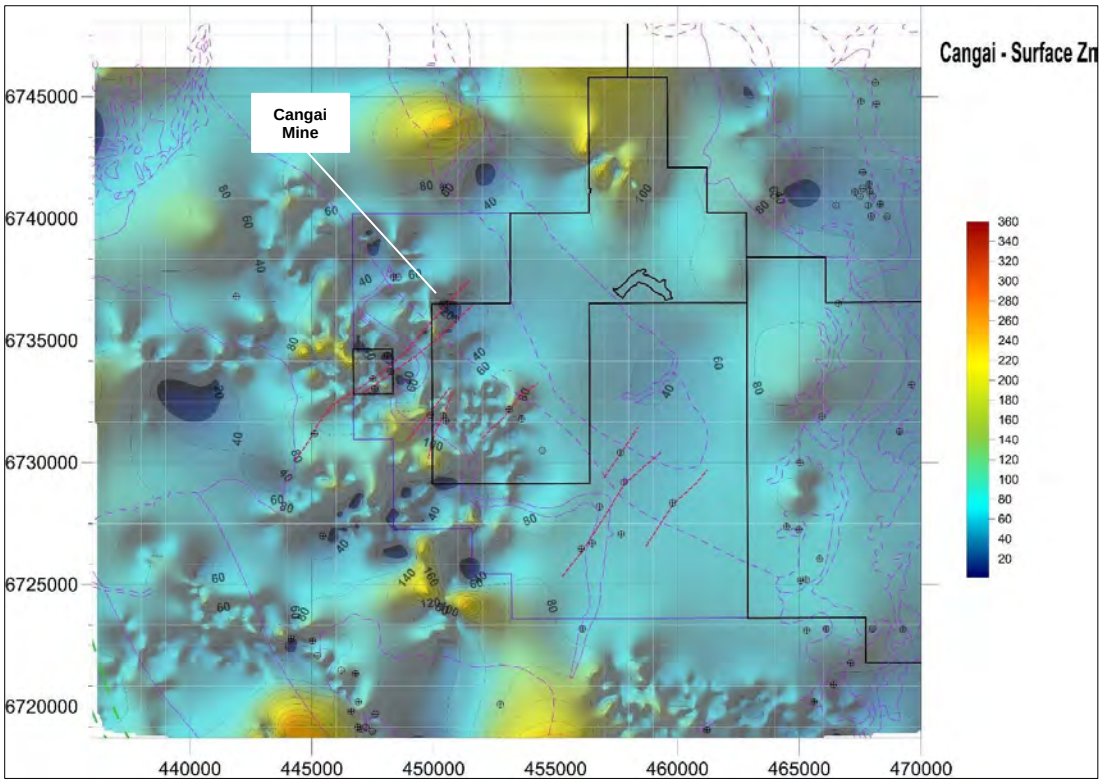

Figure 3-14 Possible zinc anomalies at Cangai South. Cangai Mine location approximate (Image Source: ROM Resources, 2017)

A more detailed desktop study was completed in April 2018, focusing on identification of cobalt anomalies. Extensive zones of elevated cobalt content were identified, including samples with results exceeding 300 ppm Co in two locations in the Cangai North licence (Castillo Copper, 2018g). Significant results have also been identified around the Cangai Copper mine to the south, where the presence of cobalite is also recorded in historical reports (Castillo Copper, 2018g). Results from this sampling are shown in Figure 3-15 which highlights the lack of samples in the Cangai South licence.

The current surface geochemical sample database for the Cangai Project consists a total of 4,242 samples of which 4,134 samples have corresponding assay data (2,029 stream sediment samples, 1,936 soil samples and 169 rock samples). SRK ES recommends that Castillo undertakes a geostatistical analysis of the geochemical data-suite in order to determine what are background and anomalous levels for elements of interest.

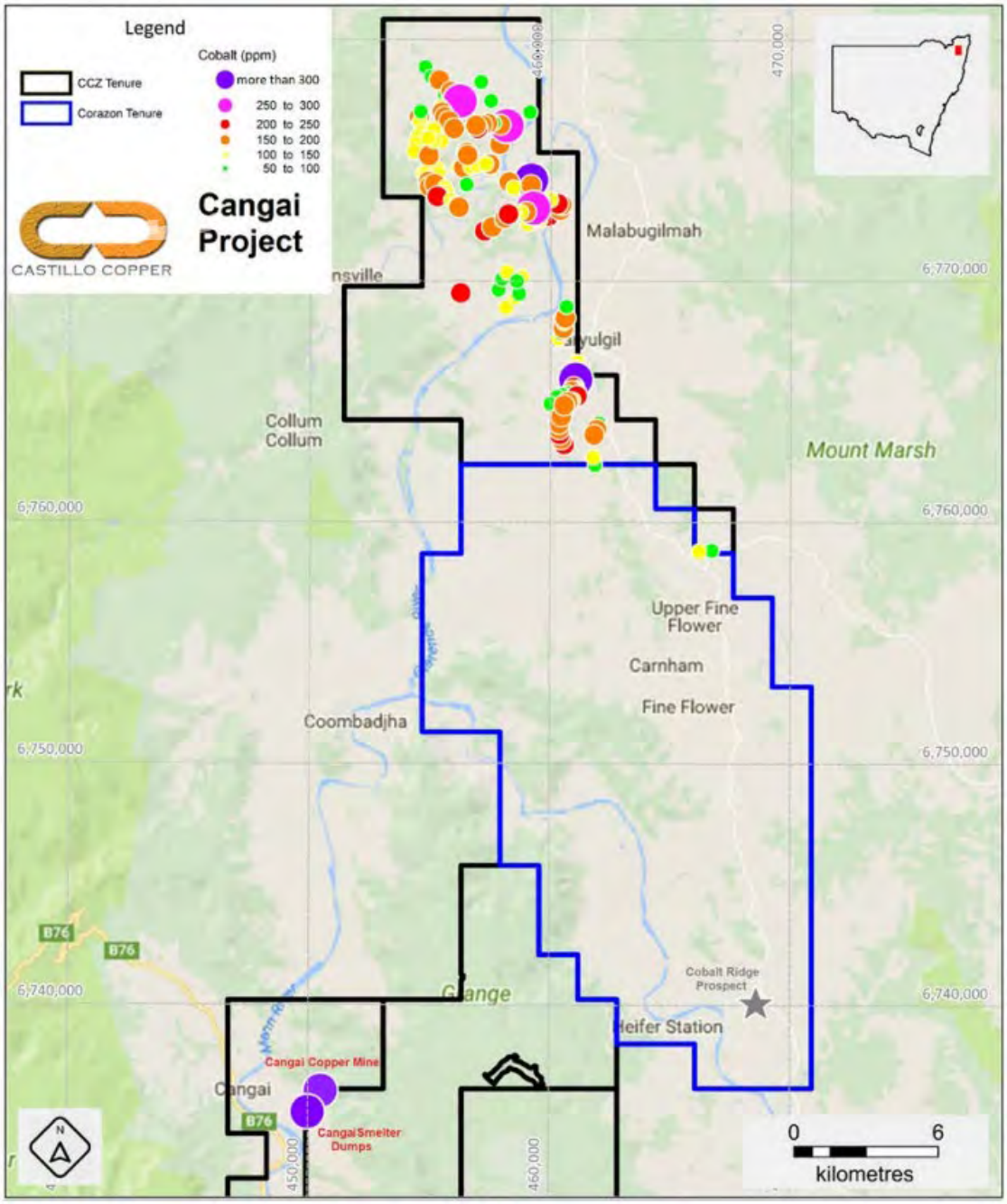

Figure 3-15 Cobalt results from historical samples collected across the Cangai Project (Image Source: Castillo Copper, 2018g)

3.8 Geophysics

Castillo has undertaken a surface and two downhole electromagnetic ("EM") geophysical surveys in the vicinity of the Cangai Mine.

The surface geophysics consisted a Fixed-Loop EM ("FLEM") survey over 23 lines and 272 stations for a total 12.7 line km, undertaken between 26th November 2017 and 14th December 2017 by a Thai geophysical contractor Khumsup Geophysics.

Khumsup Geophysics also undertook the first downhole EM ("DHEM") survey on six holes (1,192m surveyed) between 23rd February 2018 and 11th March 2018.

Both the FLEM and DHEM survey data was interpreted by Newexco Services Pty Ltd, who found the FLEM and downhole data interpretation was made difficult by the low signal level, noise, the high topographic relief and the fact that superparamagnetic decays look identical to a bedrock conductor response in B-field.

Five anomalies, Anomaly A through Anomaly E, were interpreted from the FLEM data, with Anomaly B the highest priority, and the other anomalies being interpreted as superparamagnetic effects in the immediate vicinity of the northern loop edge.

From the downhole data, only hole CRC005 was interpreted to be anomalous, with two off-hole sources interpreted; however, Newexco stated the processing fit to be poor.

The results of these surveys were subsequently disregarded by Castillo who cited Khumsup as utilising faulty equipment (Newexco, 2018a,b, Castillo Copper, pers. comms. August 2019).

The second DHEM survey programme was completed and processed by Australian contractor Gap Geophysics, using a different type of downhole sensor, in September 2018 as part of the Phase 2 drilling campaign (Castillo Copper, 2018e).

Castillo considered the second downhole survey to be much more successful. Five sizeable massive sulphide conductors were identified under the Greenberg, Volkhardts and Mark's stopes, as shown in Figure 3-16. From these conductors, the mineralisation is interpreted as being open at depth.

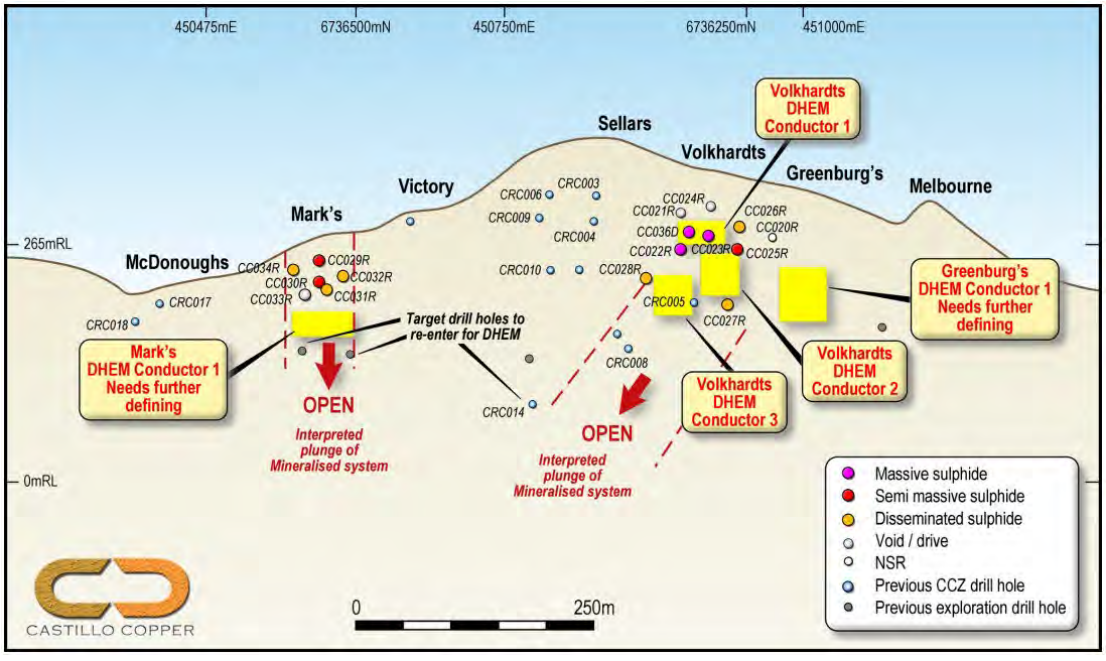

Figure 3-16 DHEM conductors at the Cangai Mine (Image Source: Castillo Copper, 2018c)

At the time of the SRK ES visit to the Cangai Mine, Castillo had just completed a ground magnetic traverse along the strike of the deposit, in order to assess the suitability of a planned airborne magnetic geophysics survey, supported by the observation that the massive sulphides in the drill core and RC drilling chips are magnetic (about 0.3 SI units), due to the presence of pyrrhotite. Castillo are currently considering utilising a multiblade drone for the survey given the steep topography of the area.

3.9 Soil Sampling

Castillo have undertaken two limited soil sampling programmes focussing on the south-eastward strike continuation and north-eastern flank of the Cangai deposit. A total 277 soil samples were taken; 178 samples were collected during the 'Russill's Hill' programme during July 2018 and a further 99 samples were collected for the 'Canberra' programme during September 2018. The results of the survey showed elevated copper in the vicinity of the old workings, as would be expected, but failed to outline any major anomalies not associated with the known mineralisation or downslope from workings (see Figure 3-17).

SRK ES recommends undertaking a thorough orientation survey at the onset of future soil sampling programmes, given the likely variability of soil type and hillslope across the property it is also recommended that this be correlated through mapping of regolith and historical mining areas.

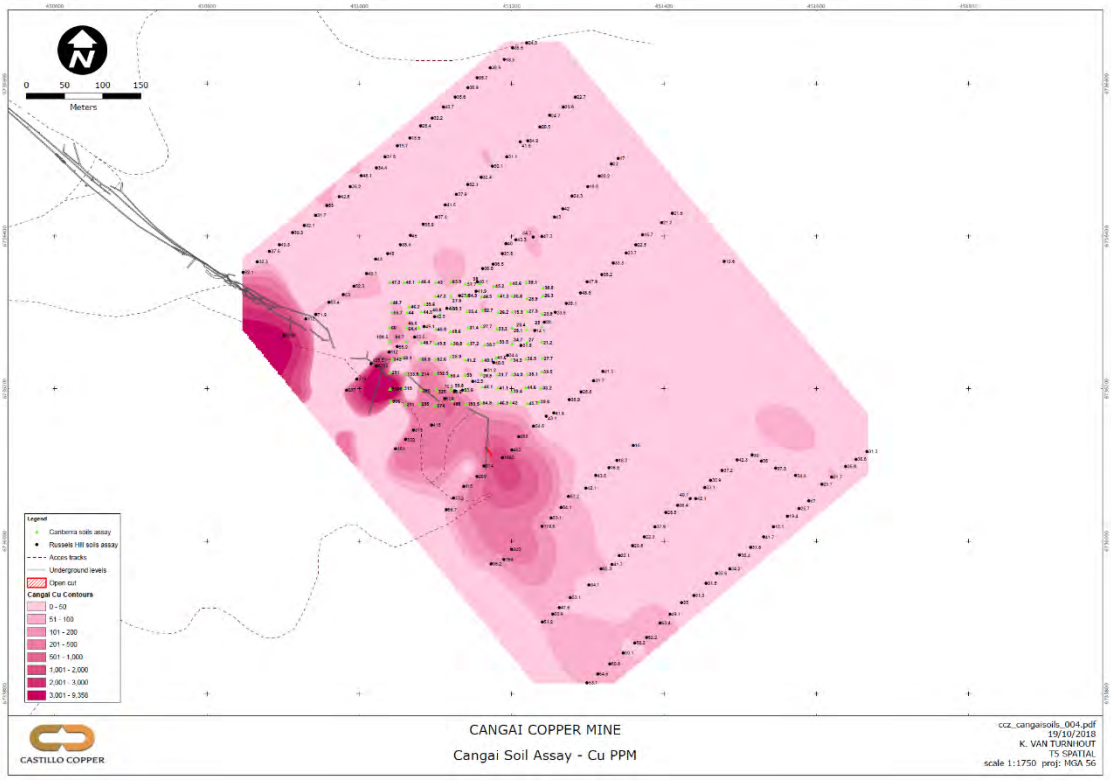

Figure 3-17 Contoured copper in soil results from Castillo's July & September 2018 soil sampling programmes (Image Source: T5 Spatial, 2018)

3.10 Recent Drilling

Castillo have drilled a total of 34 Reverse Circulation ("RC") and two diamond drill holes ("DDH") in the vicinity of the Cangai Mine for a total of 5,061m RC and 161.4m DDH.

Drilling was undertaken in two phases, with Phase 1 drilled between December 2017 and March 2018, and Phase 2 drilled in August 2018. RC drilling was undertaken by Brudd Drilling using a track mounted CDR650 rig, and diamond drilling using a Commachio drilling rig configured to use HQ triple tube. Core orientation was measured using a Reflex ACTIII orientation tool (Castillo Copper, 2018c).

RC chip logging was completed onsite on 1m intervals as drilling progressed. Samples were collected and split using a continuous rotary splitter with a sample size of 2 kg per metre drilled.

Samples from mineralised zones were submitted at 1m intervals, and in unmineralised zones a 5m composite was submitted.

Samples were analysed both onsite by pXRF (Cu, Co, Zn and Pb) and by ALS Laboratories Brisbane. Table 3-4 provides a summary of the ALS analysis methods used and their analytical ranges.

Table 3-4 Details of ALS Laboratories analytical package, elements analysed and detection limits

Method Code	Analyte	Lower Detection (ppm)	Upper Detection (ppm)	Analyte	Lower Detection (ppm)	Upper Detection (ppm)	Analyte	Lower Detection (ppm)	Upper Detection (ppm)	Analyte	Lower Detection (ppm)	Upper Detection (ppm)	Analyte	Lower Detection (ppm)	Upper Detection (ppm)	Description
Au-AA26	Au	0.01	100													Ore grade Au fire assay with AAS finish
ME-MS61	Ag	0.002	100	Cr	0.3	10,000	Li	0.2	10,000	Re	0.02	50	Ti	0.001%	10%	Ultra trace level for 47 elements by 4 acid digestion. Near total digestion. Combination of ICP-MS and ICP-AES finish
	Al	0.01%	25%	Cs	0.01	500	Mg	0.01%	25%	S	0.01%	10%	Tl	0.004	10,000	
	As	0.05	10,000	Cu	0.02	10,000	Mn	0.2	50,000	Sb	0.02	10,000	U	0.01	2,500	
	Ba	1	10,000	Fe	0.002%	10,000	Mo	0.02	10,000	Sc	0.01	10,000	V	0.1	10,000	
	Be	0.02	1,000	Ga	0.05	10,000	Na	0.001%	10%	Se	0.2	1,000	W	0.008	10,000	
	Bi	0.005	10,000	Ge	0.05	500	Nb	0.005	500	Sn	0.02	500	Y	0.01	500	
	Ca	0.01%	25%	Hf	0.004	500	Ni	0.08	10,000	Sr	0.02	10,000	Zn	0.2	10,000	
	Cd	0.005	1,000	In	0.005	500	P	0.001%	1%	Ta	0.01	500	Zr	0.1	500	
	Ce	0.01	500	K	0.01%	25%	Pb	0.01	10,000	Te	0.04	500				
	Co	0.005	10,000	La	0.005	10,000	Rb	0.02	10,000	Th	0.004	10,000				

Phase 1 Drilling

An initial 3,263m was drilled during the Phase 1 programme, with three holes abandoned due to them intersecting with mine workings (CRC002, CRC003 & CRC007).

Drilling was designed to test and calibrate the initial resource model, and to test Castillo's theory that areas between the high grade zones mined historically are mineralised.

Sulphide mineralisation (chalcopyrite ± pyrite ± pyrrhotite) was intercepted in seven of the first nine holes drilled, and disseminated mineralisation was identified in CRC004 both before and after intercepting mine workings, proving the existence of a mineralised halo outside of the mined area.

CRC008 was drilled between the historical lodes at Sellars and Volkhardts, returning a 30m long (10.3m true width) intercept of disseminated mineralisation (trace to 5%) and breccia sulphides (5 to 20%).

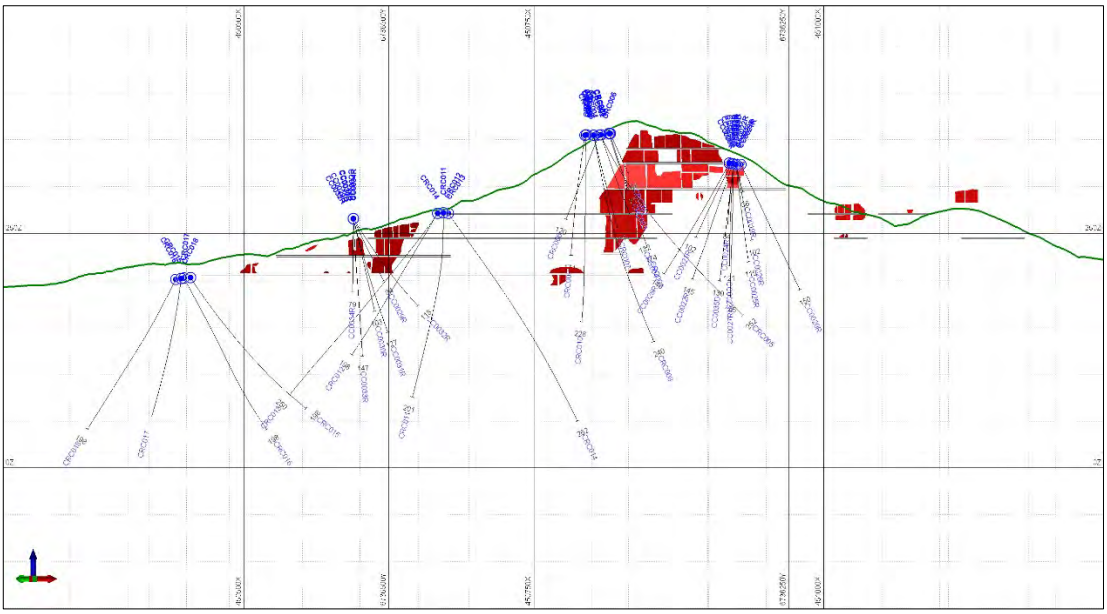

Figure 3-18 Cangai Mine longitudinal section, showing location and trace of RC holes drilled by Castillo Copper, red blocks are modelled Resource blocks (Image Source: Castillo Copper Micromine Model, 2018)

Drill findings supported the Resources outlined in the 2017 MRE and identified additional mineralisation outside of the modelled envelope (Castillo Copper, 2018f), see Figure 3-20 and Figure 3-28 below.

Significant intersections from the programme included 1 m @ 3.31% Cu, 1.11% Zn and 5.7 g/t Ag from 39m in hole CC018. This was interpreted as a splay from the main lode and may represent additional mineralisation away from the known workings (Castillo Copper, 2018f).

Table 3-5 below provides a summary of the most positive mineralised intercepts from each hole. A full collar table is included in Appendix E.

Phase 2 Drilling

A second phase of drilling commenced in July 2018, planned for 39 RC holes, and targeting both supergene mineralisation and extensions of massive sulphide zones identified during the Phase 1 programme (Castillo Copper, 2018b).

In December 2018, EL8625 and EL8635 were suspended following identification of significant compliance issues (NSW Resources Regulator, 2018), and drilling was stopped after only nine RC holes and two diamond drilling (DD) holes were completed (Castillo Copper, 2018c,d). Highlighted issues included poor management of drill cuttings and waste material, clearing of areas outside of approved limits, and drilling of 5 holes without the required environmental approvals.

Approval for recommencement of exploration was granted in May 2019, following completion of a remediation programme. Castillo's internal procedures were also updated to avoid further breaches (Castillo Copper, 2019c).

Figure 3-19 shows the location and surface trace of drilling completed during Phase 2 (and Phase 1). Collar data is included in Appendix E.

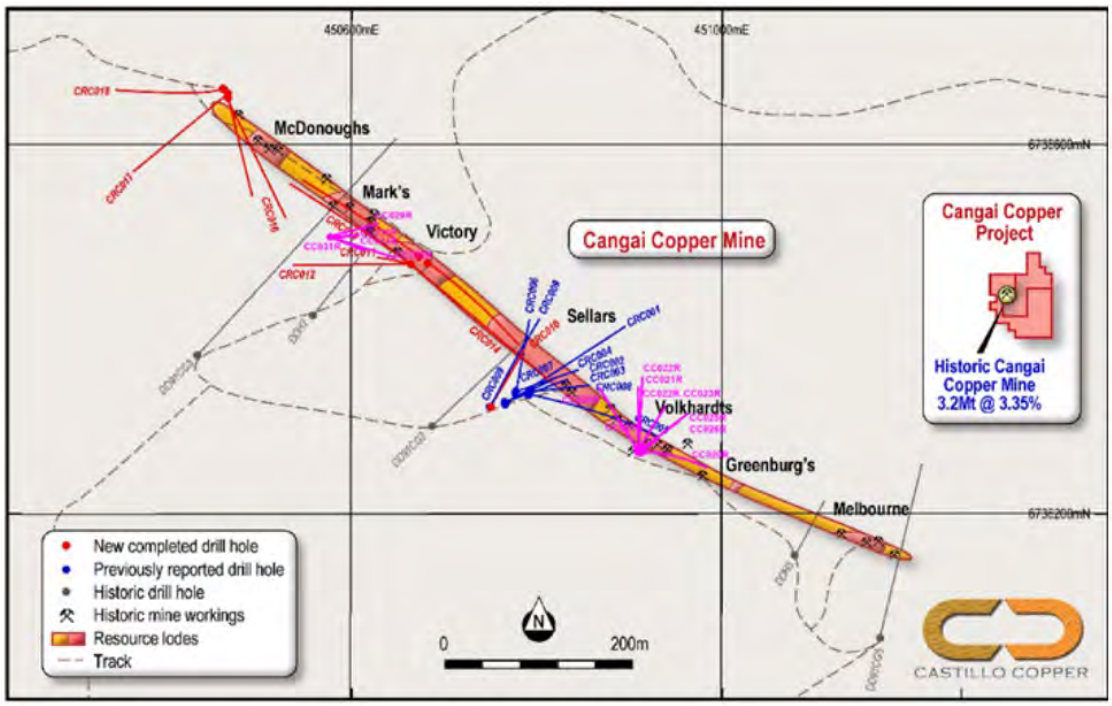

Figure 3-19 Location and trace of RC holes drilled by Castillo Copper as part of Phases 1 & 2 (Image Source: Castillo Copper, 2018d)

Drilling intercepted a number of high grade massive sulphide zones, with the highest grade intercept coming from CC0023R (11 m @ 5.94% Cu, 2.45% Zn and 19.1 g/t Ag from 40m including 1m @ 10.25% Cu, 1.68% Zn & 32.5 g/t Ag from 48m (Castillo Copper, 2018d)). A summary of the best drilling intercepts from both drilling phases is presented in Table 3-5 and mine cross-sections showing the relative location of the significant drill intersections are shown in Figure 3-20.

The core from the diamond drilling and the sample material from the RC drilling are stores on site together with the pulps returned by the assay laboratory (see Figure 3-27).

SRK ES examined the core for diamond drillhole CC0036D and cross referenced the drill log records. The key mineralised intersection was verified by examination and the use of a pXRF, grades were found to be consistent with the laboratory assay records.

The RC samples from high grade intersections were also retrieved and tested with the pXRF, grades were also found to be consistent with the assay records.

Table 3-5 Summary of the best drill hole intercepts from all drilling completed by Castillo at the Cangai Mine (After Castillo Copper, 2018c,d)

Hole ID#		From (m)	To (m)	Width (m)	Results Cu (%)	Zn (%)	Ag (g/t)
CRC004		92	97	5	1.56	0.42	4.4
	including	94	97	3	2.22	0.60	6.4
CRC005		221	224	3	1.76	1.33	13.1
	including	221	222	1	2.66	2.35	20.7
CRC008		210	232	22	1.01	0.34	6.6
CRC010		145	147	2	0.63	0.18	13.1
CRC013		2	7	5	2.69	0.39	6.2
	including	2	6	4	3.08	0.44	10.6
CRC014		232	233	1	0.75	0.13	1.9
CRC016		0	1	1	1.14	0.18	7.9
CRC017		4	7	3	0.71	0.10	2.2
CRC018		13	14	1	1.43	0.17	2.3
CRC018		39	47	2	2.17	0.71	5.7
	including	39	40	1	3.31	1.11	3.7
CC0022R*		92	94	2	2.50	0.38	9.8
CC0022R*		109	114	5	1.50	0.38	9.7
CC0023R*		40	51	11	5.94	2.45	19.1
	including	41	44	3	8.10	2.45	23.4
	including	48	49	1	10.25	1.68	32.50
	including	50	51	1	7.53	6.04	30.6
CC0023R*		56	58	2	2.27	2.78	10.9
CC0023R*		85	87	2	1.19	0.35	11.2
CC0025R*		90	93	3	2.66	0.50	7.4
	including	90	91	1	4.53	0.41	9.7
CC0025R*		103	106	3	1.26	0.37	6.4
CC0026R		59	60	1	0.83	0.26	2.9
CC0028R		109	110	1	0.53	0.13	2.9
CC0029R		36	37	1	4.57	1.41	19.1
CC0030R		56	57	1	2.07	0.48	5.5
CC0030R		57	58	1	2.83	0.65	6.1
CC0032R		58	59	1	1.18	0.35	3.1
CC0032R		59	60	1	1.70	0.48	3.7
CC0034R		41	42	1	0.98	0.26	5.5
CC0036D		49.90	54.27	4.37	5.06	2.56	22.7
	including	49.9	50.50	0.6	7.66	5.03	36.8
	including	50.50	50.76	0.26	3.07	5.93	40.1
	including	53.05	53.65	0.6	6.51	1.50	14.8
	including	53.65	53.95	0.3	14.45	1.24	32.2
	including	53.95	54.27	0.32	6.87	3.10	18.9

**Weighted average*

 # Hole IDs changed during programme following change of lead geologist and change in drill rig (Castillo pers. Comm. Sept 2019)

Note: Minimum criteria – 4% Cu or 2% Zn or 2 g/t Ag. No significant Co mineralisation.

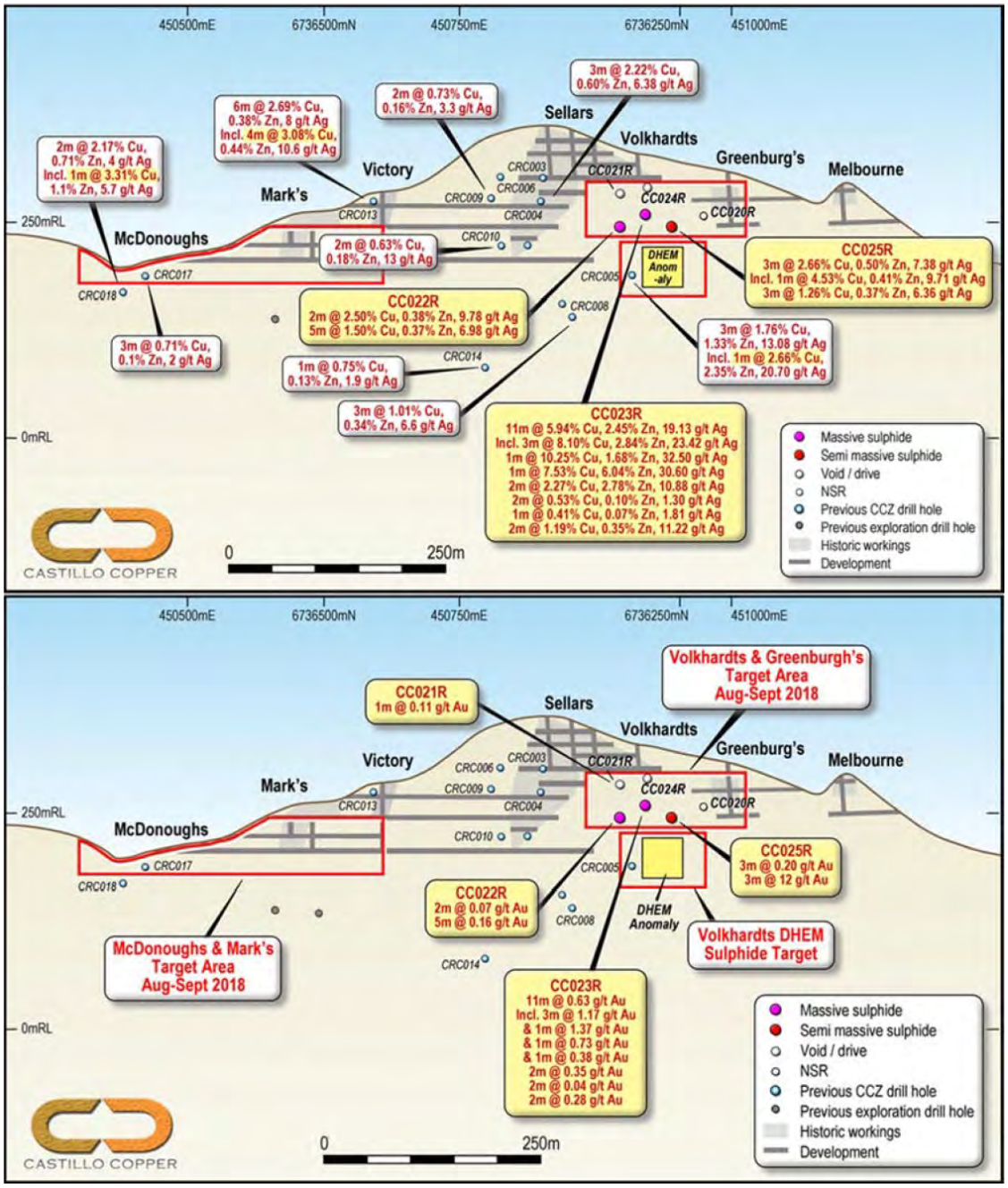

Figure 3-20 Cangai Mine cross-sections showing all significant drilling intersection, as depicted in Castillo's 2018 Annual Report (Image Source: Castillo Copper, 2018i)

3.10.1 Drill Collar Survey

The RC drill hole collars were surveyed by an independent survey company, Bothamley and O'Donohue Pty. Ltd., using a Theodolite and Global Navigation Satellite System (GNSS) on 27th August 2018. The DDH collars were located using a handheld GPS.

Drill collar positions are not permanently marked as the drill pads are rehabilitated upon completion.

3.10.2 Downhole Deviation Survey

All completed holes from the Phase 2 drilling programme (CC0020R-CC0034R, CC0035D and CC0036D) were surveyed for down hole deviation. Hole CC0019R was abandoned at 35m depth and was not surveyed.

3.10.3 Specific Gravity

Specific gravity measurements were taken on samples taken from the last six RC drill holes, with 47 valid readings in total. From the density data SRK ES have calculated the average specific densities to be 2.14 for samples containing massive sulphide, 2.04 for samples with minor sulphides and 1.99 for un-mineralised samples (mostly logged as dacite or felsic intrusive).

3.10.4 Thin Section Microscopy

As part of the drilling campaign, ten samples of highly altered and/or sulphide mineralised rock were collected from a 5.5m interval in hole CC0036D (Duckworth, 2019). Analysis of these samples failed to identify the host rock to the mineralisation due to the extent of alteration and overprinting of mineralogy, however an interpreted sulphide paragenesis has been developed and is presented in Section 3.13 below.

3.11 Smelter Slag Sampling

Prior to the SRK ES site visit three samples had been collected by Castillo from the slag dump at the historical Smelter Creek smelter site (Castillo Copper, 2018g), shown in Figure 3-22.

Samples returned significant grades of copper, cobalt and silver, as shown in Table 3-6.

Table 3-6 Assay Results from Smelter Creek Slag Samples (Castillo Copper, 2018g)

Sample ID	Cu (%)	Zn (%)	Co (ppm)	Silver (ppm)
1012521	0.995	2.30	357	2
1012522	1.04	2.26	286	2.2
1012523	1.25	2.57	319	2.7

Samples have been submitted for metallurgical test work to facilitate a memorandum of understanding (MOU) with Noble Metals for the offtake of stockpiled material (Castillo Copper, 2018c).

During the site visit SRK ES was able to verify a range of copper, zinc and arsenic values for slag fragments with the aid of a pXRF, as illustrated in Figure 3-24, with example grades of 0.62% Cu, 0.62% Cu and 1.94% Cu; and 3.01% Zn; 3.035% Zn and 2.107% Zn. The slag fragments are generally angular and range from course gravel to cobble in size (on the Wentworth scale).

Whilst on the September site visit Castillo and SRK ES collected approximately 50kg of representative slag fragments from around the rim of the dump for planned additional future test work.

Castillo are currently considering methods for determining the base of the dump with the topography so that the volume of the slag material can be calculated, options include the use of a ground penetrating radar, auger or sonic drilling.

3.12 Metallurgical Flotation Test

Whilst on the September site visit Castillo and SRK ES also selected approximately 78kg of representative RC drill chip fragments from two previously reported sample intervals from drill hole CC0023R (see Table 3-7) which intersected massive sulphides within the Volkhardts portion of the Cangai Copper Project (Figure 3-18). The two samples were selected as being representative of the massive sulphides intersected in the drilling conducted to date, these samples were combined to produce a single composite sample.

Table 3-7 Drillhole CC0023R Samples Selected for Metallurgical Test Work (Smith, P., 2019.)

Hole ID	From (m)	To (m)	Length (m)	Sample ID	Cu (%)	Zn (%)	Silver (ppm)
CC0023R	41	42	1	C10525	8.99	2.29	23.40
CC0023R	50	51	1	C10535	7.52	6.04	30.60

The two samples with an approximate combined mass of 78 kg, were delivered to ALS Metallurgy Services (ALS Met) in Perth, Western Australia, in October 2019.

ALS Met combined both samples to form one composite which was stage-crushed to -3.35 mm and then homogenised before riffle splitting into 1 kg lots for metallurgical test work (ALS Metallurgy Services, 2020).

The metallurgical testwork undertaken by ALS Met consisted head grade analysis, bench-scale floatation testwork and mineralogical analysis.

The aim of the study was to investigate flotation performance of the sample to achieve a copper concentrate grade of approximately 20% Cu. ALS Met stated the metallurgical performance of the RC drill chip massive sulphide sample may only be indicative, compared to the testing of similar drill core samples. The results of the work are summarised in the following subsections.

3.12.1 Head Grade Analysis

The composite sample head assay results are summarised in Table 3-8

Table 3-8 Head Grade Assay of Composite Sample from Drillhole CC0023R (ALS Metallurgy, 2020)

Sample ID	Au (g/t)	As (ppm)	Fe (%)	Cu (%)	Zn (%)	S_{Total} (%)	SiO_2 (%)
Cangai Massive Sulphide	0.75	3055	32.9	8.18	4.36	30.0	13.8

3.12.2 Flotation Testwork

ALS Metallurgy (2020) summarised the results of the bench scale floatation testwork as follows.

A series of scouting flotation tests were performed on the Cangai Massive Sulphide Sample prior to mineral analysis on the feed.

During the tests, the sample demonstrated flotation of copper, zinc, and iron sulphides without the use of collector. Due to the reactive nature of the sample, separation of copper and zinc concentrates was not extensively explored and the client decided to target the recovery of a copper concentrate only.

Primary grinding of the sample started at P_{80} 106µm and was reduced to P_{80} 38µm. This was supported by mineralogical analysis towards the end of the program, which showed that for a primary grind P_{80} 53µm, chalcopyrite had a P_{80} of 36µm and 70% of the chalcopyrite occurred as 'well-liberated'. The less liberated chalcopyrite is mainly associated with pyrite, pyrrhotite, silicates, and sphalerite, and requiring finer grinding.

Flotation at pH 9.5 with a primary grind P_{80} 53µm and no collector addition, achieved a rougher concentrate recovery of 89% copper and 90% zinc. Regrinding to P_{80} 15µm followed by pH 9.5 dilution cleaning with 2.5 g/t collector, achieved a copper concentrate grade of 22% Cu and 7.39% Zn at 79% Cu recovery and 48.3% Zn recovery (Table 3-9). The graph, Figure 3-21, illustrates test RDA2805 regrind cleaner flotation kinetics.

Gold recovery within the cleaner was closely associated with sulphur recovery with 32.5% recovered to a combined cleaner concentrate. Approximately 82% of the silver in feed (28 ppm) reported to the rougher concentrate and 65% was recovered by the cleaner conditions used.

Table 3-9 Regrind Cleaner Floatation Grades and Recovery Results (ALS Metallurgy, 2020)

Test No	Primary Grind P_{80} (µm)	Wt (%)	Copper		Zinc		Iron		Sulphur		SiO_2	
			%	% Rec'y	%	% Rec'y	%	% Rec'y	%	% Rec'y	%	% Rec'y
Rougher Concentrate 1-3												
RDA2805	53	55.9	12.8	89.1	7.03	89.7	35.0	58.4	32.5	61.4	5.11	20.8
Rougher Concentrate 1-8												
RDA2805	15	28.7	22.2	79.3	7.39	48.3	30.1	25.7	33.8	32.7	1.76	3.68

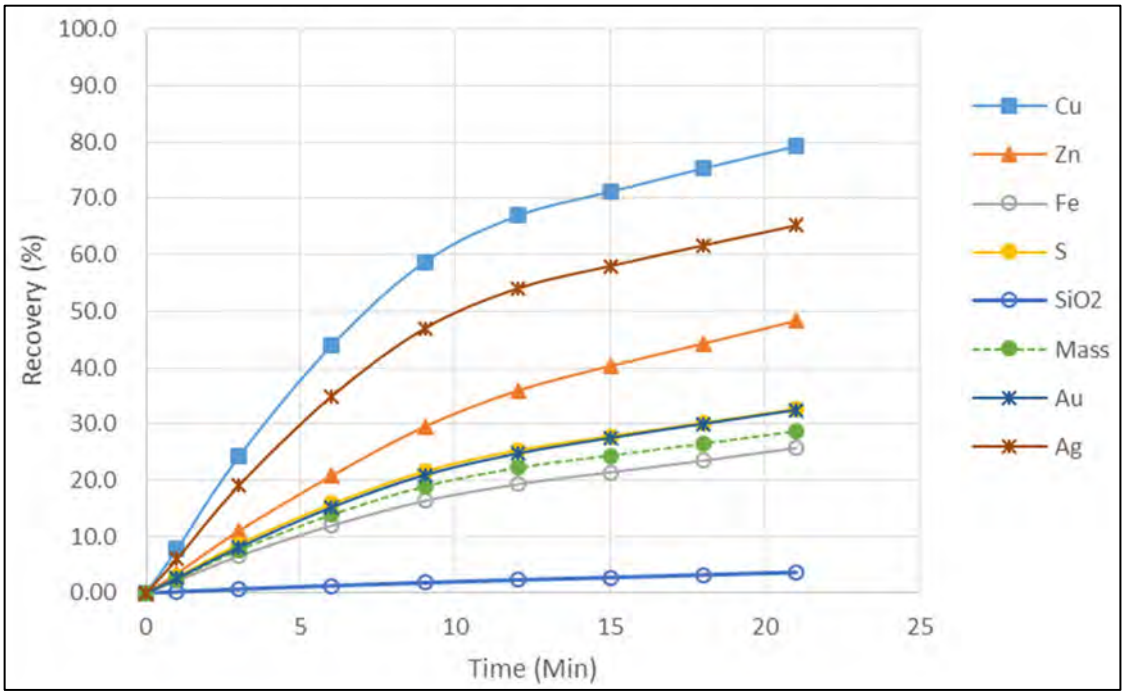

Figure 3-21 Graph to show Cangai Massive Sulphide Composite Flotation Kinetics P_{80} 53µm with 15µm Regrind RDA2805 (Source: ALS Metallurgy, 2020)

3.12.3 Mineralogical Analysis

ALS Metallurgy (2020) summarised the findings of the mineralogical analysis as follows.

The combined sulphide minerals account for 83% (by mass) of the Cangai Massive Sulphide Sample. The combined sulphides are made up of chalcopyrite, sphalerite, pyrrhotite, pyrite, and arsenopyrite, as presented in Table 3-10 below.

Table 3-10 QEMSCAN Analysis Sulphide Mineral Abundance (ALS Metallurgy, 2020)

Mineral Group	Mass (%)	Comment
Chalcopyrite	26.1	$CuFeS_2$
Sphalerite	7.55	(Zn, Fe)S
Pyrite	19.4	FeS_2
Pyrrhotite	29.5	$Fe_{1-x}S$
Arsenopyrite	0.76	FeAsS. Several arsenopyrite grains are Co-bearing
Other sulphides	0.14	Mainly galena (PbS). Also traces of pentlandite ($(FeNi)_9S_8$) and molybdenite (MoS)

Chalcopyrite has a P_{80} of 36µm and approximately 70% of the chalcopyrite occurs as 'well-liberated'. The less liberated chalcopyrite is mainly associated with pyrite, pyrrhotite, silicates, and sphalerite, in decreasing order of abundance.

Sixty-five percent of the sphalerite with an overall P_{80} of 33µm occurs as 'well-liberated'; nearly 10% of the sphalerite is associated with chalcopyrite and another 10% with pyrrhotite and the remaining portion of sphalerite is either locked with silicates or occurs in complex sulphide particles.

Pyrite and pyrrhotite are the main sulphide gangue (19.4% and 29.5% by mass, respectively). Each has a P_{80} of approximately 45µm and nearly 60% occurs as 'well-liberated'.

Figure 3-22 **Aerial photograph showing the site of the former Cangai Smelter and associated slag dumps. *Note the figures at the front lip of the dump and vehicle at top-right of photograph (blue arrows) for scale, black arrow north* (Sept 2019)**

Figure 3-23 **Historical photograph showing the village of Cangai with the former Cangai Smelter and railway trestle bride in the background. *Red arrows show approximate position of the dumps in both Figure 3-22 and Figure 3-23, with black arrows showing approximate north direction***

Figure 3-24 **Using pXRF to verify the grade range of slag fragments from the dump *(left to right; 954ppm As, 6,180ppm Cu, 3.013% Zn; 925ppm As, 6,210ppm Cu, 3.035% Zn; and 1,832ppm As, 1.938% Cu, 2.107% Zn)* (SRK ES Sept 2019)**

Figure 3-25 **Photographs of slag fragments from the dump *(note photograph on left shows copper oxide staining)* (SRK ES Sept 2019)**

3.13 Mineralisation Model

Mineralisation at the Cangai Mine deposit appears to be structurally controlled, hosted within a brittle shear zone which has been intruded by predominantly tonalite dykes. Based on historical underground mapping the shear zone strikes approximately 300º, dipping vertically to steeply north. The association with tonalites is recognised in a number of important deposits across New England (Total Minerals, 2018b).

Mine workings are limited to the shear zone and occur over 800 m of strike on six main adit levels (varying between 16 m to 25 m vertical separation). A second parallel shear zone has been identified approximately 20 m northwest of the main shear at the western end of the deposit.

The geometry of the deposit appears to be a series of disconnected lenses or lodes, constrained by the shear, pinching and swelling along strike and down dip with a possibly repeating pattern. Exploration by Castillo has targeted repeats of the mined lodes (Total Minerals, 2018b).

Mineralisation is described as “fine to medium grained stringers and disseminations of pyrite and pyrrhotite with trace chalcopyrite and sphalerite. Sulphides typically occur as growths parallel to the S1 fabric, defined by strong black chlorite, alongside subordinate calcite and quartz veining” (Brauhart, 1991).

The following summary by Duckworth (2019) presents a paragenesis model based on thin section microscopy:

“*Sulphides are paragenetically late and replace both altered host rocks and quartz-carbonate veins. Chalcopyrite and pyrite are common in veins, whereas massive sulphide samples contain pyrrhotite and sphalerite as well as chalcopyrite and pyrite. Chalcopyrite appears to be paragenetically late and replaces pyrite and sphalerite, though late pyrite was also noted in one sample. In [one] sample trace galena was observed, and in [another] sample trace magnetite was observed with chalcopyrite*.

Brittle veining and brecciation were noted, but no ductile shear textures were observed in any of these samples. Several samples have very late carbonate veining that cuts sulphide mineralisation, indicating at least two episodes of carbonate veining/alteration.”

Mineralisation in the area has been linked to the Clarence River suite plutons, which have produced several magnetite and copper skarn contact deposits (Henley and Barnes, 1992; Barnes et al., 1995). These skarns have been postulated to be the source of mineralisation for the Cangai copper mine (Brauhart et al, 1992). It has also been suggested from lead isotope studies that mineralising fluids were related to the nearby Twogon Grange Granodiorite (ROM Resources, 2017).

3.14 Summary

To date, the work completed at the Cangai Project has focused on the Cangai Copper Mine, shown to be one of the highest grade copper resources in Australia through completion of a JORC complaint Mineral Resource Estimate (MRE) in 2017. The MRE has yet to be independently verified.

Exploration has primarily consisted of validation of existing data, including re-sampling and re-analysis of available core, as well as reverse circulation (RC) and diamond core drilling. Downhole geophysical programmes have also proven useful in the identification of conductive zones and drilling of these zones has returned a number of positive results.

A primary drilling phase sought to confirm the results of the MRE, and not only succeeded but also identified additional mineralised halos surrounding existing workings. A follow up drilling programme also returned high grade intercepts, and results from both drilling and downhole electromagnetic (DHEM) surveys suggest that mineralisation continues below the bottom levels of the historical mine.

