

NOTICE OF GENERAL MEETING

Accompanied by an Explanatory Statement
& Proxy Form

This *notice of general meeting*,
explanatory statement and *proxy form* should be read in their entirety.

If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional advisor prior to voting.

If you wish to discuss this *notice of general meeting* or the accompanying documents, please do not hesitate to contact the *company secretary* on +61 (0) 8 6558 0886.

General Meeting to be held at the office of Automic at Level 2, 267 St Georges Terrace, Perth, Western Australia on Wednesday, 18 October 2017, commencing at 10.00am WST

Castillo Copper Limited

ACN 137 606 476

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Key dates

16 October 2017 snapshot date for eligibility to vote

16 October 2017 last day for receipt of *proxy forms* *

18 October 2017 *general meeting*

* *proxy forms* received after 10.00am WST will be disregarded.

Notice of General Meeting

Notice is hereby given that the *general meeting* of Castillo Copper Limited ACN 137 606 476 (*company*) will be held at **the office of Automic at Level 2, 267 St Georges Terrace, Perth, Western Australia** on **Wednesday, 18 October 2017**, commencing at **10.00am WST**.

The *explanatory statement*, which accompanies and forms part of this *notice*, describes the various matters to be considered.

Terms used in this *notice*, unless the context otherwise requires, have the meanings given to them in the *glossary* set out in the *explanatory statement*.

Agenda

resolution Ratification of issue of *shares* to the *Total Minerals vendors*

1 To consider and, if thought fit, pass with or without amendment the following resolution as an **ordinary resolution**:

That, for the purpose of listing rule 7.4 and for all other purposes, shareholders ratify the issue of 36,750,112 shares to the Total Mineral vendors on the terms and conditions set out in the explanatory statement.

resolution Ratification of issue of *shares* to the *Total Iron vendors*

2 To consider and, if thought fit, pass with or without amendment the following resolution as an **ordinary resolution**:

That, for the purpose of listing rule 7.4 and for all other purposes, shareholders ratify the issue of 15,000,000 shares to the Total Iron vendors on the terms and conditions set out in the explanatory statement.

resolution Ratification of issue of *shares* to S3 Consortium Pty Ltd

3 To consider and, if thought fit, pass with or without amendment the following resolution as an **ordinary resolution**:

That, for the purpose of listing rule 7.4 and for all other purposes, shareholders ratify the issue of 970,588 shares to S3 Consortium Pty Ltd on the terms and conditions set out in the explanatory statement.

resolution **Approval for the issue of the *placement shares***

4 To consider and, if thought fit, pass with or without amendment the following resolution as an **ordinary resolution**:

That, for the purpose of listing rule 7.1 and for all other purposes, approval is given for the issue of up to 106,250,000 placement shares to sophisticated and professional investors on the terms and conditions set out in the explanatory statement.

resolution **Approval for the issue of *director options* to Mr Alan Armstrong**

5 To consider and, if thought fit, pass with or without amendment the following resolution as an **ordinary resolution**:

That, for the purposes of listing rule 10.11, and for all other purposes, approval is given for the issue of 2,000,000 director options to Mr Alan Armstrong (or his nominee) on the terms and conditions set out in the explanatory statement.

resolution **Approval for the issue of *director options* to Mr Neil Hutchison**

6 To consider and, if thought fit, pass with or without amendment the following resolution as an **ordinary resolution**:

That, for the purposes of listing rule 10.11, and for all other purposes, approval is given for the issue of 2,000,000 director options to Mr Neil Hutchison (or his nominee) on the terms and conditions set out in the explanatory statement.

By order of the Board of directors

Tim Slate
Company Secretary

18 September 2017

Proxy appointment, voting and meeting instructions

Lodgement of a proxy form

The *proxy form* (and any power of attorney or other authority, if any, under which it is signed) or a copy or facsimile which appears on its face to be an authentic copy of the *proxy form* (and the power of attorney or other authority) must be lodged with the *company* no later than **10.00am WST on Monday, 16 October 2017** being not later than 48 hours before the commencement of the *general meeting*. Any *proxy form* received after that time will not be valid. *Proxy forms* may be lodged:

online Automic Registry Services
As set out in the *proxy form*

by hand Automic Registry Services
Level 3
50 Holt Street
Surry Hills NSW 2010

by mail Automic Registry Services
PO Box 2226
Strawberry Hills NSW 2012

Appointment of a proxy

A member of the *company* entitled to attend and vote at the *general meeting* is entitled to appoint a proxy. The proxy may, but need not be, a *shareholder* of the *company*.

