



28 April 2023

CASTILE RESOURCES LIMITED

QUARTERLY ACTIVITIES REPORT

For the Period Ending 31 March 2023

Highlights

Operational

- Castile Resources Limited (Castile, the Company) advances Bankable Feasibility Study (BFS) for the Rover 1 Project
 - Metallurgical testwork underway in preparation for test pilot plant
 - Environmental Impact Study (EIS) referral
- Funding discussions for the Rover 1 development underway with debt providers and potential offtake/prepayment partners.
- Scoping Study begins on Explorer 108, the 100% owned zinc/lead deposit located 40kms from the proposed Rover 1 infrastructure.
- Castile granted two tenements (Milgun Project) prospective for Critical Minerals in the Peak Hill Mineral Field in Western Australia.

Corporate

- Northern Territory Mineral Development Task Force publishes final report heavily in favour of mine development and downstream processing.
- Castile presents at the Prospectors and Developers Association of Canada Conference (PDAC) as part of the Australian Critical Minerals delegation

Financial

- Castile retains a strong cash position of \$6.104M as at 31 March 2023



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Rover 1 Bankable Feasibility Study

Following on from the highly successful Rover 1 Pre-Feasibility Study (PFS) released in December 2022 (ASX:CST 5 December 2022) Castile immediately began working on the Bankable Feasibility Study continued through the quarter

Castile has been focusing on the following tasks:

- Metallurgical testwork required for the development of the pilot test plant which is nearing completion.
- A submission to the Northern Territory Environmental Protection Agency with an Environmental Impact Study (EIS) referral.
- Commencement of estimation of the Green House Gas emissions from the Rover 1 Project.
- Continuing characterisation of the waste rock and the local ground water.
- Discussions with debt providers and prepayment/offtake financiers to determine optimal funding strategy

Regional Exploration & Development Activities

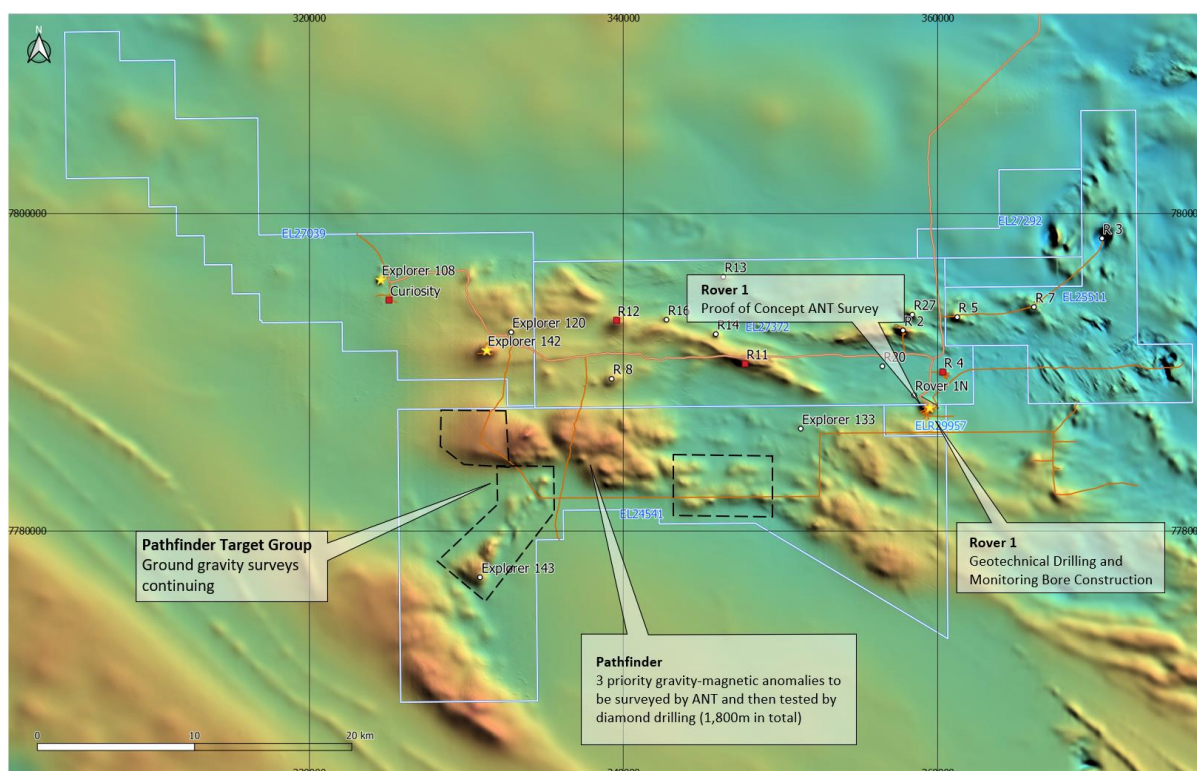


Figure 1: Rover Project, 2023 proposed activities

The March 2023 quarter was utilised to plan and obtain authorisations for on-ground activities to take place in the 2023 dry season at the Rover Mineral Field. This included development of



exploration proposals to take advantage of the Northern Territory Government's Geophysics and Drilling Collaboration (GDC) funding program.

