
CASTILLO COPPER LIMITED

ACN 137 606 476 (COMPANY)

NOTICE OF ANNUAL GENERAL MEETING & EXPLANATORY STATEMENT

Notice is given that the Annual General Meeting of the Company will be held as follows:

TIME: 1.00pm (WST)

DATE: 26 November 2020

PLACE: 45 Ventnor Avenue, West Perth 6005, Perth,
Western Australia

As this is an important document, please read it carefully and in its entirety. If you do not understand it please consult your professional advisors.

If you are unable to attend the Annual General Meeting, please complete the proxy form enclosed and return it in accordance with the instructions set out on that form.

INTRODUCTION

Notice is given that the Annual General Meeting of Shareholders of the Company will be held at the offices of 45 Ventnor Avenue, West Perth 6005, Perth, Western Australia on 26 November 2020 commencing at 1.00pm (WST). The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The terms and abbreviations used in this Notice and Explanatory Statement are defined in the attached Glossary.

COVID-19 MEETING PROTOCOLS

The Company advises Shareholders that the Meeting will be held to comply with the Government's recommendations in relation to gatherings of persons during the current COVID-19 situation. As at the date of this notice, Government directives and recommendations on gatherings mean that Shareholders may not be able to attend the Meeting in person. The Company therefore strongly encourages Shareholders who wish to vote on the business of the Meeting to do so by lodging a directed proxy prior to the date of Meeting as per the instructions on the Proxy Form.

Shareholders who wish to participate and vote at the Meeting can so indicate on the Proxy Form attached and provide their email address for the Company to send them details on how to participate. Shareholders can also submit any questions in advance of the Meeting by emailing them to info@castillocopper.com.

The Meeting will consider only the business detailed in the Agenda below. The Company does not intend for there to be a Company update presentation made to Shareholders.

AGENDA

FINANCIAL REPORT (NO RESOLUTION REQUIRED)

To receive the Financial Report of the Company for the year ended 30 June 2020 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

Note: This item of business is for discussion only and is not a resolution.

1 RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report appearing in the Company's Annual Report for the year ended 30 June 2020."

Note: Under section 250R(3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition: A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution;
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, or if the Company is part of a consolidated entity, for the entity.

2 RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR ROBERT SCOTT

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Robert Scott, a Director who retires by rotation in accordance with rule 12.3 of the Constitution and, being eligible and offering himself for re-election as a Director, is so re-elected."

3 RESOLUTION 3 – APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass the following resolution as a special resolution:

"That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue), calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions in the Explanatory Statement accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4 RESOLUTION 4 – ADOPTION OF INCENTIVE PERFORMANCE RIGHTS AND OPTIONS PLAN

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled "Incentive Performance Rights and Options Plan" and for the issue of securities under that plan on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) a person who is eligible to participate in the employee incentive scheme; or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition: A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution;
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, or if the Company is part of a consolidated entity, for the entity.

5 RESOLUTION 5 – APPROVAL OF SALARY SACRIFICE SHARE PLAN

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.2 (Exception 13(b)) and for all other purposes, Shareholder approval is given for the Company to adopt an employee incentive scheme titled “Salary Sacrifice Share Plan” and for the issue of securities under that plan on the terms and conditions in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) a person who is eligible to participate in the employee incentive scheme; or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition: A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution;
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, or if the Company is part of a consolidated entity, for the entity.

6 RESOLUTION 6 – ISSUE OF SHARES TO DIRECTOR UNDER SALARY SACRIFICE SHARE PLAN – MR ROBERT SCOTT

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to the passing of Resolution 5, for the purpose of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to that number of Shares which, when multiplied by the issue price, will total up to \$72,000, to Mr Robert Scott (or his nominee) under the SSSP on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question; or

(b) an associate of that person or those persons,

and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee(s), trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7 RESOLUTION 7 – ISSUE OF SHARES TO DIRECTOR UNDER SALARY SACRIFICE SHARE PLAN – MR SIMON PAULL

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to the passing of Resolution 5, for the purpose of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to that number of Shares which, when multiplied by the issue price, will total up to \$252,000, to Mr Simon Paull (or his nominee) under the SSSP on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question; or
- (b) an associate of that person or those persons,

and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee(s), trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

8 RESOLUTION 8 – ISSUE OF SHARES TO DIRECTOR UNDER SALARY SACRIFICE SHARE PLAN – MR GERARD HALL

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to the passing of Resolution 5, for the purpose of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to that number of Shares which, when multiplied by the issue price, will total up to \$72,000, to Mr Gerard Hall (or his nominee) under the SSSP on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question; or
- (b) an associate of that person or those persons,

and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee(s), trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company at 5pm (WST) on 24 November 2020.