If you wish to appoint the *chairman* as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the *chairman*, please write the name of that person. If you leave this section blank, or your named proxy does not attend the *meeting*, the *chairman* will be your proxy.

You are entitled to appoint up to two persons as proxies to attend the *meeting* and vote on a poll. If you wish to appoint a second proxy, an additional *proxy form* may be obtained by telephoning the company secretary on +61 (0) 8 6558 0886 or you may photocopy the *proxy form*.

To appoint a second proxy, you must on each *proxy form* state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both *proxy forms* do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Corporate shareholders

Corporate *shareholders* should comply with the execution requirements set out on the *proxy form* or otherwise with the provisions of section 127 of the *Corporations Act*. Section 127 of the *Corporations Act* provides that a company may execute a document without using its common seal if the document is signed by:

- (a) two directors of the company;
- (b) a director and a company secretary of the company; or
- (c) for a proprietary company that has a sole director who is also the sole company secretary – that director.

Corporate representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the *Corporations Act*, in which case the *company* will require a certificate of appointment of the corporate representative executed in accordance with the *Corporations Act*. The certificate of appointment must be lodged with the *company* before the *general meeting* or at the registration desk on the day of the *general meeting*.

Votes on resolutions

You may direct your proxy how to vote on a *resolution* by placing a mark in one of the boxes opposite the *resolution*. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the *resolutions* by inserting the percentage or number of *shares* you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the *resolutions*, your proxy may vote as he or she chooses. If you mark more than one box on a *resolution* your vote on the *resolution* will be invalid.

Voting entitlement (snapshot date)

For the purposes of determining voting and attendance entitlements at the *general meeting*, *shares* will be taken to be held by the persons who are registered as holding the *shares* at **10.00am WST on Monday, 16 October 2017**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the *general meeting*.

Voting exclusion statements

The *Corporations Act* and the *listing rules* require that certain persons must not vote, and the *company* must disregard any votes cast by certain persons, on some of the *resolutions* to be considered at the *meeting*.

However, the *company* need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the *proxy form*, or it is cast by the person chairing the *meeting* as a proxy for a person who is entitled to vote, in accordance with a direction on the *proxy form* to vote as the proxy decides.

The *company* will disregard any votes cast on a *resolution* as set out in the table below:

Resolution	Nature of resolution	Persons excluded from voting
1	Ratification of issue of <i>shares</i> to the <i>Total Minerals vendors</i>	The <i>Total Minerals vendors</i> and their <i>associates</i> .
2	Ratification of issue of <i>shares</i> to the <i>Total Iron vendors</i>	The <i>Total Iron vendors</i> and their <i>associates</i> .
2	Ratification of issue of <i>shares</i> to <i>S3 Consortium</i>	<i>S3 Consortium</i> and its <i>associates</i> .
4	Approval for the issue of the <i>placement shares</i>	Any participant in the <i>placement</i> , and any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary <i>securities</i> , if the <i>resolution</i> is passed, and any <i>associates</i> of those persons.
5	Approval for the issue of <i>director options</i> to Alan Armstrong	Alan Armstrong or his nominee(s), and any <i>associates</i> of those persons.
6	Approval for the issue of <i>director options</i> to Neil Hutchison	Neil Hutchison or his nominee(s), and any <i>associates</i> of those persons.

In respect of *resolutions* 5 to 6, the *company* will also disregard any votes cast on those *resolutions* by any *key management personnel* of the *company*, or a *closely related party* of such member acting as proxy if their appointment does not specify the way the proxy is to vote on the *resolution*.

Explanatory statement

This *explanatory statement* has been prepared for the information of *shareholders* in relation to the business to be conducted at the *general meeting*.

The purpose of this *explanatory statement* is to provide *shareholders* with all information known to the *company* which is material to a decision on how to vote on the *resolutions* in the accompanying *notice of general meeting*.

This *explanatory statement* should be read in conjunction with the *notice of general meeting*.

Italicised terms in this *explanatory statement* and in the *notice* are defined in the *glossary* in *Schedule 1*.