Castile will return to Tennant Creek at the conclusion of the wet season to resume works associated with the Rover 1 Bankable Feasibility Study.

Green fields exploration drilling will be completed on three geophysical targets in the southwest of the Rover 1 Project subject to GDC funding.

Ground gravity geophysical surveys are also planned to be extended through the southern tenements at Rover after the surveys completed in 2022 identified several anomalies worthy of further assessment.

Explorer 108

Following the success of the Rover 1 Pre-Feasibility Study, a Scoping Study has commenced at the nearby 100% owned Explorer 108 zinc/lead deposit. Explorer 108 is a high-grade zinc/lead/silver/copper polymetallic mineral deposit located 40km west of the Rover 1 copper-gold deposit and 96km west-southwest of Tennant Creek in the Northern Territory

The aim of the study is to analyse the potential of Explorer 108 as the second mine for the Company utilising the proposed infrastructure at the Rover 1 hub. The Company considers that for a modest additional capital investment, that infrastructure built initially for Rover can be converted to produce lead and zinc, as well as accessory copper, silver and gold from the Explorer 108 deposit lying just 40km west of Rover 1.

Work is focusing on the potential of the upper higher-grade portion of the orebody to provide feed to the processing plant at the completion of mining at Rover 1.

Explorer 108 has previously returned some remarkable high-grade intercepts¹ including:

Hole NR108D026: 64m @ 4.8% Zn and 4.1% Pb from 387m

inc 46m @ 5.9% Zn and 5.2% Pb

Hole NR108D016: 40m @ 4.3% Zn and 2.2% Pb from 368m

inc 5m @ 17.7% Zn and 7.0% Pb from 403m and

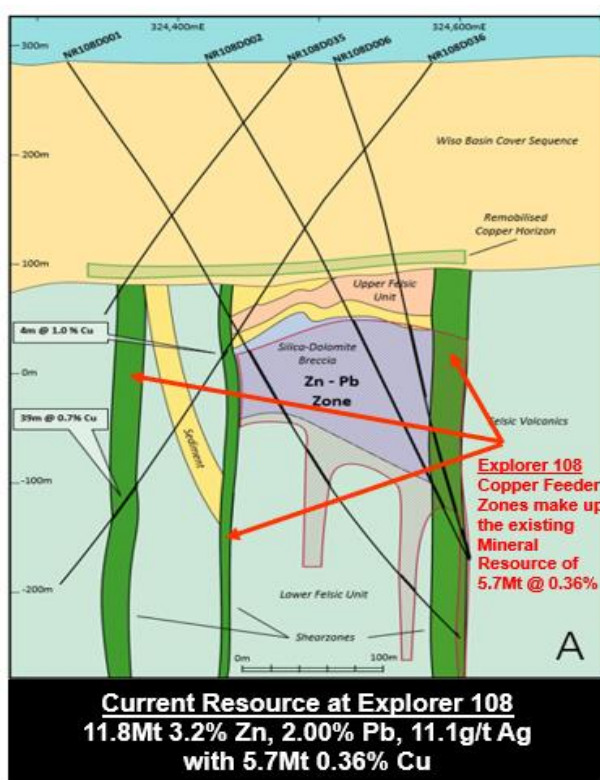
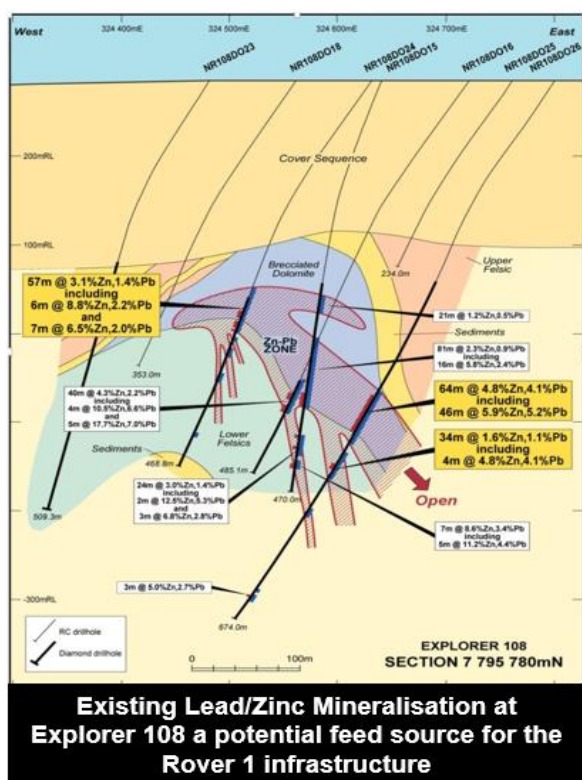
4m @ 10.5% Zn and 6.6% Pb