In December 2018 the exploration licences covering the Cangai Copper Mine were suspended due to a lack of environmental compliance, though these issues have since been resolved and exploration work can now re-commence.

Exploration has shown the Cangai Mine to be prospective and subject to further drilling and technical studies it holds some potential for development as a low tonnage, high grade copper-zinc-silver mine. This may be expanded through detailed structural mapping and modelling to help with the identification of additional mineralised splays and sister shears. In addition, historical exploration suggests further mineralised bodies may be present in the local area.

Metallurgical testwork, undertaken in November 2019, on a composite sample of massive sulphide (of head grade 8.18% Cu and 4.36% Zn), from reverse circulation drill hole CC0023R, achieved a copper flotation concentrate grade of 22% Cu and 7.39% Zn at 79% Cu recovery and 48.3% Zn recovery.

Despite good results from historical rock chip samples and smelter slag samples, extensive and economic cobalt mineralisation has not been demonstrated at the Cangai Mine, but there may be some potential in the surrounding area.

The limited work completed over the wider exploration licences suggest that there are additional copper, zinc and cobalt discoveries to be made. This is especially true of the Cangai North licence area where there is a high density of historical samples, and a number of prospective sample results. Additional work is required to validate the results of the data compilation exercise and to build upon the results generated.

3.15 SRK ES Observations

3.15.1 Mineral Resource Estimate

The September 2017 MRE was based on a compilation of historical data including underground plans, underground sample data and historical drill data. The location of underground sample points was determined from scans of hardcopy plans. The underground workings were digitised from historical plans, and partially rectified through the location of adit portals on site. There are inherent inaccuracies with building a three dimensional model from historical plans, where that data is not corroborated by modern survey work.

The ROM Resources Micromine block model used in the derivation of the MRE had worked out ore depleted using a 1908 void model, historical plans show that a significant amount of ore was mined from the deposit after this date, as depicted by the February 1914 mine plan and section (Figure 3-8). The volume of residual ore in the known stopes may therefore be overestimated in the MRE.

Neil Hutchison signed off as the Competent Person for the MRE, at that time (September 2017) he was an executive director of Castillo Copper, therefore the MRE is not independent. It is understood that ROM Resources held and continues to hold an interest in Castillo, so ROM Resources are not independent.

Whilst the ROM Resources MRE report stated that the Cangai mineralisation could be amenable to open pit mining methods, it is the view of SRK ES that underground mining would

be more appropriate.

SRK ES considers it unlikely that the NSW authorities would look favourably on an open-pit operation given the deposit location on the flank of a prominent hillside. Furthermore, the historical stoping of near surface high grade mineralisation and limited low grade halo would mean stripping ratios would be too high to make open-pit mining economic.

The MRE was not constrained using geology or structure in the modelling. The transition from oxide to fresh ore is an assumption.

No density measurements were taken for the MRE, tonnage calculations were based on an arbitrary specific density of 2.0 for oxidised ore and 2.65 for fresh ore. Subsequent density measurements taken during Castillo's Phase 2 drilling programme average 2.14 for massive sulphide intervals and 1.99 for un-mineralised samples.

Historical drilling undertaken by Western Mining would most likely have utilised their internal laboratory therefore the QA/QC certificates were not available for the MRE.

Historical holes were not surveyed for downhole deviation.

Where the results of the Castillo drilling to be put into the 2017 MRE model, it is SRK ES' opinion that the Inferred Resource would be corroborated rather than upgraded.

It is SRK ES' opinion that there is currently insufficient drilling to allow a significant upgrade to the Cangai MRE, but with further drilling there is a good prospect that additional and/or higher confidence Resources could be outlined at the Cangai Mine.

Drill hole surveys from the Castillo drilling programme will help to constrain the mineralisation model. Assay data should help to model the transition from high-grade to low grades within the modelled mineralisation envelopes.

Images which help to put the deposit into context with the mine workings are set out in Figure 3-27, Figure 3-28 and Figure 3-29.

3.15.2 Rehabilitation

Castillo has developed thorough protocols for future site works including the handling and disposal of drill cuttings and the management of water, sediment and run-off (Figure 3-26). The water management solutions which have been installed since the cessation of the Phase 2 programme are actively monitored on a quarterly basis, with reports and photographs submitted to the relevant NSW authorities. It is understood that NSW regulations dictate that the landowner is not allowed to undertake the habitation or remedial ground works on behalf of Castillo, that an independent third party should be retained to undertake this work.

Given the number of open historical mine stopes and shafts on the hillside at the Cangai Mine Castillo should consider how best to ensure the safety of contractors, the general public and farm livestock. Castillo enjoys a good working relationship with the main landholder in the vicinity of the Cangai Mine and it is recommended that the company continue to work with him to assess the best way to fence the most dangerous sites (Figure 3-27).

Figure 3-26 Photograph of a settling pond and lined drainage channel installed to manage rainwater run-off from drilling pads and access tracks (SRK ES Sept 2019)

3.16 Recommendations

3.16.1 Cangai South

Exploration at Cangai has shown that there is a high-grade resource and work should now focus on reinforcing and upgrading this resource and increasing confidence in preparation for undertaking a Scoping Study. Given the availability of assay and geophysical data from the earlier holes, the remaining holes may require reassessment and re-planning to maximise their effectiveness.

DHEM surveys have proven an effective tool in identifying massive sulphide zones, and this work should be continued. This is expected to be especially useful when drilling deeper holes or holes along strike of known mineralisation, helping to vector onto new mineralised zones if not initially intercepted.

A number of historical targets have been mapped in the area surrounding the Cangai Mine, including multiple strike parallel “mineralised structures” with small scale historical workings. A systematic soil or ionic leach sampling and geological/structural mapping programme should be undertaken over this area with a view to highlighting prospective areas for drill testing. This work will likely be supported by the drone-borne magnetic survey proposed by Castillo.

Detailed structural mapping is required, this would be facilitated by underground mapping and surveying where underground workings can be accessed safely.

The various datasets should be brought into a 3D modelling package such as Leapfrog for visualisation, interpretation and drill planning.

Specific drill targets identified by Castillo to date include depth extensions to the Mark’s and Sellars historical workings, whose existence is supported by down-hole EM survey data. Greenburg’s anomaly is another target for investigation.

Diamond core drilling would be preferential over RC drilling as it provides a great deal more geological and orientated structural information on the deposit and mineralisation. If budgets dictate Castillo could consider pre-collaring holes with an RC rig and then drilling diamond core tails through the mineralisation.

Castillo should endeavour to have all holes surveyed and should continue with the detailed geotechnical logging and density measurements employed in the Phase 2 programme.

In the meantime, Castillo should investigate the possibility of having the core from the existing two Castillo drill holes hyperspectrally analysed by the NSW Geological Survey. Discussions with ROM Resources during the site visit indicated that scanning may be available as a free service and would likely provide useful in determining the types and degrees of alteration in the system.

As previously outlined, SRK ES recommends that Castillo undertakes a geostatistical analysis of the geochemical data-suite in order to determine what are background and anomalous levels for elements of interest. This dataset could then be qualified and supplemented with wider soil, ionic leach or rock chip sampling. Further stream sediment sampling should also be considered over the remainder of the licence area. Remote sensing techniques should also be considered to help plan exploration follow-up and to investigate the potential for additional, regional, structures which may have influenced the deposition of mineralisation or acted as host. An area of initial focus may be the north-eastern side of the licences, close to the Corazon Cobalt Ridge project.

3.16.2 Cangai North

Castillo indicated to SRK ES that they are considering dropping the Cangai North licence (EL8601) in order to concentrate time and resources on the exploration of the Cangai Mine (Pers. Comm. Sept 2019), therefore the SRK ES site visit did not visit the Cangai North area.

Where EL8601 is retained it is recommended that initial exploration should focus on the follow-up and validation of the targets identified from the 2018 desktop study and reconnaissance. A programme of follow-up reconnaissance geological mapping and sampling is recommended, focusing specifically on the nature of surface mineralisation and investigation of geological or structural characteristics that may be used in exploration vectoring.

Areas of interest should be further explored with systematic geochemical sampling to further define and delineate exploration targets. Depending on the nature of the surface mineralisation and success of the drone-borne magnetic survey at Cangai South, a similar survey may be considered to support the sampling results and begin to define targets suitable for drilling.

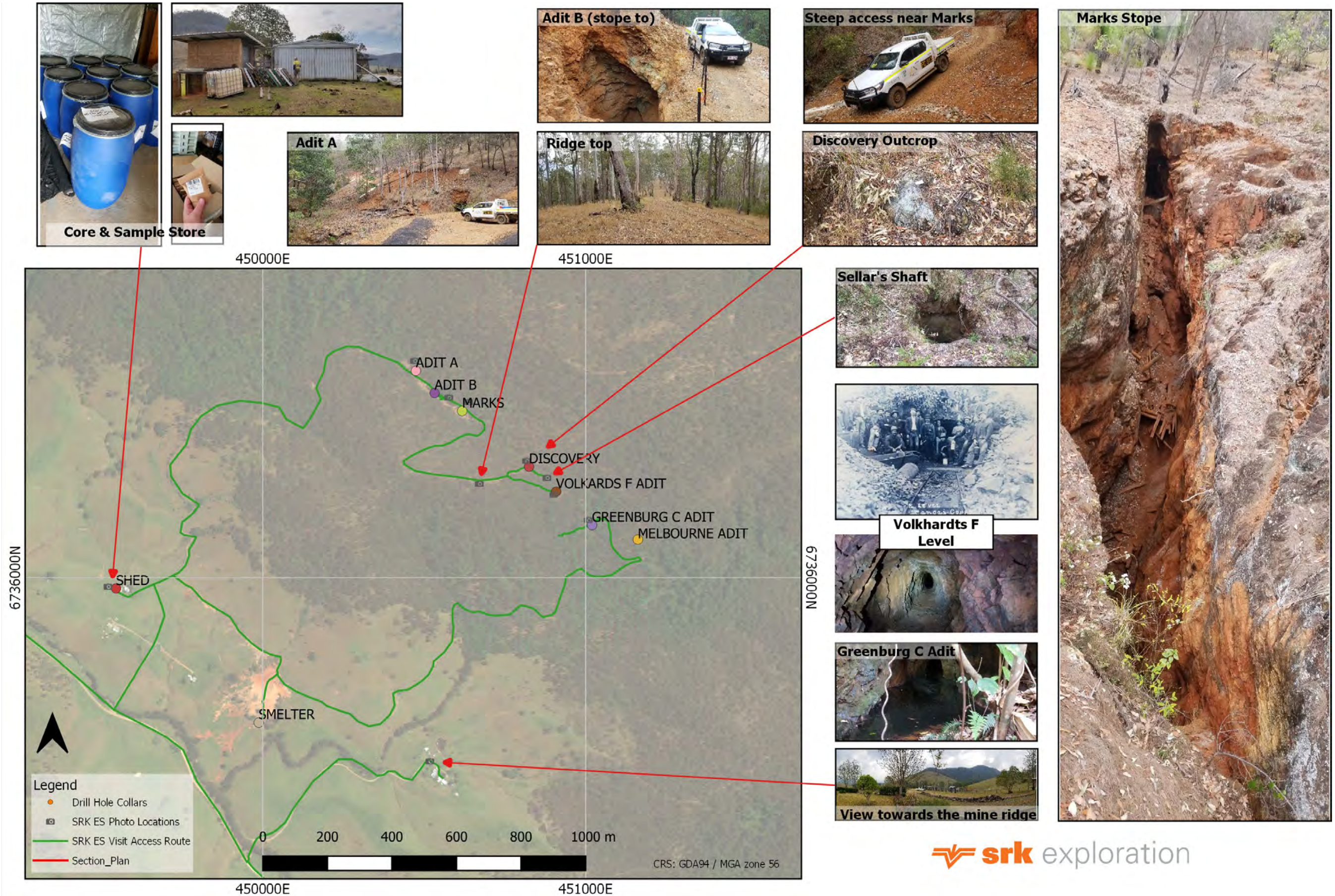

Figure 3-27 Map showing Cangai Mine locations visited by SRK ES with selected photographs (SRK ES Sept 2019)

T-68

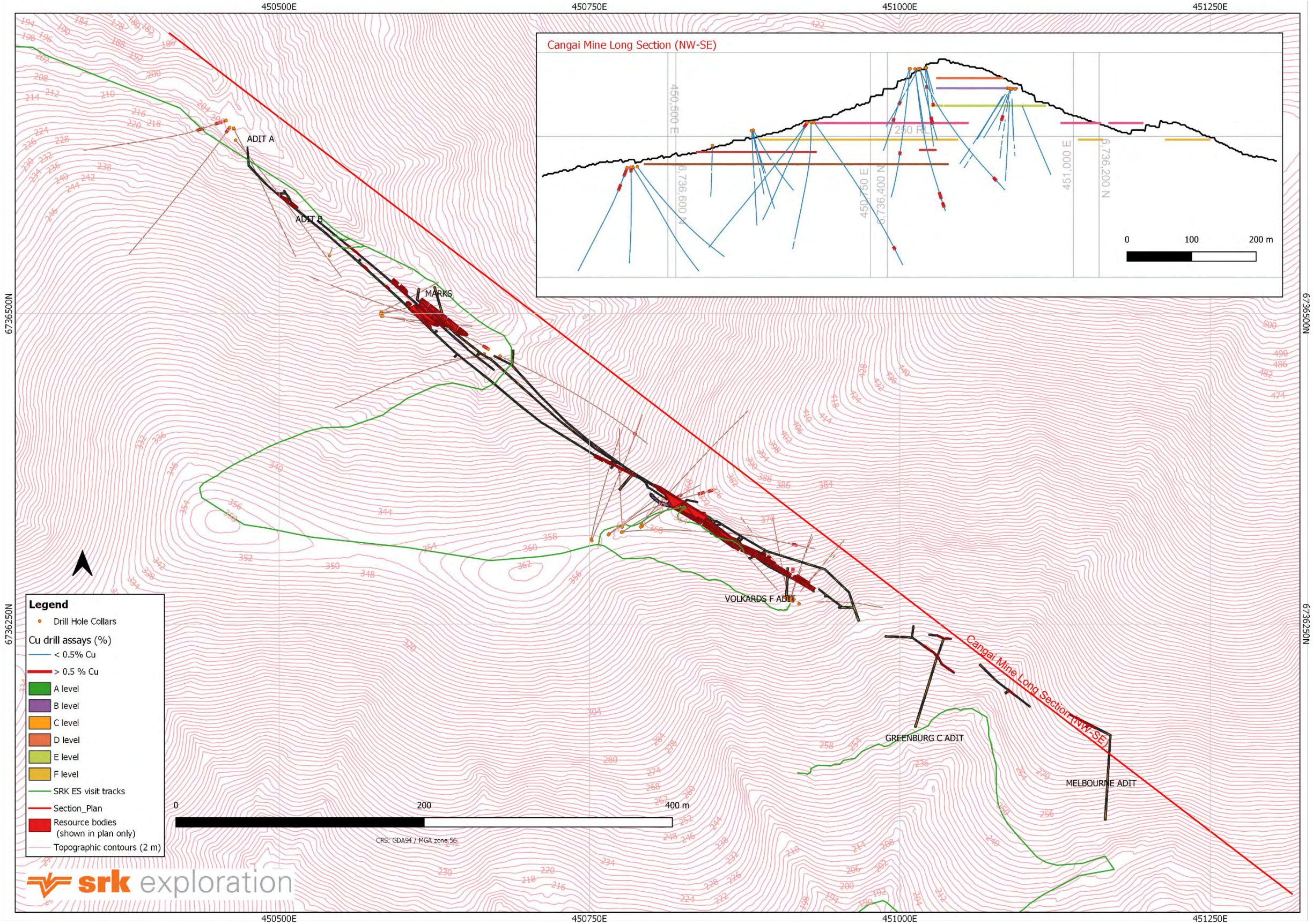

Figure 3-28 Map showing plan view and section of Cangai Mine with Castillo drill collars and mineralised intersections above 0.5% Cu (SRK ES Sept 2019)

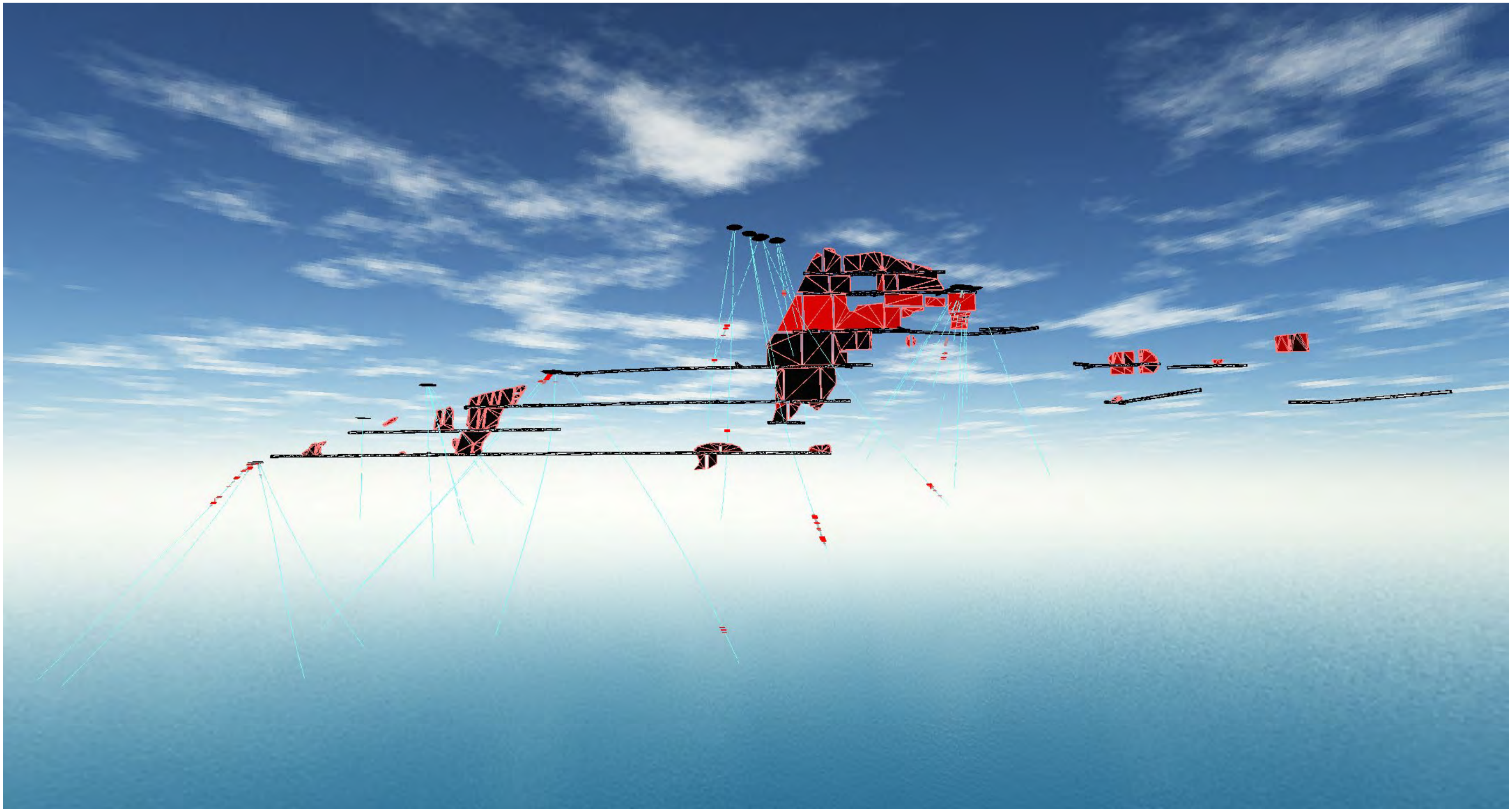

Figure 3-29 **3D model of the Cangai Mine with Resource blocks (red and black polygons), adit levels in black and Castillo drill holes. Drill intersections above 0.3% Cu shown in red, below 0.3% Cu in light blue and breaks where no assay data (SRK ES Sept 2019)**

4 BROKEN HILL PROJECT, NEW SOUTH WALES, AUSTRALIA

4.1 Property Location and Description

The Broken Hill Project is located in western New South Wales, Australia, approximately 25 km west of the town of Broken Hill. The property is approximately 950 km from New South Wales' capital Sydney, and approximately 400 km from Adelaide, the closest major city. The project consists of two exploration licences, EL8572 (split into three parts), and EL8599 (split into two parts) (Figure 4-1). SRK ES did not visit the Broken Hill Project.

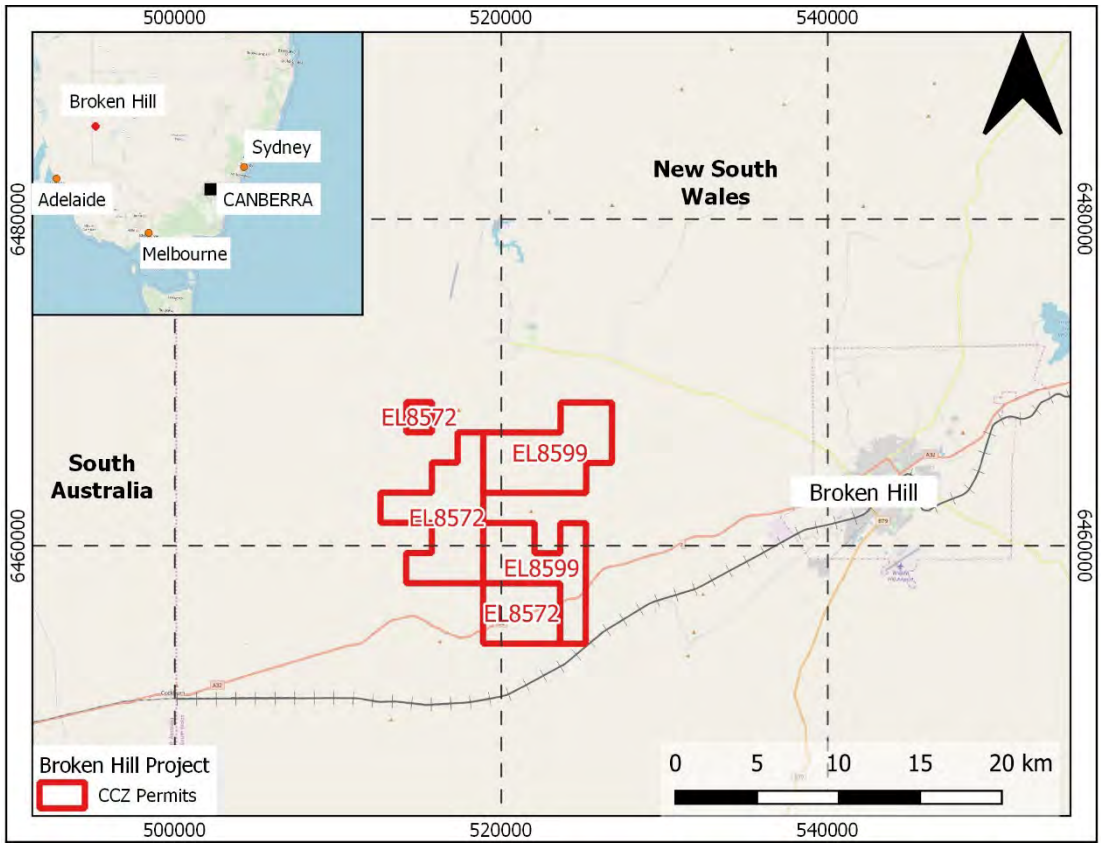

Figure 4-1 Location and access of the Broken Hill Project (Image Source: SRK, Open Street Map, NSW MinView, 2019)

Exploration has focussed on discovering primary cobalt mineralisation with secondary base metal targets including Cu, Pb, Zn and Ag. The region is being actively explored by a number of junior exploration companied for similar mineralisation (Xplore Resources, 2019). Historical exploration in the area typically didn't focus on cobalt. Exploration completed by Castillo to date includes desktop studies, reconnaissance and rock chip sampling.

On 24 February 2020 the Company (Castillo Copper, 2020a) signed a non-binding and indicative memorandum of understanding (MoU) setting out the terms and conditions on which Castillo Copper Limited, ASX-listed Impact Minerals Limited and private company Squadron Resources Pty Ltd agree to become shareholders in a new special purpose vehicle, to be called the Broken Hill Alliance (BHA), that will hold and develop nine exploration licences in the Broken Hill region in New South Wales (further details are set out in section 4.8).

4.1.1 Mineral Tenure

The exploration licences that make up the Broken Hill Project are held by two companies, Total Minerals Pty Ltd and Qld Commodities Pty Ltd. Both companies are understood to be 100% owned subsidiaries of Castillo Copper Ltd.

EL8572 was applied for by Qld Commodities Pty Ltd in early-2017 as ELA 5447. The application was granted on 23rd May 2017 for a period of three years for Group 1 Minerals. The licence covers 19 units (61 km^2) under the Australian Mining Act (1992) within Yancowinna country. The location and extents of the licence are provided in Appendix B.

EL8572 overlaps with ML6302, small mining lease held by Kapitany, Tamas (Figure 4-1). The area which has been mined for garnet in the past, covers 2.023 ha, and is known as the TomKap Garnet Mine. The permit was granted in July 1971 and expires in July 2033 (Xplore Resources, 2019). SRK ES is unclear whether ML6302 includes Group 1 Minerals but given the small size it does not materially impact on EL8572.

EL8599 was applied for by Qld Commodities Pty Ltd in early-2017 as ELA 5453. The application was granted on 20th June 2017 for a period of three years for Group 1 Minerals. The licence covers 20 units (64 km^2) under the Australian Mining Act (1992) within Yancowinna country. The location and extents of the licence are provided in Appendix B.

Under the terms of the licences the licence holder is required to lodge a security deposit to secure funding for the fulfilment of obligations under the licence (including obligations that may arise in the future) the amounts in Australian dollars are as follows:

EL8599: A$10,000

EL8572: A$10,000

4.1.2 Landholding

Surface rights to the land underlying the Broken Hill Project is held by three cattle stations; the Mt George Station, Mundi Mundi Station, and Thakaringa Station. It has been noted by Xplore Resources (2018c) that ground exploration and access is subject to restrictions by the landholders, and Castillo will need to very closely work with these important stakeholders to agree the best times, in the farming calendar, to undertake the planned programmes.

4.2 Accessibility, Climate, Infrastructure and Physiography

4.2.1 Accessibility

The Broken Hill Project is easily accessed by road from Adelaide, following Highway A32 north and then west to Broken Hill. The journey is approximately 500 km. The southern sections of EL8572 and EL8599 straddle the highway, and the central sections of both licences also straddle smaller roads. Away from these roads the licences are accessible using a 4x4 vehicle or ATV along cattle station tracks as well as going ‘off-road’ (Figure 4-1).

4.2.2 Infrastructure

The Project area is 25 km away from the city of Broken Hill which is a major mining centre and Australia’s oldest working mining town. A new solar power station was commissioned in Broken Hill in 2015 and in April 2019 a new water pipeline was completed following water supply issues. The availability of these scarce resources to mining operations has not been determined. The city is also served by rail to Adelaide and Perth and by air to major Australian cities.

4.2.3 Climate

The climate at Broken Hill is typically hot and arid with average temperatures between 4.8 ºC (July lows) and 33.5 ºC (January highs). Yearly average rainfall is low at 259.7 mm from 43.3 rain days. The most rain is during the hotter months, peaking at 30.5 mm average in January, and lowest at 15.8 mm in June. Figure 4-2 shows climate averages over a 12-month cycle (MLA, 2019).

Unlike the rest of New South Wales, Broken Hill (and the surrounding region) observes Australian Central Standard Time (UTC+9:30), the same time zone used in South Australia.

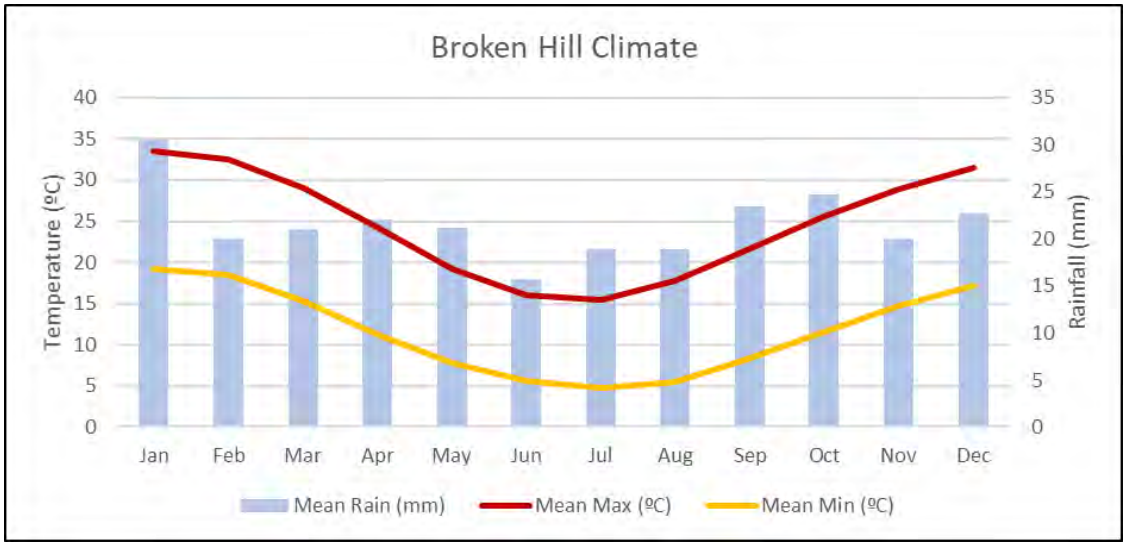

Figure 4-2 Climate averages for Broken Hill, New South Wales

4.2.4 Physiography

Broken Hill sits in the Barrier Ranges of southern Australia, and is characterised by wide, flat and open plains dissected into low hills. Drainage is typically south-easterly towards the Darling River and is dry for most of the year. Vegetation is limited to desert scrub.

Figure 4-3 Photograph showing typical landscape within the Broken Hill Project. Photograph taken from 515713mE 6457957mN looking to east towards the city of Broken Hill (Xplore Resources, 2018b)

4.3 Exploration and Mining History

Due to the fact that the world famous Broken Hill Deposit 25 km from the Broken Hill Project, the licence areas have been extensively explored over more than 100 years of mining activity in the region, as shown in Figure 4-4 where old licences are shown. Exploration has historically focused on Broken Hill Type (BHT) silver-lead-zinc mineralisation and for porphyry copper deposits (Xplore Resources, 2019).

Castillo's exploration to date has been focussed at discovering primary cobalt mineralisation with secondary base metal targets such as Cu, Ag, Pb, Zn mineralisation. Castillo have the view that cobalt may be underexplored in the area with previous companies focussing on the silver-lead-zinc mineralisation.

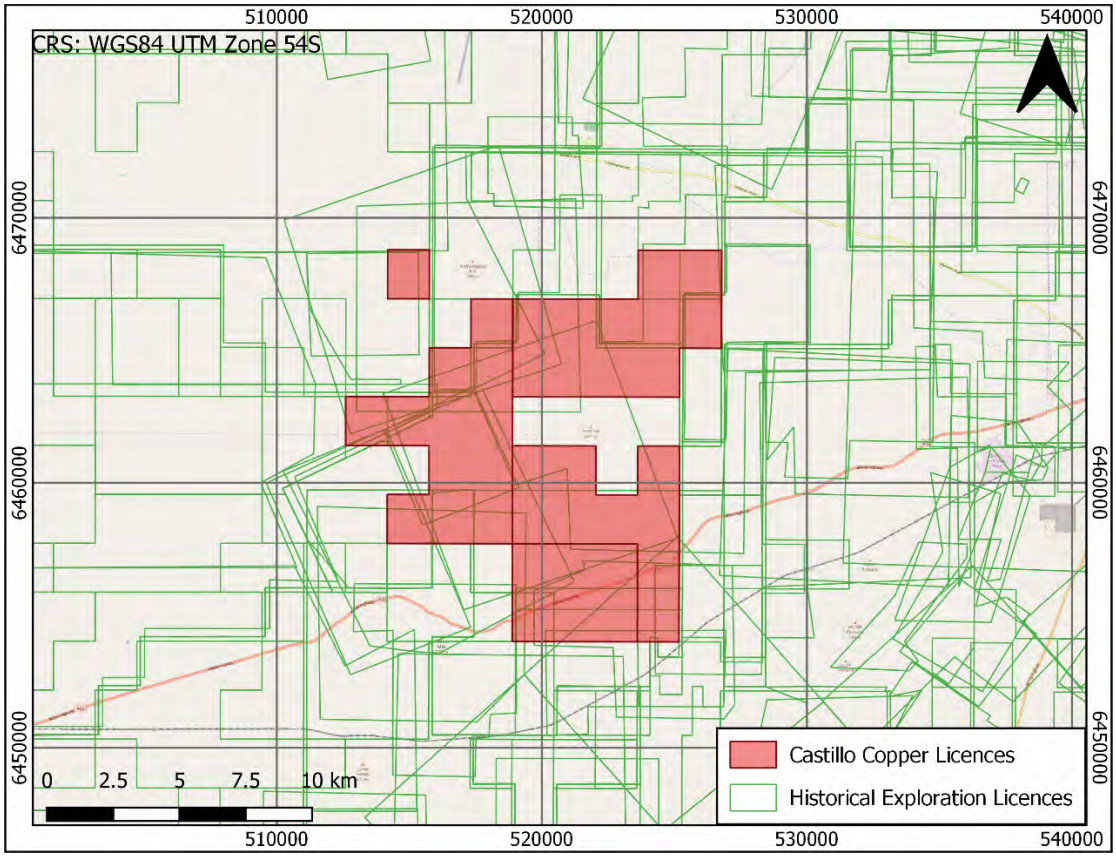

Figure 4-4 Historical exploration licences in relation to Castillo's current licences (Image Source: SRK, NSW MinView, 2019)

Only two companies, North Broken Hill Ltd and Eaglehawk Geological Consulting, have previously targeted cobalt mineralisation in the area. The exploration work is summarised in Table 4-1 below.

The exploration completed by Eaglehawk Geological Consulting was solely within EL7174 which sits to the north of EL8572 (Xplore Resources, 2018, MinView, 2019).

SRK ES notes that licence EL1395 held by North Broken Hill Ltd and explored for cobalt mineralisation did not intersect with Eaglehawk's EL7174 (MinView, 2019), which questions the statement by Xplore Resources (2018,2019) that the work completed by Eaglehawk Geological Consulting was "following up on previous work completed by Broken Hill Resources".

Table 4-1 Cobalt exploration history for the Broken Hill Project after Xplore Resources (2019)

Dates	Company	Summary
1980 – 1982	North Broken Hill Ltd.	Mapping, geochemical sampling and percussion drilling. Within licence EL7174.
2008 – 2012	Eaglehawk Geological Consulting	Work included data compilation, mapping and rock chip sampling within licence EL1395. Samples returned grades of up to 210 ppm Co and identified four primary exploration targets. Results include; • **Windmill**, Anomalous ppm maxima are: 34,600 Pb, 31,400 Zn, 1,060 Cu, 75 Co, 6,000 As, 60 Mo, 2.1 W, plus 0.01g/t Au and 18g/t Ag, 31 • **Peak Hill**, Anomalous ppm maxima are: 7,350 Pb, 3,780 Zn, 680 Cu, 205 Co, 4,320 As, 16 Mo, plus 0.04g/t Au and 1.6g/t Ag. • **Green Dragon**, Anomalous ppm maxima are: 3,020 Pb, 1,780 Zn, 920 Cu, 210 Co, 23 Mo, 26.5 W, 170 As, plus 5.8g/t Au and 4.8g/t Ag. • **Orphan**, Anomalous ppm maxima are: 32,000 Pb, 7,000 Zn, 510 Cu, 145 Co, 260 As, 30 Mo, 37 W, plus , 70g/t Ag.

4.4 Geological Setting and Mineralisation

4.4.1 Regional Geology

The Broken Hill Project is located in some of the oldest rocks in Australia at nearly 1.8 billion years old. Since their formation, the rocks have undergone an extensive, multi-stage history of collisional deformation, rifting and uplift as part of the Delamerian Orogen, as discussed in Section 3.5.1.

The Broken Hill Project is within the Adelaide Fold Belt of the Delamerian, which stretches from Adelaide and Kangaroo island in the south, to the Flinders Ranges in the north and Broken Hill in the east forming a broadly Y-shaped belt. The belt contains two main sequences, the older Willyama Supergroup and the younger Adelaidean sequence. The Willyama Supergroup dominates the eastern limb of the belt, and underlies the Broken Hill Project.

The Willyama supergroup consists of highly deformed metasedimentary rocks, schists and gneisses, with metamorphic grades ranging from sillimanite through to granulite facies. The supergroup is interpreted as being deposited in a deepening environment, passing from sandy facies in the lower exposures to more shaly and fine sand facies in the upper sections (the based and top of the sequence are not exposed). These sediments were also overlain by deeper water turbidites or possibly shallow marine river delta sequences.

Following their deposition, the rocks were deeply buried to a depth estimated between 12 and 20 km, before being uplifted and deformed during the Delamerian Orogen. Erosion of the Delamerian mountains has now exposed these rocks at surface.

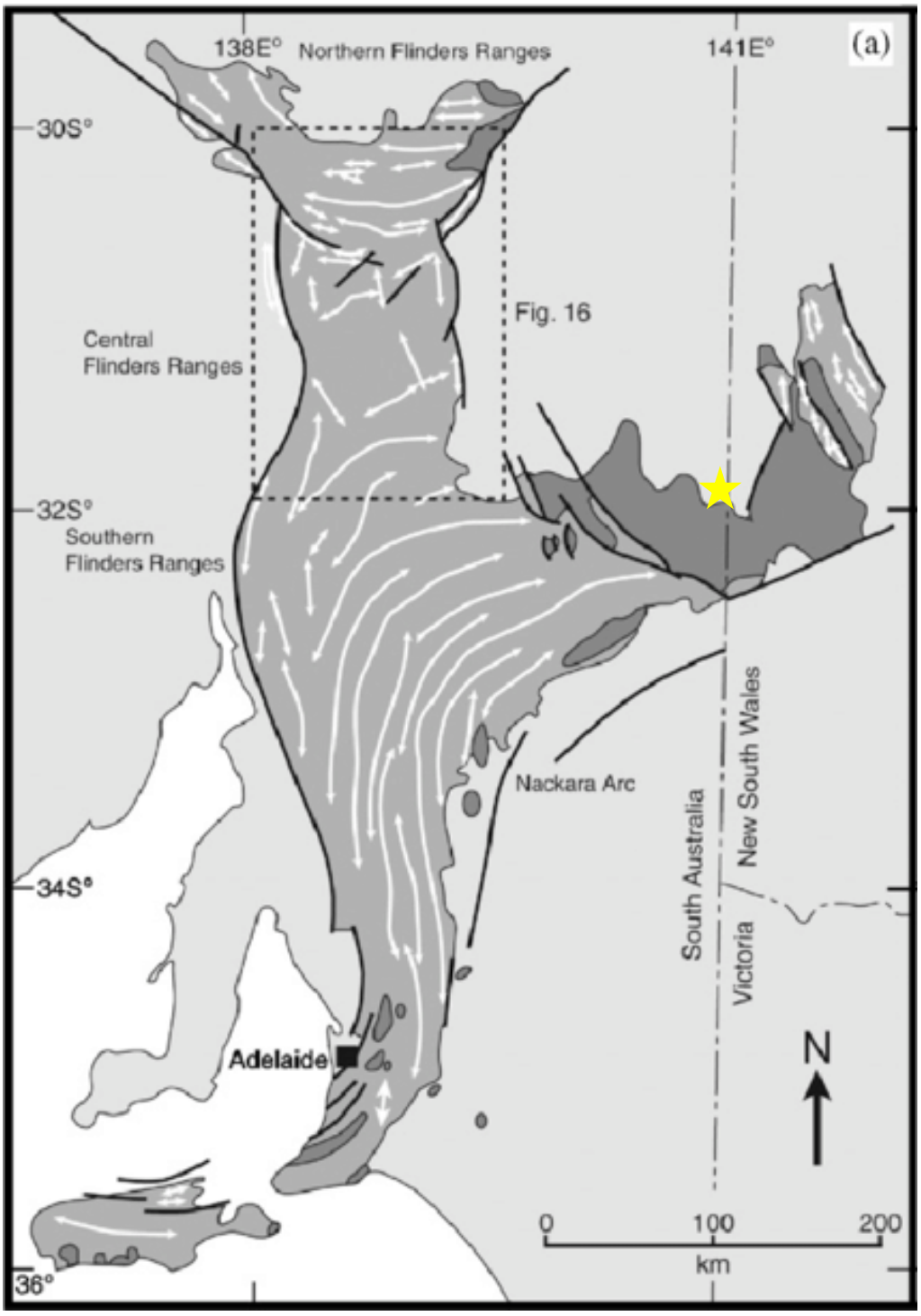

Figure 4-5 Summary geological map of the Adelaide Fold Belt. Project location approximate (Image Source: Rowan & Vendeville, 2006)

Rocks of the Willyama Supergroup are host to the large and extremely rich Broken Hill Pb-Zn deposit. The mineralisation is widely considered to be a sedimentary exhalative (SEDEX) deposit that has been widely deformed, reworked and modified by metamorphism and shearing. These deposits form by the release of metal-bearing fluids into a basin, usually the ocean, before settling on the sea floor and creating layers of metal sulphides. These deposits are the most important sources of lead, zinc and barite, and a major contributor of silver, copper, gold, bismuth and tungsten.

4.4.2 Local Geology

Local basement geology for the Broken Hill Project area (Figure 4-6) includes Proterozoic age sillimanite, feldspathic and granitic gneisses, schists, amphibolite and pegmatites of the Willyama Supergroup. The rocks are intensely folded and faulted, with fold hinges trending northwest-southeast, and faults showing typically northwest-southeast, northeast-southwest and east-west trends.

Desktop studies completed by Castillo on the property indicate that pyrite rich horizons within the Himalaya Formation is the most prospective host for cobalt mineralisation, and this has been the focus of geological investigation to date. As shown in Figure 4-6 though, this formation is not present in large areas of the exploration licences.

The Himalaya formation is described as medium grained metasediments with variably interbedded albite-quartz rich rocks, basic gneiss, composite gneiss and thinly bedded quartz-magnetite rock. Rocks towards the bottom of the sequence become increasingly pyrite rich (Geoscience Australia, 2019). Stratabound cobalt mineralisation has been identified in these pyrite-rich rocks at the nearby Thackaringa Project (owned by Cobalt Blue Holdings), where cobalt is present as a minor component of the pyrite minerals (Xplore Resources, 2018c).

The bedrock geology in the project is widely overlain by Cenozoic cover, including alluvial channels, floor deposits and outwash deltas, as well as colluvium (loose material deposited at the base of hillslopes) and residual deposits. In some of the licence sections, bedrock exposure is estimated to be less than 10%, as shown in Figure 4-7.

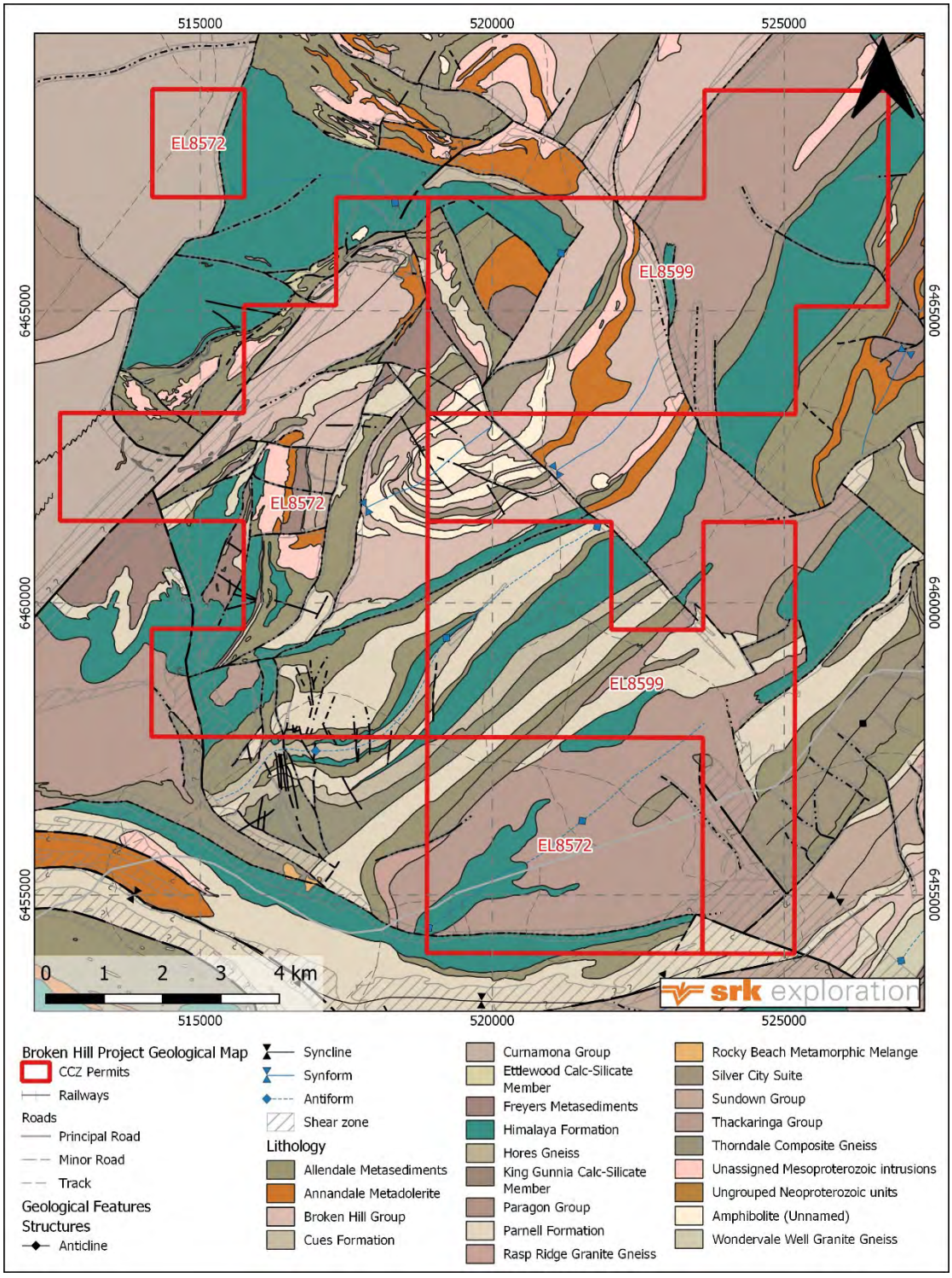

Figure 4-6 Bedrock geology of the Broken Hill Project. Projection: WGS84 UTM Zone 54s (Image Source: SRK ES, NSW MinView, 2019)

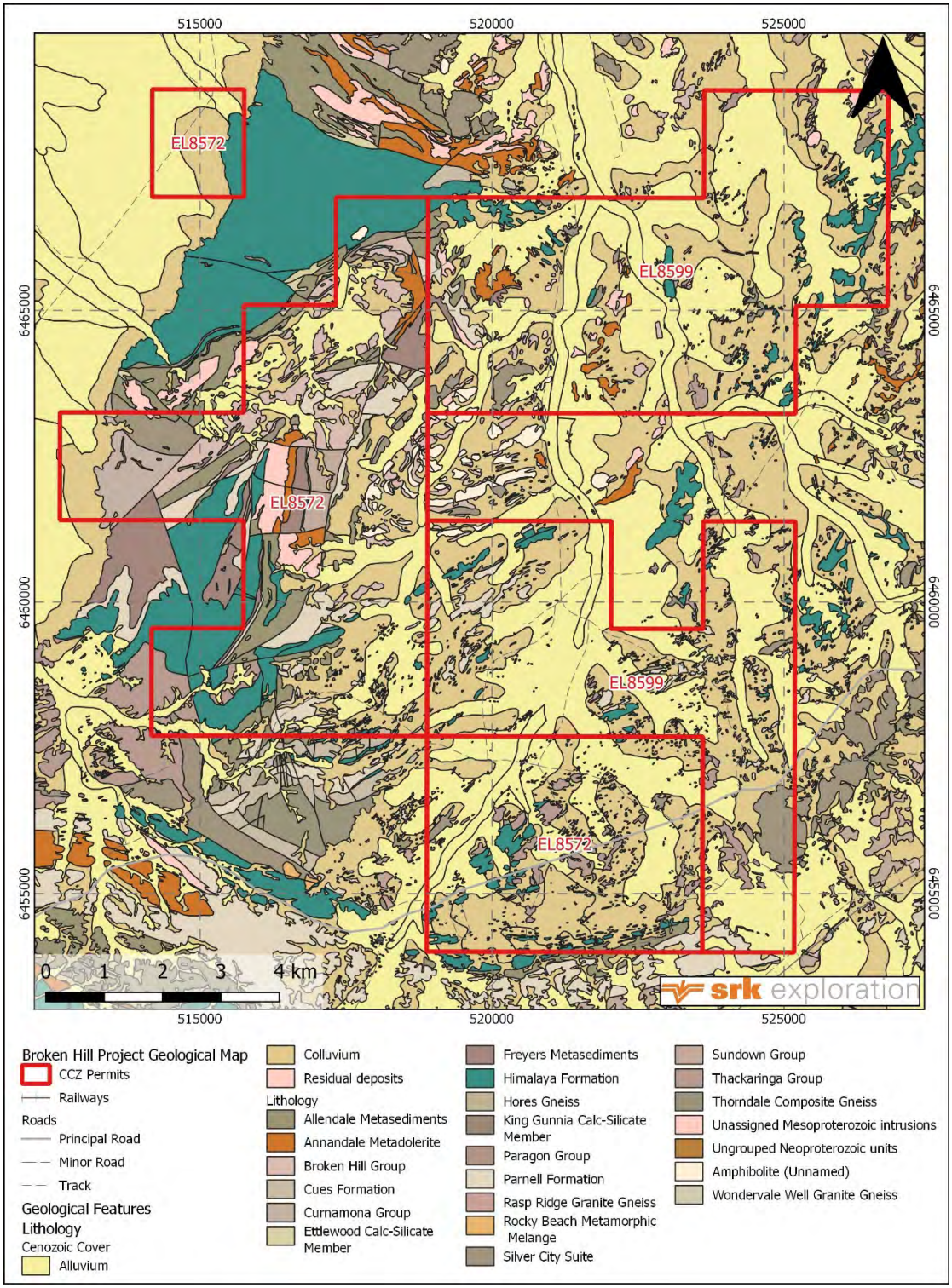

Figure 4-7 Surface geology of the Broken Hill Project, showing extent of cenozoic cover. Projection: WGS84 UTM Zone 54s (Image Source: SRK ES, NSW MinView, 2019)

4.4.3 Deposit Styles

Two principal cobalt mineralisation styles have been recognised in the Broken Hill area;

- Strata-bound cobalt bearing pyrite hosted in quartz-albite-pyrite gneiss of the Himalaya Formation. This has been referred to as “Thackaringa Style” mineralisation and was identified by Cobalt Blue Holdings (“Cobalt Blue”) 10 km to the south of the project.
- Lode-style massive sulphide copper-cobalt mineralisation. Identified by Havilah Resources 33 km southwest of the project.