1. RATIFICATION OF ISSUE OF SHARES TO THE TOTAL MINERALS VENDORS

1.1. Background

On 11 August 2017, the *company* issued 55,000,000 *shares* to the *Total Minerals vendors* as consideration for the acquisition of 100% of the issued capital of *Total Minerals*. The issue of *shares* to the *Total Minerals vendors* was undertaken in accordance with listing rule 7.1 in respect of 36,750,112 *shares* (***TM consideration shares***) and listing rule 7.1A in respect of 18,249,888 *shares*.

1.2. Requirement for shareholder approval

- 1.2.1. *Listing rule 7.1* provides that a company must not, subject to certain exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period, without the approval of shareholders. The *TM consideration shares* are “equity securities” for the purposes of the *listing rules*.
- 1.2.2. *Listing rule 7.4* permits the ratification of previous issues of securities made without prior shareholder approval under *listing rule 7.1* provided the issue did not breach *listing rule 7.1*. The effect of such ratification is to restore a company's discretionary power to issue further securities up to the limit imposed by *listing rule 7.1*. The *company* confirms that the issue of the *TM consideration shares* did not breach *listing rule 7.1*.
- 1.2.3. The *company* wishes to ratify the issue of the *TM consideration shares* pursuant to *listing rule 7.4*, in order to allow the *company* to have the right (in combination with *resolutions*

2 and 3, if approved) to place up to a further 15% of its issued capital under *listing rule 7.1*.

1.2.4. Relevant information for the purposes of the *listing rules* is provided at *section 1.3*.

1.3. Required information – listing rules

Pursuant to *listing rule 7.5*, the following information is provided in respect of *resolution 1*:

- (a) the *company* issued 36,750,112 *TM consideration shares* pursuant to *listing rule 7.1*;
- (b) the *TM consideration shares* were issued at an issue price of \$0.023;
- (c) the *TM consideration shares* are fully paid ordinary shares in the capital of the *company* issued on the same terms and conditions as the *company's existing shares*;
- (d) the *TM consideration shares* were issued to the *Total Minerals vendors*; and
- (e) no funds were raised pursuant to the issue of the *TM consideration shares*.

1.4. Directors' recommendation

The *directors* unanimously recommend that *shareholders* vote in favour of *resolution 1*.

2. RATIFICATION OF ISSUE OF SHARES TO THE TOTAL IRON VENDORS

2.1. Background

On 5 September 2017, the *company* issued 15,000,000 *shares* to the *Total Iron vendors* as consideration for the acquisition of 100% of the issued capital of *Total Iron*, (***TI consideration shares***). The issue of *shares* to the *Total Iron vendors* was undertaken in accordance with *listing rule 7.1*.

2.2. Requirement for shareholder approval

2.2.1. *Listing rule 7.1* provides that a company must not, subject to certain exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period, without the approval of shareholders. The *TI consideration shares* are “equity securities” for the purposes of the *listing rules*.

2.2.2. *Listing rule 7.4* permits the ratification of previous issues of securities made without prior shareholder approval under *listing rule 7.1* provided the issue did not breach *listing*

rule 7.1. The effect of such ratification is to restore a company's discretionary power to issue further securities up to the limit imposed by *listing rule 7.1*. The *company* confirms that the issue of the *TI consideration shares* did not breach *listing rule 7.1*.

2.2.3. The *company* wishes to ratify the issue of the *TI consideration shares* pursuant to *listing rule 7.4*, in order to allow the *company* to have the right (in combination with *resolutions 1* and *3*, if approved) to place up to a further 15% of its issued capital under *listing rule 7.1*.

2.2.4. Relevant information for the purposes of the *listing rules* is provided at *section 1.3*.

2.3. Required information – listing rules

Pursuant to *listing rule 7.5*, the following information is provided in respect of *resolution 2*:

- (a) the *company* issued 15,000,000 *TI consideration shares* pursuant to *listing rule 7.1*;
- (b) the *TI consideration shares* were issued at an issue price of \$0.03;
- (c) the *TI consideration shares* are fully paid ordinary shares in the capital of the *company* issued on the same terms and conditions as the *company's existing shares*; and
- (d) the *TI consideration shares* were issued to the *Total Iron vendors*; and
- (e) no funds were raised pursuant to the issue of the *TI consideration shares*.