¹ ASX:CST 12 February 2020, IPO Prospectus dated 3 December 2019

Table 1: Explorer 108 Mineral Resource Estimate¹

2.5% Pb + Zn COG		Grade			Metal Content		
Class	Tonnes (Mt)	Ag (g/t)	Pb (%)	Zn (%)	Ag (koz)	Pb (t)	Zn (t)
Measured							
Indicated	8.44	14.32	2.05	3.41	3,886	172,800	288,100
Inferred	3.43	3.32	1.88	2.81	365.6	64,400	96,500
Total	11.87	11.14	2.00	3.24	4,251.6	237,200	384,600
0.1% Cu COG				Grade		Metal Content	
Class		Tonnes (Mt)		Cu (%)		Cu (t)	
Measured							
Indicated		5.69		0.36		20,300	
Inferred							
Total		5.69		0.36		20,300	

Figure 1: Explorer 108 Zinc/Lead Deposit¹ Figure 2: Copper Blanket and Feeder Zones¹



New Tenements in WA Prospective For Critical Minerals

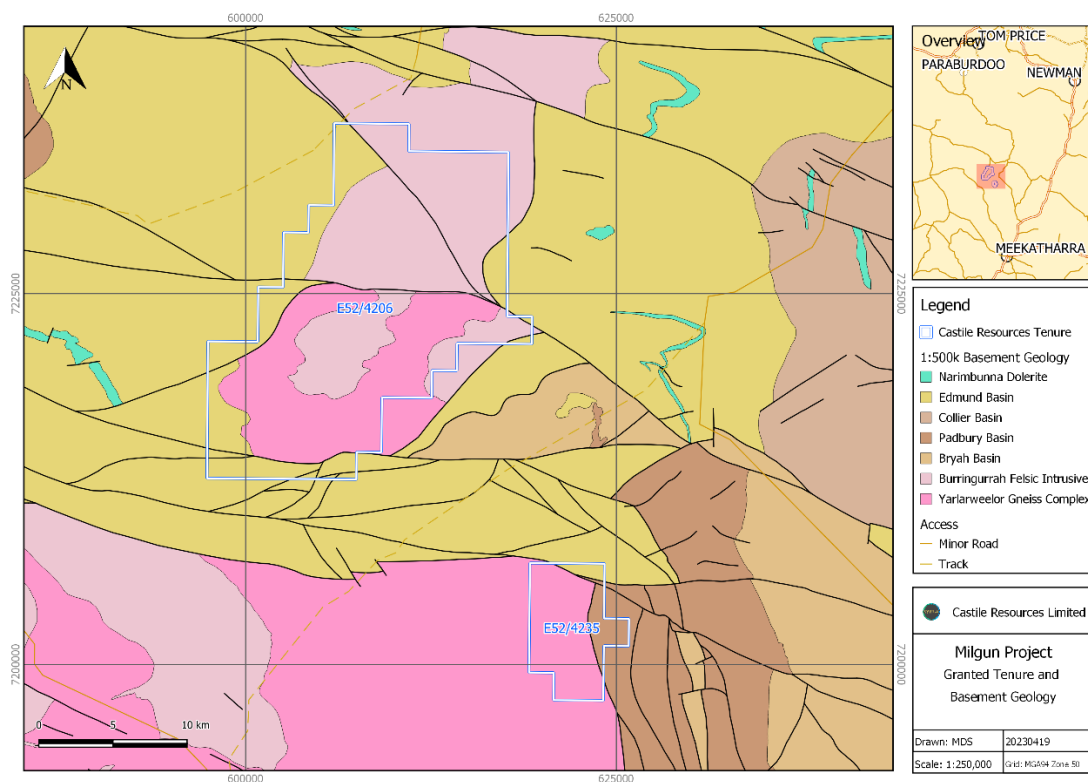
Castile Resources has been granted two tenements in the Peak Hill Mineral Field near Milgun, approximately 425km north-northwest of Meekatharra, Western Australia.