The Broken Hill Project is thought to be more prospective for Thackaringa style mineralisation due to the close proximity of the projects and the similar geology (Xplore Resources, 2019).

Additional mineralisation potential for stratiform Cu-Pb-Zn-Ag Broken Hill Type (“BHT”) mineralisation, stratabound/stratiform Co-Cu-Au, epigenetic Au and base metal and lithium-niobium-tantalum mineralisation has also been recognised from the projects regional geological setting (Xplore Resources, 2019), though given the amount of historical exploration for BHT mineralisation in the area SRK ES considers this potential to be lower.

4.5 Exploration

Exploration completed by Castillo Copper includes desktop studies, reconnaissance field exploration and sampling, review of existing geochemical and geophysical data, and a rock chip sampling campaign in area’s deemed prospective for targeting the Himalayan Formation of the Willyama Supergroup which is known to host cobalt mineralisation at Cobalt Blue Holdings Thackaringa Project some 10 km to the south of the tenement.

This work was completed by Xplore Resources Pty Ltd on behalf of Castillo Copper in the second half of 2018 and early 2019 and reported by Castillo in the EL8572 Annual Report for 23/05/2018 to 22/05/2019 published 20/06/2019.

4.5.1 Desktop Geological Review and Target Generation

Data sourced from the NSW Department of Resources and Energy MinView portal was collated and reviewed for the project tenure and surrounding areas. Datasets included geological observations, rotary air blast (“RAB”) drilling, geochemistry, geological mapping and aeromagnetic data (Xplore Resources, 2019).

In conducting the review, Xplore Resources identified the Himalaya Formation as the most prospective unit for cobalt mineralisation based findings from exploration work undertaken by neighbouring Cobalt Blue Resources. They have also postulated that there may be other lithological correlations or associations with cobalt that could have been overlooked, thus widening potential exploration targets.

Six prospective areas (Areas 1-6) have been identified from Xplore’s desk study, all of which appear to be supported by multiple datasets. These Himalaya Formation related targets and their justifications are presented in Figure 4-8 below.

4.5.2 Reconnaissance Exploration

Subsequent reconnaissance exploration works have been completed over three field visits by Castillo’s contractor Xplore Resources. A total of 113 rock chip samples were collected, principally from Area 1 (106 samples) and Area 2 (7 samples) depicted in Figure 4-8.

An additional 15 samples were reportedly taken from Area 2 and 6 during a campaign completed as part of the desktop review, however the results of these samples are unknown (Xplore Resources, 2018a).

Sampling targeted outcropping quartz-albite ± pyrite rocks of the Himalayan Formation, in particular focusing on gossanous pyritic lenses (Xplore Resources, 2019).

In respect to Area 1 sampling was focused on four targets, named the Northwestern, Central Northern, Central and Southeastern targets (Figure 4-9). SRK ES notes that Xplore Resources has recorded some of the results of this sampling as anomalous, however the anomaly threshold and how it was calculated is not defined in the reporting.

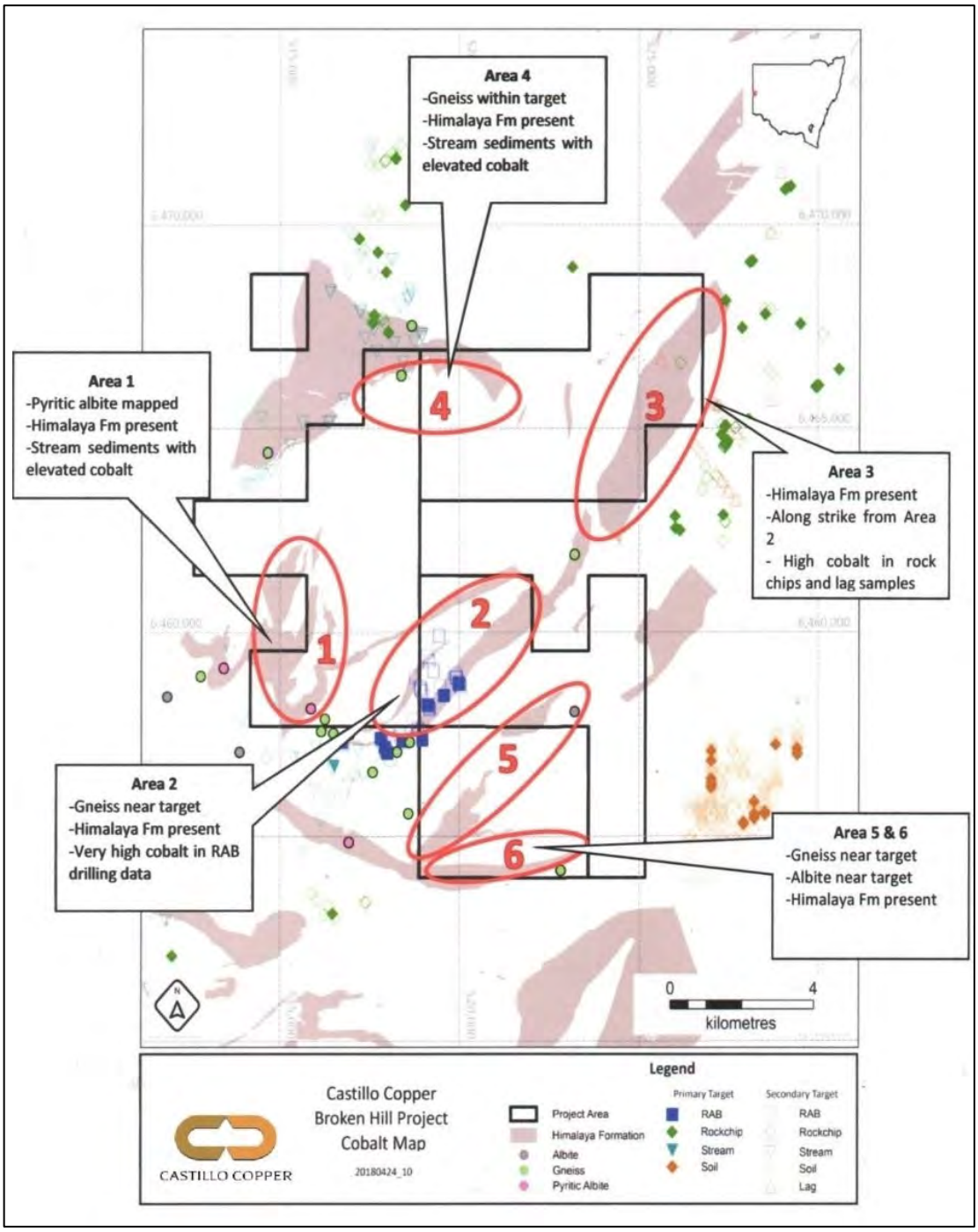

Figure 4-8 Prospective areas for cobalt mineralisation at the Broken Hill Project (Image Source: Xplore Resources, 2018a)

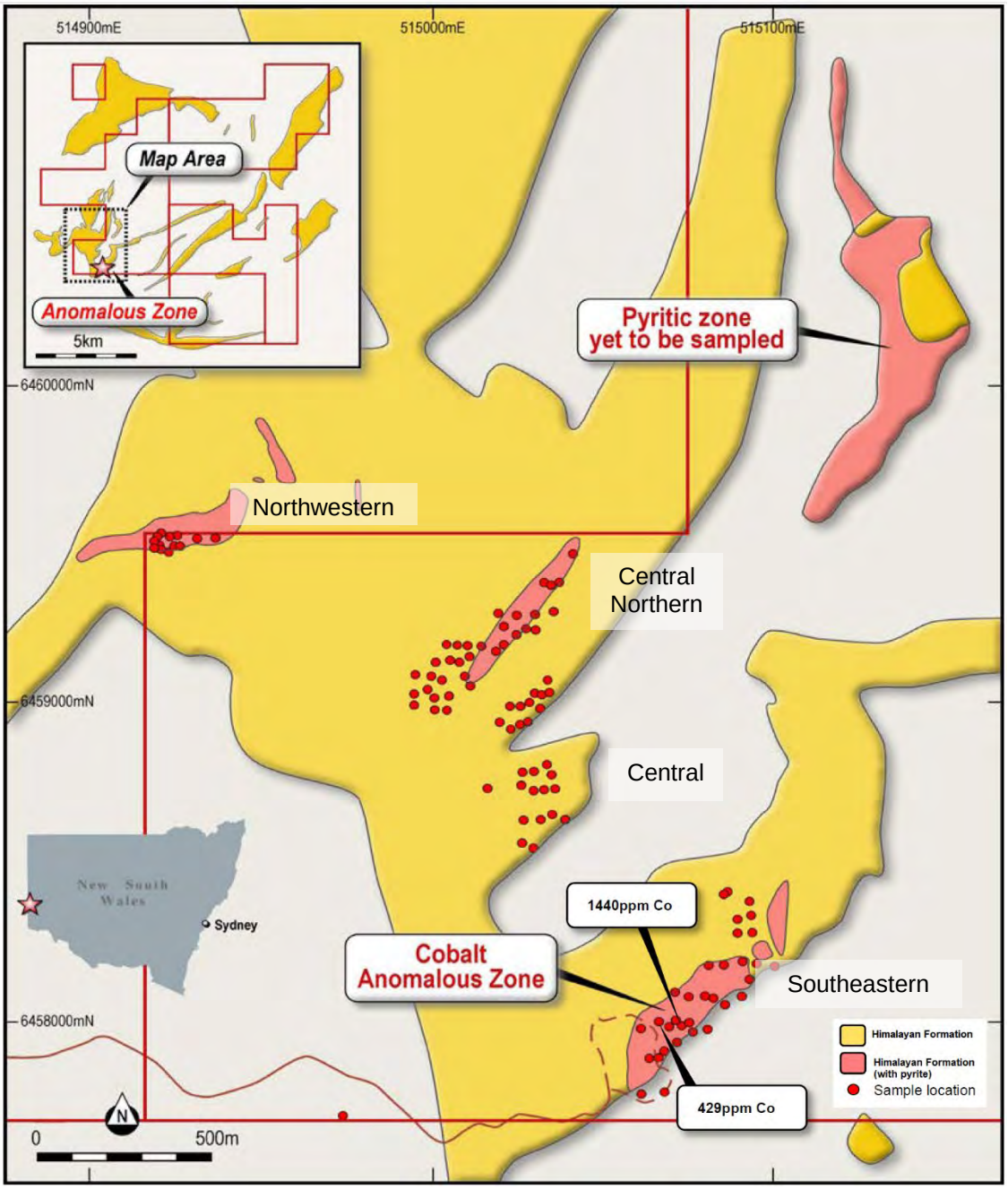

Figure 4-9 Sampling areas from reconnaissance exploration in Area 1 (Adapted from: Castillo Copper, 2018h)

Samples collected from the Southeastern area were the only strongly mineralised samples collected.

- Sample 387757 returned a value of 429 ppm Co, taken from a ferruginous quartz vein with massive goethite, limonite, hematite and manganese, as well as boxwork textures after sulphides.
- Sample 387756 returned a value of 1,440 ppm Co, collected as a float sample of similar composition to Sample 387757.

These samples are surrounded by a broader area of “low-level anomalism” (Xplore Resources, 2018b), including grades of 291 ppm Co and 205 ppm Co.

Low-level Co “anomalies” have also been identified in the Central Northern and Central areas.

In the Central Northern area, a cluster of samples with grades between 19 and 34 ppm Co have been linked to an area of magnetite rich rocks.

In the Central area three samples have returned grades of 42, 52 and 74 ppm Co respectively and are considered worthy of follow up (Xplore Resources, 2018b).

One sample to the west of the Southeastern target returned 23.7 % Cu (Castillo Copper, 2018h).

4.6 Mineralisation Model

Based on the exploration completed to date, Xplore Resources (2019) describe the cobalt mineralisation at the Broken Hill Project as:

“…*variably mineralised by foliation (sub-?) parallel quartz-sulphide stockwork veins and veinlets hosted within areas of wider silicification and pyritisation halos. It would appear that the significant cobalt anomalism is associated with this particular mineralisation-alteration system.*

In outcrop, the sulphidic zones, apparently associated with the quartz vein-silicification, are weathered to patches of massive dark brown-black goethite-manganiferous gossan with sulphide boxwork (after pyrite). Elevated cobalt was also identified associated with quartz-magnetite bearing rock.”

Cobalt bearing pyrite also appears to be present as blebs and disseminations associated with gossanous quartz veins, quartz vein stockworks and silicification. At analogous and better studied projects such as Cobalt Blue’s Thackaringa Project to the south, mineralisation is described as disseminated cobalt bearing pyrite stratiform lenses.

Primary controls appear to be both bedding and bedding parallel shear zones along the unit contacts. Bedding provides a fluid flow pathway and site for deposition, with shear zones appearing to be responsible for fold-thickening the gneisses, further convoluting existing structures (Cobalt Blue, 2019).

Work to date has not identified a possible source or timing for the cobalt bearing fluids.

4.7 Summary

To date, the majority of exploration has focused on establishing the presence and prospectivity of the Himalayan Formation within the Broken Hill Project. This formation has been of particular focus because of the significant resources identified within this formation by Cobalt Blue Holdings to the south.

Published geological mapping identifies large tracts of this formation within the Castillo licences, and the available geochemical data supports the presence of elevated cobalt levels.

Historical RAB drilling at the southern end of Area 2 is particularly supportive, with a clear distinction between the cobalt levels within and outside of the mapped Himalayan Formation.

The historical rock chip and soil sample data do not correlate as well however, this is also seen in the more recent rock chip sampling campaign where samples with moderately elevated cobalt values have been linked to magnetite rich, possibly banded iron formation rocks rather than Himalayan Formation.

The targeted sampling campaigns completed by Xplore Resources on behalf of Castillo have been well justified, and have returned, a limited number of, very positive results.

There remains a significant area of ground mapped as being underlain by the Himalaya

Formation that is currently untested, and which may still yield further positive results.

Reconnaissance has been slow, partly due to the limited vehicle access allowed by the landowners, and a more targeted approach may be required.

The degree of Cenozoic cover over the eastern half of the Project also presents a challenge to the exploration of the Himalayan Formation which is mapped as continuing under alluvial cover.

Based on the reports provided to SRK ES by Castillo detailing the desktop review, it is SRK ES's opinion that the study was completed with the assumption that the Himalaya Formation would be the sole source of cobalt mineralisation at the Broken Hill Project.

In this assumption, only areas mapped as being underlain by the Himalaya Formation have been identified as prospective. In the areas surrounding the project tenement, multiple soil and rock chip samples have been collected with anomalous cobalt grades, but these and they underling geological units have been ignored to date. It is also apparent that whilst the current tenement has been extensively explored for other commodities, only work completed by explorers that have specifically explored for cobalt has been considered in the desk review (few exceptions are noted).

Given the prospectivity for zinc, copper and lead mineralisation alongside cobalt mineralisation, Castillo Copper have indicated that they are now exploring for polymetallic targets alongside cobalt as a primary focus (Castillo Copper, 2018h).

4.8 Broken Hill Alliance Memorandum of Understanding

Castillo Copper are co-signatories of a non-binding indicative MoU to form an equal coalition to be known as the Broken Hill Alliance (BHA) (Castillo Copper, 2020a). Under the indicative terms BHA will initially be held 33.3% each by Castillo, ASX-listed Impact Minerals Limited (Impact) and private group Squadron Resources Pty Ltd (Squadron). Shareholdings would change once a joint-venture party is found and agrees to fund into the project. The MoU was enacted on the 24 February 2020 with a 180 day term (current end date 22 August 2020).

Subject to conditions precedent under the MoU each party will transfer their tenements in return for shares, equating to 33.33% of BHA's issued capital. The tenements concerned are set out in Table 4-2.

Table 4-2 Tenements Scheduled for Transfer into the Broken Hill Alliance under the Terms of the Indicative MoU (updated Castillo Copper, 2020a)

Title	Grant Date	Expiry Date	Title Area (cadastral units)	Current Owner
EL8572	23/05/2017	22/05/2026	19	Castillo Copper
EL8599	20/06/2017	19/06/2026	20	Castillo Copper
EL7390	20/08/2009	20/08/2023	24	Impact Minerals
EL8234	10/02/2014	10/02/2023	3	Impact Minerals
EL8609	27/06/2017	27/06/2022	72	Impact Minerals
EL8636	31/08/2017	31/08/2022	47	Impact Minerals
EL8674	17/11/2017	17/11/2022	105	Impact Minerals
EL8434	02/06/2016	01/06/2021	186	Squadron Resources
EL8435	02/06/2016	01/06/2021	22	Squadron Resources

Where the BHA is formed it would own the largest tenement footprint surrounding the world-class Broken Hill zinc-lead-silver deposit (Figure 4-10). The geology across the proposed tenure is highly prospective for base metals, with several known priority exploration prospects.

It is proposed that the BHA tenement holdings will be organised as three geographical exploration areas; NW Quadrant (which constitutes Castillo's current Broken Hill Project); SW-NE Zone; and NE Quadrant.

Named prospects include Dora East, within the SW-NE Zone, which has zinc-lead Broken Hill Style lode mineralisation potential, evidenced by Impact's 2015 drill-hole RHD0018 intersection (5.1m @ 10% Zn, 0.8% Pb & 40.4 g/t Ag from 148.4m including 1m @ 26.8% Zn, 2.8% Pb & 133 g/t Ag from 148.9m; and 1m @ 21.4% Zn, 0.8% Pb & 31.5 g/t Ag from 152.5m (drill-hole RHDO018) (Sources: Castillo Copper, 2020a; Impact ASX Release – 8 December 2015) and the Thorndale Target which consists a zinc-lead-silver ± copper in-soil anomaly that extends for over 4km, over an interpreted fold–repeat of the Broken Hill line of lode.

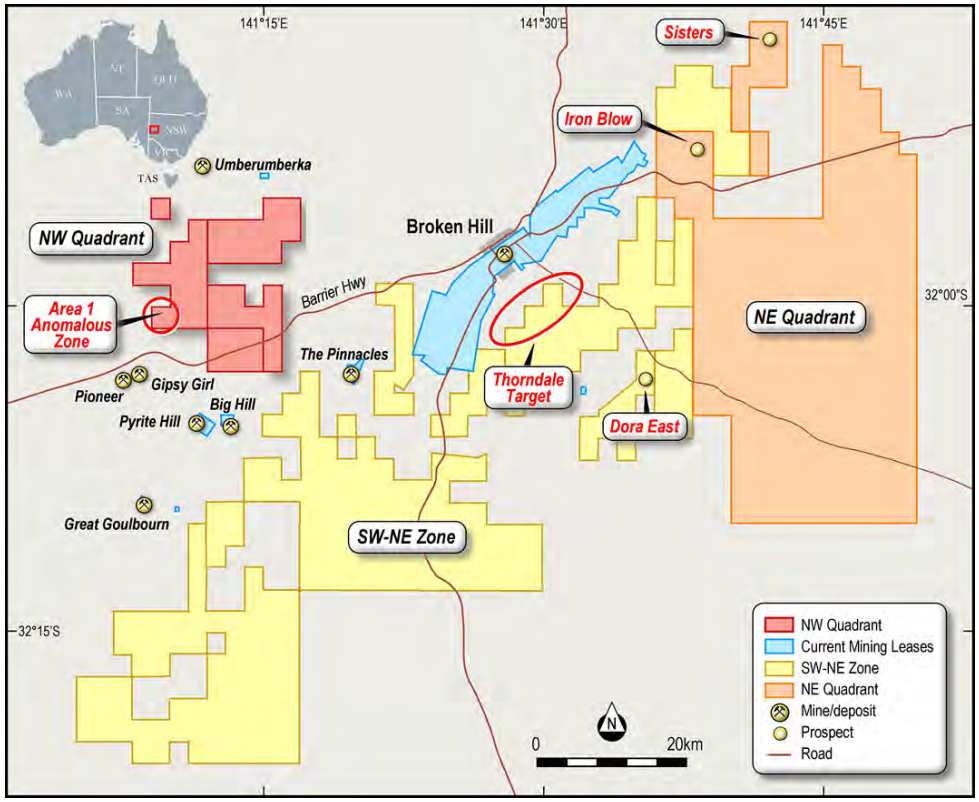

Figure 4-10 Broken Hill Alliance Potential Tenement Footprint, Proposed Exploration Zones and Named Prospects, in the Broken Hill Region (Castillo Copper, 2020a)

Historic work on the NE Quadrant has been limited. However, Castillo have identified three priority targets(Castillo Copper, 2020a) that may warrant further follow up for Broken Hill Style lead-silver-zinc and ironstone-hosted copper-cobalt, comprising:

- Iron Blow: Airborne geophysics indicates previous drilling missed massive sulphide layers;
- VTEM 14: Zinc in soil anomaly, complemented by several historic base metal workings, provides support for massive sulphide orebodies; and
- Sisters: In the mid-1990s, geochemical assays on gossan samples returned positive results for copper-gold mineralisation.

4.9 Recommendations

Based on SRK ES's review of the Broken Hill Project, the following recommendations are suggested:

- Re-analysis of the exploration completed over the tenement and surrounding areas, including exploration completed for other commodities. Particular focus should be on identifying more detailed mapping areas where gossanous zones are recorded, as these may be good targets for follow up sampling. The geology of the existing cobaltiferous samples should also be investigated, with the potential to generate additional prospective geological units.
- Reconnaissance sampling of existing target areas should be continued. This programme may however be more focused with the aid of satellite remote sensing, to help the identification of possible gossanous outcrops, which could be associated with siliceous alteration. Given the geological and exploration history of the region, it is likely that high resolution hyperspectral and multispectral data is readily available without incurring the additional costs associated with satellite re-tasking. A study of this nature could be used to rapidly advance exploration in the Project.
- Cobalt is considered to have a low mobility is groundwaters, with its detection limited to areas near the source (Krupka & Serne, 2002). Analysis of existing samples, looking at possible mineral correlations with cobalt, may help in exploration vectoring. Possible elements include manganese, copper, magnesium, chromium and tin, which are often found in solid solution with cobalt.

5 MT OXIDE NORTH PROJECT, QUEENSLAND, AUSTRALIA

5.1 Property Location and Description

The Mt Oxide Project is located in north western Queensland, Australia. The Project is approximately 1,650 km north-west of the State Capital Brisbane, and 140 km north of the historic mining town of Mt Isa. The closest major city is Townsville, a coastal city in north-eastern Queensland, which is approximately 760 km due east of the project and which is connected to Mt Isa by rail. The project is surrounded by numerous active copper-gold exploration operations being conducted by other companies (Figure 5-1). SRK ES did not visit the Mt Oxide Project.

The Project comprises four mineral tenures covering a total area of 750. km^2 plus a pending exploration licence application for a further 230.3km^2.

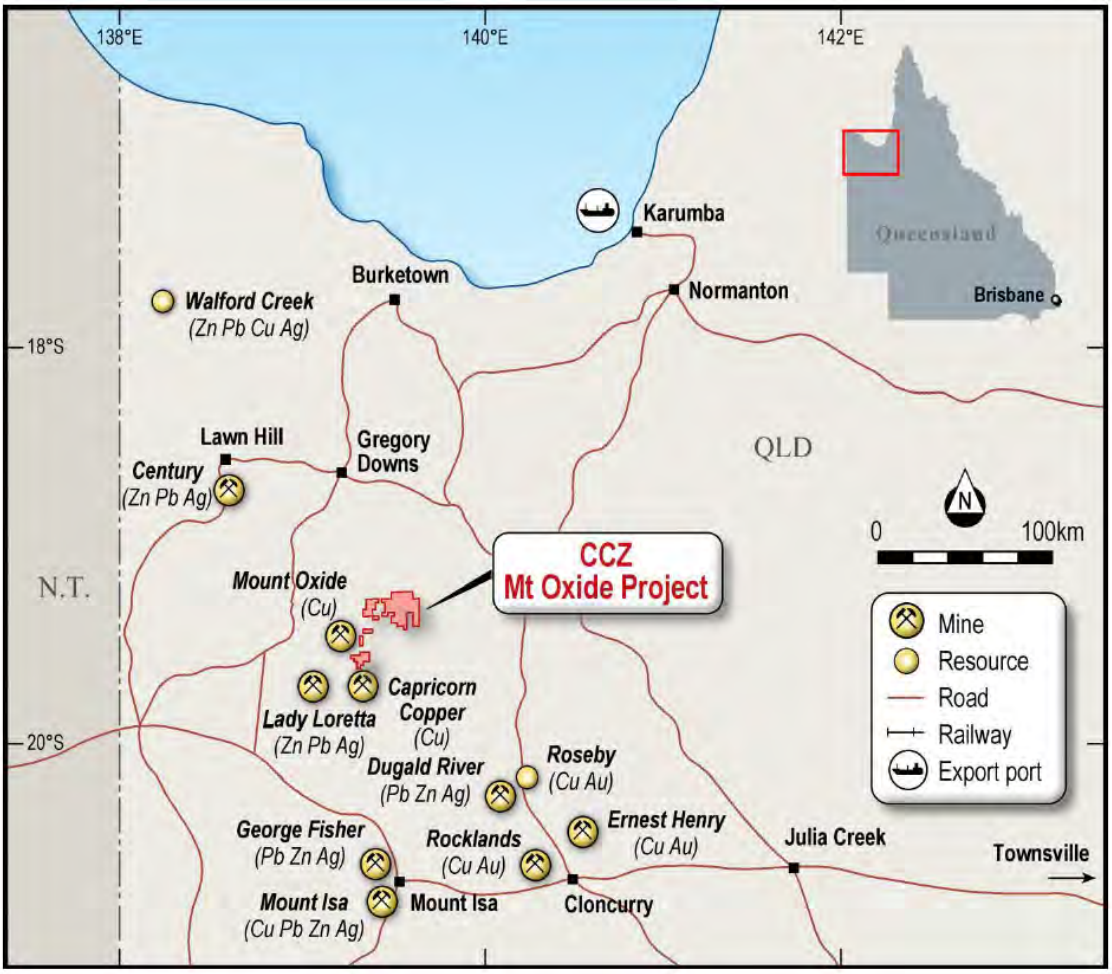

Figure 5-1 Location of the Mt Oxide Project† (Image Source: ROM Resources, 2019a).

† *Application EPM 27440 which would extend the project area to the north is not included in this figure, see section 5.3.3 below.*

5.1.1 Mineral Tenure

The granted exploration licences (Figure 5-2) that make up the Mt Oxide Project are held by three companies, Total Minerals Pty Ltd, Total Iron Pty Ltd and Qld Commodities Pty Ltd. All these companies are understood to be 100% owned subsidiaries of Castillo Copper Ltd. Exploration Permit Minerals (EPM) 26462 (Big Oxide North) was granted to Qld Commodities on 29 August 2017. The permit is valid for five years for all minerals other than coal and covers 67 sub-blocks (220 km^2). The location and extents of the licence are shown in Appendix C.

EPM 26525 (Hill of Grace) was granted to Total Minerals Pty Ltd on 12 June 2018. The permit

is valid for five years for all minerals other than coal and covers 38 sub-blocks (125 km^2). The location and extents of the licence are shown in Appendix C.

EPM 26513 (Torpedo Creek/Alpha Project) was granted to Total Iron Pty Ltd on 13 August 2018. The permit is valid for five years for all minerals other than coal and covers 23 sub-blocks (76 km^2). The location and extents of the licence are shown in Appendix C.

EPM 26574 (Valparasia North) was granted to Total Minerals Pty Ltd on 12 June 2018. The permit is valid for five years for all minerals other than coal and covers 100 sub-blocks (329 km^2). The location and extents of the licence are shown in Appendix C.

Exploration Licence Application EPM 27440 (The Wall) was lodged on 12 December 2019 by Castillo's mineral tenure agent in the authorised holder name of Castillo Copper Limited, for a proposed term of 5 years and 70 units (230 km^2), has been requested for all minerals other than coal. It is located directly north and contiguous of EPM 26574 (Valparasia North) as outlined on the Queensland GeoResGlobe cadastral portal (https://georesglobe.information.qld.gov.au).

5.1.2 Landholding

Surface rights to the land underlying the Mt. Oxide Project is held by six cattle stations; Kamilaroi, Disraeli, Morella, Chidna, Toorah Vale and Barr Creek as verified on the Queensland government landholding database.

Access to the Arya AEM anomaly prospect (in EPM 26525) and the Valparaisa North targets are via tracks that run through the Chidna Station, although the ground in these areas is held by the Morella and Kamilaroi stations.

Access to the concessions is via agreement with the landholders and Chidna Station and may be subject to periodic restrictions due to cattle mustering (*Castillo Pers. Comm. 2019*).

5.2 Accessibility, Climate, Infrastructure and Physiography

5.2.1 Accessibility

Access to the Project is challenging with no sealed roads, though there are some established tracks in the area that cross the licences. The Project area can be accessed from Mt Isa by taking the A2 Highway north for approximately 50 km. At this point it is possible to turn off the road onto an establish track, following this north for approximately 90 km to the settlement of Gunpowder and the Capricorn Copper Mine. From here it is possible to follow further tracks north to the historical Mt Oxide Mine (Castillo Copper, 2019a) 25 km to the north, with tracks leading through and nearby to EPM 26513. Figure 5-2 shows the primary access tracks crossing the Mt Oxide Project granted tenements.

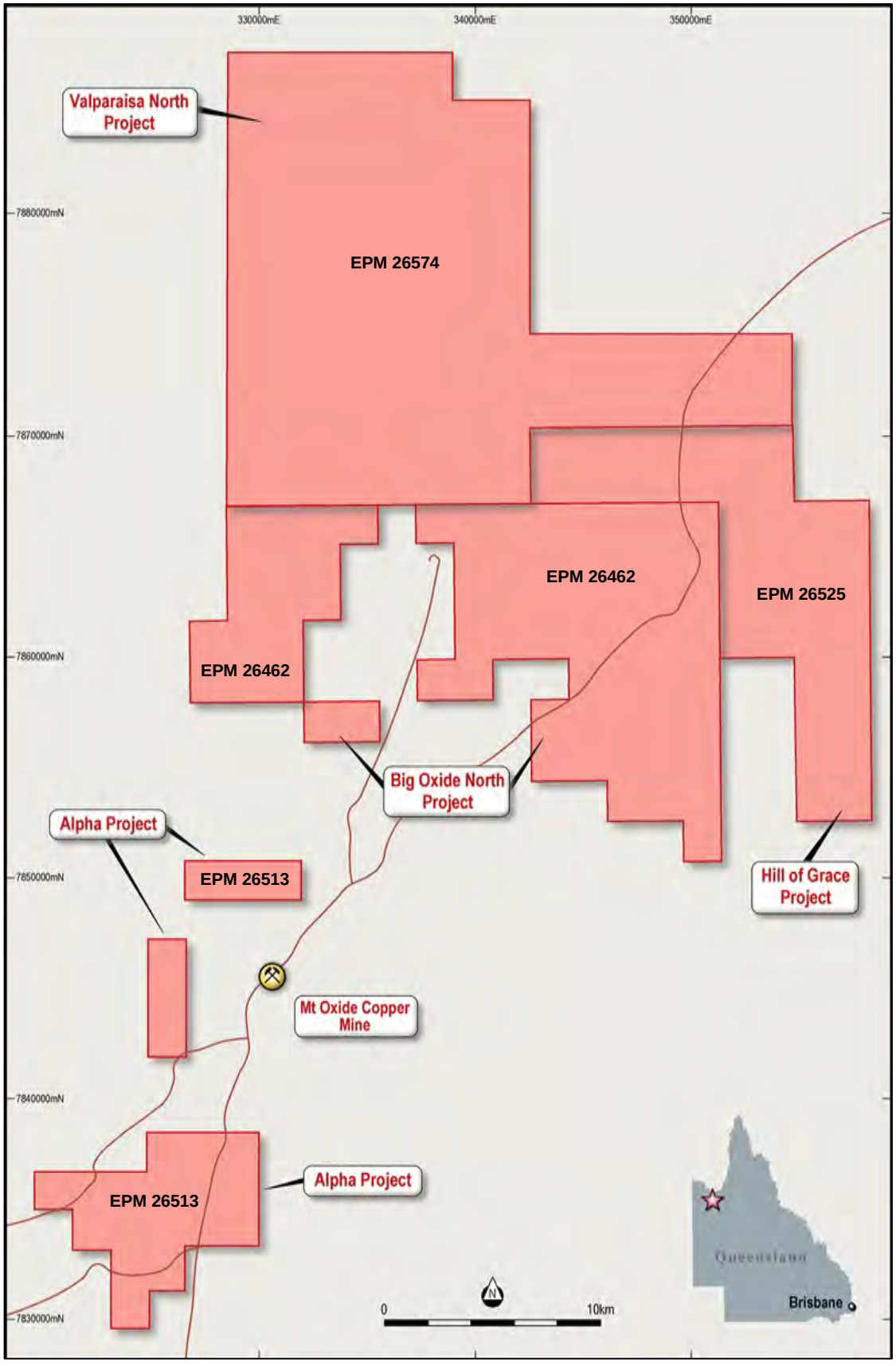

Figure 5-2 Primary access tracks in the Mt Oxide Project granted tenements (Alpha Project now known as Torpedo Creek) (Image Source: Castillo Copper, 2019)

5.2.2 Infrastructure

There is no infrastructure within the Mt Oxide Project area. However, the 220kv Gunpowder to Century Mine high voltage transmission power line passes approximately 1.6km to the south-west of EMP26513 and there are well developed roads to Capricorn Copper Mine (formerly Gunpowder Mine) approximately 8km to the south of EMP26513.

5.2.3 Climate

The climate at Mt Oxide is typically hot and semi-arid with average temperatures between 8.7 ºC (July lows) and 37.1 ºC (December highs). Yearly average rainfall is low at 470.8 mm from 48.6 rain days. The most rain is during the hotter months, peaking at 118.1 mm average in January, and lowest at 3.6 mm in August. Figure 5-3 shows climate averages over a 12-month cycle (MLA, 2019).

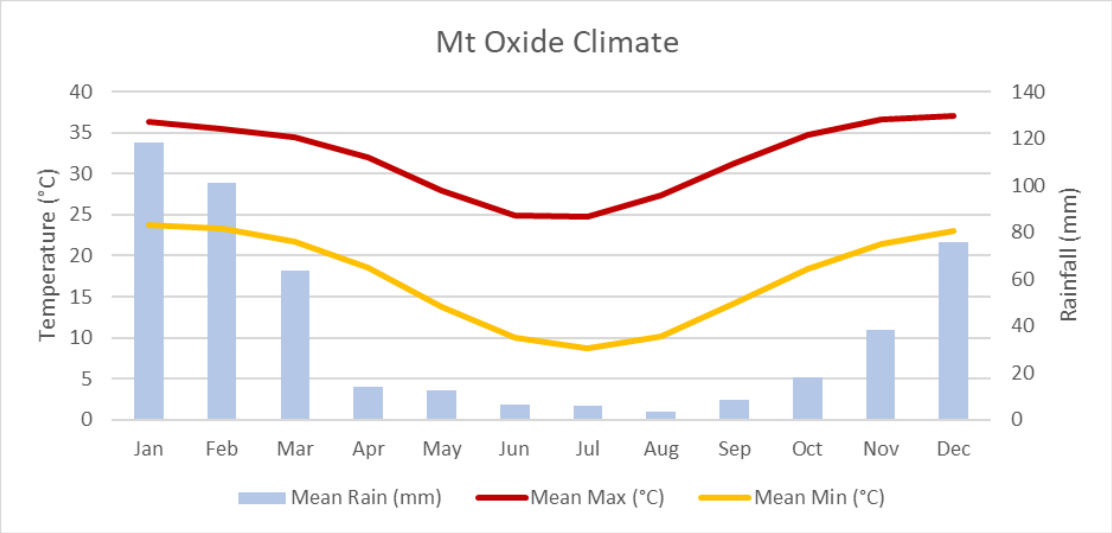

Figure 5-3 Climate averages for the Mt Oxide Project, Queensland (MLA, 2019).

5.2.4 Physiography

Mt Oxide sits in the northern foothills and planes of the Selwyn Range. The landscape is characterised by rugged outcrops, with steep but low peaks and incised drainage valleys. Drainage is typically to the north and east in the Sandy and Myally creeks, which drain into the Leichhardt River. Vegetation includes spinifex grasslands and low eucalypt woodland. Figure 5-4 shows a typical landscape from the project area.

Figure 5-4 Satellite Imagery showing the typical rugged and scrubby landscape and folded and faulted stratigraphy in the Mt Oxide North Project (Image Source: SRK ES)

5.3 Exploration and Mining History

With the Mt Oxide Project in close proximity to Mt Isa and numerous historical and active mines, the Project area has understandably been extensively explored.

Data provided by Castillo to SRK ES shows that 33 separate historical exploration permits for minerals have been held covering all or part of EPM 26574, 21 permits covering all or part of EPM 26525, 35 permits covering all or part of EPM 26513, 43 permits covering all or part of EPM 26462 and at least 17 historical exploration permits for minerals appear to have overlain EMP 27440. It is noted that the last historical tenure shapes loaded into the Queensland mining and exploration data system, GeoResGlobe (https://georesglobe.information.qld.gov.au/), maybe partly impacted by licence area relinquishments.

Due to the magnitude of the exploration completed in this region, only a brief summary is included here, with more detailed summaries included in Appendix D.

5.3.1 EPM 26574 Valparasia North

The ground within EPM 26574 has predominantly been explored for sedimentary hosted copper sulphide mineralisation (Mt Isa-style), as well as other styles of copper, lead and zinc mineralisation. Limited, structurally hosted, gold and diamond exploration has also been completed (ROM Resources, 2019b).

Exploration activities have principally been airborne and ground geophysics, stream sediment, soil and rock chip geochemical sampling together with limited percussion drilling of follow up targets. Gravity surveys and reconnaissance geological mapping has also been completed less commonly.

The most significant exploration results from this work includes:

- Identification of numerous mercury and copper-lead-zinc responses from a geochemical survey completed by Consolidated Gold Fields Australia Limited. Follow up mapping and stream sediment sampling was completed but no areas of economic significance were located.
- Seven kilometres of discontinuous copper carbonate and copper phosphate staining located at two prospects through reconnaissance prospecting and geological mapping by Dampier Mining Company Limited. Eighty-one rock chip samples from mineralised outcrops were analysed and twenty-nine percussion holes drilled. Eight hundred and ninety-nine samples were collected from this drilling for analysis. Results of the programme are however unknown.
- Eight areas of elevated gold or base metal content were delineated by Mt Isa Mines Limited through airborne and ground electromagnetic (EM) surveys, selective rock chip sampling and stream sediment sampling. Further stream sediment sampling resulted in gridded soil sampling at seven prospects, of which four were anomalous for gold, two for copper, one for copper-gold, and one for lead-zinc. Five percussion holes were drilled to test gold anomalies at one prospect.

5.3.2 EPM 26525 Hill of Grace

As with Valparasia North, the Hill of Grace permit has predominantly been explored for base metal sulphides and gold mineralisation. There are two known copper prospects or historical workings within the permit; Arya (historically Myally Gap) and Eldorado. These are considered prospective because of their stratigraphic and structural setting, comparable to Mt Oxide and Mt Gordon copper deposits to the south.

Twenty-one historical EPMs have intersected the current permit, explored by fifteen different companies since 1971 (ROM Resources, 2019b). The most significant exploration results from this work includes:

- Exploration by CSR Limited for syngenetic, stratabound copper mineralisation within the Myally Beds and Surprise Creek Beds based on Zambian Copperbelt models resulted in identification of significant Cu mineralisation within carbonate and ferruginous sandstone units. Soil values returned a maximum of 880 ppm Cu, and rock chip samples of 380 ppm Cu recorded.
- Geophysical exploration by BHP Minerals Pty Ltd including GEOTEM and ground TEM surveys identified 11 anomalies. Four of these anomalies were selected for follow-up sampling, with “very high copper values” (Rom Resources, 2019b) returned from a fault zone above two of the samples.
- Field exploration by Superior Resources Ltd reported uranium anomalies, followed up with a 52 hole drilling programme for 2,596m (drilling method unknown). Assay results indicate that the Toolebuc Formation contains anomalous Ag, Cu, Mo, U, V and Zn content, though they are well below economic grades at the location drilled.

5.3.3 Tenement Application EPM 27440 Prospects

Castillo's consultants Xplore Resources (Xplore) have conducted a historical data compilation and interpretation of work programme results conducted by M.I.M. Exploration Pty Ltd (MIM) between 1993-1998, within the area under Tenement Application EPM 27440. The datasets include airborne electromagnetics (GEOTEM) geophysical survey data, ground geophysical surveys, stream sediment, soil and rock-chip sampling from programmes (Castillo Copper, 2020a/c/f/g/h/j/k).

The study has confirmed the EPM 27440 Application area contains five named prospects which show potential for hosting a range of prospective mineralisation styles (Table 5-1 & Figure 5-5). SRK ES considers the prospects worthy of further study once the tenement is granted. Summaries of Xplore's preliminary findings are set out below.

Table 5-1 Summary of Tenement Application EPM 27440 Prospects and Exploration Model (source: Castillo Copper, 2020g/h/j/k/f)

Prospect Name	Exploration Model / Potential Style of Mineralisation
The Wall Prospect	Mt. Isa Style mineralisation (Castillo Copper,2020f).
Pancake Prospect	Mt Isa style mineralisation with iron oxide copper-gold (IOCG) potential suggested by historically observed haematite alteration (Castillo Copper,2020g).
Flapjack Prospect	Structurally controlled mineralisation with ENE fault bound haematitic quartz veins and rhyolitic dykes (potential IOCG) with replacement carbonate mineralisation within the Quilalar Formation appears to explain elevated zinc and lead (Castillo Copper,2020k).
Crescent Prospect	Structurally controlled mineralisation with ENE fault bound haematitic quartz veins and rhyolitic dykes (potential IOCG) with Mt Isa mineralisation potential within the south-east of the Crescent Prospect (Castillo Copper,2020f).
Johnnies Prospect	Shear-hosted copper potentially associated with an ENE fault system that is interpreted to link the Crescent Prospect and the Flapjack Prospect. Potential to host supergene mineralisation (Castillo Copper,2020h/k).

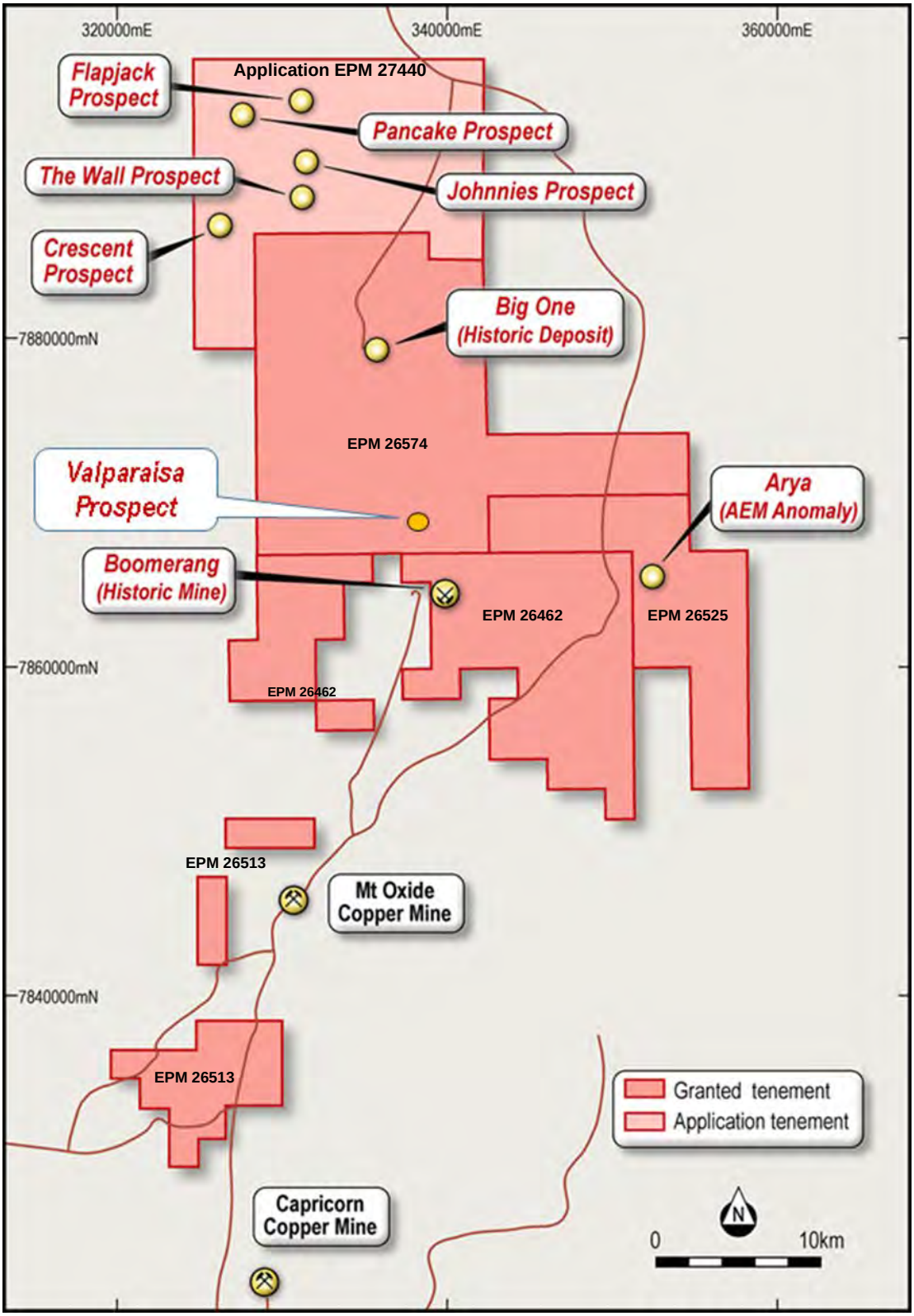

Figure 5-5 **Location of the Application EPM 27440 tenement area and the five named Prospects which will constitute an extension to the Mt Oxide Project when granted (Image Source: adapted from Castillo Copper,2020a)**

The Wall Prospect

Interpretation of the available data over the Wall Prospect supports potential for Mt Isa style mineralisation (Castillo Copper,2020f).. The soil geochemistry data shows an anomalous zinc-lead-copper zone approximately 400m by 225m (Figure 5-6), coincident with a GEOTEM geophysical anomaly. The best soil assay reported was 7,163ppm Zn, 2,023ppm Pb and 1,464ppm Cu. Adjacent and north of the soil anomaly, rock chip sampling a circa 300m diameter rock chip cluster gave assays that ranged up to 3,700ppm Zn, 806ppm Pb and 373ppm Cu. Based on the data modelling Castillo believe there is the potential to extend the anomalous surface mineralisation to the north south-west and south-east through selective re-sampling.