2.4. Directors' recommendation

The *directors* unanimously recommend that *shareholders* vote in favour of *resolution 2*.

3. RATIFICATION OF ISSUE OF SHARES TO S3 CONSORTIUM

3.1. Background

On 31 August 2017, the *company* issued 970,588 *shares* to *S3 Consortium* in accordance with *listing rule 7.1 (SD consideration shares)*.

S3 Consortium is the proprietor of Stocks Digital, an online provider of marketing services to, and research on, ASX-listed companies. The *SD consideration shares* were issued as consideration under the *company's* agreement with *S3 Consortium* in respect of such services.

3.2. Requirement for shareholder approval

- 3.2.1. *Listing rule 7.1* provides that a company must not, subject to certain exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period, without the approval of shareholders. The *SD consideration shares* are “equity securities” for the purposes of the *listing rules*.
- 3.2.2. *Listing rule 7.4* permits the ratification of previous issues of securities made without prior shareholder approval under *listing rule 7.1* provided the issue did not breach *listing rule 7.1*. The effect of such ratification is to restore a company's discretionary power to issue further securities up to the limit imposed by *listing rule 7.1*. The *company* confirms that the issue of the *SD consideration shares* did not breach *listing rule 7.1*.
- 3.2.3. The *company* wishes to ratify the issue of the *SD placement shares* pursuant to *listing rule 7.4*, in order to allow the *company* to have the right (in combination with *resolutions 1* and *2*, if approved) to place up to a further 15% of its issued capital under *listing rule 7.1*.
- 3.2.4. Relevant information for the purposes of the *listing rules* is provided at *section 1.3*.

3.3. Required information – listing rules

Pursuant to *listing rule 7.5*, the following information is provided in respect of *resolution 3*:

- (a) the *company* issued 970,588 *SD consideration shares* pursuant to *listing rule 7.1*;
- (b) the *SD consideration shares* were issued at an issue price of \$0.034;
- (c) the *SD consideration shares* are fully paid ordinary shares in the capital of the *company* issued on the same terms and conditions as the *company's existing shares*; and
- (d) the *SD consideration shares* were issued to *S3 Consortium*; and
- (e) no funds were raised pursuant to the issue of the *SD consideration issue*.

3.4. Directors' recommendation

The *directors* unanimously recommend that *shareholders* vote in favour of *resolution 3*.

4. APPROVAL FOR THE ISSUE OF THE PLACEMENT SHARES

4.1. Background to future issue

- 4.1.1. On 14 September 2017, the *company*, announced it had received firm commitments for the issue of up to 106,250,000 *shares* to sophisticated and professional investors pursuant to section 708 of the *Corporations Act* at an issue price of \$0.032 per *share* to raise up to \$3,400,000 before costs (*placement*).

4.2. Requirement for shareholder approval

- 4.2.1. *Listing rule 7.1* provides that a company must not, subject to certain exceptions, issue or agree to issue more equity *securities* during any 12-month period than that amount which represents 15% of the number of fully paid ordinary *securities* on issue at the commencement of that 12-month period, without the approval of shareholders. The *placement shares* to be issued to subscribers under the *placement* are “equity securities” for the purposes of the *listing rules*. The effect of *resolution 4* will be to allow the *company* to issue the *placement shares* pursuant to section 708 of the *Corporations Act* during the 3 months following the *meeting* (or longer if *ASX* allows), without using the *company’s* 15% annual placement capacity.

4.3. Required information

Pursuant to *listing rule 7.3*, the following information is provided in respect of *resolution 4*:

- (a) the maximum number of *placement shares* to be issued is 106,250,000 *shares*;
- (b) the *placement shares* will be issued no later than 3 months after the date of the *meeting* (or such later date permitted by any *ASX* waiver or modification of the *listing rules*) and it is intended that the issue of all *placement shares* issued will occur on the same date;
- (c) the issue price of the *placement shares* will be \$0.032 per *share*;
- (d) the *shares* are intended to be issued to sophisticated and professional investors in accordance with section 708 of the *Corporations Act*; none of the subscribers to the *placement* will be *related parties* of the *company*, and the successful applicants will be determined by the *board* in its sole discretion;
- (e) the *placement shares* to be issued will be fully paid ordinary shares in the capital of the *company* issued on the same terms and conditions as the *company’s* existing *shares*; and

- (f) the *company* intends to use the funds raised from the *placement* towards its NSW project areas.

