

STRATEGIC SALE OF CANGAI COPPER MINE TO INFINITY MINING

HIGHLIGHTS:

- CCZ is delighted to announce – after a long search to secure the right counterparty – it has entered into a conditional agreement to sell three contiguous tenements which host Cangai Copper Mine in northern New South Wales to ASX-listed Infinity Mining (“IMI”)
- Under the terms of the proposed transaction, which is subject to the satisfactory completion of due diligence and securing key approvals, CCZ will receive 40m IMI shares and 20m IMI 5-year options exercisable at \$0.07:
 - As a result, CCZ is set to become a significant shareholder in IMI and directly participate in any value created arising from advancing the Cangai Copper Mine tenements
- The divestment is in line with CCZ’s strategic goal to align with the right development partner to ensure non-core asset portfolio optimisation, enabling the Board to focus on advancing the core NWQ Copper Project in the Mt Isa copper-belt, commencing with the Big One Deposit
- This strategy has already proved successful in providing an exit for unlocking value for shareholders, as CCZ received equity consideration in ASX-listed Rimfire Pacific Mining NL (ASX: RIM) from selling the BHA West Project in the Broken Hill region¹
- With the level of consolidation across the global copper sector appearing to gain momentum, the Board intends to hold the remaining two non-core assets – BHA East Project in NSW and Mkushi Copper Project in Zambia – until the right development partners are secured

CASTILLO COPPER’S CHAIRMAN, GED HALL COMMENTED:

“The strategic sale of the Cangai Copper Mine tenement package to Infinity Mining is an excellent outcome, as it is the second such transaction which unlocks value this calendar year. Moreover, it validates the Board’s strategy on optimising the non-core asset portfolio and enables resources to be channelled into developing the core NWQ Copper Project in the Mt Isa copper-belt. The Board is highly confident Infinity Mining’s team has the capability to fully develop the Cangai Copper Mine tenements which in turn has the potential to generate material value for stakeholders given the equity position CCZ will hold post-transaction close.”

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Castillo Copper Ltd (ASX: CCZ) (“CCZ”) is pleased to announce that it has entered into a conditional agreement with ASX-listed Infinity Mining Limited (ACN 609 482 180) (“IMI”) to sell three granted exploration licences EL 8625, EL 8635 and EL 8601 in northern NSW which host Cangai Copper Mine (“Cangai Copper Mine tenements”).

Key Terms of Transaction

IMI will acquire the Cangai Copper Mine tenements on the following terms:

- execution of a Formal Sale Agreement on terms consistent with the agreed Term Sheet;
- IMI receiving firm commitments for a capital raising of not less than \$1 million (before costs);
- CCZ will procure that the holders of the existing royalties over the Cangai Copper Project (ranging from a 1-3% NSRs) will grant IMI the first right of refusal to forfeit or assign 100% of the royalty interests in consideration for the issue of 30,000,000 IMI shares and 15,000,000 IMI options each exercisable at \$0.07 and expiring 5 years from the date of grant;
- IMI and CCZ where required, obtaining all shareholder, statutory and regulatory approvals and/or waivers required to implement the Sale, including IMI shareholder approval to issue the Acquisition Shares and Acquisition Options;
- Issue of 3,000,000 IMI shares to Marshall Custodians as their fee for introducing and facilitating the acquisition;
- the absence of a material adverse change in relation to the Assets; and
- all representations and warranties given by the Seller remaining true and accurate in all material respects; and
- The completion period is 60 days after execution of the Term Sheet.

Upon completion CCZ will be issued:

- 40,000,000 fully paid ordinary shares in the Buyer (Acquisition Shares); and
- 20,000,000 options to acquire ordinary shares in the Buyer, each exercisable at \$0.07 and expiring 5 years from the date of grant (Acquisition Options).

Note, at the time of writing, IMI and CCZ still must complete all necessary ancillary legal documentation, while the transaction is still subject to standard regulatory conditions apparent in NSW including ministerial consent to transfer the tenements.

Successfully Unlocking Value from Non-Core Assets

Divesting the Cangai Copper Mine tenements is in line with CCZ’s strategic intent to seek out the right development partner to ensure non-core asset portfolio optimisation. This is critical since it enables the Board to focus on advancing the core NWQ Copper Project in the Mt Isa copper-belt, starting with the Big One Deposit.

This strategy has already proved successful in providing an exit for unlocking value for shareholders, as CCZ received equity consideration in RIM from selling the BHA West Project in the Broken Hill region¹. Looking ahead, with the level of consolidation across the global copper sector appearing to gain momentum, the Board intends to hold the remaining two non-core assets – BHA East Project in NSW and Mkushi Copper Project in Zambia – until the right development partners are identified.

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To recap, the key selling points for the two non-core assets are below:

- **BHA East Project (NSW):** leveraging historical data and data gathered from the most recent drilling campaign, a JORC compliant inferred MRE was calculated at 64Mt @ 318 ppm Co for 21,556t contained cobalt metal and 44,260t of contained copper metal (63Mt @ 0.07% Cu)² at relatively shallow depths.
- **Mkushi Project (Zambia):** a 2022 IP survey highlighted multiple zones of high chargeability coincident with known copper soil anomalies which are potential bodies of disseminated copper sulphide mineralisation and are prime targets to test drill³.

The Board of Castillo Copper Limited authorised the release of this announcement to the ASX.

– ENDS –

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ABOUT CASTILLO COPPER

Castillo Copper Limited is an Australian-based, Australian-focussed copper explorer with a strategy to develop multi-commodity assets that demonstrate future potential as an economic mining operation.

Through the application of disciplined, structured exploration and analysis, Castillo Copper has identified assets deemed core to its sustained growth and is actively progressing these interests up the value curve.

Current focus will be on advancing exploration activity at the wholly owned NWQ Copper Project, situated in the copper-belt district approximately 150km north of Mt Isa in north-west Queensland.

Other interests include the Broken Hill Project in western New South Wales and the Cangai Copper Mine in north-east New South Wales, as well as exploration targets in Zambia.

Castillo Copper is listed on the LSE and ASX under the ticker “CCZ”.

REFERENCES

- 1) RIM ASX Release – 21 March 2024
- 2) CCZ ASX Release – 1 June 2022
- 3) CCZ ASX Release – 5 April 2022

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