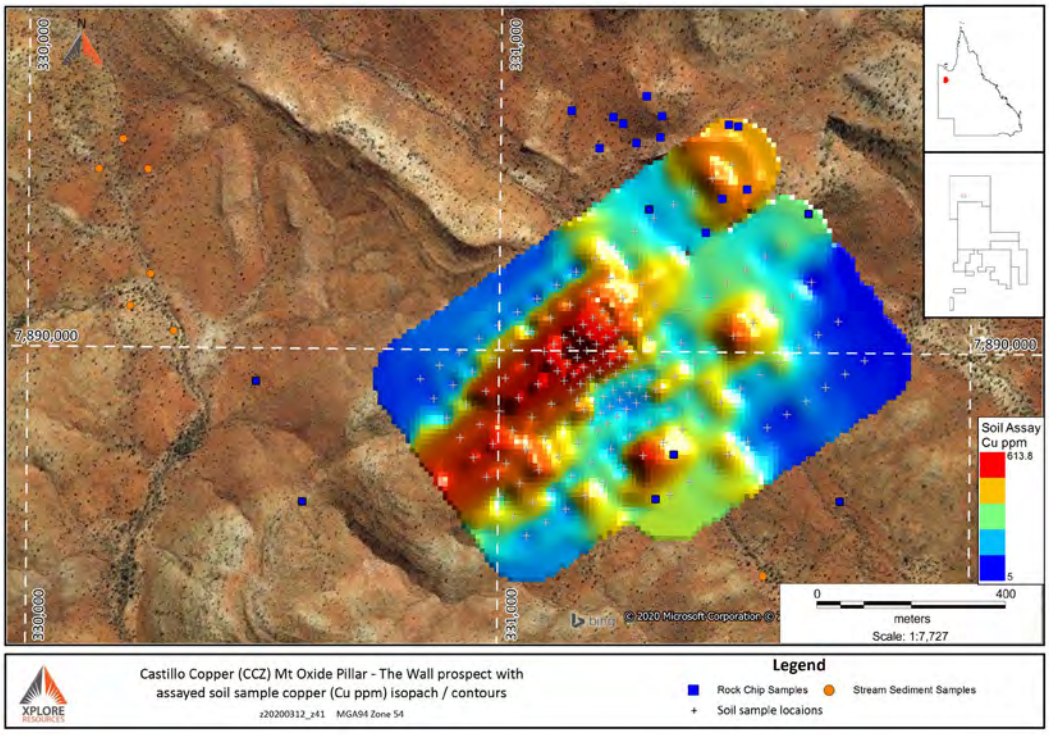

Figure 5-6 The Wall Prospect Cu Soil Geochemistry Isopach Contours (Source: Castillo Copper,2020f)

Pancake Prospect

Xplore's interpretation of the MIM datasets has shown potential for both Mt Isa style and IOCG style mineralisation within the Pancake Prospect area (Castillo Copper,2020g).

The airborne GEOTEM and ground electromagnetic survey data show two geophysical sub-surface anomalies at Pancake; a shallow source adjacent to mapped north-west trending faults; and a moderate depth source dipping to the east.

An analysis of the historical geochemical data has outlined a Zn-Pb-Cu anomalous zone of approximately 950m (E-W) by 150m (N-S) based on the zinc footprint (Figure 5-7). Soil sample results ranged up to 670ppm Cu, 1,320ppm Pb and 4,600ppm Zn and rock chip assays ranged up to 433ppm Cu, 1,320ppm Pb and 7,140ppm Zn.

The coincidence of the soil and geophysical anomalies has outlined preliminary targets which could warrant future drill testing (Castillo Copper,2020g).

Xplore reference the historical references to observed haematite alteration within the Pancake

area which could be indicative of IOCG potential. They cite Geoscience Australia's IOCG mineral potential assessment for the Tennant Creek – Mt Isa region as supporting this determination (Geoscience Australia, 2019b).

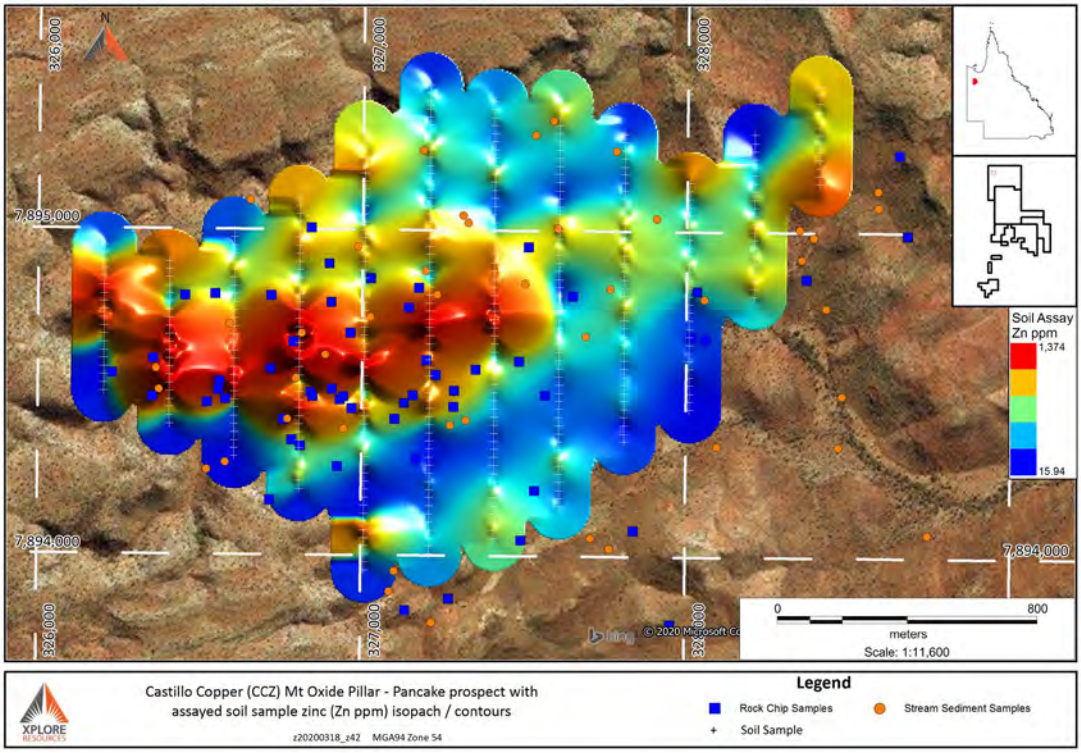

Figure 5-7 Pancake Prospect Zn Soil Geochemistry Isopach Contours (Source: Castillo Copper,2020g)

Flapjack, Crescent & Johnnies Prospects

The Flapjack Prospect is located within a zone of structurally controlled ENE trending haematitic-quartz veins which is interpreted to be part of a regional fault system which may link Flapjack with the Crescent Prospect approximately 6km to the SW (Figure 5-9) (Castillo Copper,2020k).

Xplore consider both prospects to be prospective for IOCG style targets with further work targeting the trajectory of the fault system required to determine the scale and extent of the possible target area.

Historical sampling data from Flapjack has shown the hematite-quartz veins carry modest gold values (up to 1.37g/t Au) and have been subject to chlorite alteration. The soil sampling grid The GEOTEM geophysics data shows a 250m by 150m magnetic anomaly, called PC13, approximately 600m SW of the Flapjack soil sampling grid. This is on the southern edge of the interpreted fault trendline which links Flapjack with Crescent, according to the assayed samples lodged with the historical exploration reports this was not followed up by the historical sampling. Xplore states that replacement carbonate mineralisation within the Quilalar Formation appears to explain the occurrence of elevated zinc-lead at the Flapjack Prospect (Castillo Copper,2020k).

The Crescent Prospect covers an area of 2.2km by 0.5km making it the largest size target area in the EPM 27440 Application tenement (Castillo Copper,2020j).

The western side of the Crescent Prospect is interpreted to be structurally controlled target

prospective for IOCG style mineralisation, located between two parallel ENE-WSW trending faults which bound haematitic-quartz veins and rhyolitic dykes (Figure 5-8). Petrographic samples show evidence of zoned alteration (haematite+/-tourmaline) which can be associated with IOCG type mineralisation within the fault-bounded zone. The 1992 airborne GEOTEM geophysics survey identified a shallow sub-vertical dipping anomaly (PC7) approximately 400m by 300m that could, pending follow-up confirmation, warrant drill testing. MIM ground magnetic geophysics identified two further anomalies.

On the eastern side of the Crescent Prospect the historical data shows potential for a Mt Isa style mineralisation target, measuring 1.2km by 0.35km, with soil anomalies ranging up to 580ppm Zn and 171ppm Pb and coincident with two shallow ground magnetic anomalies (Castillo Copper, 2020j) (Figure 5-8).

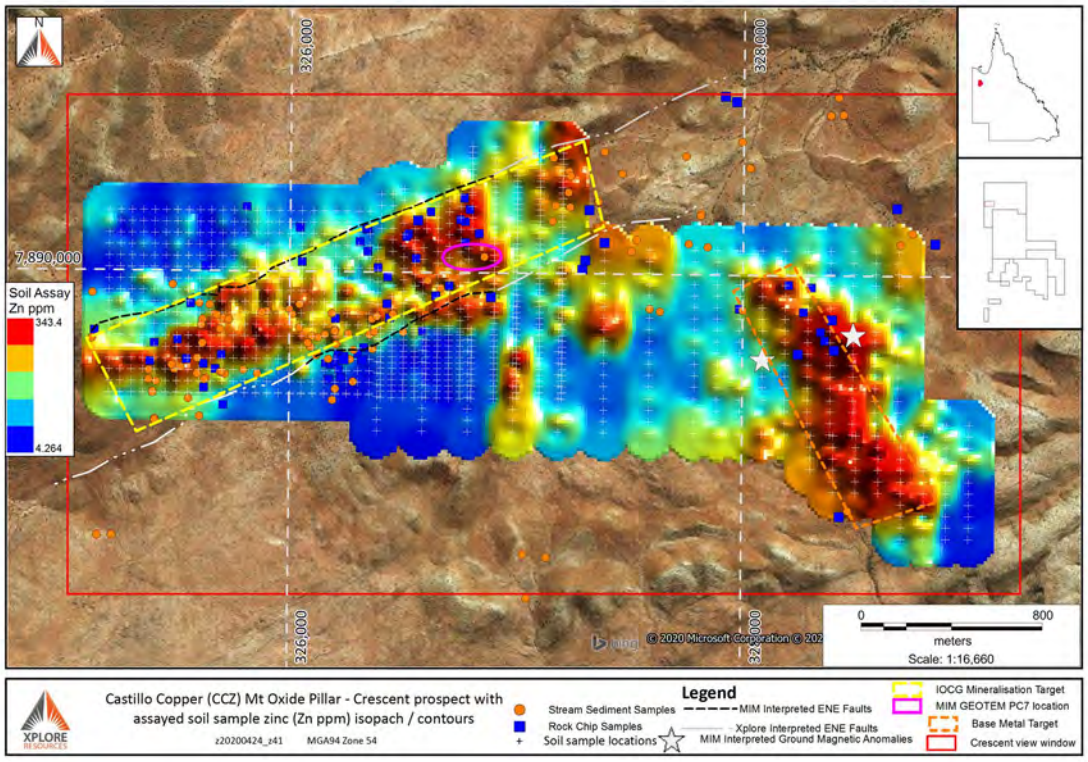

Figure 5-8 Map showing the Zn soil sample isopach Contours for the Crescent Prospect Western and Eastern target areas and associated geophysical anomalies (Source: Castillo Copper,2020j)

The Johnnies Prospect constitutes a shear-hosted supergene copper target where limited rock chip and stream sediment sampling and two trenches have identified anomalous copper and zinc mineralisation. It is located in proximity to the fault system that is interpreted to link the Flapjack and Crescent prospects (Castillo Copper,2020h).

Rock chip assays collected by historical exploration activities over the Johnnies Prospect have demonstrated value of 59,100ppm Cu, 9,500ppm Zn and 45,000ppm Pb. Results from trenches/costeans included:

- One sample that returned anomalous assay results of 63,000ppm Zn, 21,700ppm Pb and 1,750ppm Cu; and
- A 5m composite sample assay results of 16,532ppm Zn, 5,658ppm Pb and 782ppm Cu (Castillo Copper,2020h).

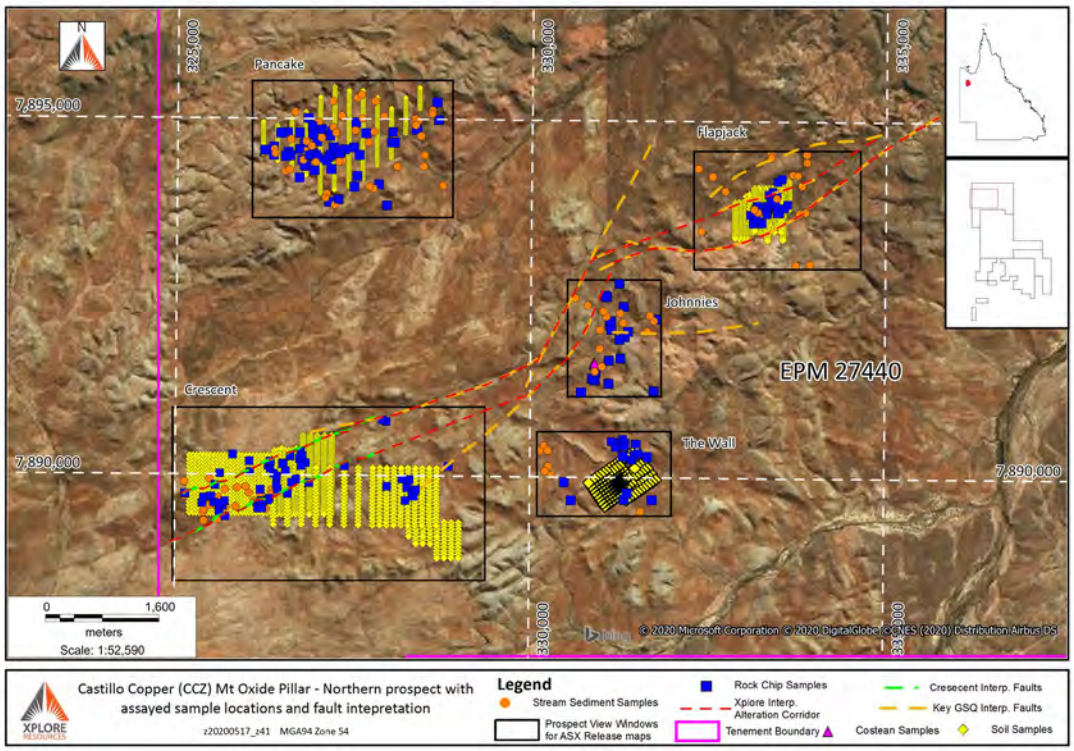

Figure 5-9 **Map showing the relative locations of the historical Flapjack, Crescent and Johnnies prospects in relation to Xplore interpreted faults (Source: Castillo Copper,2020k).**

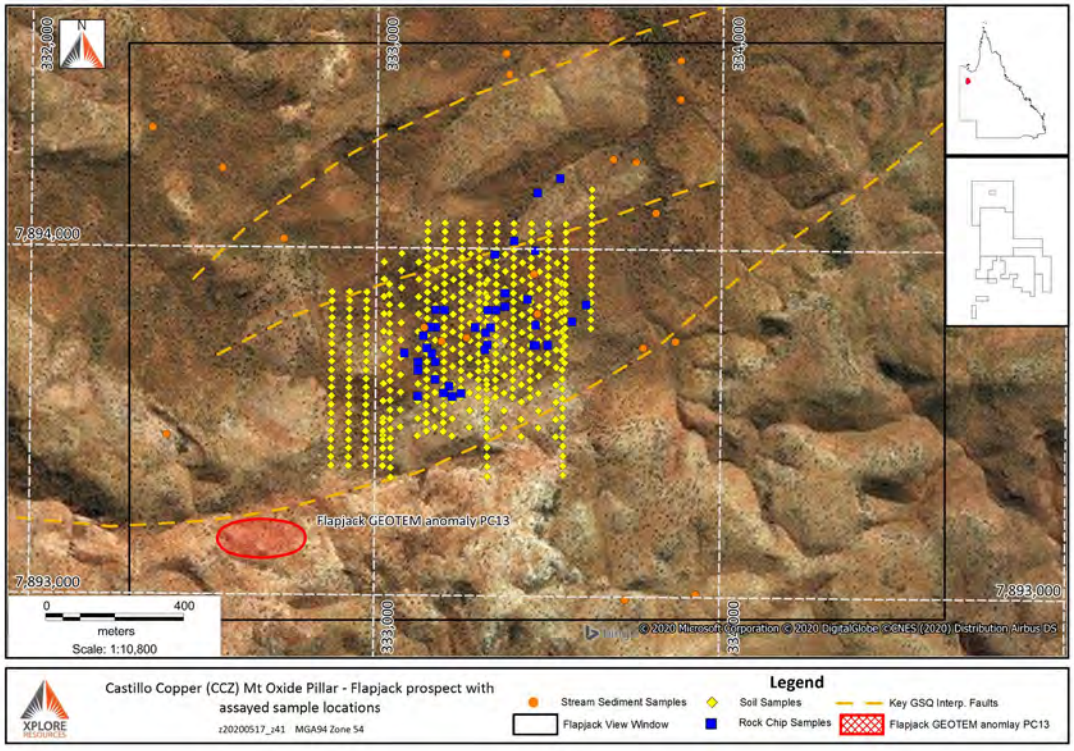

Figure 5-10 **Map showing the location of GEOTEM magnetic geophysical anomaly PC13 in relation to the historic Flapjack work area (Source: Castillo Copper,2020k)**

5.4 Geological Setting and Mineralisation

5.4.1 Mt Isa Inlier

The Mt Oxide North project is located within the Mt Isa Inlier of western Queensland, a large exposed section of Proterozoic (2.5 billion to 540 million year old) crustal rocks. The inlier records a long history of tectonic evolution, now thought to be similar to that of the Broken Hill Block in western New South Wales. The following summary of the tectonic history and geology of the inlier is modified from Betsettal et al. (2006).

Modern geology of the block can be divided into six main belts but is more commonly simplified as the Western and Eastern Fold Belts and the Kalkadoon-Leichardt Belt (Figure 5-11).

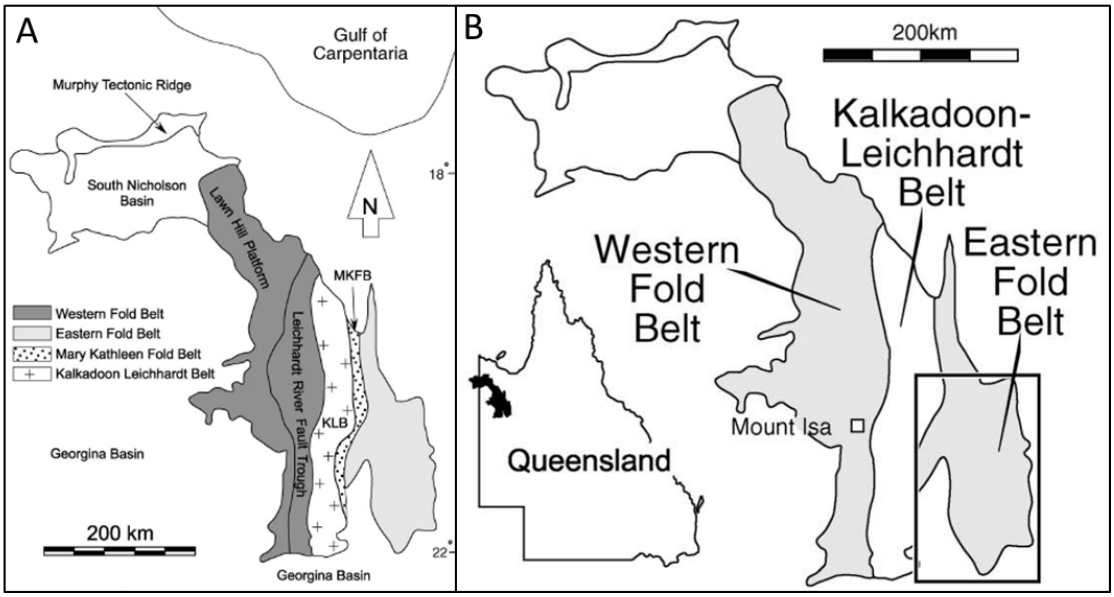

Figure 5-11 Schematic geology of the Mt Isa Inlier showing A) the major tectonic units and B) the simplified belts (after Betts et al., 2006)

The evolution of the basement rocks is poorly understood but they are composed primarily of strongly deformed and metamorphosed amphibolite facies gneisses and migmatites, felsic volcanic rocks, granitic plutons and minor schists and phyllites (Betts et al., 2006).

The basement rocks are overlain by remnants of three Paleoproterozoic (2.5 to 1.6 billion years old) superbasins; the Leichhardt, Calvert and Isa Superbasins. The rocks show a cyclic evolution of sedimentation, crustal extension and intra-plate magmatism.

The Leichhardt Superbasin was characterised by bi-model volcanism and clastic sedimentation with episodic marine incursions. Sedimentation represents a shallowing sequence from deep marine to shallow and fluvial deposits, followed by eruption of significant amounts of continental flood basalts. Further rifting a subsidence allowed for deposition of overlying shallow marine sediments, including siltstones, quartzite-carbonate succession and conglomerates, as well as eruptions of basalts and rhyolites.

The Calvert Superbasin successions are dominated by clastic fluvial and shallow marine rocks with intercalated bi-model volcanic rocks. The oldest sedimentary rocks include rift-related turbidites and quartzites intercalated with basalts and dolerites. The upper section of the sediments comprises dominantly siliciclastic rocks showing regional thickness changes and abrupt facies changes.

The Isa Superbasin is dominated by carbonaceous shale, stromatolitic dolostone and turbiditic siltstones and sandstones. The represent a series of shallow marine incursions, with sediment piles forming up to 8 km thick. These sediments are now exposed within the Lawn Hill Platform and Leichhardt River Fault Trough.

Development of the superbasins terminated around 1.6 billion years ago with the onset of the Isan Orogeny. This compression and deformation led to the development of the Western and Eastern Fold Belts in response to initially north-south compression before an extended period of N-S compression, creating the N-S elongation of the Mt Isa Inlier. Deformation is strongest around the Mt Isa Fault zone, but away from this focus a number of extensional fault zones developed including that of the Leichhardt River Fault Trough and the Lawn Hill Platform.

During this deformation the crustal rocks were weakly metamorphosed, with the highest metamorphic grades preserved in the Kalkadoon-Leichhardt belt.

Concurrent with the deformation are two main periods of magmatic emplacement. The earliest period is characterised by relatively small amounts of pegmatites accompanied by intense metamorphism and partial melting of the host rocks. The later period is responsible for the majority of syn-orogenic magmatism and includes the emplacement of significant batholiths.

The Mt Isa inlier is host to numerous large shale-hosted Pb-Zn-Ag sulphide deposits including the Mt Isa, Century, Hilton and George Fisher deposits, hosted by sedimentary successions deposited in anoxic basin conditions. The deposits are typically located along the Leichhardt River fault trough within the Western Fold Belt, and on the Lawn Hill Platform to the northwest. A number of genetic models have been proposed for these deposits including sedimentary exhalative, diagenetic models and comparisons with Mississippi Valley-type deposits.

Iron-rich Broken Hill type mineralisation is also found, as well as structurally controlled copper-gold deposits.

5.4.2 Local Geology

The Mt Oxide project lies within the Mt Oxide Domain, straddling the Lawn Hill Platform and Leichhardt River Fault Trough. The geology of the tenement is principally comprised of rocks of the Surprise Creek and Quilalar Formations (ROM Resources, 2019a,b,c), which include feldspathic quartzites, conglomerates, arkosic grits, shales, siltstones and minor dolomites and limestones.

The Project area is cut by a major fault zone, trending north-northeast – south-southwest across the permits. This fault is associated with major folding, forming a number of tight syncline-anticline structures along its length.

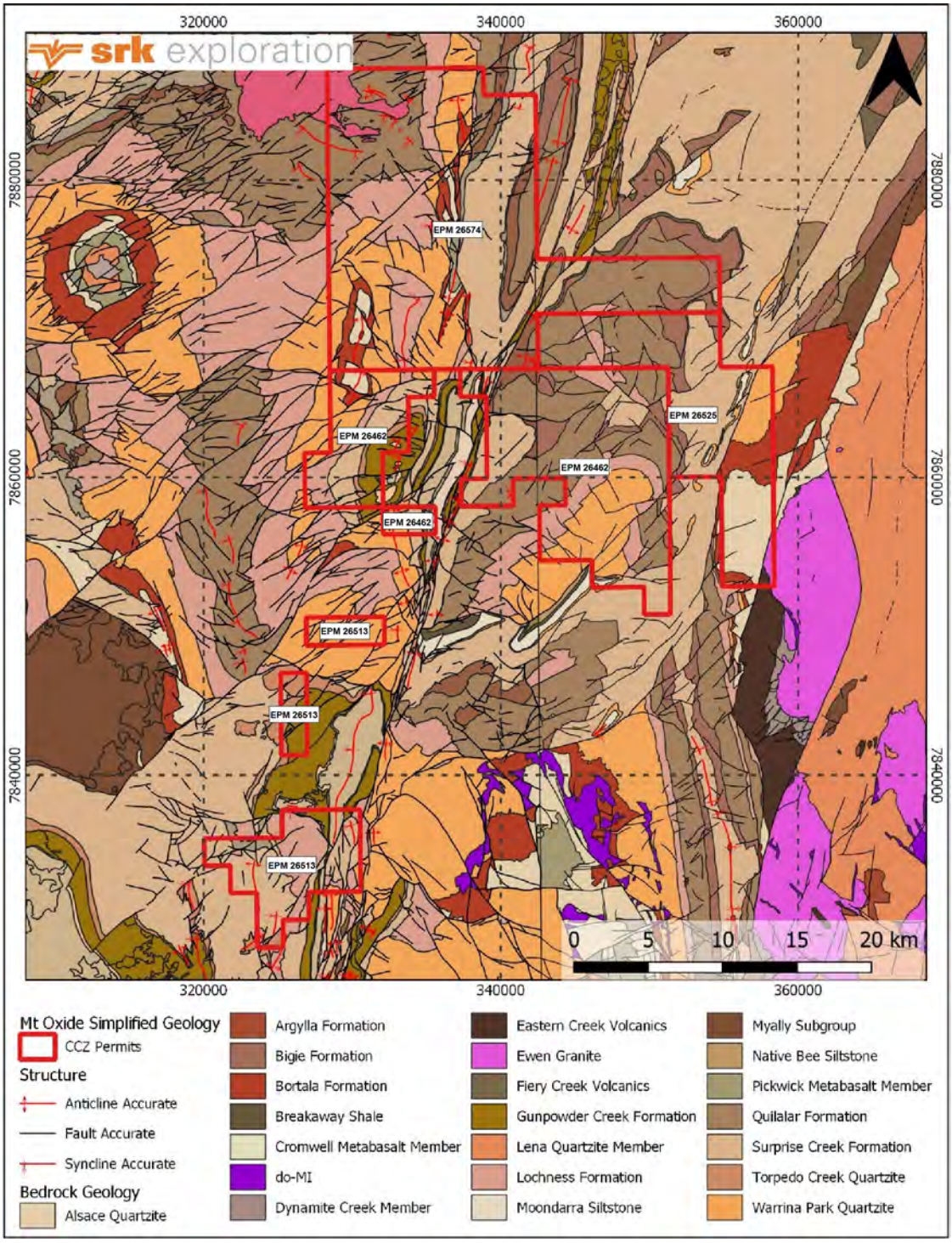

Figure 5-12 Mt. Oxide Project geological map with granted tenements (Source: SRK ES)

5.4.3 Deposit Types

Four main styles of mineralisation account for the majority of mineral resources within the rocks of the Mt Isa Province (after Withnall & Cranfield, 2013);

- Sediment hosted silver-lead-zinc – occurs mainly within fine-grained sedimentary rocks of the Isa Superbasin within the Western Fold Belt. Deposits include Black Star (Mount Isa Pb-Zn), Century, George Fisher North, George Fisher South (Hilton) and Lady Loretta deposits;
- Brecciated sediment hosted copper – occurs dominantly within the Leichhardt, Calvert and Isa Superbasin of the Western Fold Belt, hosted in brecciated dolomitic, carbonaceous and pyritic sediments or brecciated rocks proximal to major fault/shear zones. Includes the Mount Isa copper orebodies and the Esperanza/Mammoth mineralisation;
- Iron-oxide-copper-gold ("IOCG") – predominantly chalcopyrite-pyrite magnetite/ hematite mineralisation within high grade metamorphic rocks of the Eastern Fold Belt. Deposits of this style include Ernest Henry, Osborne and Selwyn; and
- Broken Hill type silver-lead-zinc – occur within the high-grade metamorphic rocks of the Eastern Fold Belt. Cannington is the major example, but several smaller currently sub-economic deposits are known.

Gold is primarily found associated with copper within the IOCG deposits of the Eastern Fold Belt. However, a significant exception is noted at Tick Hill where high grade gold mineralisation was mined, between 1991 and 1995 by Carpentaria Gold Pty Ltd, 15,900 kg of gold were mined at a grade of 22.5 g/t Au. The Tick Hill deposit style is poorly understood (Withnall & Cranfield, 2013).

Inside the Project tenement, known mineralisation styles include (after ROM Resources, 2019a);

- Stratabound copper mineralisation within ferruginous sandstones and siltstones of the Surprise Creek Formation;
- Disseminated copper associated with trachyte dykes;
- Copper-rich iron stones (possible IOCG) in E-W fault zones; and
- possible Mississippi Valley Type ("MVT") stockwork sulphide mineralisation carrying anomalous copper-lead-zinc and silver.

The Mt Oxide and Mt Gordon occurrences are thought to be breccia and replacement zones with interconnecting faults. The Mt Gordon/Mammoth deposit is hosted by brittle quartzites, and Esperanza by carbonaceous shales. Mineralisation has been related to the Isan Orogeny (1,590 – 1,500 Ma).

Mineralisation at all deposits is primarily chalcopyrite-pyrite-chalcocite, typically as massive sulphide within breccias (ROM Resources, 2019a).

5.5 Exploration

Exploration completed to date by Castillo Copper at the Mt Oxide Project is limited to desktop review of historical exploration data. Three studies have been completed by ROM Resources on behalf of Castello and a summary of the results is provided below (after ROM Resources, 2019a,b,c, & Castillo Copper, 2017). No exploration work has been completed on the Torpedo Creek licence (also referred to by Castillo as the Alpha Project area).

Evaluation of Surface Sampling

Publicly available geochemical data collated by the Queensland Department of Natural Resources, Mines and Energy ("DNRM") was downloaded for the permits, including a buffer of 1,000 m in all directions. Addition hardcopy data was also digitised to provide a comprehensive database of available samples. This work was completed over the Big Oxide North area only.

Analysis included combining all geochemical data, gridding results by element, and plotting anomalous concentrations to examine spatial and structural associations. ROM Resources (2019c) recognise that whilst not technically correct to combine results from different sample types (soil, rock chip and stream sediment), the method is useful as a first pass tool.

SRK ES has not seen any regolith mapping that would constrain the soil sampling or statistical analysis to establish background levels. ROM Resources stated that they considered levels of cobalt >50 ppm and copper >100 ppm to be anomalous, though they also noted there was an apparent correlation between apparent anomalies and bedrock geology.

This analysis highlighted, several high-grade copper and cobalt anomalies, and five anomalous trends (Zone 1, Zone 2A & 2B and Zone 3 in Figure 5-13). Cobalt anomalies are interpreted as having a north to northeast trend, with best results seen to the north-east of the project area, returning grades greater than 380 ppm Co and up to 924 ppm Co against a background of 50 ppm Co. Copper anomalies are more frequent and have a less clear orientation, with a high grade of 3.1% Cu within the licence, and up to 18.4% Cu just outside the licence in Zone 3 against a 1% Cu background.

Zinc and silver anomalies were also identified and to a lesser extent nickel and vanadium, though the number of analyses for these two elements is limited.

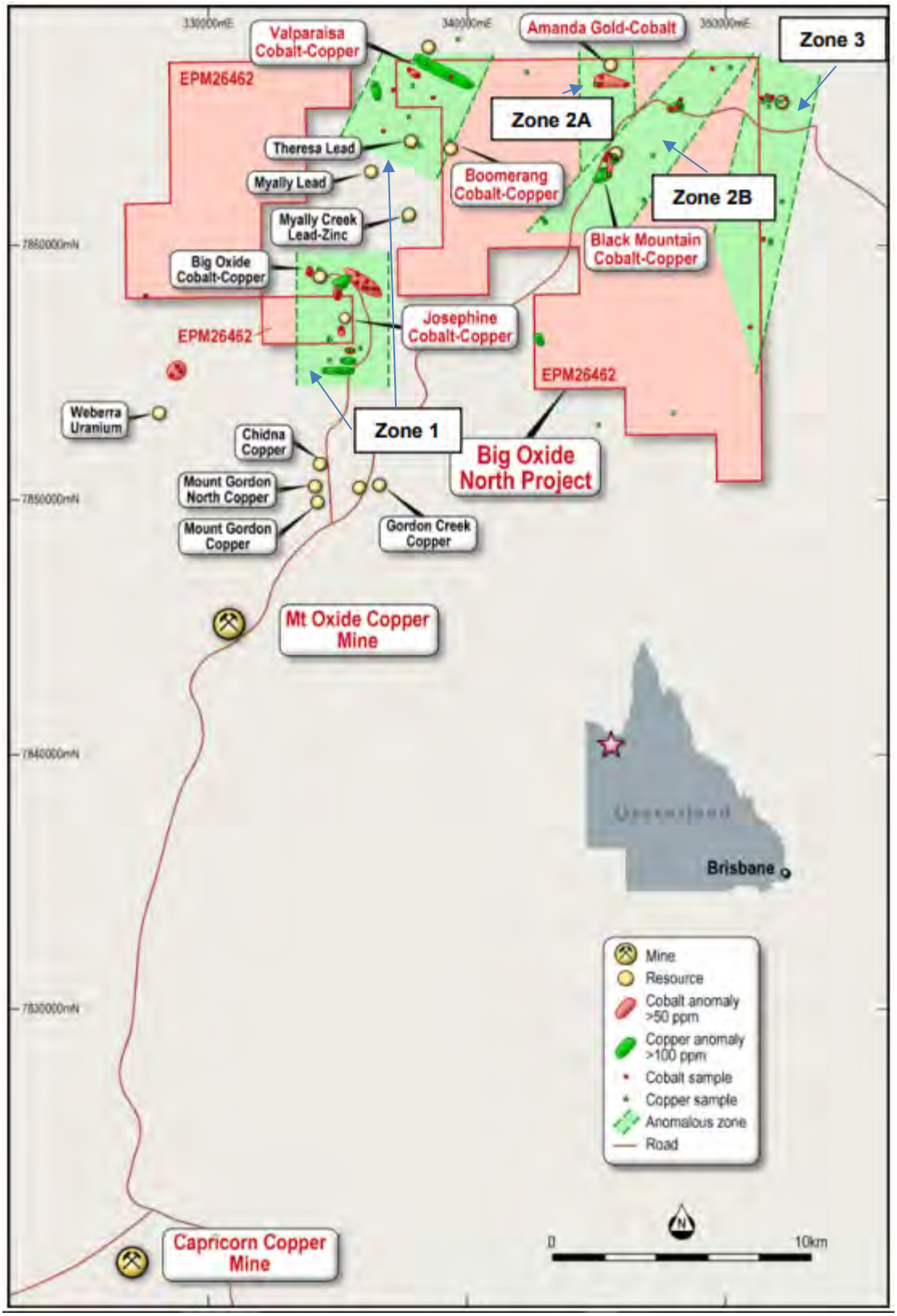

Figure 5-13 Cobalt anomaly trends at the Mt Oxide Project (Image Source: Castillo Copper, 2017)

5.5.1 Target Generation Study

A Target Generation Study covering the three northern permits (Valparaisa North, Hill of Grace and Big Oxide North) was completed by ROM Resources in February 2019. The review included compiling a database and modelling of publicly available geochemical data from the DNRM, including surface geochemical sampling, and where available, drilling results.

In total, twelve target areas were identified as summarised in Table 5-2.The Valparaisa, Arya and Black Mountain targets are considered the most prospective for copper, cobalt and rare earth element (REE) deposits. A further summary of Black Mountain and Valparasia is provided below (after ROM Resources, 2019a). Recent interpretation of airborne geophysical data has allowed re-appraisal of the Arya target and is discussed later in this section.

Table 5-2 Summary of Mt Oxide desktop study targets (after ROM Resources; 2019a, Western Australian Minerals, 1994; Denaro, 1999)

Prospect Name	Target Commodity	Anomalies Near Known Prospects	Comments
Arya (Myally Gap)	Copper	Cu, Co, Ag, Zn	Secondary copper staining observed along bedding planes within rarely quartz veined variably ferruginous medium-grained bedded sandstones of the Surprise Creek Formation (Prd). Copper concentration is adjacent to a major east-west fault.
Valparaisa	Copper	Cu, Co	The Valparaisa copper prospect consists of copper mineralisation in two horizons (termed the “upper and lower copper bed”) within the Surprise Creek Formation. The surface expression is weak discontinuous copper staining over a strike length of about 6,000m. The "lower copper bed" is usually a bouldery outcropping ridge of brown medium-grained quartz sandstone which often shows Liesegang banding. The "upper copper bed" occurs in a valley between quartzite ridges and is in a softer shale unit.
Black Mountain	Copper	Cu, Co, Zn, Ag	Reconnaissance rock chip sample returned anomalous copper from the ferro-manganiferous outcrop forming the prospect. Analysis of the Uranium - Manganese Black Mountain prospect suggested leaching from a Cretaceous Sandstone cap.
Amanda	Gold	Au, Co, Ni	Occurs within the Lochness Formation of the Myally Subgroup and is associated with an east fault on the northwest limb of a large regional north plunging anticline.
Big One	Copper	Cu, Co, As	Consists shear hosted, porphyry dyke related, copper oxide mineralisation over a 600 m strike length with some historical workings. Subject to a 27 hole 1,673m RC drilling programme in 1993 and a non-compliant resource calculation (Western Australian Minerals, 1994).
Big Oxide	Copper	Cu, Co	Confined to the middle unit of the Quilalar Formation (Pqx) and bounded to the north and south by east trending faults.

Prospect Name	Target Commodity	Anomalies Near Known Prospects	Comments
Bomb Gorge	Gold	Cu, Co, Zn, Ag	Confined to slightly recessive outcrop of a sandy dolomitic siltstone within which is a low ridge-forming, strongly quartz-veined pink feldspathic quartzite horizon. Dolomitic units show rare veining. Veining concentrated in pink feldspathic quartzite which acts as a brittle horizon. Gold could be sourced from the quartz veining.
Boomerang	Copper	Cu	Secondary copper staining, over a 800m strike length, has a strong association with a major regional east fault juxtaposing upper Surprise Creek Formation sediments (Prd) against underlying Bigie Formation (Pfy) and upper Quilalar Formation units (Pqx). Mining activity at Boomerang between 1944-1972 reportedly produced 251 t of copper (Denaro, 1999).
Josephine	Copper	Cu, Co	Occurs within a fault-bounded block of middle-lower Surprise Creek Formation sediments (Prb). This consists of buff, brown and grey thin bedded fine feldspathic and labile sandstone, ferruginous sandstone, micaceous siltstone.
Pom	Gold	Cu, Co	Confined to a fault-bound block of middle Surprise Creek Formation (Prb) arenaceous sedimentary rocks.
Eldorado	Copper	Cu, Ag	Situated solely within the upper unit of the Surprise Creek Formation (Prd). Rocks at the Eldorado grid are variably ferruginous, fine to medium grained silt to rare sandstone, with local areas of massive to bedded shale. Regional open-style folding predominates within the sedimentary package.
Old Man Creek	Copper	Cu	Consists of a west fault-bounded and folded sequence of Mt. Isa Group rocks, from basal Warrina Park Quartzite to a thin sliver of Native Bee siltstone. These sedimentary rocks crop out over four kilometres of strike. Results of drainage and rock chip samples were low except for a 3,100ppm Cu assay from a single rock chip sample.

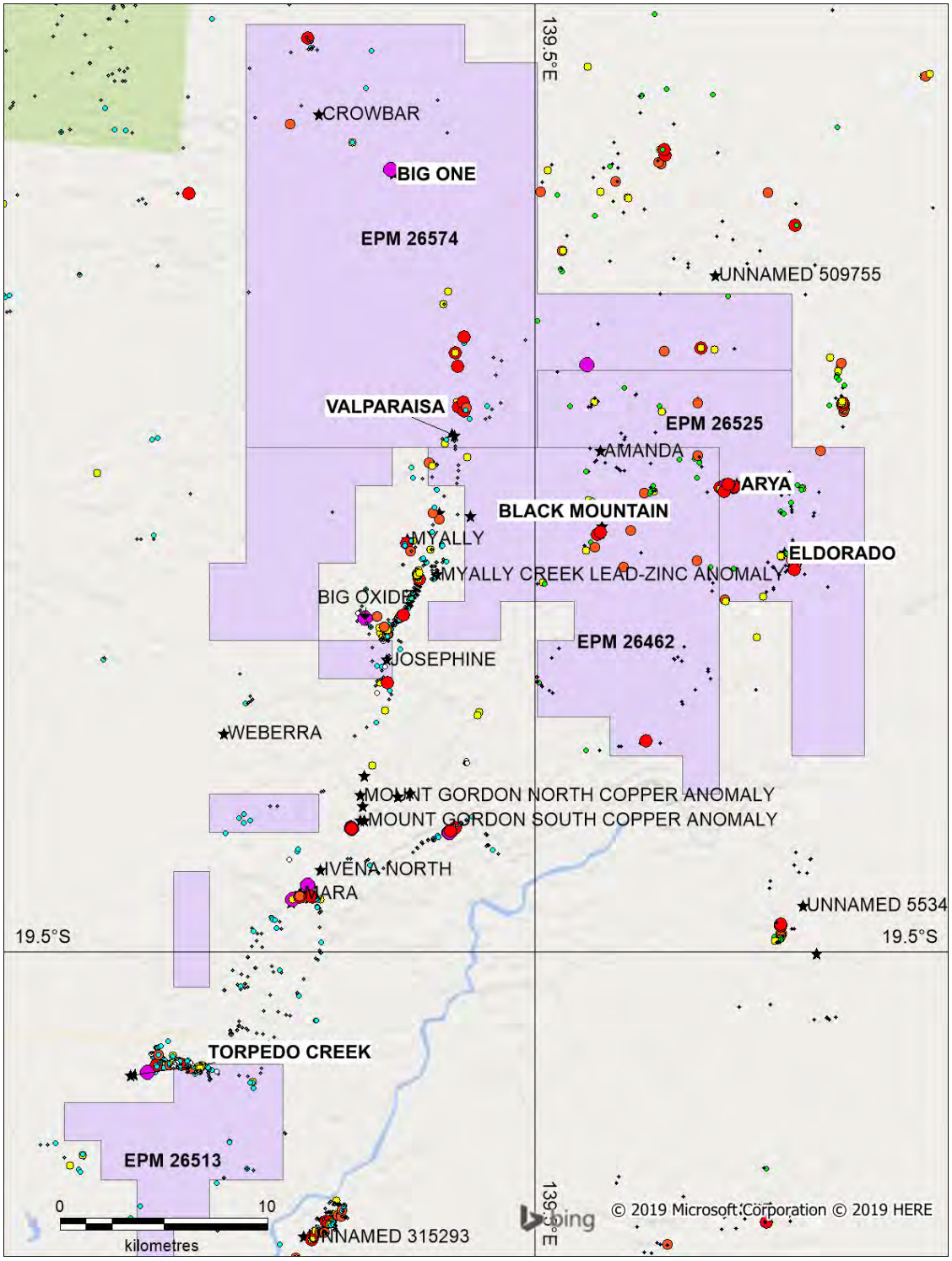

Figure 5-14 Map showing the location of the Mt Oxide desktop study targets (Image Source: ROM Resources, 2019a)

Black Mountain (Copper)

The Black Mountain Copper Prospect is a low-level copper anomaly identified from stream sediment sampling by Mt Isa Mines Ltd. The prospect has also been mapped as a uranium-manganese prospect by government geologists.

The prospect is located within a northeast trending thin belt of the Quilalar Formation sediments, proximal to a northeast trending fault. It was defined by 6 samples of between 18 and 74 ppm

Cu, as well as visual observation of outcropping ferruginous material.

Sixty-seven soil samples were collected over an area approximately 900m x 900m, returning results 16 samples with anomalous values including;

- Six samples greater than 200 ppm Cu;
- Five samples greater than 50 ppm Co; and
- Five samples greater than 200 ppm Zn.

Anomalous silver was also identified in some samples. Figure 5-15 provides a summary of the geology and sampling results at Black Mountain.

Three holes were also drilled targeting quartz veining, but no testing for cobalt or REEs was done, and pulps are not held for retesting.

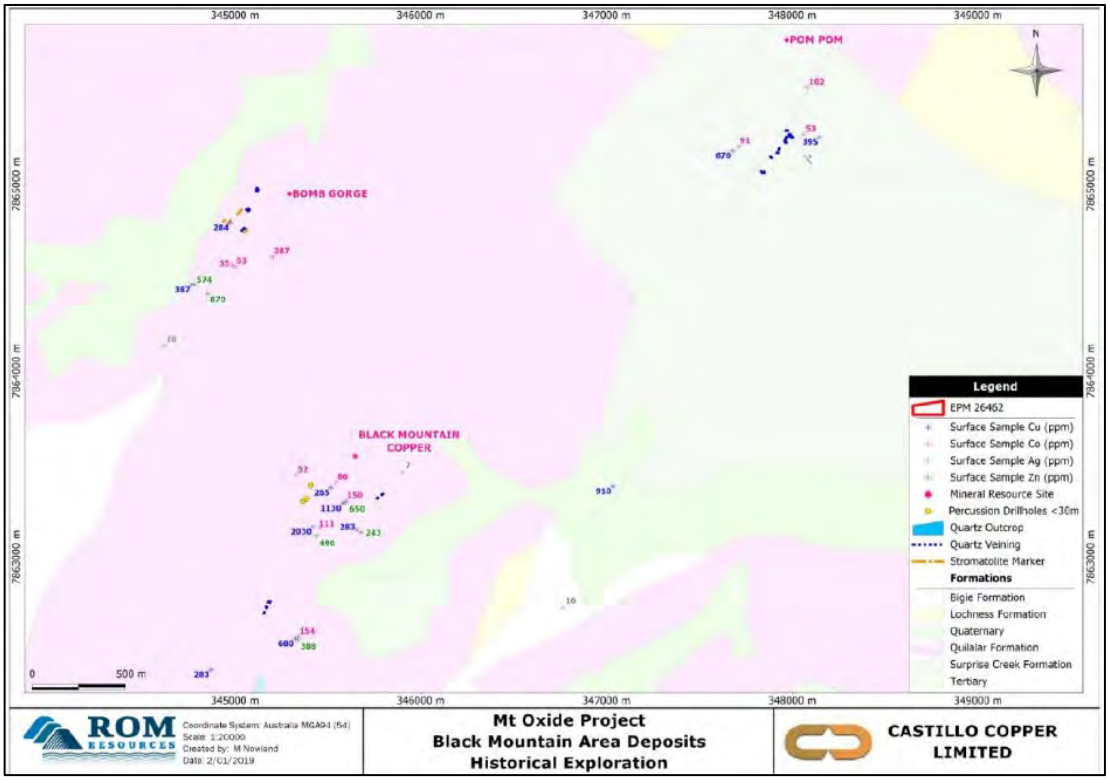

Figure 5-15 Black Mountain Prospect summary map (Image Source: ROM Resources, 2019a)

Valparasia (Copper)

The Valparasia copper prospect consists of two horizons within the Middle Gunpowder Creek Formation. The surface expression consists of a weak, discontinuous copper staining with a strike length of approximately 6 km. The “lower copper bed” has stronger outcrop and is more heavily stained with ferric turquoise, with occasional pyritic lenses up to 10cm in length and Liesegang banding. The “upper copper bed” occurs in a valley between quartzite ridges, often obscured by alluvium. Malachite and turquoise staining are seen on bleached siltstones and fine sandstones. Figure 5-16 shows the location of the copper horizons, as well as surface sampling and drilling locations.