4.4. Directors' recommendation

The *directors* unanimously recommend that *shareholders* vote in favour of *resolution 4*.

5. APPROVAL FOR THE ISSUE OF DIRECTOR OPTIONS TO MR ALAN ARMSTRONG

5.1. Background

- 5.1.1. *Resolution 5* seeks *shareholder* approval for the issue of 2,000,000 *director options* on the terms set out in *Schedule 3* to Mr Alan Armstrong, a *director*, in consideration for his services to the *company*.

5.2. Requirement for shareholder approval

- 5.2.1. *Listing rule 7.1* provides that a company must not, subject to certain exceptions, issue or agree to issue more equity *securities* during any 12-month period than that amount which represents 15% of the number of fully paid ordinary *securities* on issue at the commencement of that 12-month period, without the approval of shareholders. However, one of those exceptions is where shareholder approval is obtained under *listing rule 10.11*. Consequently, approval is not required under *listing rule 7.1*.
- 5.2.2. Mr Armstrong is a *director* and consequently a related party of the *company* within the meaning of section 228(2)(a) of the *Corporations Act*. Section 208 of the *Corporations Act* requires shareholder approval for the provision of a financial benefit to a related party. However, section 211 of the *Corporations Act* provides that shareholder approval is not required for these purposes where the financial benefit to be provided to the related party is “reasonable remuneration” for the purposes of section 211(1). The *directors* are of the view that the issue of *director options* to Mr Armstrong is reasonable remuneration and, on that basis, *resolution 5* does not seek shareholder approval under section 208 of the *Corporations Act*.

5.3. Required information

- 5.3.1. Pursuant to *listing rule 10.13*, the following information is provided in respect of *resolution 5*:
 - (a) the related party to whom *securities* are to be issued under this *resolution* is Mr Alan Armstrong (or his nominee);

- (b) the maximum number of *director options* to be issued to Mr Armstrong is 2,000,000;
- (c) the *director options* will be issued no later than 1 month after the date of the *meeting* (or such later date permitted by any *ASX* waiver or modification of the *listing rules*) and it is intended to issue all *director options* on the same date;
- (d) the *director options* to be issued will be issued for nil cash consideration as they constitute a fee for service provided;
- (e) the exercise price of the *director options* is \$0.03 with an expiry date of 30 June 2020;
- (f) the *shares* to be issued on exercise of the *director options* will be fully paid ordinary shares in the capital of the *company* issued on the same terms and conditions as the *company's* existing shares;
- (g) the *director options* will be issued on the terms set out in *Schedule 3*;
- (h) pursuant to, and in accordance with *listing rules 10.13.6* and *14.11*, a voting exclusion statement is included in the *notice* in respect of *resolution 5*; and
- (i) no funds will be raised by the issue of *director options*; however, if all *director options* to be issued to Mr Armstrong are exercised (and assuming the *cashless exercise facility* is not utilised), the *company* will receive \$60,000, being 2,000,000 multiplied by the exercise price of the *director options*.

5.4. Directors' recommendation

The *directors* (other than Mr Armstrong) recommend that *shareholders* vote in favour of *resolution 5*.

6. APPROVAL FOR THE ISSUE OF DIRECTOR OPTIONS TO MR NEIL HUTCHISON

6.1. Background

- 6.1.1. *Resolution 6* seeks *shareholder* approval for the issue of 2,000,000 *director options* on the terms set out in *Schedule 3* to Mr Neil Hutchison, a *director*, in consideration for his services to the *company*.

6.2. Requirement for shareholder approval

- 6.2.1. *Listing rule 7.1* provides that a company must not, subject to certain exceptions, issue or agree to issue more equity *securities* during any 12-month period than that amount

which represents 15% of the number of fully paid ordinary *securities* on issue at the commencement of that 12-month period, without the approval of shareholders. However, one of those exceptions is where shareholder approval is obtained under *listing rule 10.11*. Consequently, approval is not required under *listing rule 7.1*.

- 6.2.2. Mr Hutchison is a *director* and consequently a related party of the *company* within the meaning of section 228(2)(a) of the *Corporations Act*. Section 208 of the *Corporations Act* requires shareholder approval for the provision of a financial benefit to a related party. However, section 211 of the *Corporations Act* provides that shareholder approval is not required for these purposes where the financial benefit to be provided to the related party is “reasonable remuneration” for the purposes of section 211(1). The *directors* are of the view that the issue of *director options* to Mr Hutchison is reasonable remuneration and, on that basis, *resolution 6* does not seek shareholder approval under section 208 of the *Corporations Act*.