The tenements are considered prospective for critical minerals including Rare Earth Elements (“REE”) and Lithium-Caesium-Tantalum (LCT) pegmatites.

“The Milgun Project” comprises two granted tenements E52/4206 and E52/4235 which lie within the Nharnuwangga Wajarri Ngarlawangga Native Title Area.

Tenure acquisitions are subject to the Nharnuwangga Wajarri and Ngarlawangga Indigenous Land Use Agreement. A Heritage Agreement with the Traditional Owners for access, as is required under the terms of grant of tenure, is currently under consideration.

Figure 1: Map showing the Milgun Project Tenements in the Peak Hill Mineral Field



Castile considers these tenements the best greenfields exploration opportunity the Company has assessed in line with our strategy to pursue precious and critical mineral opportunities. Once the Heritage Agreements are granted with the Traditional Owners, our geologists will be on the ground sampling.



Milgun Project Geology

The basement geology consists of granite and gneisses of the Yarlalweelor Gneiss Complex (YGC) and portions of overlying Paleo and Neoproterozoic basin metasediments. The YGC is composed of intensely deformed and metamorphosed Archean Yilgarn and Palaeoproterozoic rocks with intrusions of granitic batholiths and sheets prior to and accompanying, exhumation during the Capricorn Orogen. High-grade metamorphism and crustal thickening c1812 Ma of late Archean and Palaeoproterozoic granitic rocks was accompanied by generation of REE enriched leucocratic I-Type granites and pegmatites from anatexis of the host rocks. Exhumation of the YGC was accompanied by further intrusion of sheets and dykes of differentiated I-Type granites and pegmatites.

Federal Government Recognition for Castile Resources

The Northern Territory Government Mineral Development Task Force has published its' Final Report² heavily in favour of mine development and downstream processing. The mining sector currently contributes close to a quarter of the Territory's gross state product and is a key contributor to the Northern Territory Government's vision of a \$40 billion economy by 2030 . The mining sector currently employs around 3,500 people directly, and the total value of mineral production in the Northern Territory was \$4.86b for 2021–22. Securing new producing mines and increased Territory-based minerals processing and value-add will be critical to economic growth, industry diversification, labour force expansion and productivity.

The Mineral Development Taskforce has been tasked with identifying barriers to investment in the Territory and developing options to drive external investment to realise the Territory's enormous mineral development potential to support increased economic and social benefits across the region for all Territorians. The taskforce has identified a range of opportunities to increase and enhance the competitiveness of the Territory as an investment destination and position the Territory to achieve its \$40b by 2030 economic target. Castiles' downstream critical minerals strategy is heavily endorsed in the findings of the task force. A summary of the key taskforce findings and conclusions are outlined below.

² https://resourcingtheterritory.nt.gov.au/data/assets/pdf_file/0004/1216930/mdt-final-report2022.pdf

1. Speedy development of new mines is critical to achieving targeted economic outcomes:
 - Targeted initiatives need to be introduced to encourage increased exploration and mining activity.
2. Industry views access to land as a significant risk :
 - Securing coordinated, streamlined, transparent and efficient land access processes that respect landowners and recognise co-existing uses is critical.
3. Regulatory processes have a significant impact on project economics –
 - risk proportionate regulations focussed on outcomes rather than inputs can deliver improved project dynamics and have to be targeted.
4. The Territory needs to recognise the new remote workforce paradigm and capitalise on what it can control:
 - Focus on building local skills, and, through multi-industry collaboration, ensure a focus on workforce retention.
5. There is an infrastructure gap in the Territory which must be able to be addressed in a timely manner
 - De-risk exploration, mining and downstream value-add investment opportunities.
6. The success of the mining industry relies on its ability to align with community expectations:
 - Trust in the regulator and social licence must be secured.
7. The Territory's royalties regime is uncompetitive and a deterrent to investment.
 - It must be revamped.
8. Governments have a significant role in supporting projects to reach final investment decision:
 - Better designed and targeted project capital support programs are necessary.
9. The Territory is well endowed with minerals that are the building blocks for a clean and technology enabled future:
 - Capitalising on economically sustainable downstream mineral value-add opportunities is critical to securing a \$40b economy by 2030.