Fifty-one surface chip samples were collected and eighteen RAB drill holes were drilled by Dampier Mining Company Ltd. Surface sampling returned fifteen samples with anomalous values, including 12 samples of greater than 200 ppm Cu, and three samples of greater than

50 ppm Co. Half of the copper values exceeded 1,000 ppm Cu.

The “lower copper bed” returned poor drilling results, with the best intercept only 3m at 0.08% Cu, and an average of 0.04% Cu from samples. In the “upper copper bed”, slightly more promising intervals of 6m @ 0.18% Cu including 3 m @ 0.33% Cu were intercepted. No RAB samples were tested for cobalt or REE mineralisation, and no pulps are held for retesting.

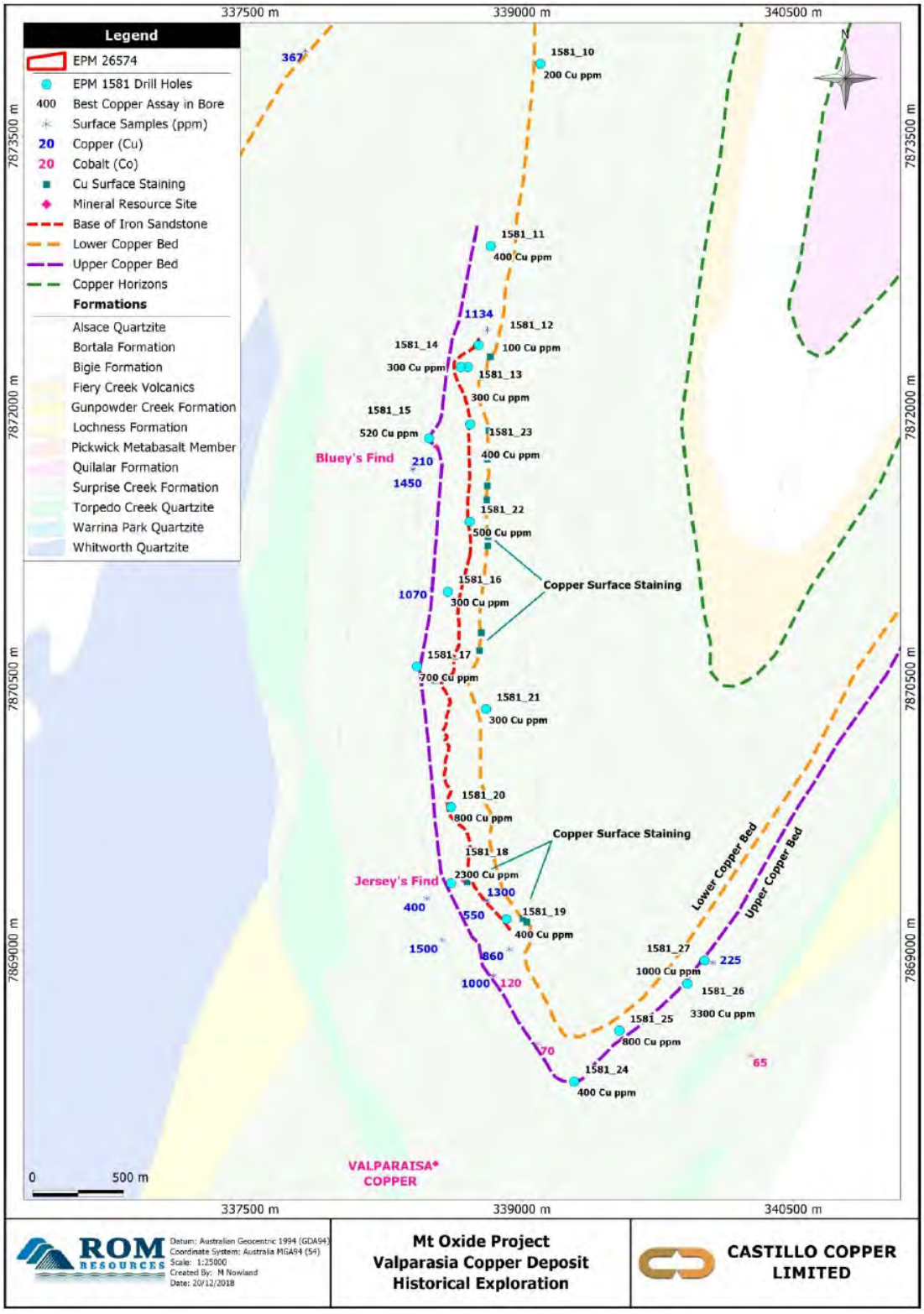

Figure 5-16 Valparasia Prospect summary map (Image Source: ROM Resources, 2019a)

This desktop review concluded that whilst the project area is well explored for typical base metals and uranium, it is under explored for cobalt, vanadium and REE, for all of which the area is considered prospective. Many of the identified targets have not been drill tested, and recommendations are made for follow up fieldwork.

Desktop reviews also highlighted the availability of a large amount of ground magnetic and induced polarisation ("IP") survey data for the permits, with recommendations made to digitise and georeferenced this data for future study.

Arya Prospect - Geophysical Interpretation Study

In March 2019, Geoscience Australia released a regional airborne magnetic survey and geochemical sampling programme results for the Mt Isa Province. Both surveys were completed at relatively coarse resolution, however one line traversed the Hill of Grace tenement. Although most of the anomalies reflect shallow conductors related to black shales, one discordant bedrock anomaly was observed adjacent to the Arya prospect (Figure 5-17).

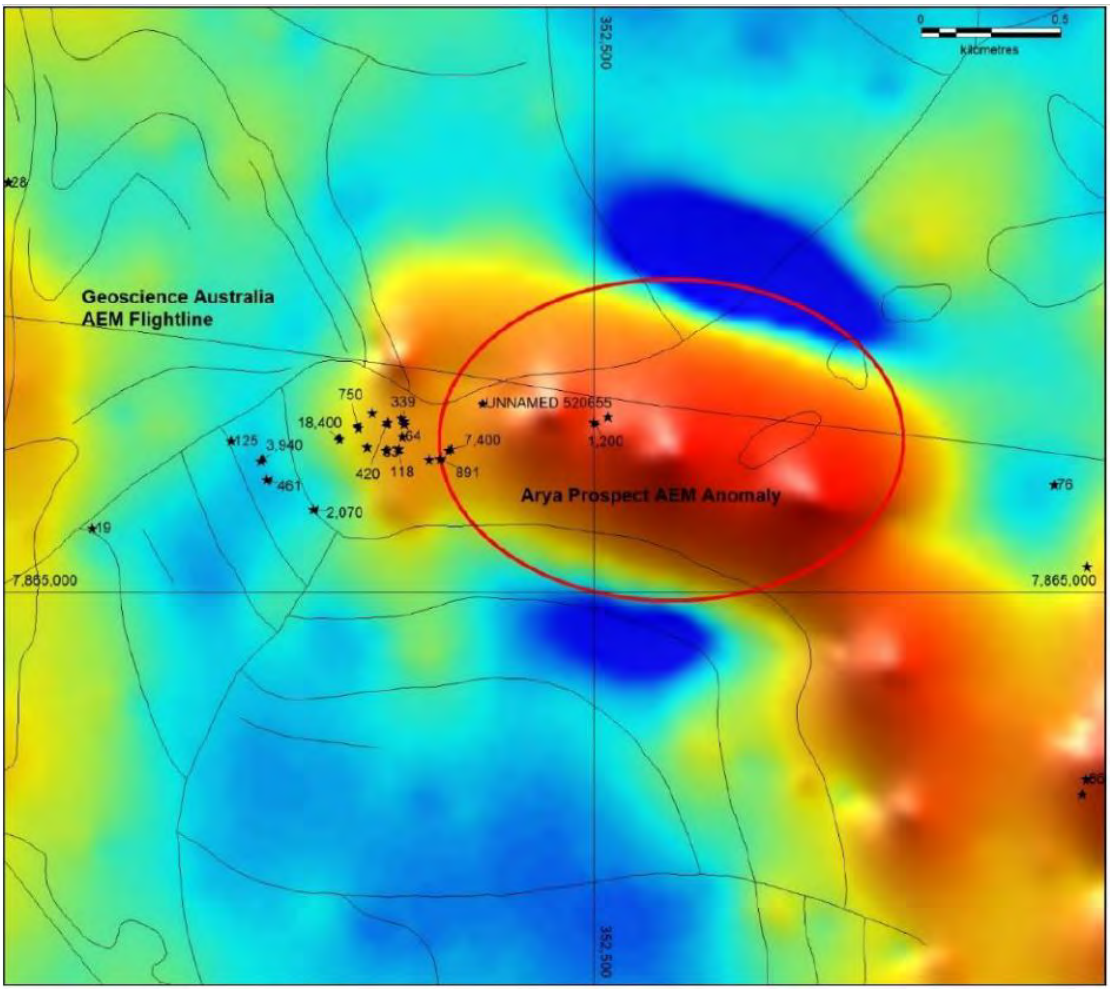

Figure 5-17 Airborne magnetic response over the Arya prospect. Samples labelled by copper assay results (Image Source: ROM Resources, 2019c)

The Arya prospect was identified during target generation from surface geochemical samples, including eight samples reporting over 1,000 ppm Cu (including 18,400 ppm Cu), and four exceeding 50 ppm Ag. The prospect is located within the Myally sub-group units of the Surprise Creek Formation, close to an east-west to northeast-southwest trending fault. Geology includes quartzites and sandstones containing malachite and chrysocolla along foliation, in brecciated

and strongly haematitic sedimentary rocks and on joint surfaces in rhyolites and porous sandstones.

The current interpretation is that the EG01 magnetic anomaly is related to brecciated copper mineralisation identified at surface, representing a structurally controlled copper sulphide deposit.

The Arya prospect has previously been explored by BHP and was interpreted as possible IOCG mineralisation, Arya included three (EG01, EG02 & EG10) of a total 11 geophysical anomalies identified by BHP in the 1990s (BHP, 1997 & 1998). A PROTEM ground magnetic survey over the area indicated that EG01 represented a significant target approximately 426m below surface, it was recommended for drilling by BHP but that drilling was not commenced. No drilling has been completed to date.

On 1 July 2020 Castillo announced (Castillo copper, 2020n) the finalisation of a proposed 14 hole RC drilling programme to test the Arya anomalies, details of this proposed drilling programme are set out in section 5.7.1 below.

Big One Copper Prospect

Consists supergene copper mineralisation associated with a steeply dipping north-east trending fault zone, within sandstones host rock, intruded by what is described as a 2 m to 5 m wide trachyte (porphyritic) dyke (with strong sericite alteration, possibly of dacitic composition) (Western Australian Metals, 1994).

The supergene copper mineralisation, seen in a number of shallow historical mine workings including three pits and a shaft, is hosted within the fault zone and particularly within the dyke (Western Australian Metals, 1994). It is also reported to have a strongly altered hanging wall containing malachite, chalcocite and cuprite, with strong malachite staining along the entire 600 m strike length (WME, 1994). Western Australian Minerals NL (WME) conduced a 27 hole, 1,673 m, RC drilling programme at Big One during November 1993, and calculated a non-compliant copper oxide target of 79 kt at 2.2% Cu. This drill data would only support an Exploration Target under JORC (2012).

On 14 January 2020 Castillo (Castillo Copper, 2020a) announced that it had acquired the original geological logs and assay data for the RC drilling programme from WME (WME, 1994). Notably only limited testing/assays were taken from selected drill holes.

This drill data outlined notable high grade copper intercepts in seven holes, from shallow depths over a strike length of up to 600m, with standout:

> RC Hole B07: *3m @ 12.25% Cu from 42m*;
> incl. *2m @ 17.87% Cu from 43m* and *1m @ 28.40% Cu from 44m*.

Castillo note that the relationship between the dyke and the fault helps to define further areas for drill testing with specific refence to a structural splay to the south-west of the historical drilling and possibly under topographic features to the east (Castillo Copper, 2020a/l) (see Figure 5-18).

Hard copy records obtained by Castillo from a previous licence holder (Wilson D., 2011 & 2015), show that in 1997, about 4,400t of ore was mined from the supergene zone of the Big One deposit, with an average reported grade of circa 3.5% Cu. The output was reportedly sold to a nearby heap leach operation at Mt Cuthbert. Mining was via three shallow pits and employed ripping and direct haulage (Figure 5-18).

Other historical mine workings are believed to date to 1914-15 with production of 9.4 t of copper reported (Denaro, 1999).

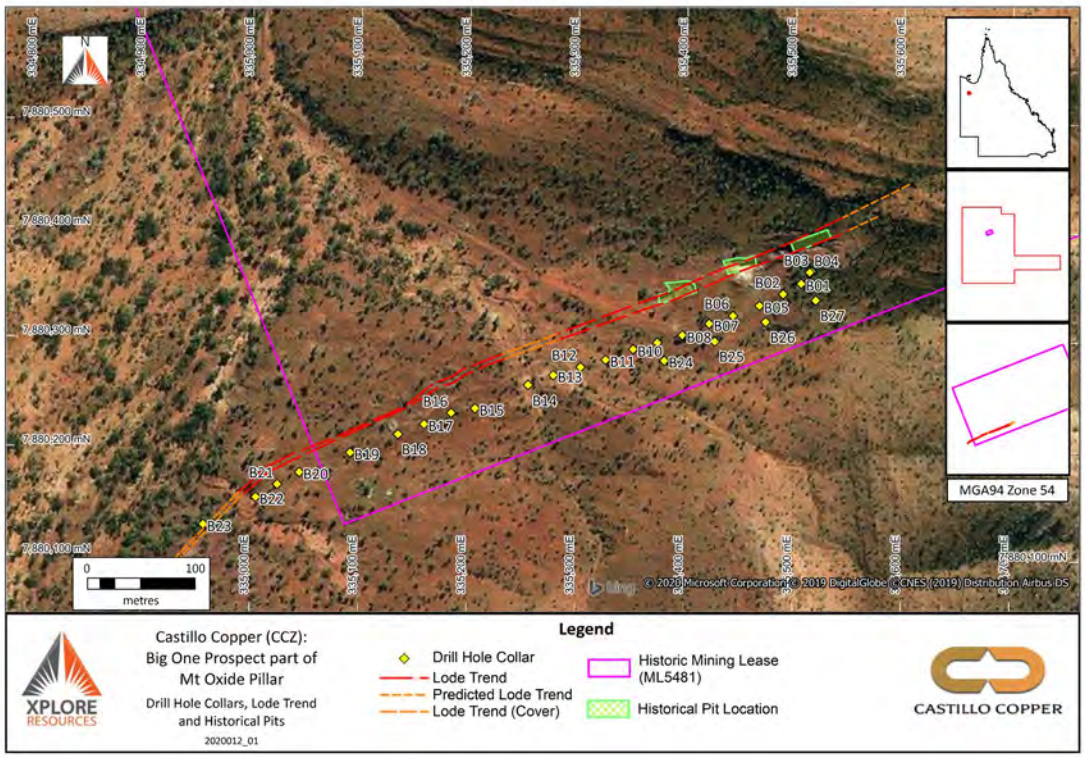

Figure 5-18 Map showing Big One Copper Prospect WME 1993 RC drill collars and interpreted lode trend and site of historical mining pits. (Image Source: Castillo Copper, 2020a)

The Big One host rock is described as dolomitic feldspathic sandstone and siltstone of the Lochness Formation and quartzite of the Whitworth Quartzite.

Additional exploration conducted in the Big One area has been conducted by Carpentaria Exploration Company Pty Limited in 1981, M.I.M. Exploration Pty Limited in 1992 and Savannah Resources in 2007, the work included stream sediment and soil sampling programmes which outlined copper significantly above background levels in the Quilalar Formation and Lochness Formation an anomalous copper associated with faulted contacts or at the base of carbonate lithologies (ROM Resources, 2019b).

The ground immediately to the south of the Big One was previously held by Mt Isa Metals Ltd (2011) who reported that sampling from 0.5 m deep auger holes at their Dingo Prospect had identified slightly anomalous copper values of between 41 ppm Cu to 67 ppm Cu trending southwest along strike from Big One.

See also section 5.7.2 for details of Castillo's proposed drilling programme to test the Big One.

Boomerang Copper Prospect

The Boomerang prospect is reported to have been the subject to small scale copper mining between 1977 – 1972. In 1975 Dampier Mining conducted further exploration in the prospect area including geological mapping, rock sampling and drilling nine RAB holes, delineating a sandstone hosted copper oxide mineralisation over a 800m strike length (Denaro, 1999, Castillo, 2019f).

A recent review of historical mineral production records from the Geological Survey of

Queensland reports, over the period 1944-74, show that some 4,211t of oxide ore were mined at Boomerang grading around 6% Cu and producing 250.9t of copper metal (Castillo, 2020a).

5.6 Mineralisation Model

Copper mineralisation identified at the Mt Oxide Project is almost unanimously found within the upper rock units of the Paradise Creek and Surprise Creek Formations. These Formations comprise laminated shales and siltstones (often carbonaceous and graphitic), dolomitic silty sandstones (in places stromatolitic), and quartzites with interbedded argillite and sandstone. Regionally this unit is strongly weathered and often covered by scree from the overlying Warrina Park Quartzite (ROM Resources, 2019c).

Minor occurrences of copper mineralisation are also reported from the Whitworth and Warrina Park quartzites in the form of turquoise (ROM Resources, 2019c).

5.7 Summary

To date, only the Valparasia, Hill of Grace and Big Oxide North permits have been the subject of desktop based studies by Castillo Copper, with no work completed on the Torpedo Hill permit and no ground exploration work undertaken. These permits have been extensively explored by other companies over the past 50 years, leading to a wealth of geological, geochemical and geophysical data for the project. This exploration has typically focused on copper, gold and uranium, and cobalt and rare earth elements are considered under-explored.

Three separate desktop reviews have been completed;

- Collation, combination and first pass analysis of surface geochemical data to define trends, geological and structural associations;
- Review of historical exploration reports with a view to identifying historical targets suitable for follow up exploration; and
- Interpretation of results from the target generation study with recently released (March 2019) airborne geophysical survey data.

In addition, work has started on the digitisation and georeferencing of the numerous ground geophysical surveys that have been undertaken, to aid reinterpretation and comparison with the targets generated through other workstreams.

Twelve targets of interest have been generated, primarily from review of the historical exploration, of which four have been drilled historically. Only, Valparasia, Black Mountain and Arya are considered the most prospective for cobalt mineralisation.

Valparasia consists of over 6 km of discontinuous copper staining within two beds. Rock chip samples have returned grades of over 1,000 ppm Cu and 50 ppm Co, although RAB drilling results have been generally disappointing.

The Black Mountain mineralisation is associated with quartz veining and outcropping ferruginous material, with selected soil geochemical samples returning over 200 ppm Cu and zinc, and 50 ppm Co. Limited drilling has been completed historically, targeting quartz veins in the area. The results of this sampling have not been provided to SRK ES.

The Arya target was identified from multiple surface samples returning grades of over 1,000 ppm Cu and including one sample at 18,400 ppm Cu. Surface expression is limited to copper staining within brecciated quartzites and sandstones, but recent and historical geophysical surveys suggest that there is potential for a deeper sulphide unit that is related to the fault breccia.

The Big One and Boomerang prospects both consist outcropping copper oxide deposits striking between 600 m to 800 m, which have been the subject of small scale historical mining activity, both have been subject to shallow drilling programmes, with deeper copper sulphide mineralisation potential as yet untested. It is recommended that Castillo undertake field and logistical work to evaluate the potential economic value of these deposits ahead of planning appropriate follow-on work that could include verification and extensional drilling as warranted.

Whilst the results from these studies do show the potential for mineralisation, the majority of prospects tested to date have been determined, by historical explorers, to be uneconomic and abandoned. It is noted that this decision has typically been made without any drilling, and there is still potential for significant sub-surface mineralisation to be discovered.

5.7.1 Proposed Arya Drilling Programme

On 1 July 2020 Castillo announced (Castillo copper, 2020n) a proposed RC drilling programme to test the Arya anomalies. Subject to ground truthing and final adjustments the proposed programme envisages 14 RC holes (totalling 3,432m) within a 1.5km by 1km area.

Three planned deep holes target the bedrock conductor (EG01) interpreted to be related to a possible massive sulphide body at a depth of 426m (BHP, 1997 & 1998). The geophysical interpretation estimates this to be up to 130m thick with approximate dimensions 1,500m by 450m. Each hole is spaced 210m apart and ranges in predicted total depth from 590m to 680m, with the central hole targeting to intersect EG01 at a top depth of 426m (Castillo Copper, 2020m).

The remaining eleven holes have been planned to test near-surface targets including fault breccia and two interpreted bedrock conductors (EG02 and EG10) which are approximately 25m below surface, 25m thick and circa 50m wide by 160m long (BHP, 1997 & 1998). The BHP report that rock chip sampling in the brecciated fault above these conductors returned copper values of up to 7,400ppm Cu.

EG02 and EG03 are interpreted to be down-dip conductors, within dolomitic stratigraphy (Surprise Creek Formation), that has the potential to host epigenetic replacement style copper mineralisation.

Castillo also propose to undertake modern gravity and Moving Loop Electromagnetics (“MLEM”) ground geophysics, with an aim to generate a three-dimensional geophysical model in conjunction with the RC drilling and downhole geophysical surveys.

The proposed drill collar locations are set out in Figure 5-19.

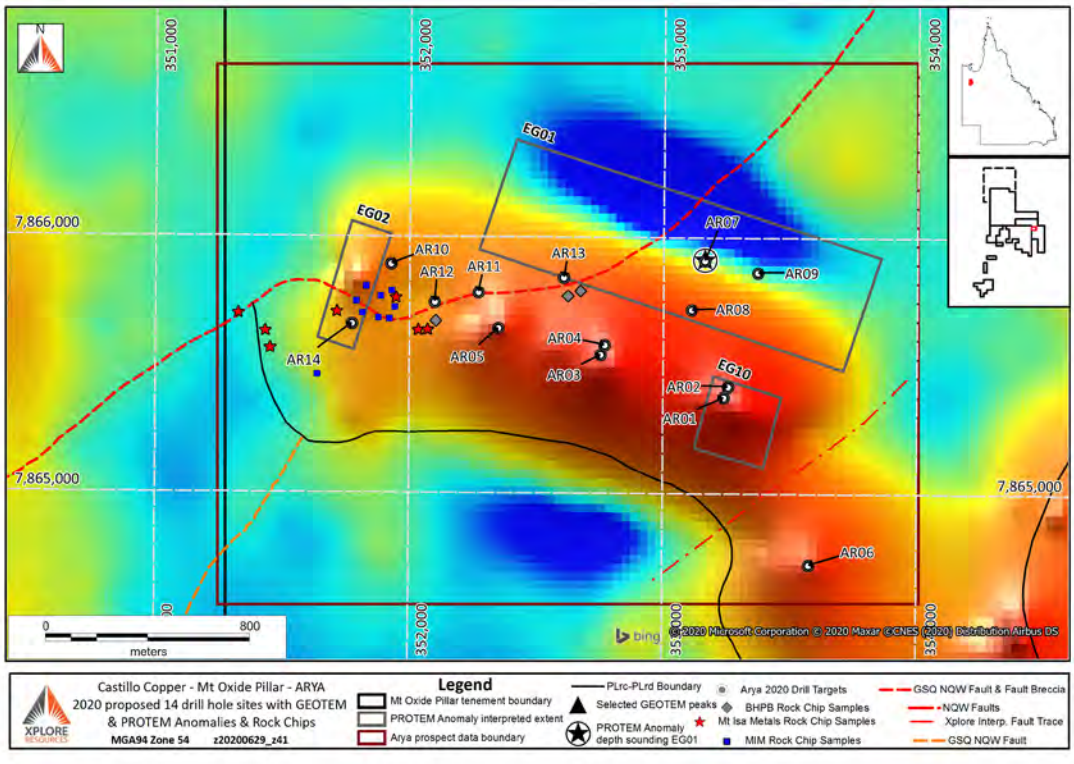

Figure 5-19 Map showing the location of the proposed Arya RC drill programme collars (AR01-AR14) and the geophysical targets EG01, EG02 and EG10 (Image Source: Castillo Copper, 2020n)

5.7.2 Proposed Big One Drilling Programme

On 14 July 2020 Castillo announced (Castillo Copper, 2020o) a proposed RC drilling programme to test the Big One. Subject to regulatory approval, ground truthing and final adjustments the proposed programme envisages 35 RC holes (totalling 4,385m) over a strike area of 580m by 120m.

The proposed total drill hole depths range from 50m up to 250m, which equates to vertical depth drilling targets between 26m to 190m below surface. The stated objective of the drilling is to verify scalability by seeking to extend known mineralisation, outlined by the WME 1994 drilling (Figure 5-20), by;

- Determining depth of high-grade supergene mineralisation extends from surface;
- Determining transition depth to sulphide mineralisation;
- Testing apparent fault splay at the western end of the Big One; and
- Testing apparent second potentially mineralised structure to the south of the Big One

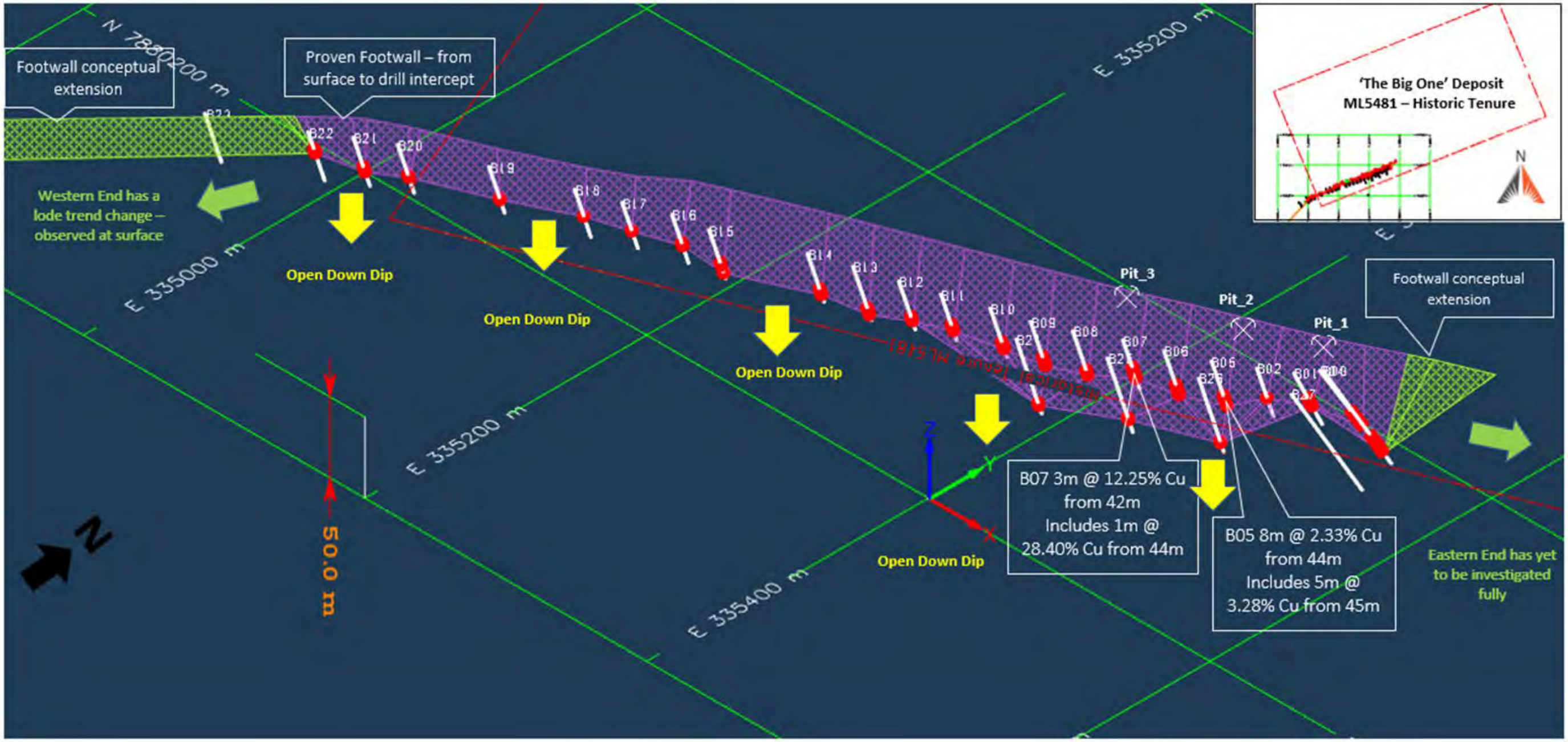

Figure 5-20 **Map showing Big One deposit – 1993 WME RC drill holes showing the dyke intercepts in red: linking the footwall contact at surface to the drill hole intercepts – the viewer is elevated to the south-east of the Big One deposit (Image Source: Castillo Copper, 2020o)**

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5.8 Recommendations

SRK ES's recommendations for continued exploration of the Mt Oxide Project align with those made by ROM Resources (2019a,b,c). This includes:

- Continued re-processing of geophysical data historically collected over the project and surrounding areas. Where possible, this data should be interpreted alongside geological mapping and geochemical data to investigate the potential new targets.
- Detailed geological, regolith and structural mapping of existing targets, including systematic sample collection (rock chip/channel sampling etc) as appropriate.
- Collection of soil samples as appropriate over target areas. SRK ES recommends that ionic leach sampling is considered as an alternative to traditional soil sampling, with the ability to provide enhanced geochemical mapping through lower detection limits and lower signal to noise ratios than traditional partial-leach sampling programmes.

It is also recommended that a remote sensing study is completed over the Project area. ASTER, Landsat and Sentinel-2 satellite data are freely available for the project area and can be used in the refinement of geological mapping, structural interpretation and possibly identification of gossanous areas related to sulphide mineralisation.

A high-resolution hyperspectral study may also be considered, providing a more detailed and more accurate mineral map for target generation. Given the high prospectivity and intensive exploration of the region, it is possible that hyperspectral data may be available for the project without the additional cost of satellite re-tasking.

A field based determination of the possible economic potential of the Big One and Boomerang supergene copper deposits is also merited ahead of planning appropriate follow-on exploration work such as the proposed drilling, where warranted.

SRK ES considers the three Arya geophysical anomalies are worthy of drill testing subject to ground truthing and precursory geophysical vectoring. Based on the BHP interpretations each target has the potential to generate significant mineralised intersections, albeit in the case of EG01, at depth.

Given the apparent effectiveness of literature reviews in identifying targets within the northern permits, it is also recommended that a similar study is completed for the Torpedo Hill (Alpha) EPM 26315 concession area.

6 ZAMBIAN COPPER PROJECTS

6.1 Property Locations and Descriptions

On 25th February 2020 Castillo Copper announced the completion of the acquisition of Zed Copper Pty Ltd. ("Zed"), a Western Australian registered company which holds interests in four copper projects (the "Zed Projects" or "Projects") (Figure 6-1) in the Republic of Zambia ("Zambia"), covering a total area of around 1,121 km^2. (Castillo Copper, 2020e)

At the time of the SRK ES site visit Castillo were undertaking due diligence on the acquisition (Castillo Copper, 2019b), although they subsequently issued a resolution in favour of the acquisition of Zed scheduled for a vote at a Castillo shareholders general meeting on 6th November 2019 (Castillo Copper. 2019d).

As part of their due diligence Castillo commissioned Zambian consultancy Laureates Mining Ventures to prepare an independent report entitled 'Desktop Review of Castillo Copper Ltd Greenfield Properties in Zambia' (Laureates, 2019). This study reviewed by SRK ES included the Lumwana, Luanshya and Mkushi projects but excludes the Mwansa Project.

The Luanshya Project and the Lumwana North & South Project are located within the Copperbelt Province, the Mkushi Project is within the Central Province of north-central Zambia and the Mwansa Project is located in the Luapula Province. All of the properties are located between 100 km and 400 km from Zambia's capital city, Lusaka (see Figure 6-1 and Figure 6-3).

SRK ES conducted inspection site visits to the Mkushi Project on 30 September 2019 and the Luanshya Project on 1 October 2019. The Lumwana and Mwansa Projects were not visited.

The Lumwana North and South Project and Luanshya Project are located close to some of Zambia's largest copper mines, including First Quantum Minerals' Sentinel Mine, Barrick Gold's Lumwana Mine and Vedanta's Konkola Copper Mines.

The Mkushi Project licence encircles a mining lease held by Shi & Yan Mining (SYM), covering the historical Mkushi Copper Mine. The mine was re-opened as an open pit in mid-2018 with a 15 year Life of Mine (LOM) (Castillo Copper, 2019b).

Prior to the acquisition, very limited exploration of the projects has been undertaken by Zed, but the areas were known to be proximal to artisanal and small-scale mining operations. In early 2020 Castillo initiated systematic grid soil sampling in the central portion of the Luanshya Project area and around the periphery of the SYM mining lease at Mkushi. This work has highlighted areas of anomalous copper in soil worthy of further investigation.

Castillo have a total exploration spend commitment of approximately US$176,000 split across the seven licences, the breakdown of the spend commitments by licence and work item is provided in Appendix G.

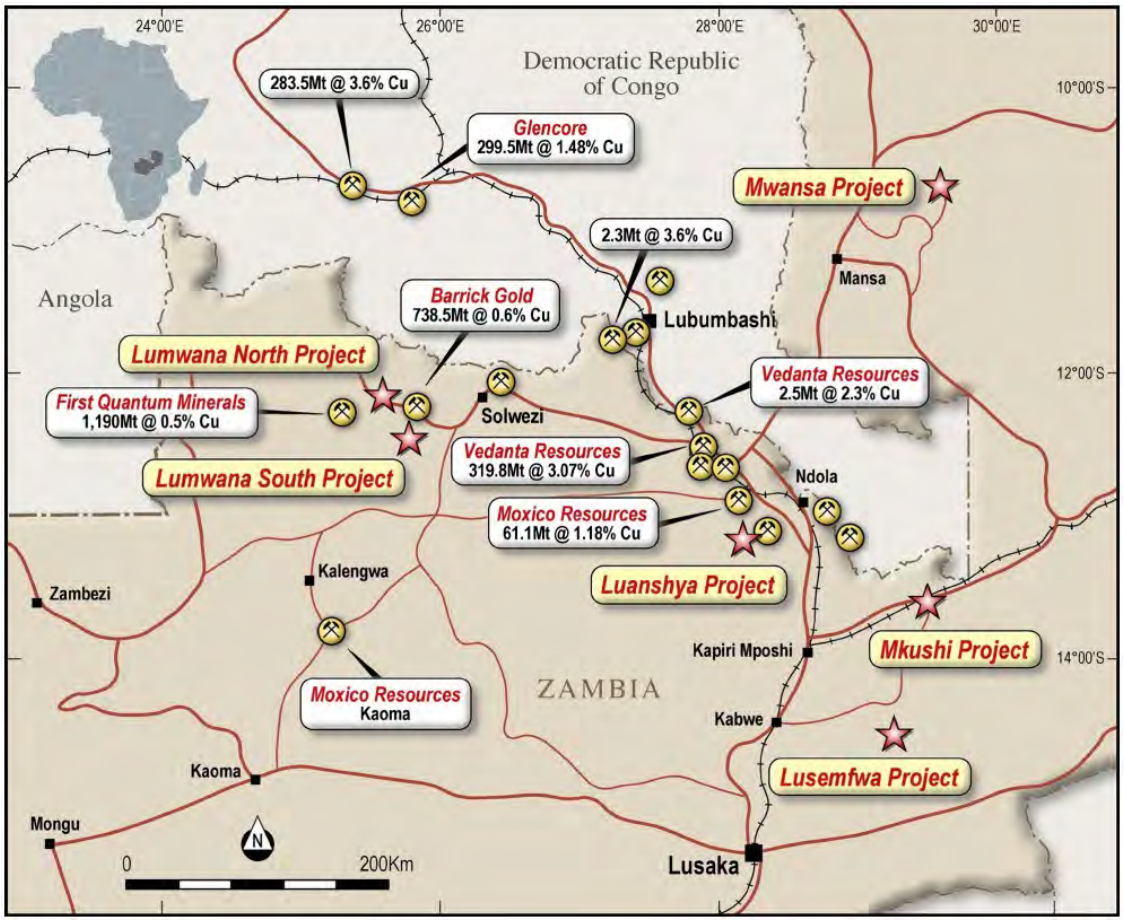

Figure 6-1 Location of Castillo Copper's four Zambian projects (Image Source: Castillo Copper, 2019d)

6.1.1 Mineral Tenure

Through Zed and its subsidiaries, Castillo holds interests in seven mineral licences in Zambia. A summary is provided in Table 6-1 below, with further details outlined in the individual project summary sections below and in Appendix F.

Table 6-1 Summary of Zed Exploration Licence holdings in Zambia

Project Name	Licences	Registered Holding Company	Expiry Date	Area (km²) [1]
Luanshya	22448-HQ-LEL	Forward Chimbia Limited [2]	02/01/2023	118
	25195-HQ-LEL	Belmt Resources Mining Company Ltd [3]	16/09/2023	
	25273-HQ-LEL		20/02/2024	
Mkushi	24659-HQ-LEL	Chalo Mining Group Limited	30/07/2023	557
Lumwana N&S	23913-HQ-SEL	Chalo Mining Group Limited	30/01/2023	10
	23914-HQ-SEL		30/01/2023	
Mwansa	25261-HQ-LEL	Chalo Mining Group Limited	21/11/2023	436

Notes: *[1] Areas rounded. [2] Zed currently holds a 0% interest in Forward Chimbia licence 22448-HQ-LEL, the holding will be taken to 80% Zed via exploration earn in milestones. [3] Zed currently holds a 55% interest in Belmt Res. licences 25273-HQ-LEL & 25195-HQ-LEL, this holding will be taken to 80% Zed via exploration earn in milestones.*

6.1.2 Underlying Agreements

The Luanshya Project licences are subject to underlying agreements between local parties acting as the licence vendors (the "Vendor") and Lufilian Resources Zambia Ltd (the "Purchaser") acting in the interest of Zed Copper. The scope and validity of these agreements is outside the scope of this CPR, however the earn-in agreement requirements associated with the Luanshya granted licence 22448-HQ-LEL is summarised in Table 6-2, as the requirements have a bearing on Zed Copper's ability to reach a 80% holding in the assets.

SRK ES has not been provided with copies of the underlying agreement relating to the Belmt Resources Luanshya licences (25195-HQ-LEL and 25273-HQ-LEL).

Table 6-2 Summary of Underlying Agreement Luanshya Granted Licence (22448-HQ-LEL) Exploration Earn-in Requirements

Relates to Project Licence	Exploration Earn-in Detail	Conditions
Luanshya Agreement on Forward Chimbia Limited granted licence 22448-HQ-LEL	Stage 1: The Purchaser has right to maintain 55% of the licences by funding exploration work and defining a **JORC compliant Mineral Resource**. If the Purchaser stops funding before the Mineral Resource, then the 55% stake transfers to the Vendors (who will then hold 100%)	Subject to a **5 year term**, and the **free carry of the Vendor** up until completion of the Pre-Feasibility Study (end of Stage 2).
	Stage 2: Following a JORC Resource the Purchaser can earn-in to 80% by funding a **Pre-Feasibility Study**	
	Stage 3: Following the Pre-Feasibility Study, the Purchaser has the option to purchase the remaining 20% subject to valuation, or to progress forward together on a **fund or dilute basis**.	

6.2 Accessibility, Climate, Infrastructure and Physiography

6.2.1 Accessibility & Infrastructure

Zambia is a land-locked country in south-central Africa. Located to the south of the Democratic Republic of Congo ("DRC") and to the north of Zimbabwe. It shares borders with seven countries in total and is a member of the Commonwealth having gained independence from the United Kingdom in 1964. Zambia's capital Lusaka along with the Copperbelt Province are the main economic hubs of the country. Lusaka is also the location of the headquarters of the Common Market for Eastern and Southern Africa (COMESA).

There are two railway systems in Zambia. Zambia Railways is the national railway of Zambia, which connects through the Copperbelt to the Lubumbashi mines and beyond in the DRC and south through Lusaka to Zimbabwe and South Africa. The Tanzania-Zambia Railway Authority (TAZARA) which links the Zambian town of Kapiri Mposhi to the east African port city of Dar es Salaam.

Road transport networks are good by central African standards, paved roads link Lusaka with the Copperbelt and the DRC, serving as a major freight route for vehicles servicing the mines and accessing the Luanshya and Lumwana project areas.

The Great North Road, part of Cecil Rhodes' original Cape to Cairo Road vision, passes through the northern part of the Mkushi Project area, linking through to Lusaka in the south.

Figure 6-2 **Photographs of the high voltage powerlines and TAZARA railway which crosses the northern part of the Mkushi Project (Source: SRK ES, 2019)**

Figure 6-3 **Map showing the main transport routes in Zambia, together with main settlements and Provinces (Source: United Nations, 2004)**

6.2.2 Climate

The Zambian climate is tropical or sub-tropical depending on altitude, with a hot, humid, and rainy season from mid-November to March and a dry season from April to mid-November.

The country is located on the plateau of central Africa, typically between 1,000m to 1,600m above sea level. The average altitude of 1,200m means that the Zambia generally has a moderate climate, though there are some areas of semi-arid steppe along it southern border, and tropical savannah.

The Zed Projects lie within areas classified under the Köppen climate classification as *Cwa* – humid subtropical or tropical wet and dry.

The climate of Kitwe has been selected as representative of the Projects' climate. Kitwe is consistently warm, with average temperatures between 4.6 ºC (July lows) and 31.8 ºC (October highs). Yearly average rainfall is high at 1,288mm, with a wet season from October/November to March/April peaking at 300mm in December and January. The summer months typically experience no rainfall. Figure 6-4 shows climate averages over a 12-month cycle (climate-data.org, 2019).

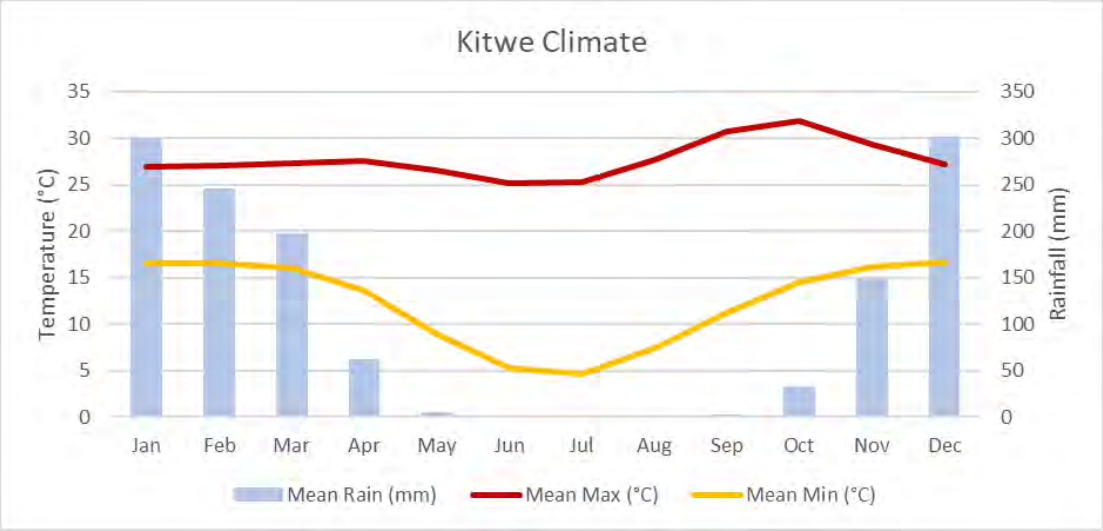

Figure 6-4 Climate averages for Kitwe, central Zambia (after climate-data.org, 2019)

6.3 Exploration and Mining History

The exploration and mining history of the individual project areas are summarised in the project summary sections below.

6.4 Geological Setting and Mineralisation

6.4.1 Regional Geology

Zambia comprises a number of geologically diverse terrains, including stable Archean/Proterozoic Cratons, structurally complex mobile belts between them, and younger cover sediments. It is this diversity that creates the country's significant exploration potential (Coats et al., 2001).

The geological complexity and multiple tectonic events that characterise Zambia are due in part to its position between the Congo (Kasai) Craton to the west and northwest, Tanzania Craton to the north, and the Zimbabwe-Kaapvaal (Kalahari) Craton to the south (Coats et. al., 2001), as outlined in Figure 6-6.

The geology of central Zambia, where the Zed Projects are located, is dominated by the Katanga Supergroup rocks of the Lufilian Arc (Lumwana North & South Project and Luanshya Project) and Irumide Belt (Mkushi Project). The Mwansa Project is underlain by rocks of the Bangweulu Block.

The following sections provide an overview of the geology of these terranes as described by Key el al. (2001). The geological stratigraphy and tectonic terranes are summarised in Figure 6-5 and Figure 6-6.