6.3. Required information

- 6.3.1. Pursuant to *listing rule 10.13*, the following information is provided in respect of *resolution 6*:

- (a) the related party to whom *securities* are to be issued under this *resolution* is Mr Neil Hutchison (or his nominee);
- (b) the maximum number of *director options* to be issued to Mr Hutchison is 2,000,000;
- (c) the *director options* will be issued no later than 1 month after the date of the *meeting* (or such later date permitted by any *ASX* waiver or modification of the *listing rules*) and it is intended to issue all *director options* on the same date;
- (d) the *director options* to be issued will be issued for nil cash consideration as they constitute a fee for service provided;
- (e) the exercise price of the *director options* is \$0.03 with an expiry date of 30 June 2020;
- (f) the *shares* to be issued on exercise of the *director options* will be fully paid ordinary shares in the capital of the *company* issued on the same terms and conditions as the *company's existing shares*;
- (g) the *director options* will be issued on the terms set out in *Schedule 3*;
- (h) pursuant to, and in accordance with *listing rules 10.13.6* and *14.11*, a voting exclusion statement is included in the *notice* in respect of *resolution 6*; and
- (i) no funds will be raised by the issue of *director options*; however, if all *director options* to be issued to Mr Hutchison are exercised (and assuming the *cashless exercise*

facility is not utilised), the *company* will receive \$60,000, being 2,000,000 multiplied by the exercise price of the *director options*.

6.4. Directors' recommendation

The *directors* (other than Mr Hutchison) recommend that *shareholders* vote in favour of *resolution 6*.

Schedule 1 – Glossary

<i>associate</i>	has the meaning given in Part 1.2, Division 2 of the <i>Corporations Act</i> , and shall be applied: (a) in accordance with the note to <i>listing rule 14.11</i> ; and (b) in respect of the disclosure required by <i>ASIC</i> regulatory guide 74.
<i>ASIC</i>	the Australian Securities and Investments Commission.
<i>ASX</i>	ASX Limited ACN 008 624 691, or where the context requires, the Australian Securities Exchange which it runs.
<i>board</i>	the board of <i>directors</i> .
<i>business day</i>	a day (other than a Saturday or a Sunday) on which banks in Perth, Western Australia are open for normal business.
<i>cashless exercise facility</i>	has the meaning given to that term in <i>Schedule 3</i> .
<i>chairman</i>	the chairman of the <i>meeting</i> .
<i>closely related party</i>	has the meaning given to that term in section 9 the <i>Corporations Act</i> .
<i>company</i>	Castillo Copper Limited ACN 137 606 476, a public company registered in Australia and listed on <i>ASX</i> .
<i>company secretary</i>	the company secretary of the <i>company</i> .
<i>constitution</i>	the constitution of the <i>company</i> from time to time.
<i>Corporations Act</i>	the <i>Corporations Act 2001</i> (Cth).
<i>director</i>	a director of the <i>company</i> .
<i>director options</i>	<i>options</i> to be issued to the <i>directors</i> on the terms and conditions set out in <i>Schedule 3</i> .
<i>dollar, \$, A\$ or AUD</i>	the lawful currency for the time being of the Commonwealth of Australia.
<i>existing shares</i>	<i>shares</i> held by <i>shareholders</i> as at the date of this <i>notice</i> .
<i>explanatory statement</i>	this explanatory statement which accompanies and forms part of the <i>notice of general meeting</i> .
<i>general meeting or meeting</i>	the general meeting of <i>shareholders</i> convened by the <i>notice of general meeting</i> , or any meeting adjourned thereof.