Business and Corporate Development

Castile was extremely pleased to have been selected by the Australian Government to present on downstream critical mineral production in Australia at the Prospectors and Developers Association of Canada Conference (PDAC). Castile was invited as part of the Australian Critical Minerals delegation as our strategy heavily aligns with the Federal Governments push to promote domestic production and guarantee supply of downstream critical minerals for the Net Zero 2050 Agreement requirements. The delegation included representatives from Minerals Australia and each of the state governments. The theme and messaging from Government was very clearly in support of locally produced critical minerals using downstream processing with Castile selected for the delegation in recognition of the early adoption in this strategy.



Mark Hepburn, MD of Castile, Ian Scrimgeour, Executive Director of the NT Geological Survey, and Armando Padovan Executive Director of Mines for the NT Government promoting Castile Resources from the Minerals Australia Booth at the Prospectors and Developers Association of Canada Conference (PDAC) in Toronto, Ontario in March 2023.



Castile attended meetings in North America and at the PDAC Conference with investors, debt financiers and offtake/prepayment providers from Asia and North America with discussions advancing as the Bankable Feasibility Study proceeds. The Company has attracted positive feedback for the strategy to go to downstream processing well before most others in the sector.

Castile completed a roadshow across the Eastern States of Australia in late January to promote the outcomes of the Rover 1 PFS.

The Company was granted the tenements for the Milgun Project in the Peak Hill Mineral Field which is aligned with our strategy of pursuing precious and critical mineral opportunities.

ESG and Social Responsibility

A submission to the Northern Territory Environmental Protection Agency with an Environmental Impact Study (EIS) referral.

Work has commenced on the estimate for the Green House Gas emissions from the Rover 1 Project.

As part of the EIS, work is continuing characterising the waste rock and the local ground water study

Castile will again sponsor the ANZAC Dinner at the Memorial Club in Tennant Creek.

Health Safety, and Covid-19 Business Management Plan

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

Tenements

Castile held the following tenements as of 31 December 2022.

Tenement	Project	Location	Interest	Status
EL 24541	Rover	Northern Territory	100%	Expiry 17/12/2023
EL 25511	Rover	Northern Territory	100%	Expiry 17/12/2023
EL 27039	Rover	Northern Territory	100%	Expiry 14/05/2023
EL 27292	Rover	Northern Territory	100%	Expiry 26/05/2024
EL 27372	Rover	Northern Territory	100%	Expiry 26/05/2024
ELR 29957	Rover	Northern Territory	100%	Expiry 16/09/2023
ELR 29958	Rover	Northern Territory	100%	Expiry 16/09/2023
EL 33121	Rover	Northern Territory	100%	Expiry 3/11/2028
EL 10397	Warumpi	Northern Territory	100%	Expiry 10/09/2023
EL 31794	Lake Mackay JV	Northern Territory	14%	Expiry 27/02/2024
E52/4206	Milgun	Western Australia	100%	Expiry 19/01/2028
E52/4235	Milgun	Western Australia	100%	Expiry 26/03/2028



The Company notes that it has been granted E52/4206 and E52/4235 in the Peak Hill Mineral field located in Western Australia.

Warumpi Project, NT

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

Financial Position

Castile's cash position as of 31 March 2023 was \$6.104M. The Appendix 5B for the quarter ended 31 March 2023 provides an overview of the Company's financial activities. Exploration expenditure for the quarter was \$0.234M including drilling and testing costs associated with the Tennant Creek projects as well as the activities set out above in this report. The total amount paid to directors of the Company, their associates and other related parties was \$0.142M for salary and superannuation.

Mark Hepburn
Managing Director, Castile Resources Limited

For further enquiries please contact

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Authorised for release by the Board of Castile Resources Limited.

Competent Persons Statements

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

Appendix 5B

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

Name of entity

Castile Resources Limited

ABN

93 124 314 085

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(220)	(558)
	(e) administration and corporate costs	(124)	(558)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	53	128
1.5	Interest and other costs of finance paid	(1)	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(292)	(990)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(4)	(4)
	(d) exploration & evaluation	(234)	(3,010)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (tenement deposits)	(13)	536
2.6	Net cash from / (used in) investing activities	(251)	(2,478)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	5,490
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(334)
3.5	Proceeds from borrowings	21	21
3.6	Repayment of borrowings	(13)	(36)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	8	5,141

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,639	4,431
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(292)	(990)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(251)	(2,478)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8	5,141

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	6,104	6,104

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,920	6,455
5.2	Call deposits	184	184
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,104	6,639

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	142
6.2	Aggregate amount of payments to related parties and their associates included in item 2	5
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

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

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(292)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(234)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(526)
8.4	Cash and cash equivalents at quarter end (item 4.6)	6,104
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	6,104
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	11.6
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

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

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 April 2023

Authorised by: Mark Hepburn, Managing Director of Castile Resources Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.