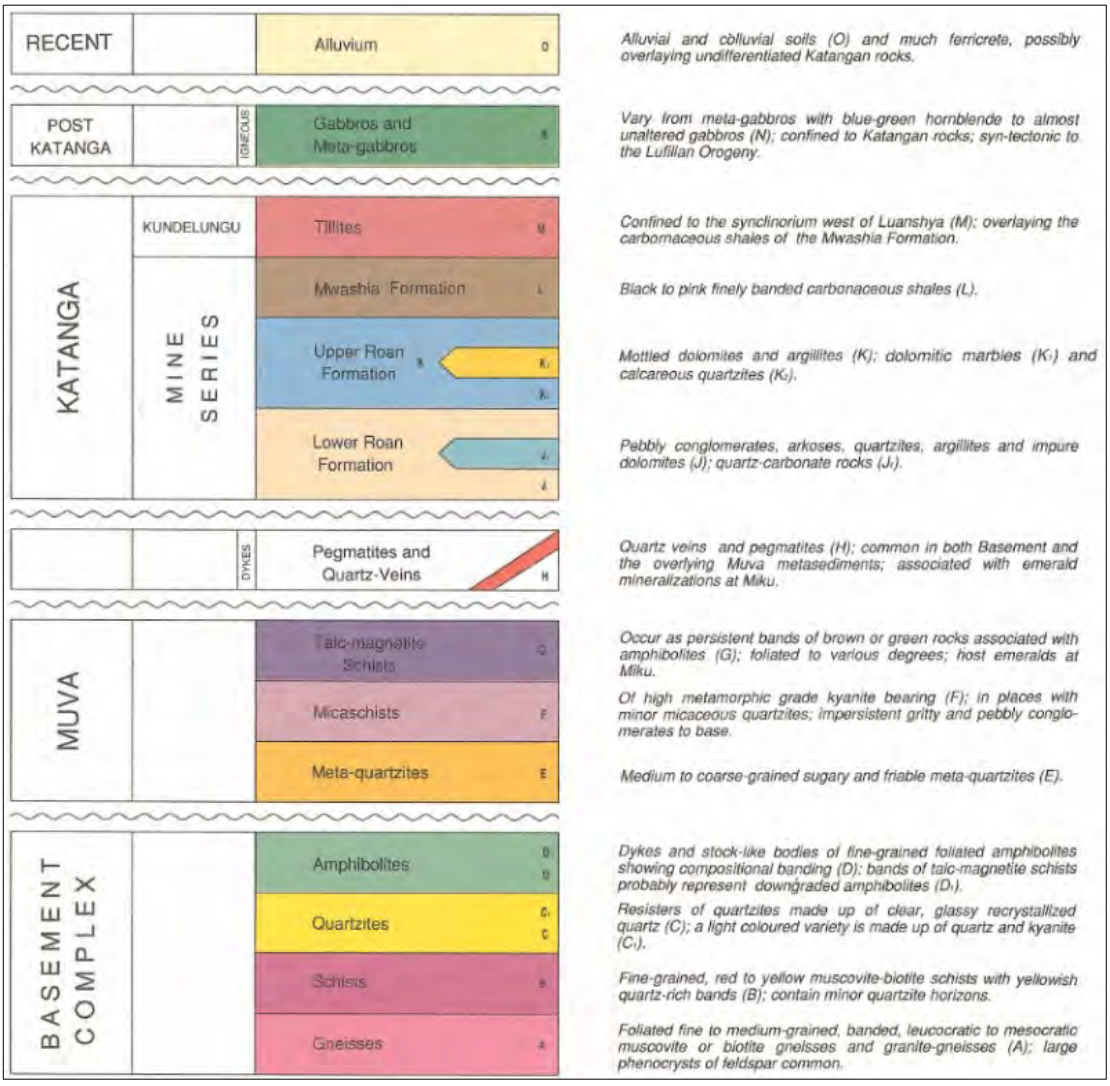

Figure 6-5 Stratigraphic column for the Zambian Copperbelt (Source: Hickman, 1973)

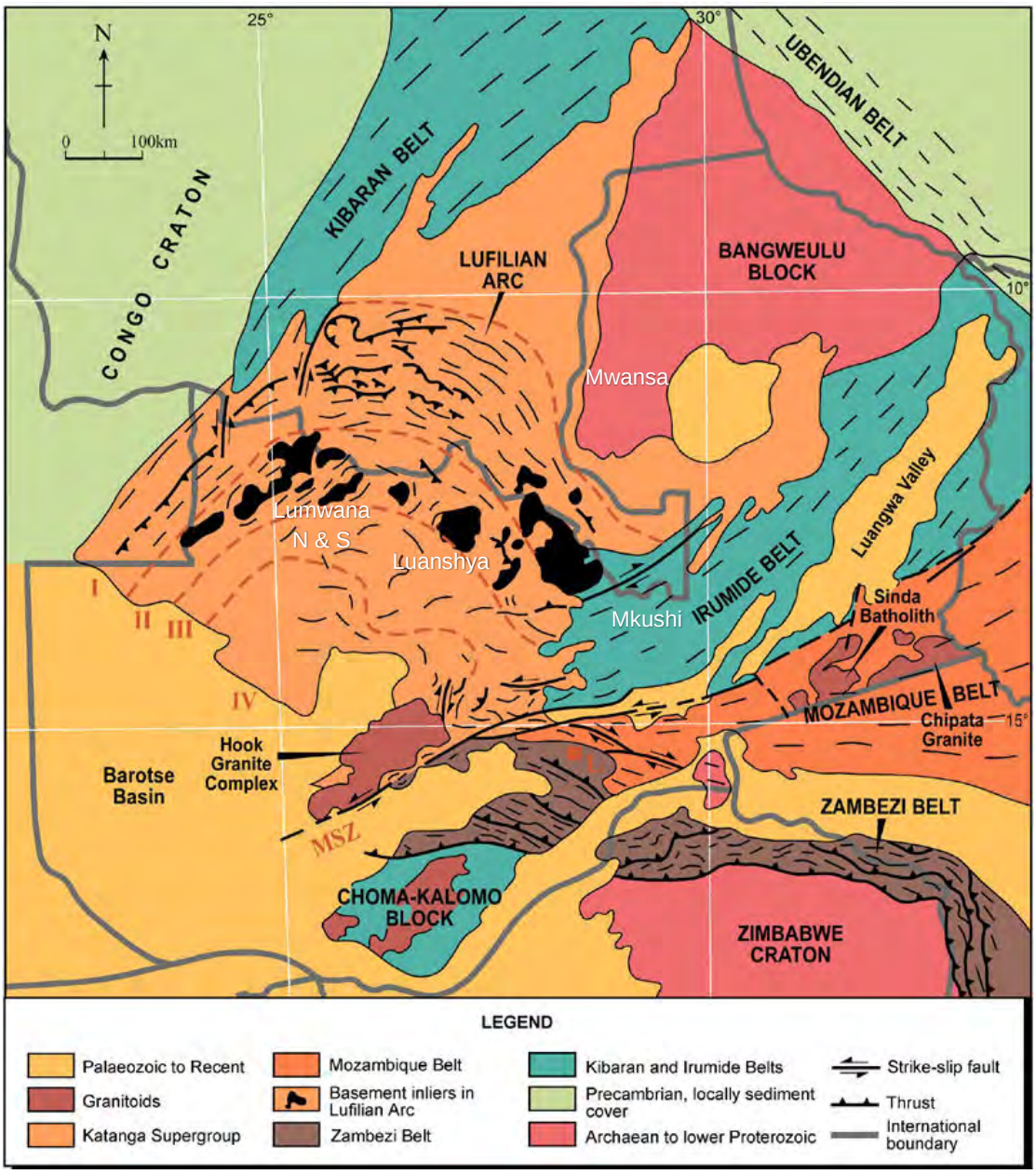

Figure 6-6 Tectonic settings of Zambia, showing the approximate locations of the Zed Projects (after Zambia Mining, 2019)

6.4.2 Lufilian Arc

Both the Lumwana North & South Project and the Luanshya Project are situated upon the Lufilian Arc which has a dominant northeast-southwest trend across Zimbabwe from Angola in the west and into the DRC in the north. In the southern DRC, the Arc swings east and then south, re-entering northern Zambia in the vicinity of the Copperbelt (Key et al., 2001).

A characteristic of the Lufilian Arc is the presence of granitic basement “domes” within deformed strata of the Katanga Supergroup. These domes are interpreted as either basement diapirs, or as tectonic slices of basement thrust into the Katanga (Key et al., 2001).

Katanga rocks are almost exclusively sedimentary with only minor igneous rocks. The sequence overlies the basement and Muva rocks by angular unconformity. Two main divisions are recognised within the group; the Mine Series Group, and the Kundelungu Group (Coats et al., 2001).

The Mine Series Group is an important host of the Copperbelt mineralisation and has been studied in great detail. Most of the sediments were deposited in response to a major northeast tending marine incursion across continental landscape. The Mine Series Group is typically divided into three sub-groups, summarised below:

- The Lower Roan consists of basal conglomerates and aeolian sandstones, succeeded by siliclastic rocks (sandstones, quartzites etc.), and then by argillites, dolostones and arenites. The Lower Roan sediments are the host to much of the copper-cobalt mineralisation.
- The Upper Roan is characterised by locally anhydrite rich dolostones and argillite with minor sandy units.
- The Mwashia conformably overlies the Upper Roan and comprises carbonaceous shales and argillites with minor dolomite/limestone components.

The Kundelungu Group represents a period of global glaciation around 748 Ma. The formation consists of a marine tillite unit (known as the “Grand Conglomérat” in neighbouring DRC), succeeded by a thick sequence of dolomitic limestones and shale. A further tillite (the “Petit Conglomérat”) defines the base of the Upper Kundelungu, overlain by a final shale dominated unit (Coats et al., 2001).

The rocks of the Roan are typically exposed on surface around areas of uplift related to the granitic domes, as shown in Figure 6-7.

The rocks of the Lufilian Arc have been extensively deformed by multiple tectonic events. This is generally accepted to have commenced with formation of recumbent folds in the Lower Roan, especially around Luanshya, and known as the “Lomanian Orogeny”. The is followed by a period of east-northeast thrusting, before deep burial of the Lower Roan in the “Lusakan Folding” event. The basement domes of the Copperbelt region are likely related to this period of thrusting. The Mwombezhi Shear Zone (MSZ) to the southeast of the Copperbelt has been interpreted as a lateral ramp developed during this thrusting event. The onset of the Lufilian Orogeny is marked by northward thrusting, resulting in decollement and resulted in emplacement of breccia-bound ore bearing shales higher up in the Katanga sequence (Coats et al., 2001).

Metamorphic grade is typically greenschist facies, increasing to epidote-amphibolite facies in the Luanshya area at the southern end of the Copperbelt and amphibolite in the domes region where deeper structural levels are exposed.

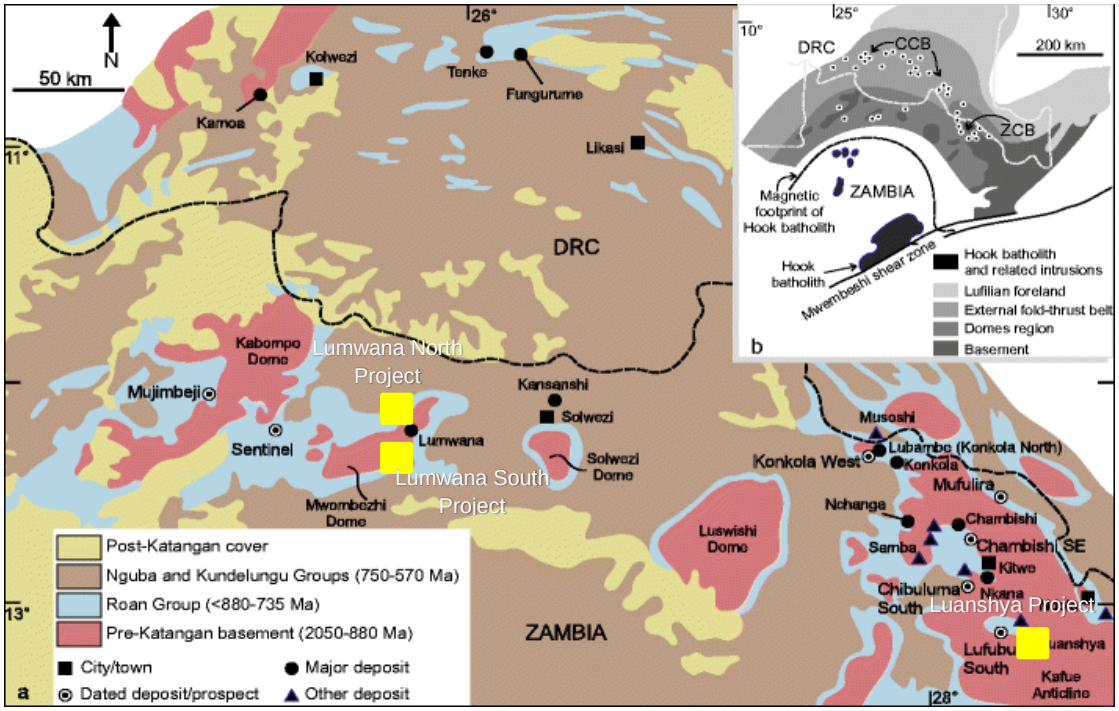

Figure 6-7 Summary geological map of the northern Zambian Copperbelt (after Capristrant et al., 2015) (Project locations approximate)

6.4.3 Irumide Belt

The Mkushi Project is located upon the Irumide Belt which is composed of basement rocks and rocks of the Muva Supergroup. These rocks have been extensively folded and sheared forming a northeast trending belt stretching over 900 km across eastern and central Zambia. The Irumide Belt rocks are dominated by a northeast-southwest orientation of stratigraphy and tectonic fabrics, though northwest trending recumbent folds have been identified in the Luangwa Valley, attributed to a later phase of the Irumide event. A southeast trending over-print is also present to the south of Lusaka, related to the later Zambezi belt (Coats et al., 2001).

The, non-cratonic, basement rocks deformed by the Irumide event are high grade metamorphic rocks. The rocks have been grouped as the Mkushi and Mvuvye Gneiss, with U-Pb zircon ages of 2,049±6 Ma obtained from the Mkushi gneiss. There is some evidence that the gneisses were formed from sediments of the Muva Supergroup or syntectonic granites in the north of the belt (Coats et al., 2001).

The Manshaya River Group of the Muva Supergroup can be said to contain all the metasedimentary rocks of the Irumide Belt (De Waele & Mapani, 2002), including the Konona and Serenje Groups, and Mosofu and Kalong Formations. The Manshaya River Group comprises four quartzite and four pelite members, making up an estimated total thickness of 4,800 m (De Waele & Mapani, 2002). Granulite facies metamorphism is most commonly recognised in the rocks (Coats et al., 2001).

6.4.4 Bengweulu Block

The Mwansa Project is situated upon the Bengweulu Block (Figure 6-8) which is the cratonic unit underlying most of southern Zambia, extending north into Tanzania and southern DRC. The Bengweulu Block consists primarily of crystalline basement rocks and weakly deformed sediments of the Muva Supergroup. The basement has been split into schists, porphyries (metavolcanics) and granitoids (Coats et al., 2001).

The Mporokoso basin, which forms the centre of the block is underlain by Mporokoso Group (of the Muva Supergroup) sediments which comprise fluvial to lacustrine sedimentary and volcanosedimentary rocks arranged in a broad syncline within the basin (Figure 6-8) (Coats et al., 2001). Metavolcanics rocks, primarily pyroclastics, tuffs, and ignimbrites and minor lava flows of intermediate to felsic composition are also noted, as well as small, shallow intrusions.

Granitoids form the majority of the block and comprise a number of composite batholiths. The batholiths are typically zoned from granodiorites to foliated porphyritic granite centres and show locally intrusive contacts. The granitoids are chemically similar to the metavolcanics and are interpreted as having an origin similar to the Andean batholiths (Coats et al., 2001).

The Kasama Formation of the Muva Supergroup form an east-west belt in the central part of the block, composed of mature quartzites, haematitic sandstones and red mudstones deposited as fluvial channel and floodplain sediments. This group passes into the Mitoba River Group to the southeast comprised of repeating sequences of conglomeritic sandstones fining upwards into micaceous siltstones and mudstones.

The Mwansa Project lies within the Bangweulu Granitoids to the east of Mansa and west of the Bangweulu Swamp (see Figure 6-8).

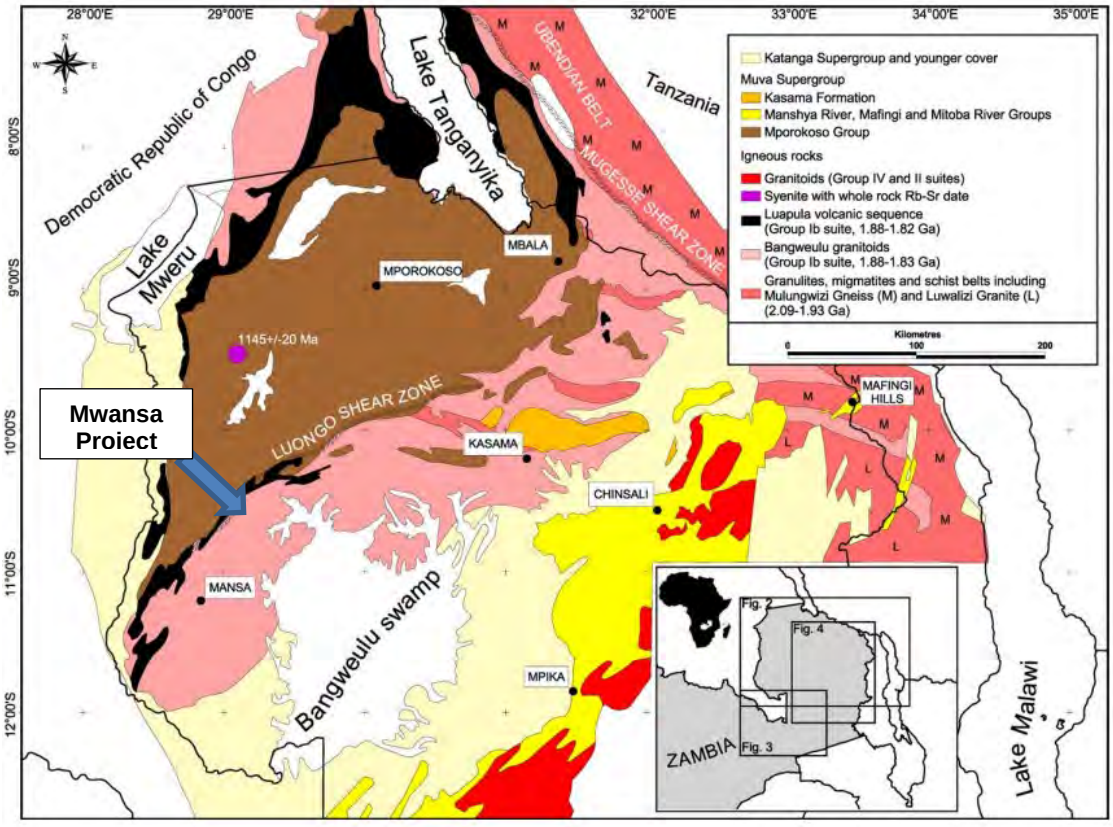

Figure 6-8 Summary geological map of northern Zambia and the Bengweulu Block, with approximate position of Mwansa Project (Image Source: De Waele et al., 2006)

6.4.5 Local Geology

Limited fieldwork has been completed on the Zambian projects to date, and only limited information is available on their geology beyond published geological mapping. A summary of the projects' geology is provided in Table 6-3 below:

Table 6-3 Summary of the geology of the Zed Projects (after Castillo Copper, 2019b)

Project	Geological Summary
Luanshya	Underlain by rocks of the Roan and Kundelungu in the south of the Copperbelt. Closely associated with granitoid and gneissose basement rocks.
Mkushi	Closely related to the Mkushi Shear Zone within metasedimentary rocks of the Manshaya River Group.
Lumwana North & South Projects	Underlain by basal conglomerate rocks of the Lower Roan within the Mine Series Group. Closely associated with granitic rocks of the Mwombezhi dome.
Mwansa Project	Predominantly underlain by quartzite-pelite rocks of the Muva Supergroup, with minor volcanics and metavolcanics.

6.4.6 Deposit Types

With Zambia's long and complex geological history, it is highly prospective for a wide range of mineral deposits (Figure 6-9). Castillo Copper is primarily focused on copper (± cobalt) deposits in Zambia, primarily as vein or sediment hosted mineralisation.

Sediment-hosted stratiform copper-cobalt (± uranium) deposits

Sediment hosted copper-cobalt deposits in Zambia are primarily found within the Lower Roan sediments of the Katanga Group, and include some of the largest copper deposits in the world. Deposits have primarily been identified in two settings; exposed on the limbs of the Kafue Anticline (the "Zambian Copperbelt") and associated with the granitic domes that pierce the Katanga sediments (see Section 6.4.1).

Many theories have been developed for the formation of the deposits. Historically, mineralisation was considered to be syngenetic with deposition due to its stratabound and stratiform nature. It has however become apparent that mineralisation occurred after deposition, overprinting rock fabrics and often structurally controlled. Current models revolve around mineralisation during burial and diagenesis, or that the rocks become mineralised by hydrothermal fluids during folding, faulting and inversion of the basin.

Theron (2013) presents a hydrothermal model, broken into four phases:

Phase 1. Sedimentation to early diagenesis – Deposition of detrital siliclastic sediments (Lower Roan) in the south-east (modern Zambia) and basement-distal sabkhas in the northeast (modern DRC).

Phase 2. Diagenesis to late diagenesis – Characterised by intense carbonatization and dolomitization of the evaporates. The main effect is an increase in porosity (up to 22%) and associated permeability. Considered one of the most important steps in preparing the Lower Roan for mineralisation.

Phase 3. Hydrothermal mineralising event – Introduction of an oxidising Cu-Co bearing brine. The deposition of Cu and Co sulphides took place on mixing with reduced fluids held in pore spaces of the Lower Roan. Source of the metals is yet to be proven, but likely includes basement granitoids and associated iron-oxide-copper-gold (IOCG) deposits of the Lufilian Arc. The IOCG deposits of the Lufilian Arc are also characterised by substantial Co and U enrichment.

Phase 4. Regional metamorphism – Metamorphic overprint and localised, closed-system remobilisation and redistribution of material within the Lower Roan.

Dewaele et al. (2006) present a diagenetic model, also divided into four phases:

Phase 1. Sedimentation to early diagenesis – Precipitation of framboidal and euhedral pyrite.

Phase 2. Diagenesis – Precipitation of cobalt and a major part of the copper mineralisation is associated with diagenetic minerals (dolomite), indicating coeval precipitation. A first phase of copper rich sulphides (e.g. bornite, carrollite, digenite) associated with authigenic quartz, and interpreted as representing a large amount of copper availability. This is followed by a second dolomite generation, and subsequent second stage of sulphide precipitation. The second phase contains both high grade copper sulphides (e.g. digenite and chalcocite) as well as chalcopyrite.

Phase 3. Late diagenetic and orogenic mineralisation – Mineralised sediments commonly cut by multiple vein generations, filled with dolomite and chalcocite-digenite-haematite. Tectonic deformation and metamorphism during Lufilian orogeny, although possibly resulting in the formation of the veins, is thought to have not resulted in widespread remobilisation or redistribution of sulphides.

Phase 4. Supergene enrichment – Surface weathering and supergene enrichment of the ores, in cases increasing copper content from a few percent to up to 25%.

Structurally controlled mineralisation

Whilst a number of additional copper occurrences have been recorded from structurally controlled copper systems, to date only minimal production has been achieved, and no major mines exploit these resources.

The Mkushi District is especially prospective for this style of mineralisation. The most important copper deposits in this region occupy a 15 km long trend known as the Mtuga Line (Coats et al., 2001). Copper mineralisation is disseminated in aplitic and granitic bodies emplaced along east-northeast trending shear zones. A second less well known zone, the Mita-Mkushi zone, occurs 5-10 km to the south of the Mtuga Line, extending over 65 km and 20 km wide.

The deposits of the Mkushi district are structurally complex and reflect the development of major thrust and shear zones during the formation of the Irumide belt.

Other prospective mineralisation styles

Despite Castillo's focus on copper mineralisation, the projects are also prospective for other commodities and mineralisation styles, including gold, lead-zinc, manganese and ferrous metals. Table 6-4 and Figure 6-9 provide a summary of the prospective mineralisation styles but this is by no means comprehensive. Prospectivity here is based on regional associations rather than specific geological characteristics of the licences.

Table 6-4 Summary of prospective mineralisation styles for the Zed Projects (after Coats et al., 2001, Capistrant, 2015)

Commodity	Mineralisation Style	Summary	Prospective Licences
Gold	Hydrothermal vein deposits	Potential for shear and fracture hosted veins related to shear zones and syn-orogenic granite and syenite intrusions. The Mwembeshi and Mkushi shear zones are the major controlling features of the majority of known gold occurrences. Similar gold occurrences are noted in association with granites and syenites of the Lufilian Arc.	Mkushi Lumwana North & South Luanshya
	Palaeoplacer deposits	Palaeoplacer deposits are known in the lower Mporokoso Group sediments within the Bengweulu Block.	Mwansa
Lead-Zinc	Carbonate hosted deposits	Commonly pipe-like and vein lodes. Known deposits in the Kabwe, Foundry and Broken Hill areas. Hosted in dolomites and dolomitic limestones of the Upper Roan and its equivalents.	Luanshya Lumwana North & South
Ferrous Metals (Fe, Ti, V, Mn)	Sedimentary Ironstone deposits	Potential for discovery of hematite rich beds and within the lower Roan, though considered to have limited economic potential.	Luanshya Lumwana North & South
	Skarn & Replacement Iron deposits	Associated with carbonate rocks of the lower Katanga Supergroup. Variously comprise massive replacement bodies in arenites, breccia and vein deposits and skarn deposits.	Luanshya Lumwana North & South
	Supergene Manganese	Present as surface incrustations, veins and stratiform accumulations. Commonly vein-style close to Mansa on the north-eastern side of the Congo pedicle. Most of the ore is near surface and pinches out ~50 m below surface.	Mwansa
	Magmatic Ilmenite deposits	Very limited exploration undertaken in Zambia for ilmenite, but ilmenite occurrences within conglomerates close to Mkushi have been noted.	Mkushi
Ni, Cr and Platinum Group elements	Stratabound Copper-Nickel deposits	Lensoid bodies in the Mwashia Formation of the Upper Roan identified in the Domes Region. Significant nickel anomalies have been identified from historical exploration but have typically been overlooked in favour of Cu-Co mineralisation in the Lower Roan.	Luanshya Lumwana North & South
	Hydrothermal Nickel	Nickel sulphides as replacements of metasedimentary rocks and as veins. Only known deposit is at the Enterprise Mine (First Quantum Minerals) to the west of the Lumwana North & South licences, hosted in the Lower Roan.	Lumwana North & South

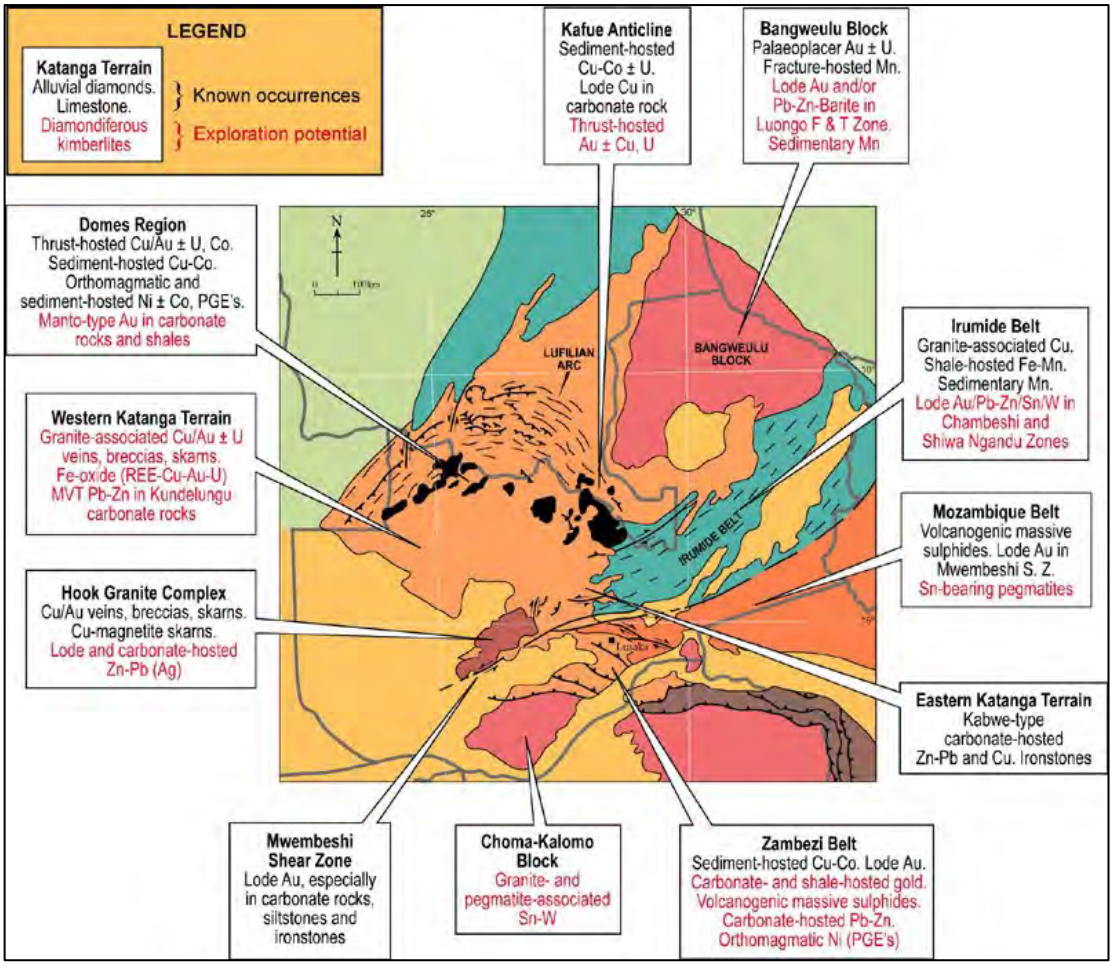

Figure 6-9 Summary of the mineral and exploration potential of Zambia (Image Source: Zambia Mining, 2019)

6.4.7 Exploration

To date Castillo in-country exploration has consisted soil sampling grids within the Luanshya and Mkushi tenement areas, the initial findings of this work have been communicated by public announcements (Castillo Copper, 2020b/i). Prior reporting has been limited to the independent desk study commissioned from Laureates Mining Group (2019).

Zed's geological contractors have undertaken reconnaissance field visits and have commenced data compilation exercises for the other project areas. It is understood that at the time of writing this is work in progress.

6.4.8 Mineralisation Model

Due to the early stage of the Zed Projects and the lack of formalised targets, no mineralisation model is presented here.

6.5 Luanshya Project

The Luanshya Project consists of three licence areas; one large scale exploration licence 22448-HQ-LEL held by Forward Chimbia Limited; and two large scale exploration licences which held in the name of Belmt Resources Mining Company Ltd (see Figure 6-10).

The location and extents of the Luanshya licence areas are shown in Figure 6-9. SRK ES conducted an inspection site visit to the Luanshya Project on 1 October 2019.

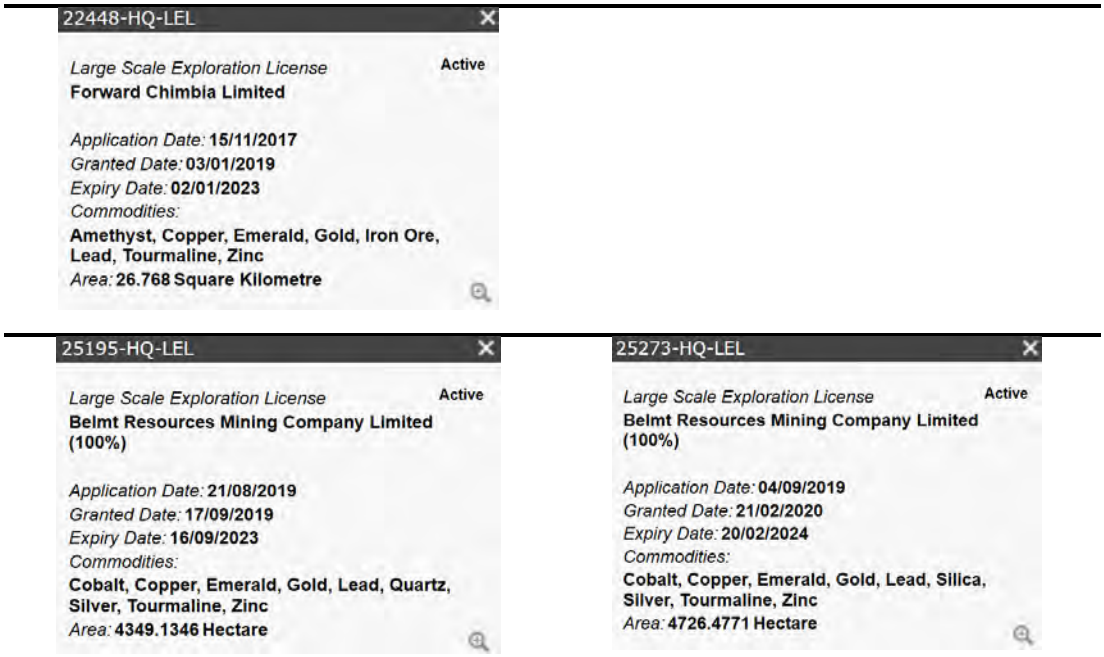

Figure 6-10 Zambia Mining Cadastre licence summary for 22448-HQ-LEL, 25195-HQ-LEL and 25273-HQ-LEL as of 16 July 2020 (Source: Zambia Cadastre, 2020)

6.5.1 Access & Land use

The Luanshya Project is accessed from the former mining town of Luanshya by a system of gravel roads and sandy bush tracks. Luanshya is approximately six hours drive from Lusaka by paved road. The Kafue River borders the western edge of the project area.

The land use within the Luanshya Project is dominated by scrubby woodland with small scale subsistence farming and charcoal burning clearings (*Figure 6-9*).

The terrain is largely flat with some relief provided by drainage incision and sandstone ridges.

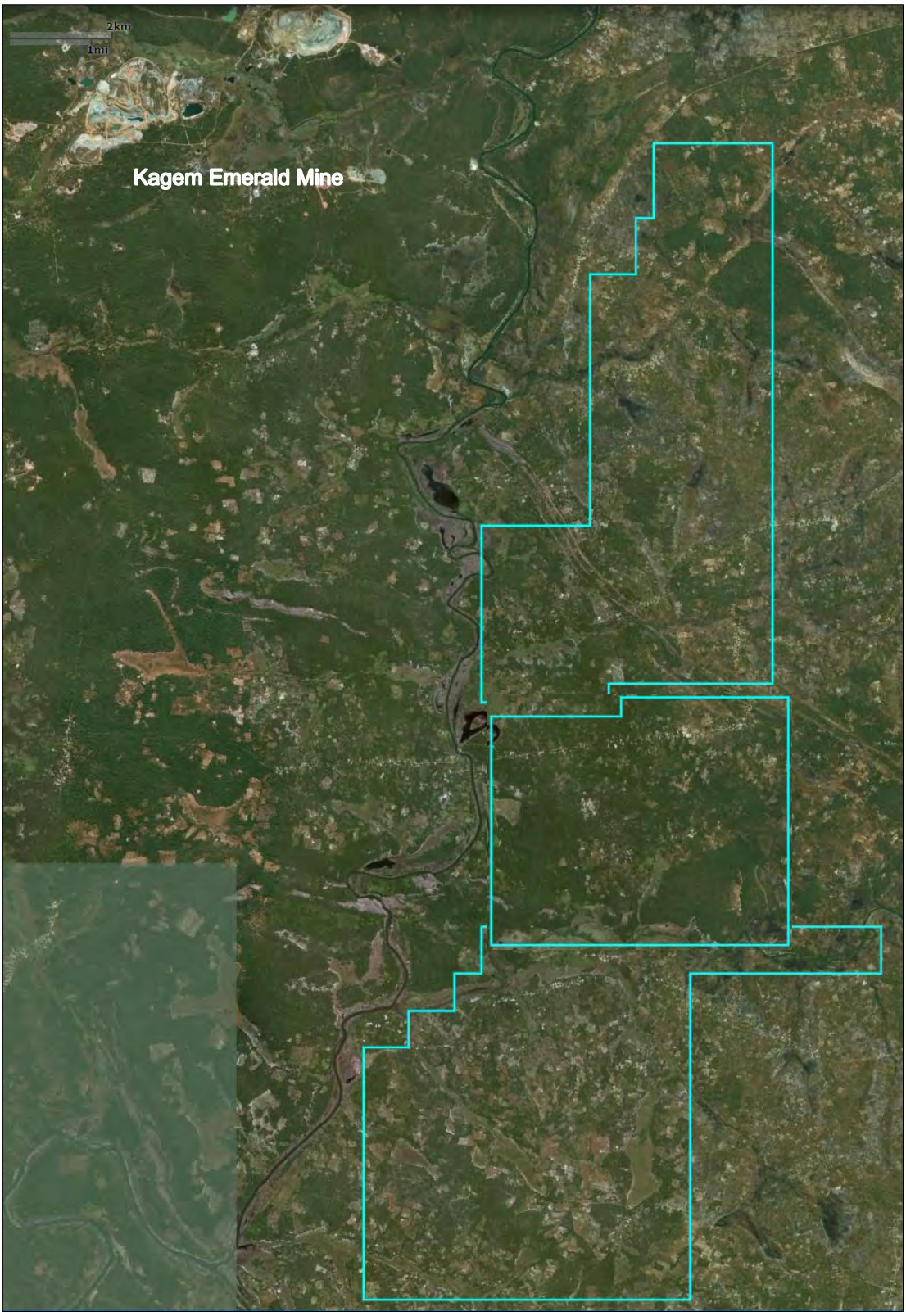

Figure 6-11 **Satellite imagery showing land use within the Luanshya Project area and the location of the Gemfields Kagem Emerald Mine (Image Source: Zambia Cadastre, 2019)**

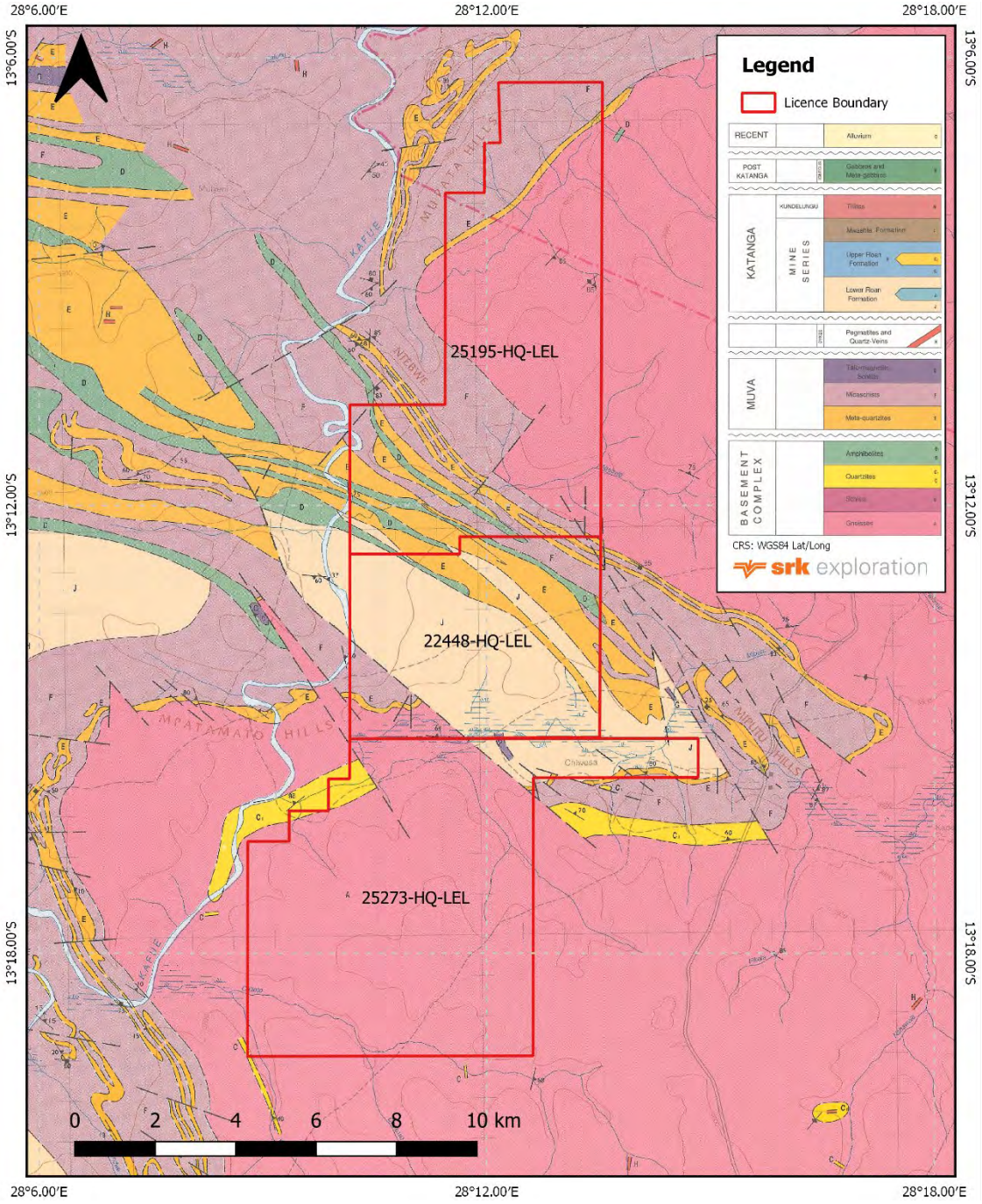

Figure 6-12 Map depicting the Luanshya Project licences, over 1:100,000 scale geological mapping, see also Figure 6-5 for further stratigraphic detail (Source: SRK ES, Hickman, 1973)

6.5.2 Exploration History

Details of the exploration history within the Luanshya Project boundaries is currently unknown.

In the wider region exploration activities date as far back to 1902 when copper mineralisation was first identified at what is now Luanshya town (consisting what became the Luanshya, Muliashi and Bulba deposits). Detailed work followed for many years which culminated in the development of the Roan Antelope Mine by Roan Selection Trust in 1927. The mine produced its first blister copper in 1931 and mining continued until ore depletion in the late 2000s (Laureates, 2019).

There is active emerald gemstone exploration to the west of the project area across the Kafue River in the Kafubu Emerald Area where emeralds were first discovered in 1928. South African listed miner Gemfields operates the Kagem Emerald Mine which is the world's single largest producer of emeralds and accounts for approximately 25% of global emerald production. It covers an area of approximately 41 km^2 and is located in the central part of the Ndola Rural Emerald Restricted Area (Gemfields, 2019).

Villagers in the south of the project area, in the vicinity of the copper occurrence which is marked on government maps informed SRK ES that a company had undertaken some drilling in the area in the 2000s though they were drilling for oil rather than copper. No further details are currently known of this work.

6.5.3 Site Visit Observations

Access to the southern part of the Luanshya Project area is by narrow sandy single track roads, the presence of deep rutting in places shows that vehicle access will be difficult after heavy rains and parts of the area may be inaccessible during the rainy season.

Vegetation consists of scrubby woodland interspersed with areas of grass in areas which are prone to flooding or where trees have been felled by local villagers for charcoal burning.

Small villages are scattered throughout the concessions.

The topography is generally flat, sloping gently towards the west and the Kafue River. Rock exposure is scarce apart from in the south of the concession and to the west and north of the project where ridges of metamorphosed sandstones, with quartz veining, rise above the tree canopy, and help to dictate the course of the Kafue which runs along the western boundary of the project area.

A district feature of the Luanshya Project is the high abundance of termite mounds. These can reach heights of 6m - 8m with basal diameters of up to 8m seen. An investigation of one such mound in the south of the project showed it to consist of fine grey sand with an absence of grit below the organic leaf and grass cover. In the central north of the project area these large mounds were seen to occur at spacings of only 30m-40m. In areas with fewer trees the termite mounds were noticeably smaller being 1m – 2m tall, but of a similar grey sand construction.

It is advisable that a geochemical orientation study be undertaken as based on preliminary observations termite mount sampling may provide an effective tool for testing the Lower Roan stratigraphy which is believed to underly much of the southern project area.

The north-south track which provides access to the central and north of the project area crosses a number of water courses which were dry at the time of the site visit, but which will become impassable during the wet season as the majority of the bridges and crossings have not been maintained.

Villagers in the north of the project area informed SRK ES that they know of malachite occurrences within 30 minutes' walk of the village, within trenches on top of a sandstone ridge which runs along the northern edge of the project boundary. Villagers report that the Chinese are involved with small scale mining in the area. Further investigation has shown that this area is permitted by Diallo Enterprises Ltd as a Small Scale Mining Licence, valid for copper, cobalt and gold. Using villagers' local knowledge to help map mineral occurrences is however a useful preliminary exploration strategy.

Figure 6-13 Photographs depicting typical access tracks and termite mounds within the Luanshya Project (Source: SRK ES, 2019)

6.5.4 Prospectivity

Based on published geological mapping the Luanshya Project area is very prospective for copper mineralisation associated with the Lower Roan.

The 1:100,000 scale geological map of the Luanshya area (Hickman, 1973) depicts the central part of the project area (licence 22448-HQ-LEL) to be largely underlain by Lower Roan stratigraphy. The Lower Roan is also mapped as hosting the Luanshya main, Muliashi and Baluba copper deposits where pebbly conglomerate, arkose, argillite and impure dolomite hosts

copper ores composed of chalcopyrite, chalcocite, bornite, minor chrysocolla and significant carrollite (Laureates, 2019).

The project is also prospective for emeralds given the proximity of the Kagem Emerald Mine and the Kafubu Emerald Area. It is possible that emerald hosting pegmatites could have intruded the Muva Supergroup rocks in the northern (licence application 25195-HQ-LEL) and north central (licence 22448-HQ-LEL) part of the project area (*Figure 6-9*).

Laureates (2019) reports that emeralds are '*widely considered to form at contact aureoles where much younger beryllium-bearing pegmatites intrude older talc-magnetite schist (amphibolite/ metamorphosed mafic or ultramafic rocks)'.*

Exploration for emeralds in Zambia entails; '*identification of pegmatites (geophysics usually radiometrics), identification of talc-magnetite schist host rock (geology mapping and ground magnetics), identification of structural features (geology and geophysics) and distinguishing beryllium-bearing pegmatites from non-beryllium bearing pegmatites (geochemistry and drilling).*'

Furthermore, Laureates (2019) notes that *'there are interesting structural and geological features in the tenements that could be pathways for pegmatitic intrusive activity. Whether they are of suitable chemistry needs verification'*.

6.5.5 Soil Sampling Programme

Castillo conducted a 915 sample grid soil geochemistry programme in the centre of the Luanshya project area during early 2020 (Castillo Copper, 2020i). Samples were collected on 500m spaced sample lines orientated perpendicular to the mapped geology with samples collected every 100m from a depth of approximately 0.3m. Analysis was conducted in the basecamp using a handheld INNOVX XRF analyser set to geochemistry mode with a reading time of 40 seconds. Sample duplicates were collected at the ratio 1/30, with certified portable XRF standard and blanks tested at the same 1/30 ratio. The analytical results are an indication of tenor of mineralisation rather than an absolute geochemical value.

The results of this survey are shown in Figure 6-14.

Preliminary findings show a strong correlation between copper in soil and predicted strike extensions of talc-magnetite schist stratigraphy on the regional scale geological maps. At the neighbouring Gemfields Kagem Mine the interaction between these schists and pegmatite dykes helped form the emeralds deposits. There is no apparent correlation between the regionally mapped Lower Roan stratigraphy in the south of the survey area and elevated copper values.

As of the reporting date it is understood that Castillo were planning an infill soil sampling programme at Luanshya.

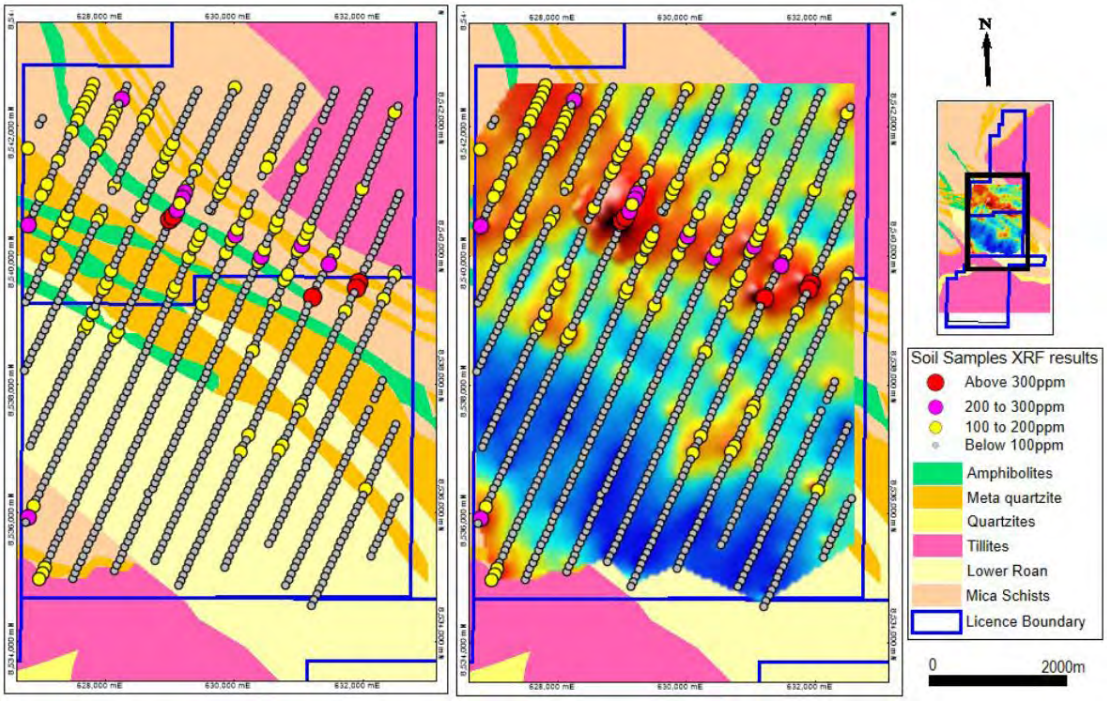

Figure 6-14 Map showing the reported results of the Luanshya 2020 soil sampling programme (Source: Castillo Copper, 2020i)

6.5.6 Recommendations

Conduct a thorough compilation of historical exploration data within the concession including geophysics, stream and soil sampling datasets if available.

Verify the drilling activity that is reported to have been undertaken in the south of the project area.

Ascertain the potential significance of the elevated copper in soil outlined by the soil sampling work to date, conduct field verification and orientation work and plan infill sampling and project wide geochemical sampling and geophysical exploration work in conjunction with regolith mapping. Also determine whether termite mound material and distribution will facilitate the geochemical survey work.

6.6 Mkushi Project

The Mkushi Project consists of single concession held by Chalo Mining Group Limited as a large scale exploration licence with licence number 24659-HQ-LEL. The licence was granted on 31st July 2019 and is valid for four years. The licence covers exploration for cobalt, copper, gold, lead, manganese, rare earth elements (REEs) and silver, and has an area of 50,223.1 ha (Figure 6-15, Zambia Cadastre, 2019).

The location and extent of the Mkushi licence are shown in Figure 6-16. SRK ES conducted an inspection site visit to the Mkushi Project on 30 September 2019.

The licence encircles the Large Scale Mining Lease 20809-HQ-LML, granted in April 2016 to Shi and Yan Mining Development Limited and is valid until 10th April 2041 (Zambia Cadastre, 2019).

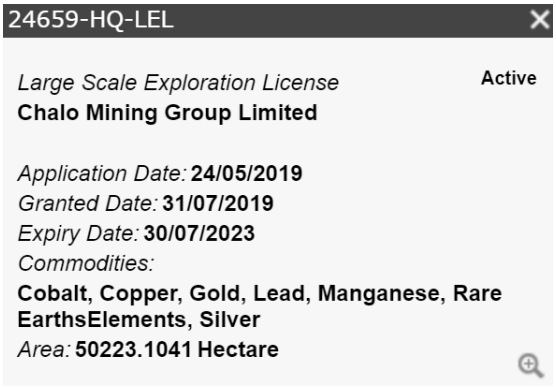

Figure 6-15 Zambia Mining Cadastre licence summary for 24659-HQ-LEL as of 16 July 2020 (Source: Zambia Cadastre, 2020)

6.6.1 Access & Land use

The Mkushi Project is accessed from Lusaka by the paved Great North Road which passes through Kabwe and Kapiri Mposhi towns before passing through the northern part of the project. There are several gravel roads leading to the rest of the tenement. The TAZARA railway to Dar es Salam also passes through the northern part of the project area.