<i>glossary</i>	this glossary of terms.
<i>key management personnel</i>	has the meaning given in the <i>listing rules</i> .
<i>listing rules</i>	the official listing rules of the <i>ASX</i> from time to time.
<i>notice of general meeting or notice</i>	this notice of general meeting.
<i>option</i>	an option to acquire a <i>share</i> .
<i>placement</i>	has the meaning given to that term in <i>section 4.1.1</i> .
<i>placement share</i>	a <i>share</i> to be issued under the <i>placement</i> .
<i>proxy form</i>	the proxy form accompanying this <i>notice of general meeting</i>
<i>quotation</i>	official quotation as defined in the <i>listing rules</i> .
<i>related body corporate</i>	has the meaning given to that term in sections 9 and 50 of the <i>Corporations Act</i> .
<i>related party</i>	has the meaning given to that term in sections 9 and 228 of the <i>Corporations Act</i> .
<i>resolution</i>	a resolution set out in the <i>notice</i> .
<i>S3 consideration shares</i>	has the meaning given to that term in <i>section 3.1</i> .
<i>S3 Consortium</i>	S3 Consortium Pty Ltd ACN 135 239 968, a proprietary company registered in Australia.
<i>schedule</i>	a schedule of the <i>explanatory statement</i> .
<i>section</i>	a section of the <i>explanatory statement</i> .
<i>securities</i>	has the meaning given to that term in section 92 of the <i>Corporations Act</i> .
<i>share</i>	a fully paid ordinary share in the capital of the <i>company</i> .
<i>shareholders</i>	the holders of <i>shares</i> in the <i>company</i> from time to time.
<i>TI consideration shares</i>	has the meaning given to that term in <i>section 2.1</i> .
<i>TM consideration shares</i>	has the meaning given to that term in <i>section 1.1</i> .
<i>Total Iron</i>	Total Iron Pty Ltd ACN 167 004 104, a proprietary company registered in Australia.

Total Minerals Total Minerals Pty Ltd ACN 169 328 090, a proprietary company registered in Australia.

Total Iron vendors the vendors of 100% of the issued capital of *Total Iron*.

Total Minerals vendors the vendors of 100% of the issued capital of *Total Minerals*.

WST Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 – Additional information

1. SCOPE OF DISCLOSURE

- 1.1. The law requires this *explanatory statement* to set out all other information which is known to the *company* that is reasonably required to enable *shareholders* to decide whether or not it is in the *company's* interests to pass the *resolutions*.
- 1.2. The *company* is not aware of any relevant information that is material to a decision on how to vote on the *resolutions* other than as is disclosed in this *explanatory statement* or has been previously disclosed to *shareholders* by announcement to the *ASX*.

2. RECOMMENDATIONS, VOTING INTENTIONS AND INTERESTS OF DIRECTORS

- 2.1. The *directors* recommend that *shareholders* vote in favour of all *resolutions*.
- 2.2. As at the date of the *notice*:
 - (a) Pathways Capital Pty Ltd, an entity associated with Mr David Wheeler, a *director*, holds 125,000 *shares* – Mr Wheeler intends to cause Pathways Capital Pty Ltd to vote in favour of all *resolutions*;
 - (b) Mr Armstrong a *director*, holds 300,000 *shares* and intends vote in favour of all *resolutions* (other than *resolution 5* in respect of the issue of *director options* to Mr Armstrong);
 - (c) Loup Solitaire Pty Ltd, an entity associated with Mr Alan Armstrong, a *director*, holds 300,000 *shares* – Mr Armstrong intends to cause Loup Solitaire Pty Ltd to vote in favour of all *resolutions* (other than *resolution 5* in respect of the issue of *director options* to Mr Armstrong); and
 - (d) Mr Hutchison does not hold any interests in *securities* of the *company*.

3. INDICATIVE VALUE OF NEW SECURITIES

The quantum of benefit to be received by holders of new *securities* proposed to be issued pursuant to *resolutions 4* to *6* will depend on the price at which *shares* may trade on *ASX*.

4. ASX ROLE

The fact that the *notice*, *explanatory statement* and other relevant document has been received or reviewed by *ASX* should not be taken as an indication of the merits of the *resolutions* or the *company* itself. *ASX* and its respective officers take no responsibility for any decision a *shareholder* may take in reliance on any of that documentation.

Schedule 3 – Terms and conditions of director options

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- entitlement** (a) Each *director option* will entitle the holder to subscribe for one *share*.
- (b) All *shares* issued upon the exercise of the *director options* will rank equally in all respects with the *company's existing shares*.
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exercise price Each *director option* shall entitle the holder to acquire one *share* upon payment of the sum of \$0.03 (**exercise price**).