The land use within the Mkushi Project is dominated by farming, consisting large commercial farms with irrigated fields, cattle grazing and smaller scale and subsistence farming (*Figure 6-17* and *Figure 6-18*).

The terrain is largely flat with some relief provided by drainage incision.

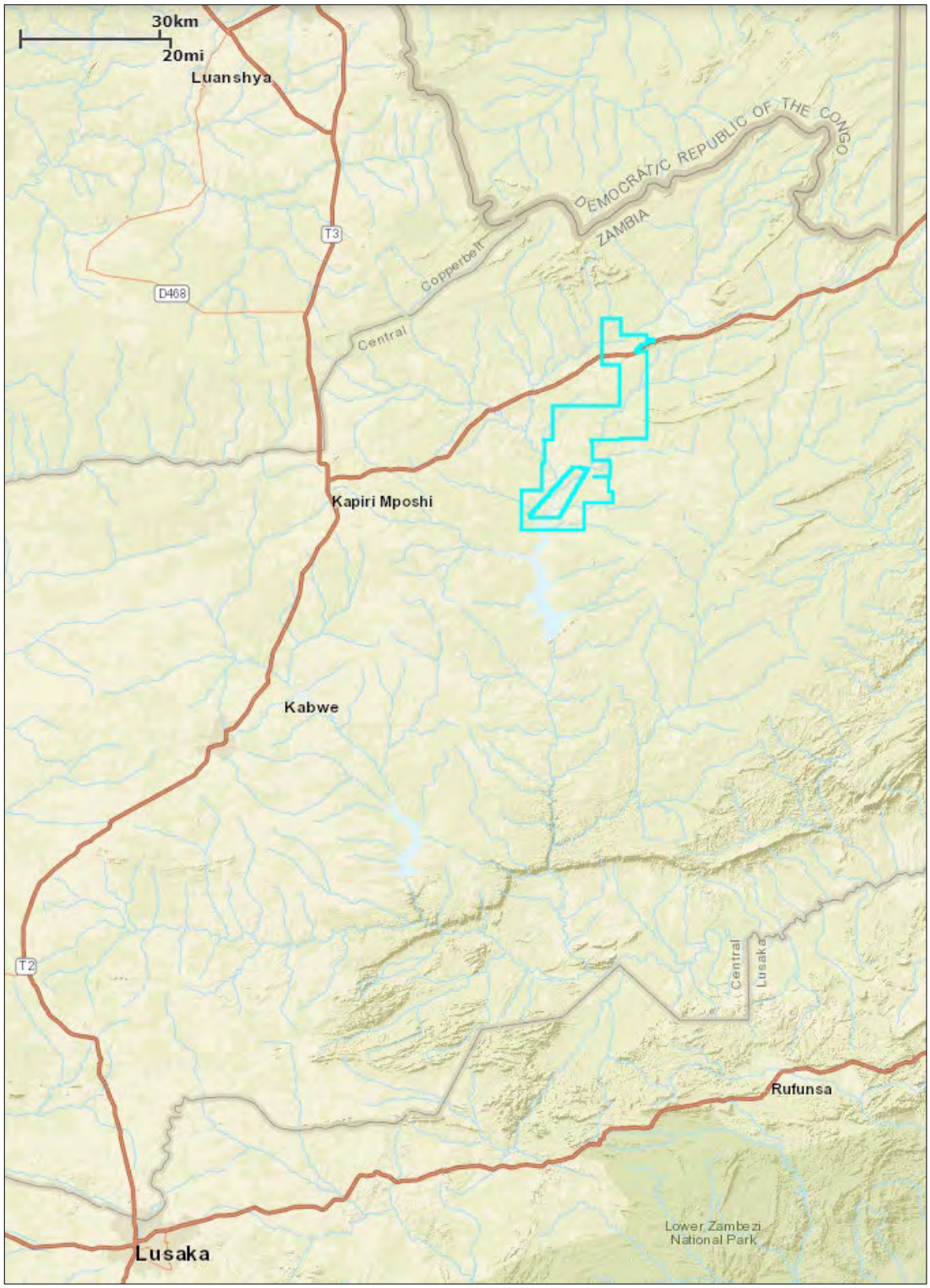

Figure 6-16 Location and access for the Mkusi Project area (Source: Zambia Cadastre, 2019)

Figure 6-17 Satellite imagery showing land use within the Mkushi Project licence area (Image Source: Zambia Cadastre, 2019)

Figure 6-18 Photographs depicting the typical commercial farmland within the Mkushi Project area (Source: SRK ES, 2019)

6.6.2 Exploration History

Whilst details of the past exploration work conducted within the Mkushi Project concession boundaries are not currently available it is known that the wider area has been subject to mineral exploration since the early 1900s. Three manganese mines, on the Chowa, Kampumba and Lubembe deposits, were operated in the vicinity of Kabwe to the west of the project up until the mid-1960s.

There are seven discrete copper deposits known on a NE-SW striking belt known as the Mtuga Line, which falls within the Chinese (Shi Yang Mining Development Company Ltd.) owned Mkushi copper mine mining lease which is entirely surrounded by the Zed Mkushi exploration concession. The Mtuga line, shear hosted, copper deposits were discovered between 1922 and 1924 with the main deposit mined up until 1960 when it was put on care and maintenance, before mining activity recommenced in mid-2018.

A JORC compliant Inferred Resources were announced for the Mtuga Line's Mushiwemba (10.7Mt@0.73%Cu) and Coloquo (0.23Mt@1.0%Cu) deposits using 0.3% Cu cut-off grades.

The total Inferred Resources were upgraded to 31.6Mt@0.62%Cu using a zero Cu cut-off in 2011 and, in August 2018, Shi Yang Mining announced that it intended to restart mining activity on the main Mushiwemba deposit.

There are at least 280 known gold occurrences, mostly discovered in the 1930s to 1970s, in the Kabwe-Mkushi-Serenje area, some of which have been exploited on a small scale or by artisanal miners (Laureates Mining, 2019).

6.6.3 Site Visit Observations

SRK ES conduced a brief site visit to the Mkushi Project area on 30th September 2019. Access within the concession is by a network of gravel roads and farm tracks. SRK ES drove through the concession area which largely consists arable fields and stock grazing land, onto the Mtuga Line within the Shi Yang mining lease area. Here SRK ES observed organised but informal artisanal open pit mining of copper oxide ore on the site of an underground copper mine which had reportedly been worked by the Italians until 1922, when the fatality of 15 miners underground had led to the mine closure.

The artisanal workings extend from near surface to between 8m-10m deep. The underground working were reportedly between 15-20m deep but are now flooded.

The artisanal miners reported that they are encouraged to dig in areas where the soil has a different hue. SRK ES observed that in the areas of their excavation the overburden is highly weathered.

The ore was being hand sorted and bagged for sale to Chinese buyers. Obviously copper stained rocks were also discarded on the spoil heaps indicating the miners are trying to sort out the higher grade material for sale.

A drill collar marker was noted in the vicinity of the Italian mine, it was marked ‘MMT008 2010’, the artisanal miners were not aware of which exploration programme it was related to.

The drive from the Mkushi Project to the town of Luanshya takes approximately 3.5 hours.

Figure 6-19 **Photographs depicting; the artisanal copper mining activity at the old 'Italian Mine' on the Mtuga Line (top); an example of the copper ore being packaged for sale to the Chinese (middle); and the Italian Mine flooded main shaft (bottom). Location centred approximately29° 06' 52.3"E / 13° 58' 19.7"S (Source: SRK ES, 2019)**

Figure 6-20 Photograph of unknown drill collar at the 'Italian Mine' (Source: SRK ES, 2019)

6.6.4 Prospectivity

SRK ES considers that the Mkushi Project is prospective for copper, gold and manganese. It is recommended that initial exploration work focusses on the NE and SW strike extensions of the shear structure associated with the Mtuga Line, into the Mkushi Project. There is the potential that the deposits exposed at surface within the Shi Yang mining lease continue under cover within the Zed concession.

6.6.5 Soil Sampling Programme

Castillo completed a 1,126 sample grid soil geochemistry programme focussed around the periphery of the SYM mining licence, within the south of the Mkushi Project during early 2020 (Castillo Copper, 2020b). As at Luanshya, samples were collected on 500m spaced sample lines orientated perpendicular to the interpreted structural strike, with samples collected every 100m from a depth of approximately 0.3m. Analysis was conducted in the basecamp using a handheld INNOVX XRF analyser set to geochemistry mode with a reading time of 40 seconds. Sample duplicates were collected at the ratio 1/30, with certified portable XRF standard and blanks tested at the same 1/30 ratio. The analytical results are an indication of tenor of mineralisation rather than an absolute geochemical value.

The results of this survey are shown in Figure 6-21.

Preliminary findings show five broad anomalous copper in soil areas for follow-up investigation. The orientation of these copper anomalies broadly reflects the strike of the Mushiwemba mine and artisanal copper mining pits within the SYM mining lease. It is possible that the targets could represent continuations and or parallel structures to the shear which hosts the SYM mineralisation.

As of the reporting date it is understood that Castillo were planning an infill soil sampling programme at Mkushi.

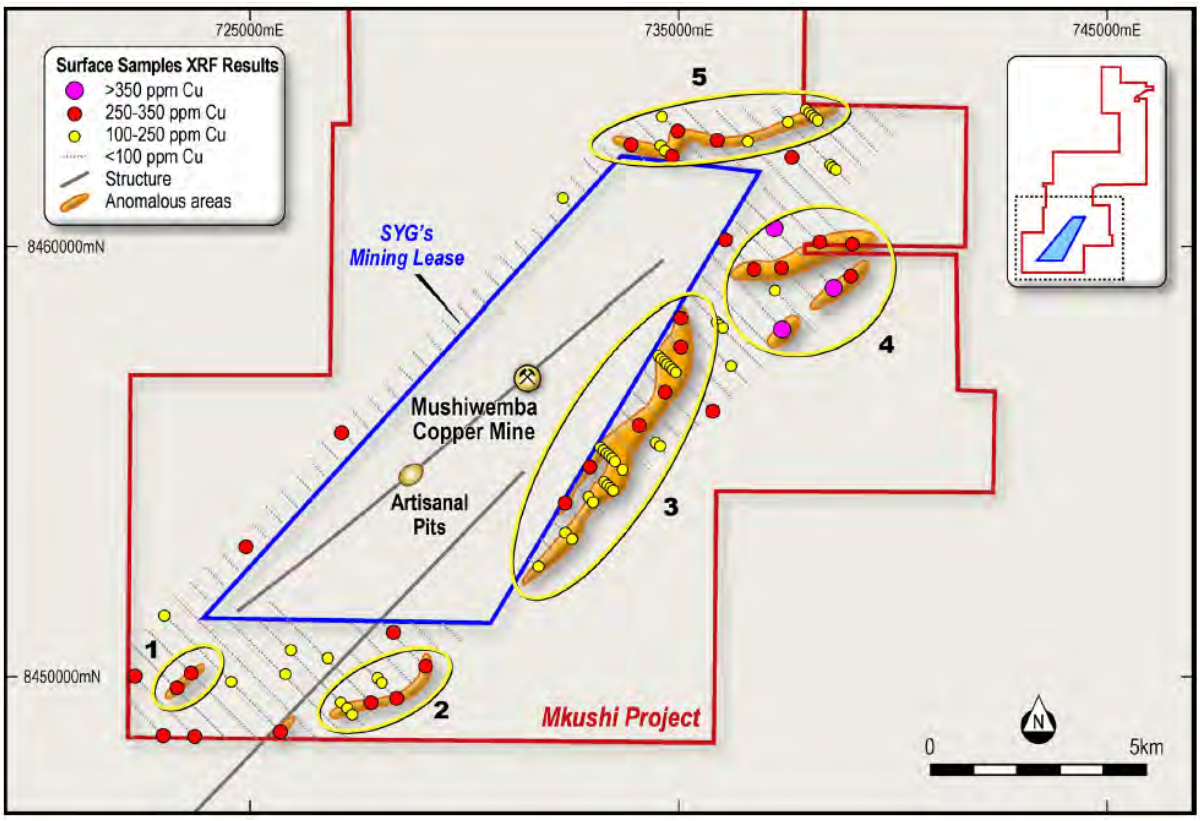

Figure 6-21 Map showing the reported results of the Mkushi 2020 soil sampling programme (Source: Castillo Copper, 2020b)

6.6.6 Recommendations

Conduct a thorough compilation of historical exploration data within the concession and Mtuga Line lease, including geophysics, stream and soil sampling datasets if available.

Conduct field verification of the copper soil anomalies targets and plan a follow-up infill geochemical sampling, ground geophysics and regolith mapping.

6.7 Lumwana Project

The Lumwana Project consists two separate concession areas (Lumwana North and Lumwana South), which are held by Chalo Mining Group Limited as large scale exploration licences 23913-HQ-SEL and 23913-HQ-SEL. Both licences were granted on 31st January 2019 and are valid for four years. They cover exploration for cobalt, copper, gold, iron, manganese, rare earth elements (REEs), silver and zinc, with an area of 5.21 km^2 and 5.02 km^2 respectively (*Figure 6-22*, Zambia Cadastre, 2019). The location and extents of the Lumwana licences are shown in *Figure 6-23*. SRK ES did not visit the Lumwana Project.

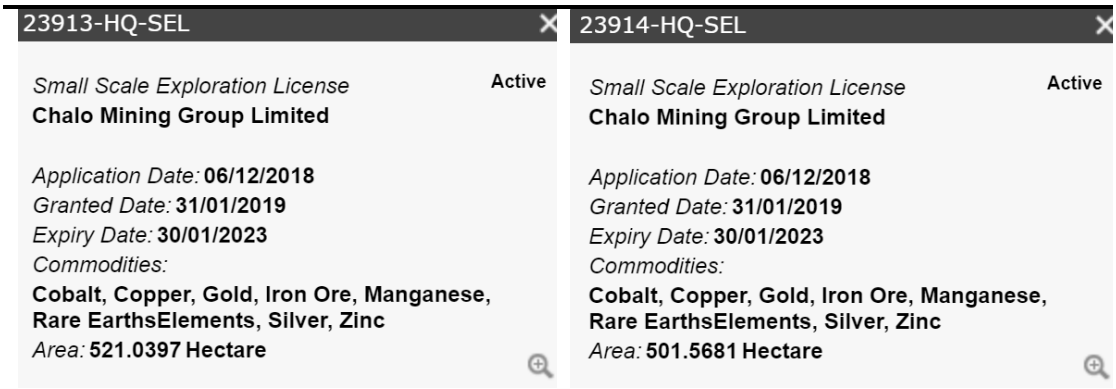

Figure 6-22 Zambia Mining Cadastre licence summary for 23913-HQ-SEL and 23914-HQ-SEL as of 16 July 2020 (Source: Zambia Cadastre, 2020)

6.7.1 Access & Land use

The Lumwana Project area can be accessed by paved road from Lusaka via the Copperbelt town of Kitwe (359 km) to Solwezi (582 km), then the Solwezi – Mwinilunga road (81 km) and a dirt road (17km) to the Lumwana North concession western boundary. The Lumwana South concession is accessed via the same Solwezi – Mwinilunga road (105 km) then gravel roads (45 km) and bush tracks (3.4 km) to the concession boundary (Laureates, 2019).

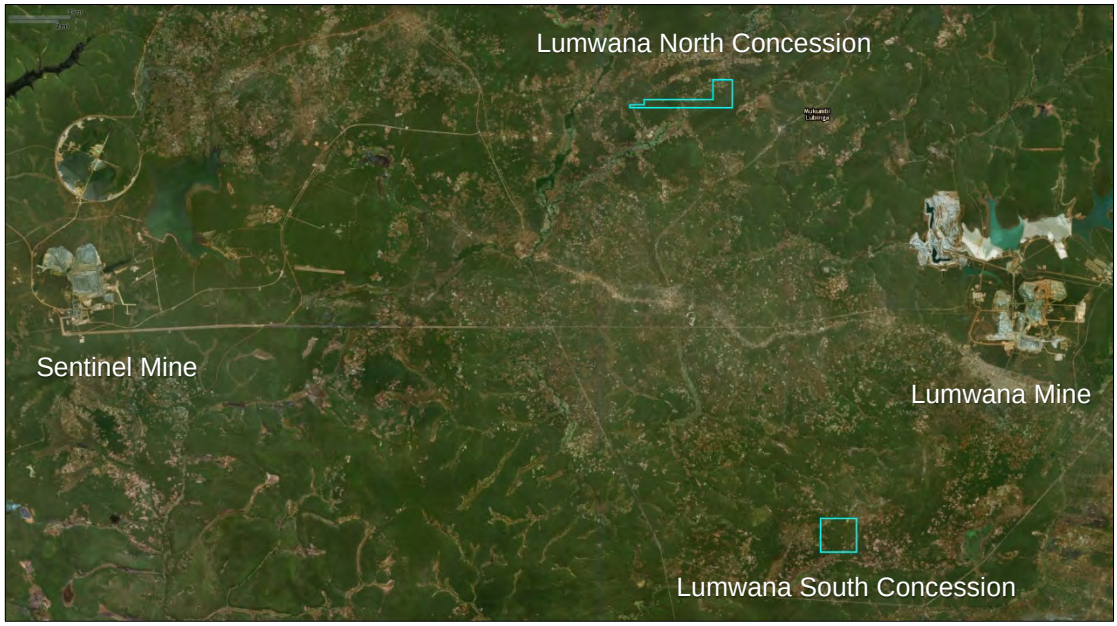

Figure 6-23 Satellite imagery showing location of Lumwana Project licences, the Barrick Lumwana Mine & First Quantum Minerals Sentinel Mine (Source: Zambia Cadastre, 2019)

The areas are reportedly dominated by woodland with open stretches of grassland. Small scale farms and villages are evident from satellite imagery of both areas.

Infrastructure is reportedly scarce in the area though high voltage electrical power (330 kV) is delivered to Barrick's Lumwana Mine site from the Zambia Electricity Supply Company ("ZESCO") National Grid (Barrick, 2014).

6.7.2 Exploration History

Details of previous exploration work within the Lumwana concession boundaries has not been available for SRK ES to review.

On a regional basis the Mwombezhi Dome, a basement inlier, has been the focus of various exploration campaigns since the 1920s. The early exploration conducted by Roan Selection Trust ("RST") was aimed at discovering Copperbelt style copper deposits in what was interpreted to be highly deformed Lower Roan rocks within the Mwombezhi Dome. The exploration model has now changed with the realisation that the known deposits are hosted in basement complex rocks (muscovite-phlogopite-kyanite schist) as opposed the Lower Roan (Laureates, 2019).

Equinox Minerals Ltd undertook exploration work in the late 1990s, which identified 28 copper targets of which six were progressed to Resource stage. Two of these prospects, Malundwe and Chimiwungo were progressed to Feasibility Study for the Lumwana Mine in 2003.

The Lumwana Mine 2011 Reserves & Resources statement stood at Resources: 962.9Mt @ 0.6% Cu (0.20% Cu cut-off); Reserves: 426.3Mt @ 0.52% Cu (0.20-0.35% Cu cut-off) estimated by Golder Consultants (Barrick, 2014).

Barrick Gold Corporation is currently operating the Lumwana Mine, on the Malundwe and Chimiwungo deposits, following acquisition of Equinox Minerals in 2011. The operation comprises a 260,000tpd conventional truck and shovel open pit mining operation mining predominantly sulphide ore across two open pits. Barrick's reported production plan has shown that 537 Mt of ore grading 0.56% Cu will be mined between 2014 and 2038 (Barrick, 2014).

The Malundwe and Chimiwungo deposits are structurally controlled shear zone hosted deposits within the basement metamorphosed gneiss, schist, migmatite, amphibolite and granitoids of the Mwombezhi Dome (Barrick, 2014).

Barrick (2014) reports that: *the copper mineralisation at Malundwe and Chimiwungo is hosted almost entirely within high grade metamorphosed, intensely mylonitised, recrystallized muscovite–phlogopite–quartz–kyanite schists with disseminated sulphides (typically <5%) dominated by chalcopyrite and bornite which is locally referred to as Mineralized Ore Schist. The distribution of copper mineralisation is controlled by visibly identifiable strata-bound geology, within which copper grades are consistent. Optimal grade continuity is aligned to an observed north–south stretching lineation*.

Approximately 35km west of the Lumwana Projects, the Canadian listed First Quantum Minerals Ltd owned Sentinel Mine started full scale production in November 2016. The 2018 production was 223,656t of copper from an average 0.5% Cu ore by a conventional open pit mining method. The current mine life is estimated to extend to 2033 (First Quantum, 2019).

Further north of the project area, near to the town of Mwinilunga, gold was reportedly discovered in August 2019. Zambian newspapers are reporting a rush of artisanal miners to the area (Zambian Observer, 2019).

6.7.3 Site Visit Observations

SRK ES did not visit the Lumwana Project areas.

6.7.4 Prospectivity

SRK ES considers the Lumwana Project concessions have good prospectivity for the discovery of copper, gold and uranium mineralisation, sited as they are on the periphery of the Mwombezhi Dome which has at least 28 reported copper occurrences. The Dome periphery is under-explored and in a complex structural setting. The Lumwana South concession shares the same geological setting as the Shilenda Cu-U occurrence (*Figure 6-24 a*), whilst the Lumwana North concession is postulated to sit on the same structural feature which hosts the Kansansa Cu and MO525 Cu occurrences (*Figure 6-24 b*).

6.7.5 Recommendations

Conduct a thorough compilation of historical exploration data within the concessions including geophysics, stream and soil sampling datasets if available.

Conduct verification and orientation field visits and plan a follow-up project wide geochemical sampling and geophysical exploration programme after the appropriate regolith mapping an orientation survey.

Fig. 6-14 a: Lumwana North (red outline below)

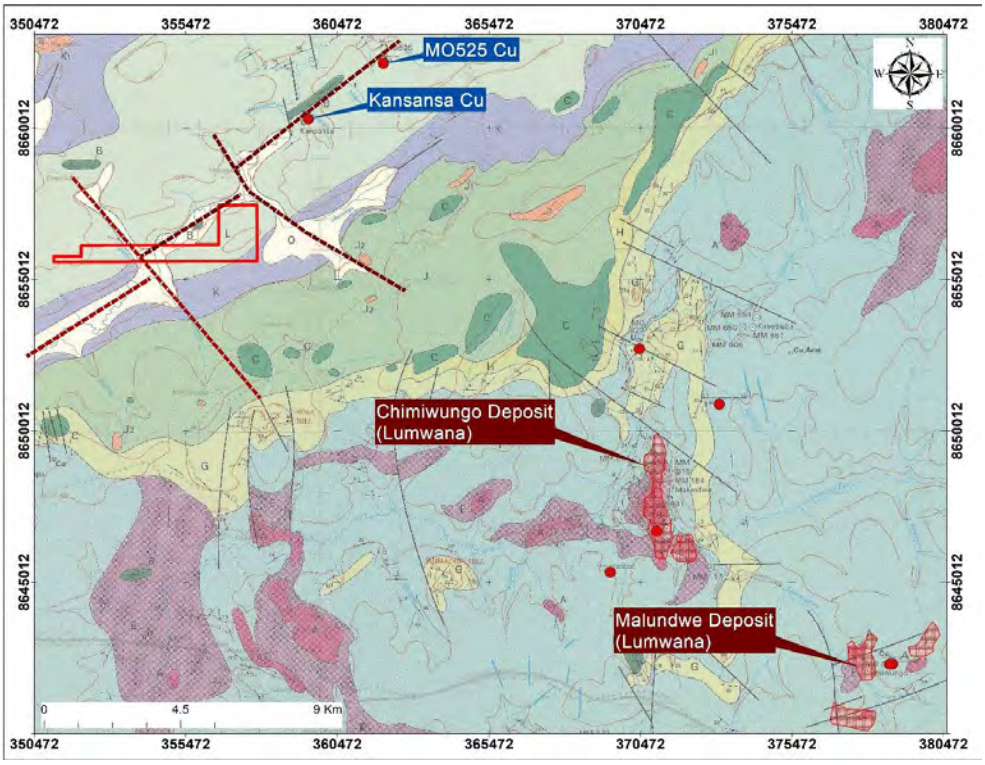

Fig. 6-14 b Lumwana South (red outline below)

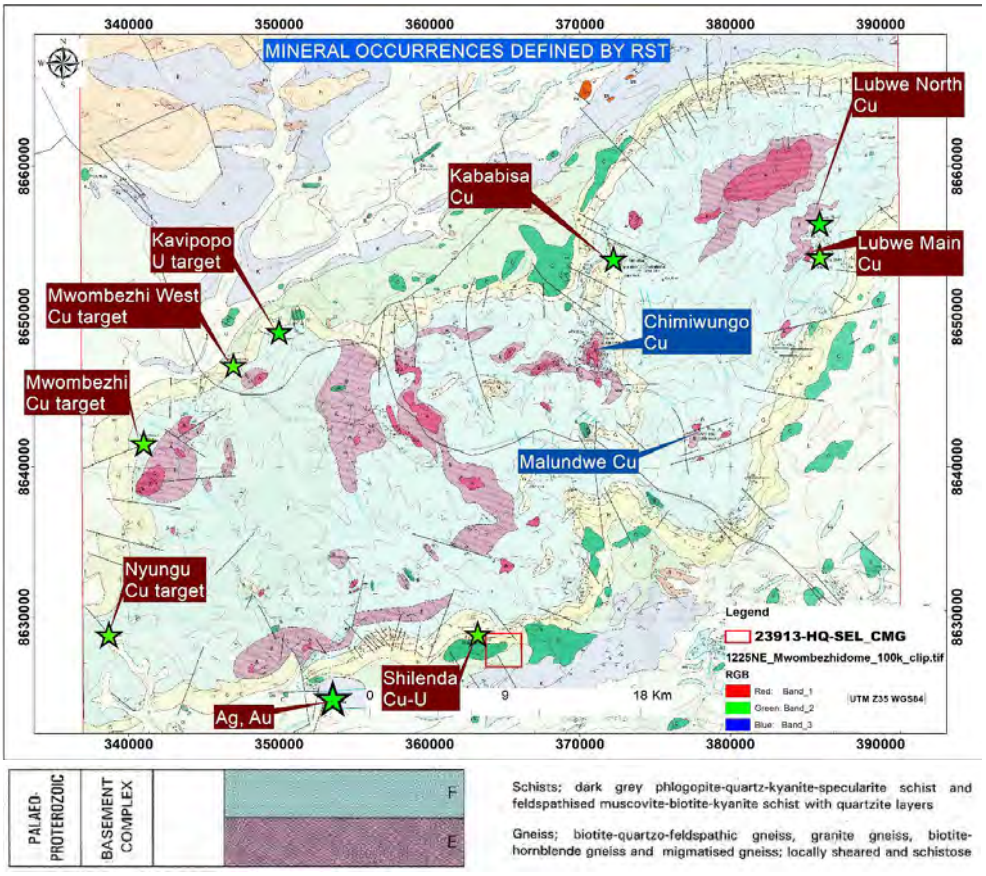

Figure 6-24 Location of the Lumwana Project concessions in relation to known copper occurrences and the Lumwana Mine's Malundwe and Chimiwungo copper deposits on the Mwombezhi Dome (Image Source: Laureates, 2019)

6.8 Mwansa Project

The Mwansa Project consists a single large scale exploration licence 25261-HQ-LEL which was granted in the name of Chalo Mining Group Ltd on 22nd November 2019. The 142.39 km^2 area licence covers exploration for copper, manganese, quartz, tourmaline and zinc (Figure 6-25). The Mwansa Project area is located in Luapula Province in north-central Zambia. It is located approximately 60 km due east of the town of Mansa which is located on the Great North Road. A review of the Zambian mining cadastre shows Mansa is a regional centre of small scale manganese mining.

Mwansa is not covered by the Laureates desk study (Laureates, 2019) commissioned by Castillo, for the due diligence, as the application postdates that report. SRK ES did not visit the Mwansa Project.

Figure 6-25 Zambia Mining Cadastre licence summary for 25261-HQ-LEL as of 16 July 2020 (Source: Zambia Cadastre, 2020)

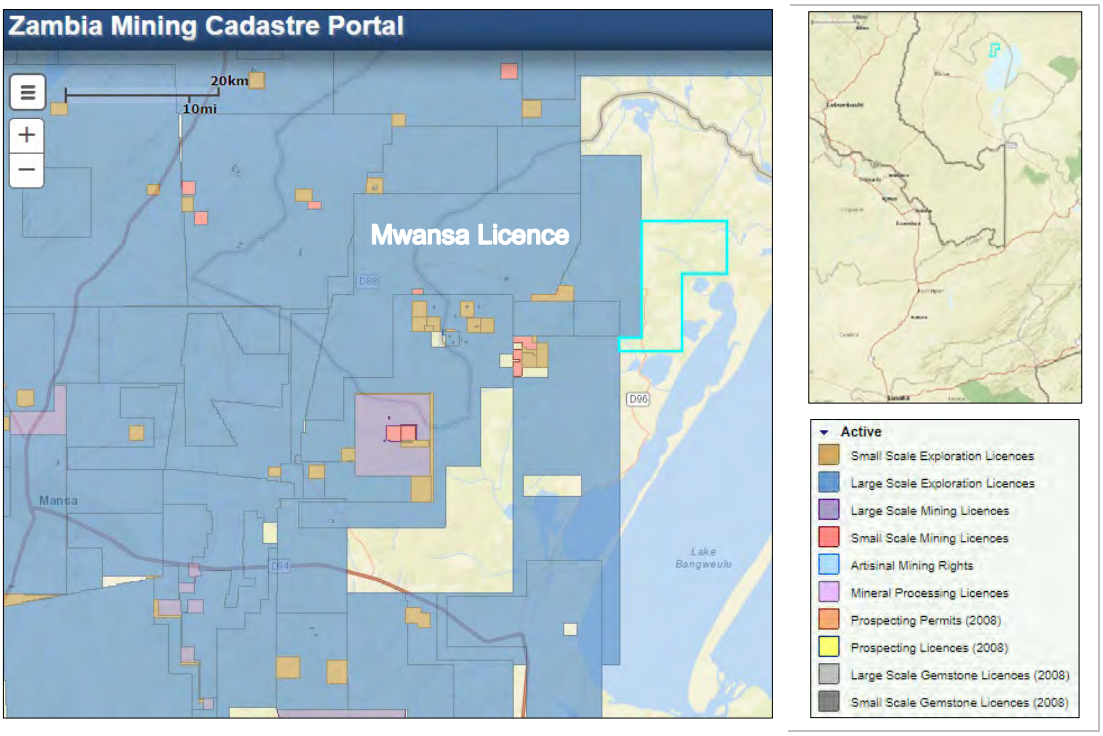

Figure 6-26 Mwansa Project licence extent and location (light blue outline). Note red and purple areas related to small scale and large scale mining areas respectively Dark blue and brown shaded areas are exploration licences. (Image Source: Zambia Mining Cadastre, 2019)

Figure 6-27 Mwansa Project licence area over satellite imagery (Image Source: Zambia Mining Cadastre, 2019)

6.8.1 Access & Land use

The Mwansa Project application area can be accessed by gravel road from the town of Mansa to the village of Mwena (92 km) in the south of the licence area. The tenement borders the western edge of the Bangweulu Swamps. Land use within the area is dominated by small scale subsistence farm fields interspersed by scrubby woodland, small villages and swampy drainage channels.

6.8.2 Exploration History

No information has been supplied on the exploration history of the Mwansa Project or surrounding region. The Zambian Cadastre (2019) shows there to be three small scale mining licences for manganese within 20 km of the application area's western boundary.

6.8.3 Site Visit Observations

SRK ES did not visit the Mwansa Project area.

6.8.4 Prospectivity

Castillo report that the Mwansa Project is located in an under-explored region whose underlying geology is prospective for copper, manganese and other base metals.

6.8.5 Recommendations

SRK ES recommends that Castillo commission a desk study and data compilation exercise for the Mwansa Project area in order to assess the prospectivity and plan follow-on reconnaissance work. Given the perceived density of small scale farming within the area Castillo will need to manage landholder liaison carefully.

7 CONCLUSIONS AND RECOMMENDATIONS

Castillo Copper started as a primarily Chilean, copper focussed, exploration company in 2013 before shifting focus to Australia with the acquisition of Qld Commodities Pty Ltd in 2017. Through the decision to seek a listing in London the company has supplemented the scope of its Australian activities to include copper and cobalt exploration in geologically prospective Zambia.

United Kingdom based investors are well acquainted with the potential offered by the Zambia Copperbelt and recognise the African investment risk profile. Moreover, recent successes with the discovery of new copper deposits on the Kalahari Copperbelt of northern Botswana may have helped to buoy investor appetite for early stage African copper exploration projects.

Following the completion of the Zed Copper acquisition, Castillo will diversify into an international copper exploration company. On a geological basis SRK ES considers the Zed acquisition was merited.

Whilst Zed's Zambian exploration portfolio offers an attractive addition to Castillo, operating the tenement will have its challenges. Success will depend on Castillo being able to secure the right geological team for the work and being able to effectively manage that team with a separation of six time zones (UTC+8hrs in Perth, UTC+2hrs in Lusaka).

Whilst the two main Perth based directors of Zed Copper will be able to afford some assistance in the initial management and handover of the Zambian operations, it is evidenced by their directorships that they have responsibilities to other public and private businesses.

Given that Zambia is a mature mining destination it is anticipated that Castillo will be able to source experienced contractors to provide exploration assistance in country.

Castillo have published the intention to adopt a three pillar strategy for the business going forward; focussing resources on; Pillar One: Zed Copper and prioritising exploration of the Luanshya and Mkushi project areas; Pillar Two Initiating ground reconnaissance and exploration at the Mt Oxide Project with particular attention on the Arya Prospect; and Pillar Three: Progressing the historical Cangai Copper Mine through scoping study to feasibility stage and attempting to monetise the historical smelter dumps.

The Cangai Project, and the Cangai Mine, within the Cangai South tenement group, in particular is the most progressed exploration asset in the company's portfolio. Whilst the Inferred Resource based on historical datasets, requires additional support from contemporary drilling data sets, further geological constraint and independent verification, in the opinion of SRK ES, the property does through further drilling, offer the potential for a significant Resource update and the future possibility that it could be developed into a high-grade underground mining operation subject to all the necessary work and technical and economic studies. Downhole electromagnetic surveys support the existence of potentially mineralised conductors below the Mark's and Sellars historical workings.

The Cangai Mine also offers the potential of a near-term revenue stream from the smelter slag dumps subject to relevant permissions and slag chemistry. Preliminary sampling has shown the slag to carry potentially economic residual grades of zinc and copper. The viability of the slag for economic repossessing will depend on metallurgical test work findings, the 50kg sample of material collected whilst SRK ES were onsite should help with investigations.

In late September 2019 Castillo announced the intention to progress the Cangai Mine towards a Feasibility Study, SRK ES consider that with the necessary budget and work stream planning

this is achievable goal, though the company will have to maintain strict coherence to the stringent NSW environmental legislation and should prioritise a Resource upgrade and a scoping study as the intermediate work steps, with a pre-feasibility and optimisation studies to follow.

The Cangai North EL8601 concession is an early stage exploration tenement which has thus far only be subject to reconnaissance and desk-based studies. It would benefit from a systematic geochemical and geophysical survey approach; however, it is understood the tenement is currently a lower priority for Castillo.

In Zambia the Mkusi and Luanshya project areas are high priority for exploration. In easy reach of transport and infrastructure networks and in close proximity to known copper deposits and active mines the projects offer clear structural and stratigraphic exploration targets, be it the continuation of the copper occurrence hosting Mtuga Line in Mkusi or the underlying Lufilian Arc, Lower Roan, stratigraphy in the Luanshya area.

As well as sitting on the established Lufilian Arc, Lower Roan subgroup, the host for the majority of the economic copper mineralisation of the Zambian Copperbelt, the Luanshya permit is also prospective for the discovery of emerald gemstone deposits, as it borders the Ndola Rural Emerald Restricted Area and shares the same stratigraphy as Gemfields's Kagem Emerald Mine the world's single largest producer of emeralds.

Both the Lumwana north and south concession areas are prospective for copper and cobalt mineralisation located on the under explored periphery of the Mwombezhi Dome basement inlier which hosts Barrick's active Lumwana Mine. Historical exploration has shown a large number of copper occurrences associated with a similar dome margin setting. Given the lack of modern day exploration coverage the indications are that a targeted geochemical and geophysical driven structural survey has a good likelihood of delineating further copper anomalies, with the potential for associated uranium discoveries. The recent discovery of alluvial gold north of Lumwana at Mwinilunga shows the wider region also offers the potential for hoisting as yet unknown primary gold deposits.

The Mwansa tenement is in an underexplored province, it is not currently known whether the area has undergone any form of systematic exploration work, though the mapped sedimentary stratigraphy if favourable for hosting copper-cobalt mineralisation and there are a number of known manganese deposits and occurrences in the wider area.

In the Mt Oxide Project, the Arya Prospect, a geophysical anomaly identified by a Geoscience Australia airborne electromagnetic survey, may relate to a buried bedrock conductor, so is a high priority target for initial ground reconnaissance and follow-up exploration work. The Arya anomaly coincides with strongly copper anomalous copper in rock chip and soil geochemistry. The prospect had previously been investigated by BHP, which included the definition of geophysical anomalies, but they decided not to drill the target which possibly relates to IOCG type mineralisation some 426m below surface. Castillo have designed drill programme to test three geophysical targets at Arya. Based on the geophysical interpretations conducted to date each target has the potential to yield mineralised intervals, the success or otherwise of this preliminary drilling hitting each target may hinge on further ground based geophysical studies, drill collar planning and logistics.

Including the EMP27440 Application area a further sixteen, historical desk study based, exploration targets have been identified within the Mt Oxide Project targeting both copper and gold mineralisation. At least two of these could represent future drilling targets subject to further

confirmatory fieldwork.

The Broken Hill Project area is located within 25 km of the mining centre town of Broken Hill and is considered by SRK ES to have good prospectivity for the discovery of cobalt mineralisation. To date, the majority of exploration has focused on establishing the presence and prospectivity of the Himalayan Formation within the Broken Hill Project. This formation has been of particular focus because of the significant resources identified within this formation by Cobalt Blue Holdings to the south. Published geological mapping identifies large tracts of this formation within the Castillo licences, and the available geochemical data supports the presence of elevated cobalt levels in both the target formation and other rock types. Six target areas have been identified thus far for groundwork follow-up. Remote sensing techniques such as high resolution hyperspectral and multispectral data modelling may aid Himalaya Formation target generation where such datasets are available or obtainable at acceptable cost.

Castillo should continue to invest in robust Environmental, Social and Stakeholder programmes; engagement with local communities, whether they be Australian cattle station owners, indigenous title holders, Zambian farmers or artisanal miners, is equally important for exploration success across all the projects.

Much of the exploration recommended is, in the initial phases, non-invasive and relatively low cost. SRK ES considers however, that with sufficient budgets, prudent management, technical competence and a healthy dose of good fortune, Castillo has the geological assets to build significant shareholder value.

For and on behalf of SRK Exploration Services Ltd

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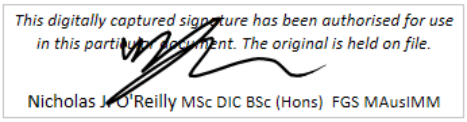

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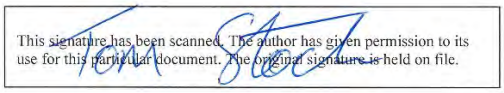

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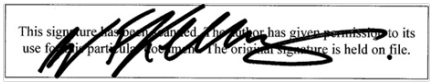

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9 GLOSSARY AND UNITS

Glossary

Adit	Entrance to an underground mine which is horizontal or near horizontal.
Anomalous	Samples that differ significantly from all the others in a group or population.
Anticline	A ‘∩’ shaped fold or structure in stratified rocks with the oldest rocks in the centre.
Basin	A general region with an overall history of subsidence and thick sedimentary accumulation.
Block Model	Model created using geostatistics and geological data. Model is essentially a series of equal sized “blocks”, with each block representing an area with then same geological and mineralisation characteristics. Used in resource estimation.
Channel sampling	A means of taking a sample from a rock face by collecting the cuttings from a small channel.
Closure plans	Procedures for site closure and rehabilitation once mining has ceased.
Concentrate	Metal ore once it has been through milling and concentration so that it is ready for chemical processing or smelting.
Concentrator	Processing facility which receives ore from the mine and separates out concentrate, the remaining material being tailings
Deposit	An anomalous occurrence of a specific mineral or minerals within the Earth’s crust.
Diamond drilling	The act or process of drilling boreholes using bits inset with diamonds as the rock-cutting tool.
Drill core	A solid, cylindrical sample of rock produced by diamond drilling.
Environmental Impact Assessment	A multi-disciplinary study which evaluates the effect on the environment of large construction or development project.
Epithermal (deposits)	Deposited from lower temperature, near surface fluids under conditions in the lower ranges of temperature and pressure.
Fault	A fracture or a fracture zone along which there has been displacement of the two sides relative to one another parallel to the fracture. The displacement may be a few inches or many miles.
Folding	A bending or buckling in any pre-existing structure in a rock as result of deformation.
Fresh or Sulphide material	Material defined which has retained its original form unaltered by oxidation. Metal ore that are recorded as sulphides include copper, mercury and nickel.
Geological continuity	Geological features such as rock type, structures and mineralisation that can be demonstrated to be continuous between locations.
Geophysical data	Data from the branch of geology that studies the physics of the Earth, using the physical principles underlying such phenomena as seismic waves, heat flow, gravity, and magnetism.
Grab sampling	Samples collected from surface outcrops, mine dumps etc., Used in connection with examination of the characteristic minerals in the deposit rather than for valuation.
Grade	The proportion of a mineral within a rock or other material. For gold mineralisation, this is usually reported as grams of gold per tonne of rock (g/t)
Grade (metamorphic)	Scale denoting the level of pressure and temperature involved in forming a particular metamorphic rock.

Grass roots	Early stages of exploration including activities such as mapping and geochemical sampling
Hyperspectral	Continuous electromagnetic spectrum measurements. Differs from multispectral, which refers to discrete spectral bands.
Indicated Mineral Resource	That part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
Inferred Mineral Resource	The part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.
Intrusive	Rocks that while molten, penetrated into or between other rocks, but solidified before reaching the surface.
Iron ore	Rocks and minerals from which metallic iron can be extracted.
Joint	A fracture in a rock between the sides of which there is no observable relative movement.
JORC Code	The 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
Measured Mineral Resource	A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
Metamorphosed	Rocks which are changed by a process of heat and pressure within the earth.
Mineral Reserve	A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.
Mineral Resource	A concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such a form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of

	increasing geological confidence, into Inferred, Indicated and Measured categories.
Ore Reserve	The economically mineable part of a Measured or Indicated Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed, mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.
Orebody	A continuous mass of mineralisation estimated to be economically mineable. The volume of rock containing the mineral resource.
Oxide Material	Zone of defined material which has been altered through to result in minerals bearing at least one oxygen atom and one other element in its chemical formula. Found near surface this material is usually resulting from exposure to the water table where oxygen is prevalent
Porphyritic	Rock texture containing distinct crystals or crystalline particles embedded in a finer mass.
Portal	The structure surrounding the immediate entrance to a mine; the mouth of an adit or tunnel.
Pre-feasibility Study	A geological, technical and economic study to determine whether a deposit can be exploited.
Probable Ore Reserve	The economically mineable part of an Indicated, and in some cases Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed, mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could be reasonably justified;
Proved Ore Reserves	The economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed, mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could be reasonably justified.
Rare Earths/ Rare Earth Elements/ Rare Earth Metals	One of a set of seventeen chemical elements in the periodic table, specifically fifteen lanthanides, as well as scandium and yttrium.
Reef	Another term for a vein of some mineral or ore. Not related to a biological reef such as a coral reef.
Regolith	The layer of unconsolidated solid material covering bedrock. Includes dust, soil, broken rock and other related materials.
Scoping Study	An early stage review of a project to assess the viability of different options.
Sedimentary	Rock formed at the earth's surface from solid particles, whether

	mineral or organic, which have been moved from their position of origin and re-deposited.
Self-Fluxing Ore	Ores that contain both acid and basic gangue (non-economic minerals) in the proper ratio to forma a suitable slag during the refining and smelting process with out the addition of other chemicals or minerals.
Shaft	Vertical entrance to a mine that may be used for access, ventilation or the removal of rock/ore.
Slag	Waste material separated from metals during the smelting and refining of ore.
Specific Gravity	Ratio of the density of a substance to the density of a reference substance. When specific gravity is measured with respect to water, it is typically taken as analogous to density.
Stope	The excavation of a series of steps or layers in the ground or rock.
Strata	Layer of rock.
Stratigraphy	The sequence or layers of rocks
Stripping ratio	The unit amount of overburden/waste that must be removed to gain access to a unit amount of ore or mineral material.
Syncline	A U-shaped fold or structure in stratified rocks, with youngest rocks in the centre.
Synclinoriums	A basin shaped fold system.
Thrust (fault)	Low angle (<45º) fault, often with large displacement of the overlying block (+1 km).
Trench	The excavation of a horizontally elongate pit (trench), typically up to 2 m deep and up to 1.5 m wide in order to access fresh or weathered bedrock and take channel samples across a mineralised structure. The trench is normally orientated such that samples taken along the longest wall are perpendicular to the mineralised structure.
Vein	A fracture in rock containing a deposit of minerals or ore and typically having and extensive course underground.

Units

AUD	Australian Dollars (currency)
cm	centimetre
g/t	grams per tonne – equivalent to parts per million and typically used when expressing the grade of precious metals
Ga	Billion years ago
m	metre
Ma	Million years ago
mm	millimetre
Mt	Million metric tonnes
Oz	Refers to a troy ounce, used to express the mass of precious metals. Equal to 31.103 g
ppm	Parts per million
Tonne	1,000 kg – A metric tonne.
ZMW	Zambian Kwacha (currency)

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Simon Paull	Castillo Copper	Final V1.1 Pending Consent	01/11/19	N. O'Reilly
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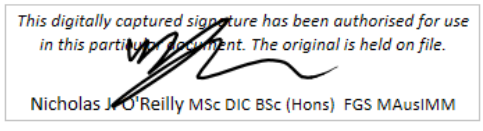
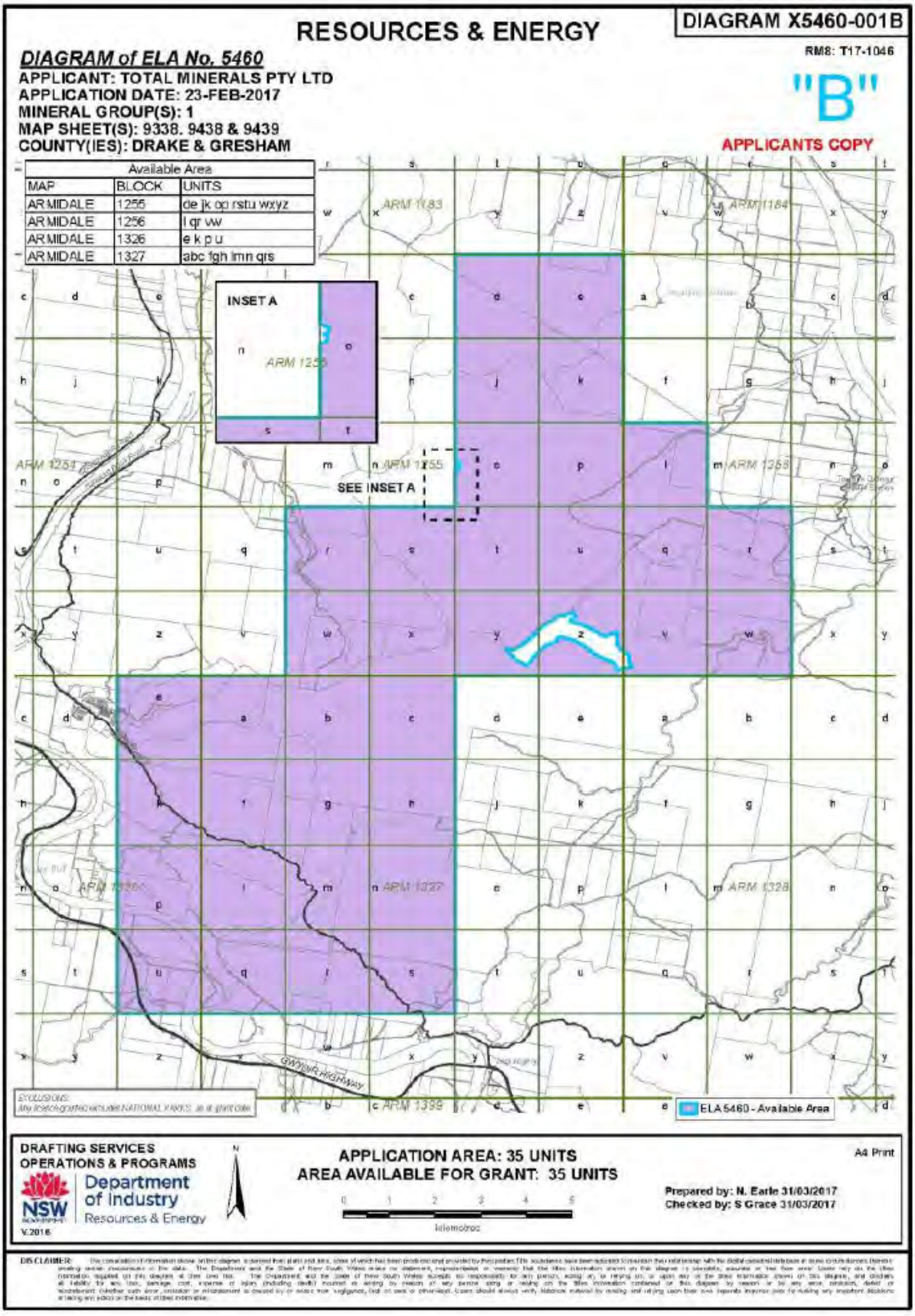
Approval Signature:



APPENDIX A – CANGAI (JACKADGERY) PROJECT LICENCE MAPS

EL8625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Available Area
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ARMIDALE | 1256 | l qr vw
ARMIDALE | 1326 | e k p u
ARMIDALE | 1327 | abc fgh lmn qrs
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ARM 1255
SEE INSET A
ARM 1183
ARM 1184
ARM 1254
ARM 1256
ARM 1327
ARM 1328
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GWYDIR HIGHWAY
ELA 5460 - Available Area
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OPERATIONS & PROGRAMS
Department of Industry
Resources & Energy
NSW
V.2016
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Checked by: S Grace 31/03/2017
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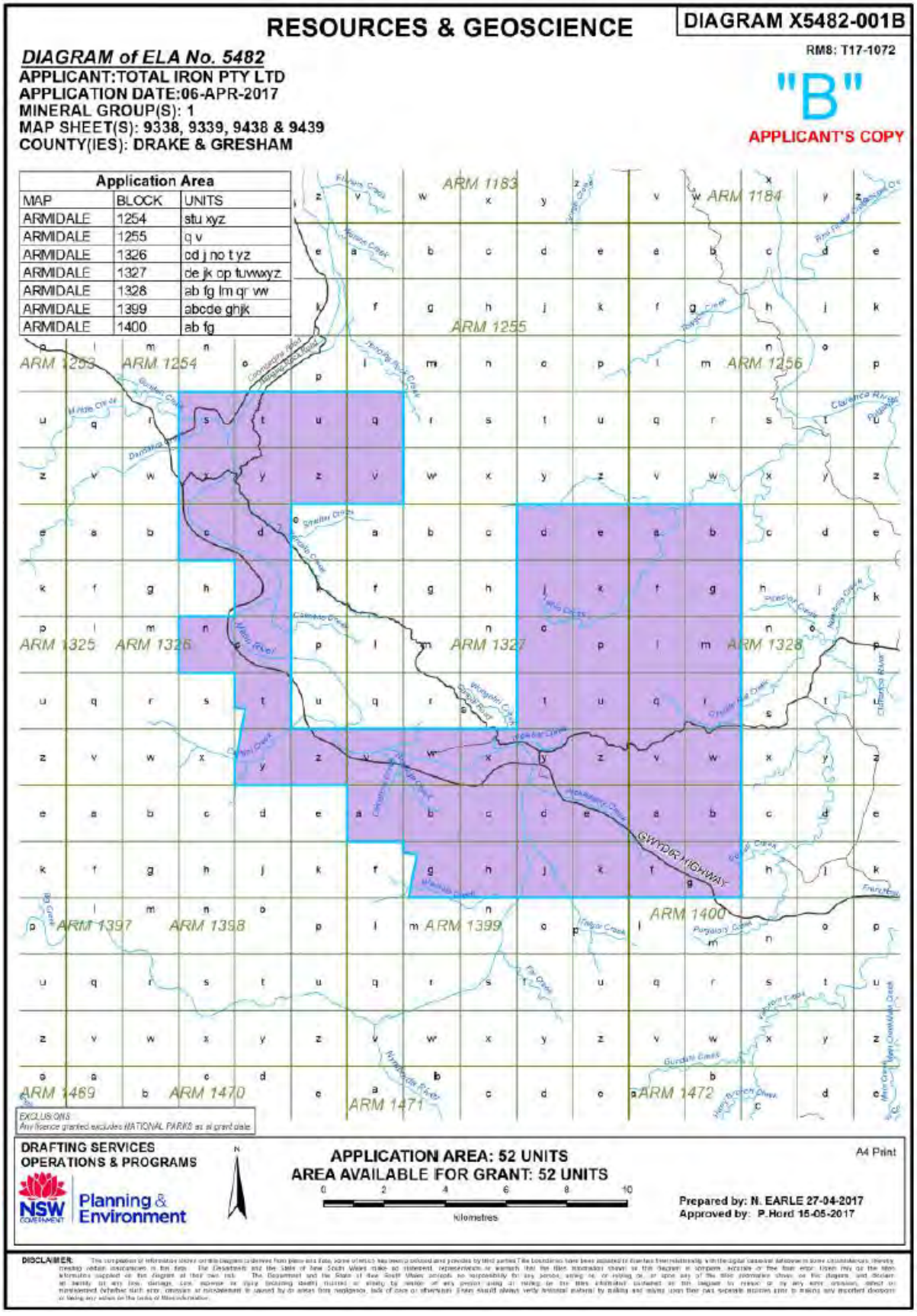
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COUNTY(IES): DRAKE & GRESHAM
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ARMIDALE | 1255 | q v
ARMIDALE | 1326 | cd j no t yz
ARMIDALE | 1327 | de jk op tuvwxyz
ARMIDALE | 1328 | ab fg lm qr vw
ARMIDALE | 1399 | abcde ghjk
ARMIDALE | 1400 | ab fg
ARM 1183
ARM 1184
ARM 1255
ARM 1253
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ARM 1256
ARM 1325
ARM 1326
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ARM 1399
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NSW GOVERNMENT Planning & Environment
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Approved by: P.Hord 15-05-2017
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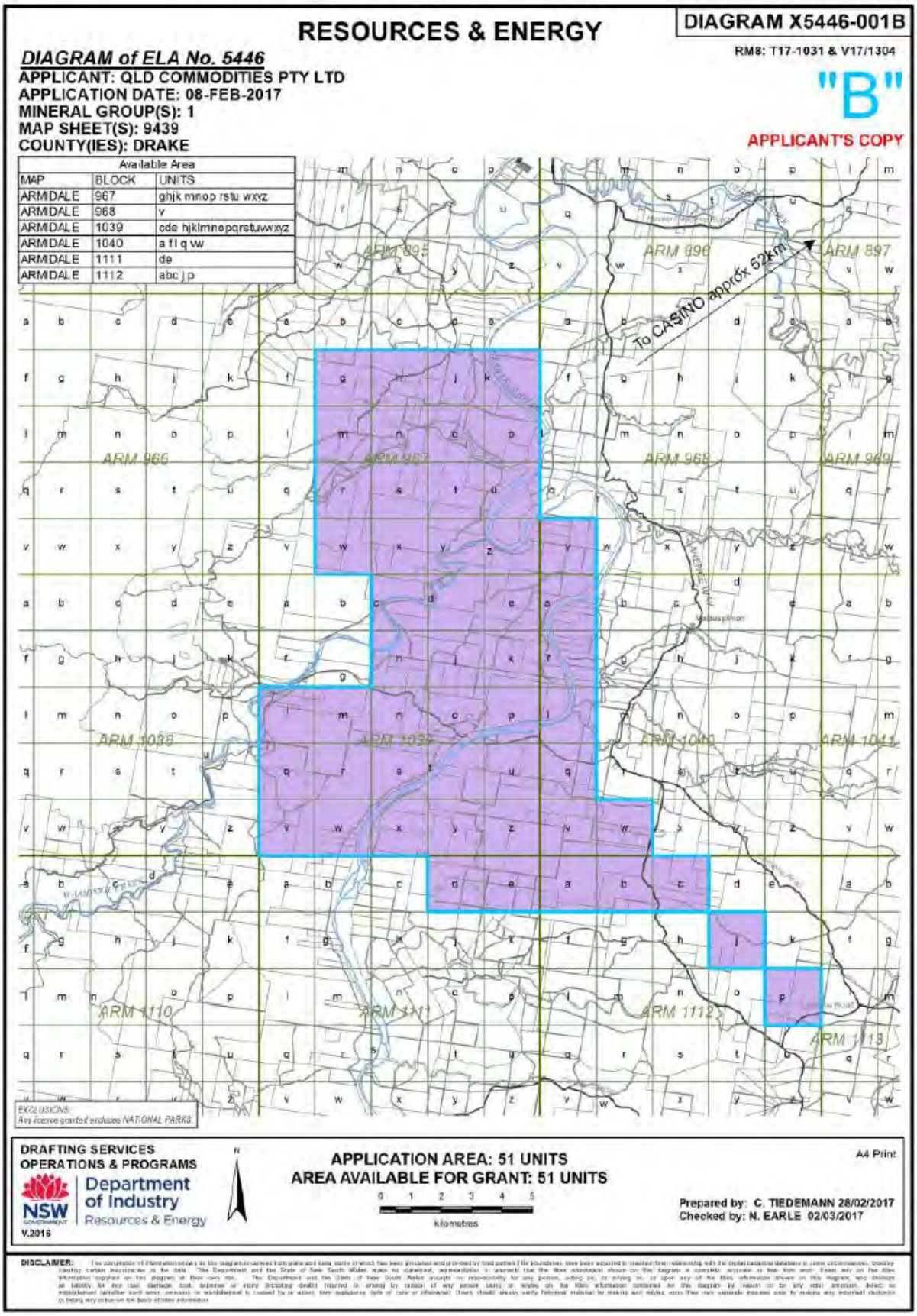
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APPLICATION DATE: 08-FEB-2017
MINERAL GROUP(S): 1
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COUNTY(IES): DRAKE
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ARMIDALE | 968 | v
ARMIDALE | 1039 | cde hjklmnopqrstuvwxyz
ARMIDALE | 1040 | a f l q vw
ARMIDALE | 1111 | de
ARMIDALE | 1112 | abc j p
ARM 895
ARM 896
ARM 897
To CASINO approx 52km
ARM 966
ARM 967
ARM 968
ARM 969
ARM 1038
ARM 1039
ARM 1040
ARM 1041
ARM 1110
ARM 1111
ARM 1112
ARM 1113
EXCLUSIONS
Any license granted excludes NATIONAL PARKS.
DRAFTING SERVICES
OPERATIONS & PROGRAMS
Department of Industry
Resources & Energy
NSW GOVERNMENT
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N
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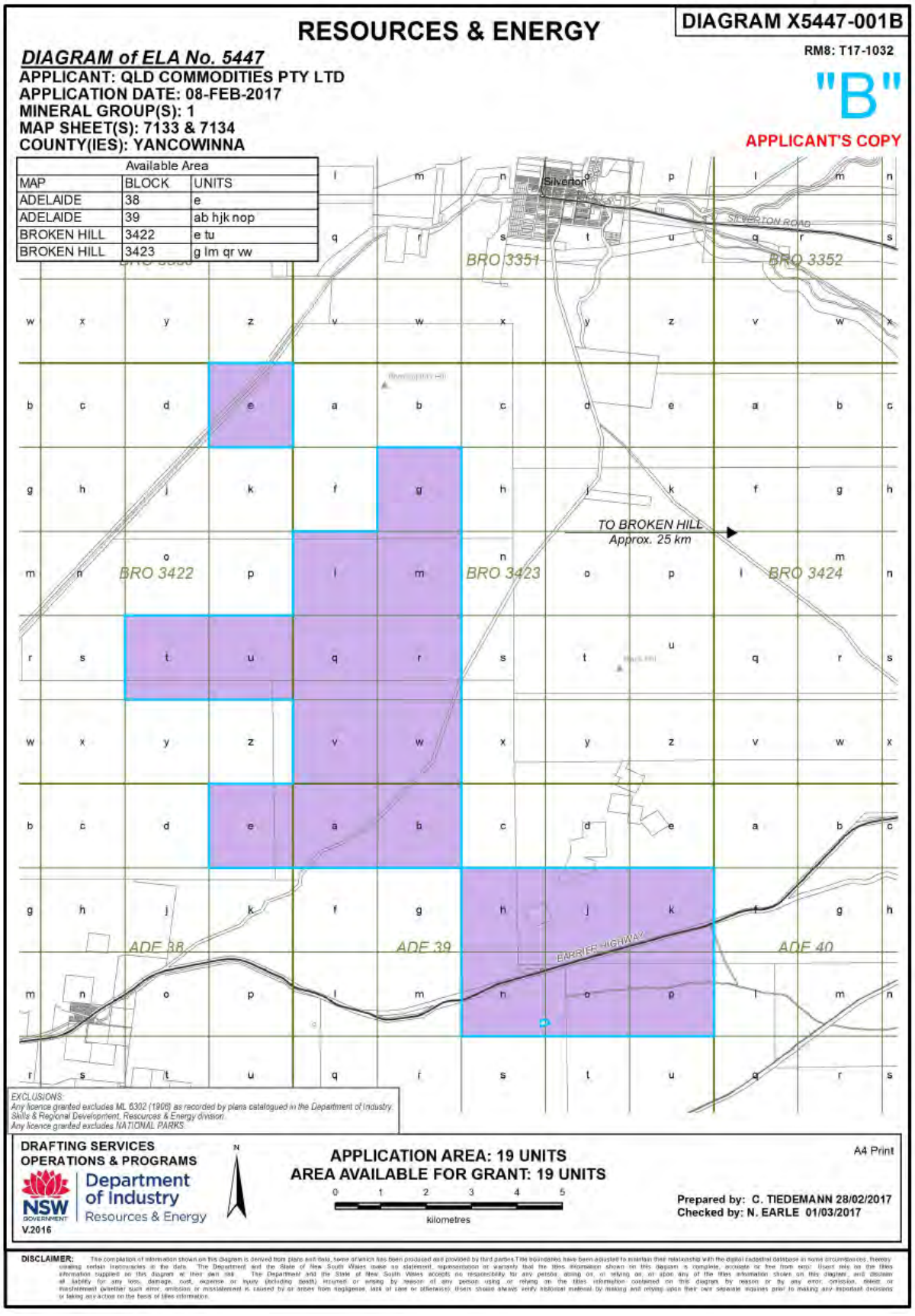
kilometres
A4 Print
Prepared by: C. TIEDEMANN 28/02/2017
Checked by: N. EARLE 02/03/2017
DISCLAIMER:

APPENDIX B – BROKEN HILL PROJECT LICENCE MAPS

EL8572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MINERAL GROUP(S): 1
MAP SHEET(S): 7133 & 7134
COUNTY(IES): YANCOWINNA
Available Area
MAP | BLOCK | UNITS
ADELAIDE | 38 | e
ADELAIDE | 39 | ab hjk nop
BROKEN HILL | 3422 | e tu
BROKEN HILL | 3423 | g lm qr vw
Silverton
SILVERTON ROAD
BRO 3351
BRO 3352
TO BROKEN HILL
Approx. 25 km
BRO 3422
BRO 3423
BRO 3424
ADE 38
ADE 39
ADE 40
BARRIER HIGHWAY
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Any licence granted excludes ML 6302 (1966) as recorded by plans catalogued in the Department of Industry, Skills & Regional Development, Resources & Energy division.
Any licence granted excludes NATIONAL PARKS.
DRAFTING SERVICES
OPERATIONS & PROGRAMS
Department of Industry
Resources & Energy
NSW GOVERNMENT
V.2016
N
APPLICATION AREA: 19 UNITS
AREA AVAILABLE FOR GRANT: 19 UNITS
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kilometres
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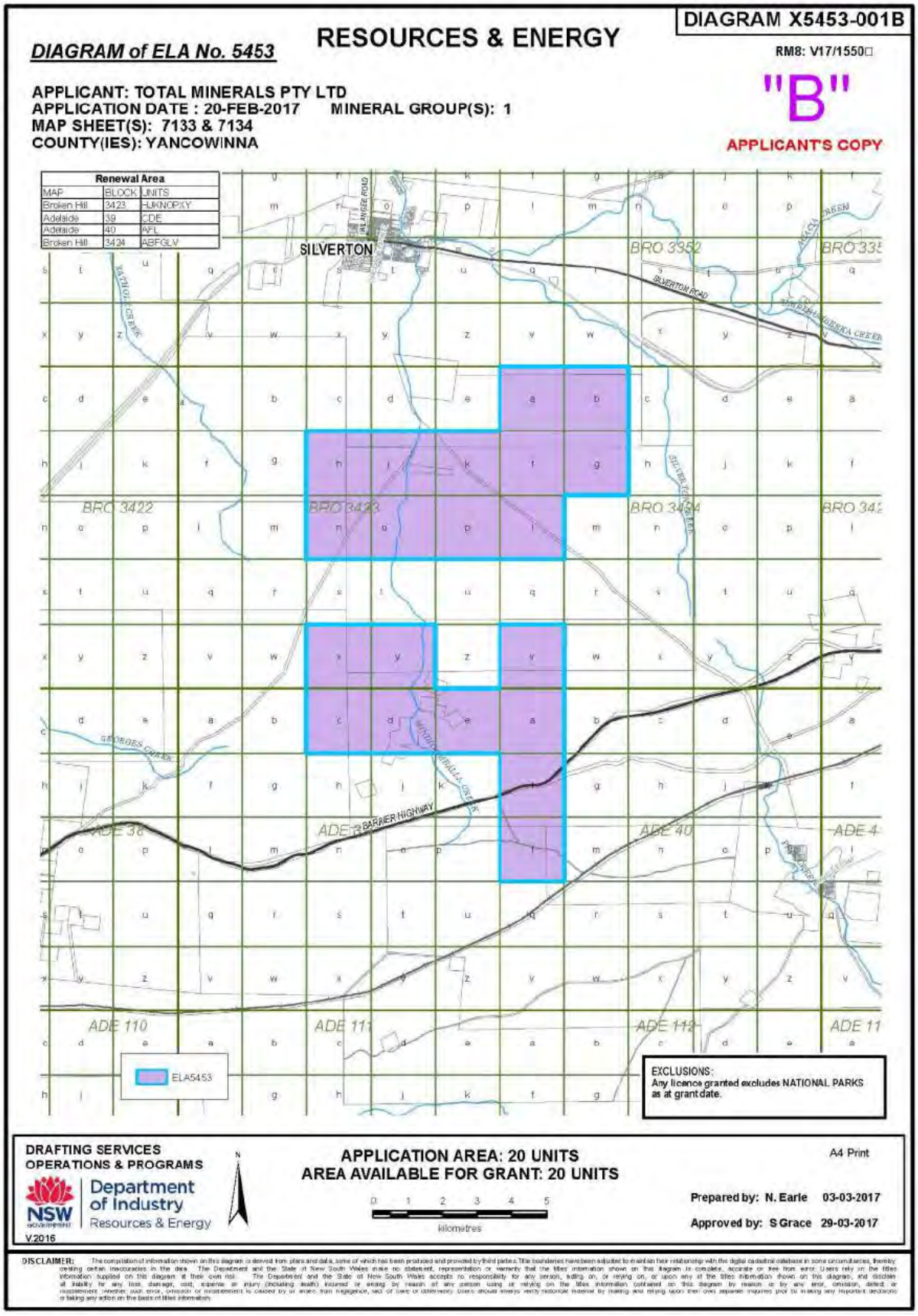
Checked by: N. EARLE 01/03/2017
DISCLAIMER:

EL8599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APPLICATION DATE : 20-FEB-2017
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COUNTY(IES): YANCOWINNA
Renewal Area
MAP | BLOCK | UNITS
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Adelaide | 39 | CDE
Adelaide | 40 | AFL
Broken Hill | 3424 | ABFGLV
SILVERTON
BRO 3352
BRO 3422
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BRO 3424
ADE 38
ADE 39
ADE 40
ADE 110
ADE 111
ADE 112
BARRIER HIGHWAY
SILVERTON ROAD
ELA5453
EXCLUSIONS:
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DRAFTING SERVICES
OPERATIONS & PROGRAMS
Department of Industry
Resources & Energy
NSW government
V2016
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kilometres
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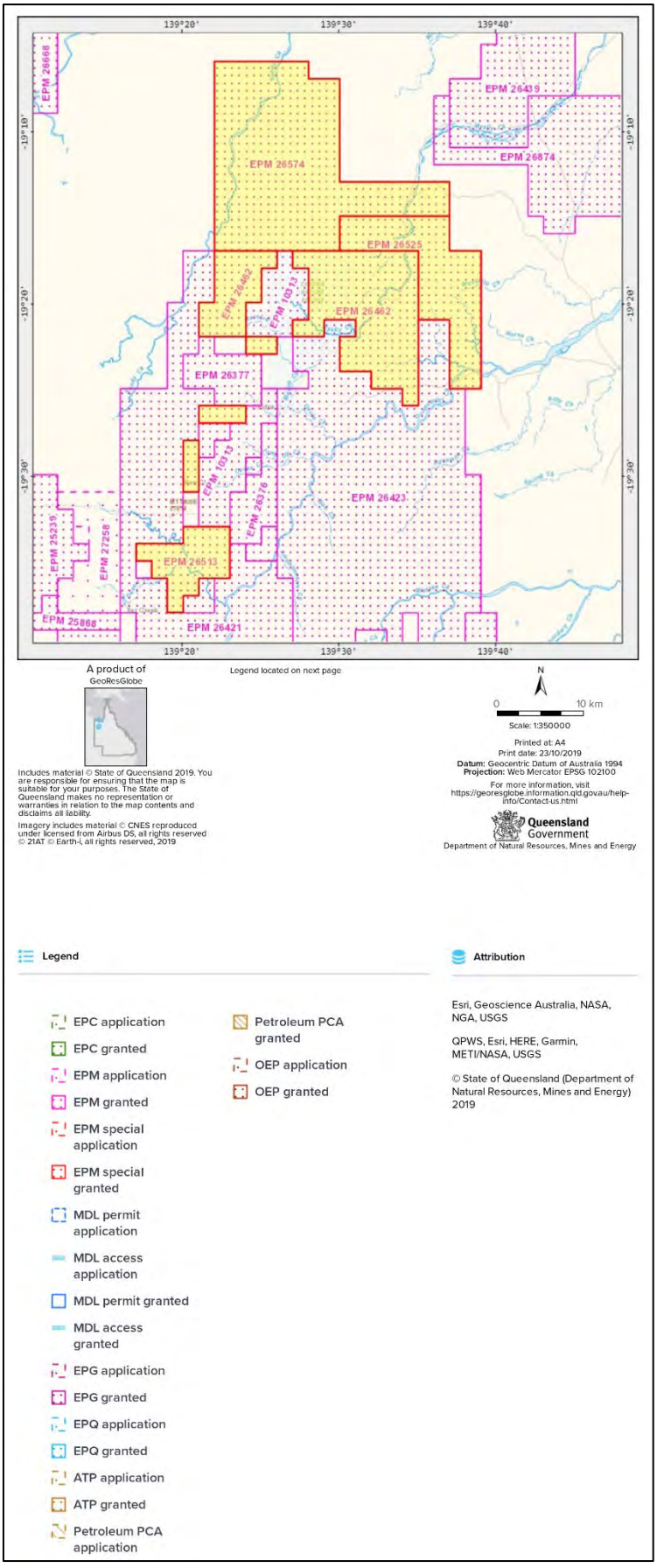
Prepared by: N. Earle 03-03-2017
Approved by: S Grace 29-03-2017
DISCLAIMER:

APPENDIX C – MT OXIDE PROJECT LICENCE MAP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For more information, visit https://georesglobe.information.qld.gov.au/help-info/Contact-us.html
Queensland Government
Department of Natural Resources, Mines and Energy
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Legend
EPC application
EPC granted
EPM application
EPM granted
EPM special application
EPM special granted
MDL permit application
MDL access application
MDL permit granted
MDL access granted
EPG application
EPG granted
EPQ application
EPQ granted
ATP application
ATP granted
Petroleum PCA application
Petroleum PCA granted
OEP application
OEP granted
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APPENDIX D – MT OXIDE PROJECT EXPLORATION HISTORY

Summary of Previous Tenures over EPM 26525 (source: ROM Resources, 2019c)

Permit Number	Years	Holder Name	Commodity/Strata	% Overlap
ATP 791M	1971 - 1980	Anaconda Australia Inc	Cu Pb Zn	71.1
ATP 935M		Unknown		13.2
ATP 958M		Naylor and Edson	Cu Pb Zn Ag Bi	34.2
ATP 1072		Consolidated Gold Fields Australia Ltd	Hg Cu Pb Zn	44.7
ATP 1494		CSR Limited	Cu, Syngenetic, stratabound Cu mineralisation	73.7
EPM 1581		Dampier Mining Company Ltd	Cu	15.8
EPM 1978		Newmont, ICI Australia and CRA Exploration Joint Venture	Cu, Pb, Zn	2.6
EPM 2561	1981 - 1990	CRA Exploration Pty Limited	U, Cu, Pb, Zn, Structurally and stratigraphically controlled base metal and shear related Cu-Au mineralisation	13.2
EPM 3928		Newmont Holdings Pty Ltd	Au, Gold associated with volcanic and sediments	13.2
EPM 7338	1991 - 2000	Mount Isa Mines Limited	Cu Pb Zn Au, Base and precious metals	2.6
EPM 7448		Mount Isa Mines Limited	Cu Pb Zn Au, Base and precious metals	47.4
EPM 7863		Mount Isa Mines Limited	Cu Pb Zn Au, Base and precious metals	42.1
EPM 9575		CRA Exploration Pty Limited	Cu Au, Structurally and stratigraphically controlled base metal and shear related Cu-Au mineralisation	76.3
EPM 11452		BHP Minerals Pty Ltd	Cu, SEDEX style Pb-Zn-Ag and Mt Isa style Cu, Sediment hosted Cu – Mt Isa Style	39.5
EPM 12756	2001 - 2010	Red Metal Limited	Sediment hosted Cu – Mt Isa Style	18.4
EPM 15856		Red Metal Limited	Sediment hosted Cu – Mt Isa Style	21.1
EPM 15043	After 2010	Superior Resource Limited		36.8
EPM 15764		Orbis Gold Pty Ltd (Mount Isa Metals Pty Ltd)	Structurally controlled sediment hosted Cu deposits, Shear hosted Cu-Au deposits, Stratiform Pb-Zn deposits	5.3
EPM 15767		Orbis Gold Pty Ltd (Mount Isa Metals Pty Ltd)	Structurally controlled sediment hosted Cu deposits, Shear hosted Cu-Au deposits, Stratiform Pb-Zn deposits	26.3
EPM 18217		Orbis Gold Pty Ltd (Mount Isa Metals Pty Ltd)	Structurally controlled sediment hosted Cu deposits, Shear hosted Cu-Au deposits, Stratiform Pb-Zn deposits	13.2
EPM 18537		Agrimin Limited	No data	52.6

Summary of Previous Tenures over EPM 26574 (source: ROM Resources, 2019b)

Permit Number	Years	Holder Name	Target Commodity/Strata	% Overlap
ATP 612	1961 - 1970	Eastern Copper Mines	Cu, U, Pb-Zn	18
ATP 791M	1971 - 1980	Anaconda Australia Inc	Cu Pb Zn, Base metals in the McNamara Group	4
ATP 958M		Naylor and Edson	Cu Pb Zn Ag Bi	6
ATP 1085		Consolidated Gold Fields (Australia Limited	Cu Pb Zn	22
ATP 1153		Consolidated Gold Fields (Australia Limited	Cu Pb Zn	13
ATP 1325		AMAX Exploration (Australia) INC	Cu Pb Zn Ag U	6
EPM 1528		Dampier Mining Company Ltd	Cu	63
EPM 1581		Dampier Mining Company Ltd	Cu, Sandstone hosted syngenetic copper	26
EPM 1978		Newmont, ICI Australia and CRA Exploration Joint Venture	Cu, Pb, Zn	41
EPM 2160	1981 - 1990	Carpentaria Exploration Company Pty Ltd	Cu Pb Zn Fe, stratabound copper along contact with carbonate unit	9
EPM 2161		Carpentaria Exploration Company Pty Ltd	Cu Pb Zn Fe, stratabound copper along contact with carbonate unit	22
EPM 2296		Amoco Minerals Australia Company	Cu, Pb, Zn, Co Au; Mt Isa-style Pb-Zn	23
EPM 3252		BHP Minerals Pty Ltd	Cu Pb, Zn, Mn	45
EPM 3845		Western Mining Corporation	Pb-Zn; Mt Isa-style hosted in Paradise Ck and Lady Loretta Formations	4
EPM 3907		Ashton Mining Limited	Au, Diamonds	48
EPM 3928		Newmont Holdings Pty Ltd	Au, Gold associated with volcanic and sediments	1
EPM 5328		CSR Limited	Au, Structurally controlled Au-Cu	9
EPM 7312	1991 - 2000	Metana Minerals NL	Cu; Mt Isa-style silver/lead/zinc	47
EPM 7338		Mount Isa Mines Limited	Cu Pb Zn Au, Base and precious metals	6
EPM 7448		Mount Isa Mines Limited	Cu Pb Zn Au, Base and precious metals	6
EPM 7676		Mount Isa Mines Limited	Cu Pb Zn Au, Base and precious metals	15
EPM 7863		Mount Isa Mines Limited	Cu Pb Zn Au, Base and precious metals	2
EPM 8277		Placer Exploration Pty Ltd	Cu Ag, Au	10
EPM 9035		Cyprus Gold Australia Corporation	Cu, Ag	32
EPM 12756	2001 - 2010	Red Metal Limited	Sediment hosted Cu – Mt Isa Style	14
EPM 10313	After 2010	Perilya Limited	Cu	6
EPM 13176		CST Minerals Lady Annie Pty Ltd	Cu	31
EPM 15764		Orbis Gold Pty Ltd (Mount Isa Metals Pty Ltd)	Structurally controlled sediment hosted Cu deposits, Shear hosted Cu-Au deposits, Stratiform Pb-Zn deposits	24
EPM 15767		Orbis Gold Pty Ltd (Mount Isa Metals Pty Ltd)	Structurally controlled sediment hosted Cu deposits, Shear hosted Cu-Au deposits, Stratiform Pb-Zn deposits	8
EPM 16498		Orbis Gold Pty Ltd (Mount Isa Metals Pty Ltd)	Structurally controlled sediment hosted Cu deposits, Shear hosted Cu-Au deposits, Stratiform Pb-Zn deposits	4
EPM 16803		Perilya Freehold Mining Pty Ltd	Cu	13
EPM 18217		Orbis Gold Pty Ltd (Mount Isa Metals Pty Ltd)	Structurally controlled sediment hosted Cu deposits, Shear hosted Cu-Au deposits, Stratiform Pb-Zn deposits	32

APPENDIX E – CANGAI PROJECT DRILLING INFORMATION

Cangai Copper Mine Drillhole Collars and Specifications

Data Set	Hole_ID	Hole_Type	Max_Depth	NAT_Grid_ID	NAT_East	NAT_North	NAT_RL	Prospect	Hole_Status
Cangai	CRC001	RC	174	MGA94_56	450791.83	6736331.02	356.59	Sellars	Completed
Cangai	CRC002	RC	58	MGA94_56	450792.25	6736328.81	356.58	Sellars	Abandoned
Cangai	CRC003	RC	71	MGA94_56	450791.1	6736328.29	356.59	Sellars	Abandoned
Cangai	CRC004	RC	132	MGA94_56	450776.62	6736324.21	355.26	Sellars	Completed
Cangai	CRC005	RC	252	MGA94_56	450775.75	6736323.97	355.15	Volkhardts	Completed
Cangai	CRC006	RC	120	MGA94_56	450776.31	6736328.28	354.98	Sellars	Completed
Cangai	CRC007	RC	111	MGA94_56	450765.76	6736322.57	354.75	Sellars	Abandoned
Cangai	CRC008	RC	240	MGA94_56	450765.16	6736321.97	354.77	Halo Zone	Completed
Cangai	CRC009	RC	174	MGA94_56	450751.31	6736318.24	355.01	Sellars	Completed
Cangai	CRC010	RC	228	MGA94_56	450751.85	6736317.21	355.12	Sellars	Completed
Cangai	CRC011	RC	201	MGA94_56	450670.27	6736463.85	272.1	Victory	Completed
Cangai	CRC012	RC	198	MGA94_56	450665.27	6736467.57	271.78	FLEMB	Completed
Cangai	CRC013	RC	250	MGA94_56	450668.51	6736471.43	271.39	Marks	Completed
Cangai	CRC014	RC	262	MGA94_56	450677.92	6736465.82	271.7	VictorySellars	Completed
Cangai	CRC015	RC	198	MGA94_56	450464.84	6736639.61	203.17	McDonoughs	Completed
Cangai	CRC016	RC	198	MGA94_56	450463.28	6736649.17	202.35	McDonoughs	Completed
Cangai	CRC017	RC	198	MGA94_56	450460.1	6736649.85	202.18	McDonoughs	Completed
Cangai	CRC018	RC	198	MGA94_56	450457.13	6736655.45	201.27	McDonoughs	Completed
Cangai	CC0019R	RC	36	MGA94_56	450913.68	6736268.47	323.84		Abandoned
Cangai	CC0020R	RC	150	MGA94_56	450918.73	6736266.44	323.61		Completed
Cangai	CC0021R	RC	102	MGA94_56	450910.62	6736271.86	324.59		Completed
Cangai	CC0022R	RC	145	MGA94_56	450910.6	6736270.83	324.42		Completed
Cangai	CC0023R	RC	121	MGA94_56	450912.02	6736270.61	324.38		Completed
Cangai	CC0024R	RC	84	MGA94_56	450912.42	6736271.29	324.53		Completed
Cangai	CC0025R	RC	115	MGA94_56	450914.29	6736269.7	324.08		Completed

Data Set	Hole_ID	Hole_Type	Max_Depth	NAT_Grid_ID	NAT_East	NAT_North	NAT_RL	Prospect	Hole_Status
Cangai	CC0026R	RC	102	MGA94_56	450914.78	6736269.96	324.11		Completed
Cangai	CC0027R	RC	145	MGA94_56	450912.17	6736270.22	324.21		Completed
Cangai	CC0028R	RC	140	MGA94_56	450907.2	6736271.52	324.88		Completed
Cangai	CC0029R	RC	84	MGA94_56	450582.3	6736501.4	259.1		Completed
Cangai	CC0030R	RC	103	MGA94_56	450583.2	6736499.7	259.2		Completed
Cangai	CC0031R	RC	127	MGA94_56	450582.4	6736498.1	259.42		Completed
Cangai	CC0032R	RC	118	MGA94_56	450583.3	6736497.8	259.6		Completed
Cangai	CC0033R	RC	147	MGA94_56	450581.7	6736500	259.08		Completed
Cangai	CC0034R	RC	79	MGA94_56	450540.6	6736546.7	235.9		Completed
Cangai	CC0035D	DD	100	MGA94_56	450909	6736270	324.4		Completed
Cangai	CC0036D	DD	61.4	MGA94_56	450911.6	6736269.1	324.4		Completed

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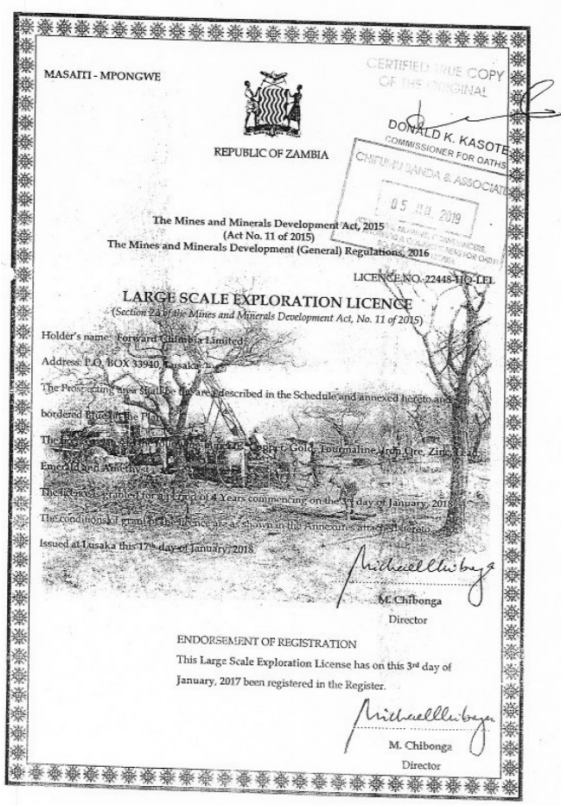
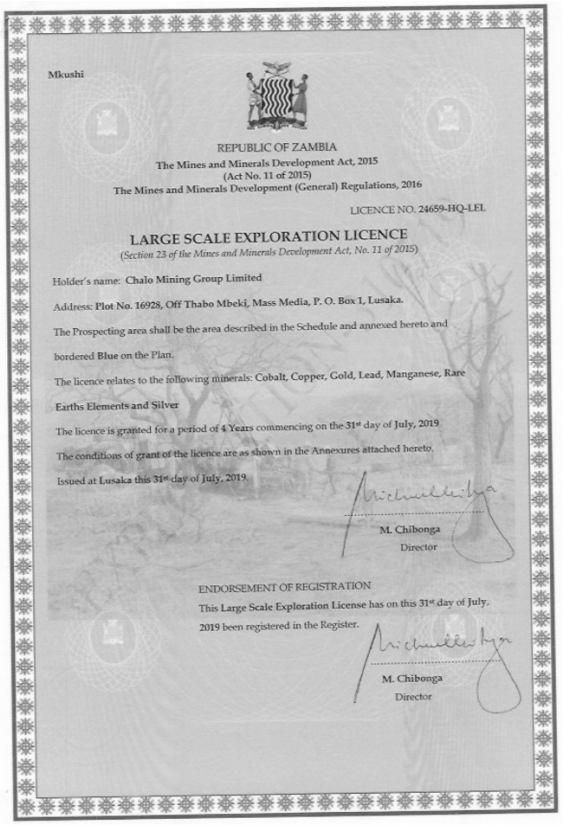
APPENDIX F – ZAMBIAN LICENCE SCANS

Zed Project Name	Licence Certificate Scan
Luanshya	22448-HQ-LEL 
Mkushi	24659-HQ-LEL 
	23914-HQ-SEL

MASAITI - MPONGWE

REPUBLIC OF ZAMBIA

CERTIFIED TRUE COPY OF THE ORIGINAL

DONALD K. KASOTE
COMMISSIONER FOR OATHS
CHIPUP BANDA & ASSOCIATES

05 JUL 2019

The Mines and Minerals Development Act, 2015
(Act No. 11 of 2015)
The Mines and Minerals Development (General) Regulations, 2016

LICENCE NO. 22448-HQ-LEL

LARGE SCALE EXPLORATION LICENCE
(Section 23 of the Mines and Minerals Development Act, No. 11 of 2015)

Holder's name: Forward Calimbia Limited

Address: P.O. BOX 33940, Lusaka

The Prospecting area shall be the area described in the Schedule and annexed hereto and bordered Blue on the Plan.

The licence relates to the following minerals: Gold, Tourmaline, Iron Ore, Zinc, Lead, Emerald and Anhydrite

The licence is granted for a period of 4 Years commencing on the 1st day of January, 2018

The conditions of grant of the licence are as shown in the Annexures attached hereto.

Issued at Lusaka this 17th day of January, 2018

M. Chibonga
Director

ENDORSEMENT OF REGISTRATION

This Large Scale Exploration License has on this 3rd day of January, 2017 been registered in the Register.

M. Chibonga
Director

Mkushi

REPUBLIC OF ZAMBIA
The Mines and Minerals Development Act, 2015
(Act No. 11 of 2015)
The Mines and Minerals Development (General) Regulations, 2016

LICENCE NO. 24659-HQ-LEL

LARGE SCALE EXPLORATION LICENCE
(Section 23 of the Mines and Minerals Development Act, No. 11 of 2015)

Holder's name: Chalo Mining Group Limited

Address: Plot No. 16928, Off Thabo Mbeki, Mass Media, P. O. Box 1, Lusaka.

The Prospecting area shall be the area described in the Schedule and annexed hereto and bordered Blue on the Plan.

The licence relates to the following minerals: Cobalt, Copper, Gold, Lead, Manganese, Rare Earths Elements and Silver

The licence is granted for a period of 4 Years commencing on the 31st day of July, 2019

The conditions of grant of the licence are as shown in the Annexures attached hereto.

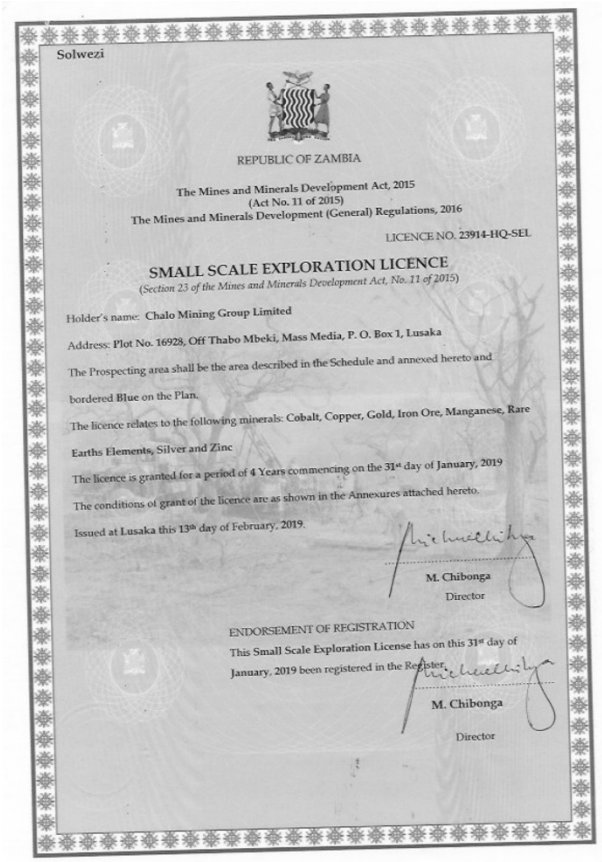
Issued at Lusaka this 31st day of July, 2019.

M. Chibonga
Director

ENDORSEMENT OF REGISTRATION

This Large Scale Exploration License has on this 31st day of July, 2019 been registered in the Register.

M. Chibonga
Director

Zed Project Name	Licence Certificate Scan
Lumwana	23913-HQ-SEL Licence scan not provided to SRK ES. 23914-HQ-SEL 

Solwezi

REPUBLIC OF ZAMBIA

The Mines and Minerals Development Act, 2015
(Act No. 11 of 2015)
The Mines and Minerals Development (General) Regulations, 2016

LICENCE NO. 23914-HQ-SEL

SMALL SCALE EXPLORATION LICENCE
(Section 23 of the Mines and Minerals Development Act, No. 11 of 2015)

Holder's name: **Chalo Mining Group Limited**

Address: **Plot No. 16928, Off Thabo Mbeki, Mass Media, P. O. Box 1, Lusaka**

The Prospecting area shall be the area described in the Schedule and annexed hereto and bordered **Blue** on the Plan.

The licence relates to the following minerals: **Cobalt, Copper, Gold, Iron Ore, Manganese, Rare Earths Elements, Silver and Zinc**

The licence is granted for a period of **4 Years** commencing on the **31st** day of **January, 2019**

The conditions of grant of the licence are as shown in the Annexures attached hereto.

Issued at **Lusaka** this **13th** day of February, 2019.

M. Chibonga
Director

ENDORSEMENT OF REGISTRATION

This **Small Scale Exploration License** has on this **31st** day of **January, 2019** been registered in the Register.

M. Chibonga
Director

APPENDIX G – ZED EXPLORATION COMMITMENTS & SCHEDULE OF ZAMBIAN MINERAL LICENCING FEES

Zed Exploration Commitment (US$) figures supplied by Mr Matt Bull, 28th October 2019

PROJECT	Lumwana North	Lumwana South	Mkushi	Luanshya	Luanshya	Luanshya	Mwansa	All Projects
Licence number	23914-HQ-SEL	23913-HQ-SEL	24659-HQ-LEL	22448-HQ-LEL	25195-HQ-LEL	25273-HQ-LEL	25261-HQ-LEL	**Total Cost**
Total Drilling	2,329	2,329	19,799	5,196	8,442	2,339	7,764	**48,200**
Sample Pre and Assaying	1,227	1,227	10,434	2,738	4,449	1,233	4,092	**25,400**
Field Equipment & Supplies	272	272	2,315	607	987	273	908	**5,635**
Total Travel, accommodation and meals	288	288	2,448	642	1,044	289	960	**5,960**
Total Data Imagery & Maps	-	-	-	-	-	-	-	**-**
Total Geology	609	609	5,176	1,358	2,207	612	2,030	**12,600**
Total Geophysics	1,314	1,314	11,173	2,932	4,764	1,320	4,382	**27,200**
Payroll/consultants fees	1,450	1,450	12,323	3,234	5,254	1,456	4,833	**30,000**
Environment	1,015	1,015	8,626	2,264	3,678	1,019	3,383	**21,000**
Licence fees	-	-	-	-	-	-	-	**-**
miscellaneous	-	-	-	-	-	-	-	**-**
Total Costs	**8,505**	**8,505**	**72,294**	**18,972**	**30,825**	**8,542**	**28,351**	**175,995**

SECOND SCHEDULE

(Regulations 7 (1), 8 (1), 8 (2), 8 (4), 9, 10, 11, 15 (3), 18 (1) and 57)

PRESCRIBED FEES, AREA CHARGES AND MAXIMUM AREAS
FEES

TYPE OF MINING RIGHT OR APPLICATION	FEE UNITS
(1) Exploration Licence	
(a) Small-scale	3000
(b) Large-scale	10000
(2) Mining Licence	
(a) Artisanal	3000
(b) Small-scale	15000
(c) Large-scale	160000
(3) Transfer of Exploration Licence	
(a) Small-scale	15000
(b) Large-scale	160000
(4) Transfer of Mining Licence	
(a) Small-scale	15000
(b) Large-scale	160000
(5) Alteration of Exploration Licence	
(a) Small-scale	2500
(b) Large-scale	3000
(6) Alteration of Mining Licence	
(a) Artisanal	500
(b) Small-scale	2500
(c) Large-scale	3000

NON-MINING RIGHTS/OTHER CATEGORIES

LICENCE, CERTIFICATE OR PERMIT	FEE UNITS
Mineral Processing Licence	160000
Renewal of Mineral Processing Licence	160000
Transfer of Mineral Processing Licence	160000
Alteration of Mineral Processing Licence	3000
Mineral Trading Permit	7000
Renewal of Mineral Trading Permit	7000
Gold panning certificate	500
Mineral Import Permit	3500
Mineral Export Permit	750
Application for consent to acquire, store, transport or export radioactive minerals	3500
Mineral Analysis Certificate	750
Valuation Certificate	1000
Inspection of documents	2000
Replacement of licence, permit or certificate	3000

AREA CHARGES (FEE UNITS)

TYPE OF LICENCE	Year 1 – 4	Year 5 - 7	Year 8 -10	Year 11 and later years where applicable
Exploration Licence (per hectare per year)				
(a) Small-scale	2	5	-	
(b) Large-scale	4	12	16	
Mining Licence (per hectare per year)				
(a) Artisanal Mining	14	14	14	14
(b) Small-scale mining	28	28	28	28
(c) Large Scale Mining	56	56	56	56
Mineral Processing Licence (per hectare per year)	56	56	56	56
Excess exploration ground	22	22	22	22

PRESCRIBED MAXIMUM AREAS

TYPE OF MINING RIGHT OR LICENCE	MAXIMUM AREA		
	Square Kilometers	hectares	Cadastre units
Exploration Licence			
(a) Small-scale	10	1000	3000
(b) Large-scale	2000	200000	59880
Mining Licence			
(a) Artisanal	0.0668	6.68	2
(b) Small-scale	4	400	120
(c) Large scale	250	25000	7485

MINIMUM ANNUAL EXPLORATION EXPENDITURE PER HECTARE

Type of licence	Fee Units per hectare per year									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Exploration licence	40	40	40	40	120	120	120	160	160	160

END