- exercise of director options** (a) The *director options* will expire at 5.00pm WST on 30 June 2020 (**expiry date**).
- (b) The *director options* may be exercised, in whole or in part, at any time prior to the *expiry date*, by completing and delivering a duly completed form of notice of exercise to the registered office of the *company* together with the payment of the *exercise price* in immediately available funds for the number of *shares* in respect of which the *director options* are exercised.
- (c) A *director option* not exercised on or before the *expiry date* will lapse.
- (d) *Shares* allotted and issued pursuant to the exercise of *director options* will be allotted and issued, and a holding statement or share certificate provided to the holders of *director options* in respect of those *shares*, on the above terms and conditions not more than 15 *business days* after the receipt of a duly completed form of notice of exercise and the *exercise price* in immediately available funds in Australian dollars in respect of the *director options* exercised.
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- quotation** (a) Application will not be made to *ASX* for quotation of the *director options*.
- (b) Provided the *company* is listed on *ASX* at the time, application will be made for quotation of the *shares* issued upon exercise of *director options* not later than 15 *business days* after the date of allotment.
- (c) If required, the *company* will give *ASX* a notice that complies with section 708A(5)(e) of the *Corporations Act*, or, if such a notice delivered is for any reason not effective to ensure that an offer for sale of the *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 *shares* does not require disclosure to investors.
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- shareholder and regulatory approvals** (a) Notwithstanding any other provision of these terms and conditions, exercise of *director options* into *shares* will be subject to the *company* obtaining all required (if any) shareholder and regulatory approvals for the purpose of issuing the *shares* to the holder.
- (b) If exercise of *director options* would result in any person being in contravention of section 606(1) of the *Corporations Act* then the exercise of each *director option*
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that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606(1) of the *Corporations Act*.

- (c) Holders must give notification to the *company* in writing if they consider that the exercise of *director options* may result in the contravention of section 606(1) of the *Corporations Act*, failing which the *company* will be entitled to assume that the exercise of the *director options* will not result in any person being in contravention of section 606(1) of the *Corporations Act*.

transfer *Director options* can only be transferred with the prior written consent of the *company* (which consent may be withheld in the *company's* sole discretion).

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- participation and entitlements***
- (a) There are no participating rights or entitlements inherent in the *director options* and holders will not be entitled to participate in new issues of *securities* offered to shareholders during the currency of the *director options*.
- (b) However, the *company* must give notice to the holders of *director options* of any new issue before the record date for determining entitlements to the issue in accordance with the *listing rules* so as to give holders the opportunity to exercise their *director options* before the date for determining entitlements to participate in any issue.

reorganisation of share capital In the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the *company*, all rights of holders of *director options* shall be changed to the extent necessary to comply with the *Corporations Act* and the *listing rules* applying to a reorganisation of capital at the time of the reorganisation.

bonus issue If, from time to time, before the expiry of the *director options* the *company* makes a pro-rata issue of *shares* to *shareholders* for no consideration, the number of *shares* over which a *director option* is exercisable will be increased by the number of *shares* which the *holder* would have received if the *director option* had been exercised before the date for calculating entitlements to the pro-rata issue.

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- cashless exercise facility***
- (a) A holder may, subject to clause (c) below, elect to pay the *exercise price* for a *director option* by setting off the *exercise price* against the number of *shares* which it is entitled to receive upon exercise (***cashless exercise facility***). By using the *cashless exercise facility*, the holder will receive *shares* to the value of the surplus after the *exercise price* has been set off.
- (b) If a holder elects to use the cashless exercise facility, the holder will only be issued that number of *shares* (rounded down to the nearest whole number) as are equal in value to the difference between the total *exercise price* otherwise payable for *shares* on exercise of *director options* and the then market value of *shares* at the time of exercise (determined as the volume weighted average of the prices at which *shares* were traded on *ASX* during the one week period

immediately preceding the *exercise date*) calculated in accordance with the following formula:

$$S = \frac{O \times (MSP - EP)}{MSP}$$

where:

S = number of *shares* to be issued on exercise of the *director options*

O = number of *director options* exercised

MSP = market value of *shares*

EP = *exercise price*

- (c) If the difference between the total *exercise price* otherwise payable for *shares* on exercise of *director options* and the then market value of *shares* at the time of exercise (calculated in accordance with paragraph (i)) is zero or negative, then a holder will not be entitled to use the *cashless exercise facility*.
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