By Order of the Board

Dale Brian Hanna
Company Secretary
19 October 2020

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders of Castillo Copper Limited (**Company**) in connection with the business to be conducted at the Annual General Meeting of the Company to be held at the offices of 45 Ventnor Avenue, West Perth 6005, Perth, Western Australia commencing at 1.00pm 2020. (WST).

This Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting. The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

A Proxy Form has been dispatched with the Notice of Meeting and Explanatory Statement.

FINANCIAL REPORT (NO RESOLUTION REQUIRED)

The Corporations Act requires the Financial Report, Directors' Report and the Auditor's Report to be received and considered at the Annual General Meeting. A printed hard copy of the annual Financial Report which includes the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2020, has been sent to all Shareholders who requested it. The Annual Report is also available on the Company's website at <https://www.castillocopper.com/>.

There is no requirement for Shareholders to approve those reports. However, the Chair will allow a reasonable opportunity at the Meeting for Shareholders to ask questions or make comments about those reports and the management of the Company.

Shareholders will also be given an opportunity to ask the auditor or its representatives questions about the conduct of the audit and the preparation and content of the Auditor's Report.

1 RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

1.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

1.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

1.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2 RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR ROBERT SCOTT

In accordance with rule 12.3 of the Constitution, an election of Directors shall take place each year. Under rule 12.3(b) of the Constitution, at every annual general meeting, each Director who has retained office for more than three years since their appointment shall retire from office and is eligible for re-election. Under rule 12.3(e) of the Constitution, if at any annual general meeting no Director is required to retire under the terms of rule 12.3 of the Constitution, then the Director

who has been longest in office since their last election shall retire from office. These requirements for a Director to retire do not apply to a Managing Director.

Mr Scott retires in accordance with rule 12.3 of the Constitution and, being eligible for re-election, offers himself for re-election as a Director at the Annual General Meeting.

Mr Scott's Board experience in the mining and energy sectors includes RTG Mining Inc which has advanced copper & gold exploration interests in the Philippines and Bougainville. Previously, he served on the Boards of CGA Mining Ltd (a major gold producer in the Philippines) and NASDAQ-listed, Lonestar Resources US Inc which is a Texas-based producer of shale oil.

Mr Scott has been on Sandfire Resources' Board since 2010 and has overseen the development and commercialization of the world-class, high-grade Degussa Copper-Gold Mine in Western Australia as well as its ongoing exploration commitment.

Mr Scott is a Chartered Accountant with over 35 years' experience as a corporate advisor at major accounting firms. He retired as an international partner from Arthur Anderson to pursue Non-Executive Director roles. Mr Scott is a fellow of the Institute of Chartered Accountants, member of the Taxation Institute of Australia and of the Australian Institute of Company Directors.

The Board (other than Mr Scott, to whom Resolution 2 relates) supports and recommends that Shareholders vote in favour of the re-election of Mr Scott.

3 RESOLUTION 3 – APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

3.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25% (**10% Placement Facility**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less.

Resolution 3 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 3 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

3.2 Requirements of ASX Listing Rule 7.1A

3.2.1 Eligible entities

As set out above, an eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity at the time of this Notice of Meeting and expects to be so at the date of the Meeting.

3.2.2 Shareholder approval

Shareholders must approve the 10% Placement Facility by special resolution at the Annual General Meeting, which requires the approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative). A resolution under Listing Rule 7.1A cannot be put at any other Shareholder meeting.

3.2.3 Equity Securities

Equity Securities issued under the 10% Placement Facility must be in the same class as an existing class of Equity Securities of the Company that are quoted on the ASX.

As at the date of this Notice, the Company has on issue the following classes of Equity Securities quoted on the ASX:

- 1,009,938,722 Shares; and
- 61,500,000 Options (CCZO), with an exercise price of \$0.05 per Option and expiring on 27 March 2023.

3.2.4 Formula for calculating 10% Placement Facility

If Resolution 3 is passed the Company may, during the period of the approval, issue or agree to issue a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

A = The number of fully paid ordinary securities on issue at the commencement of the relevant period:

- plus the number of fully paid ordinary securities issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of any other fully paid ordinary securities issued in the relevant period with approval under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of fully paid ordinary securities that became fully paid in the relevant period;
- less the number of fully paid ordinary securities cancelled in the relevant period.

Note that “A” has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity;

D = 10%;

E = The number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under Listing Rule 7.4; and

“relevant period” means:

- if the entity has been admitted to the official list for 12 months or more, the 12 month period immediately preceding the date of the issue or agreement; or
- if the entity has been admitted to the official list for less than 12 months, the period from the date the entity was admitted to the official list to the date immediately preceding the date of the issue or agreement.

Note that “relevant period” has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

3.2.5 Interaction between ASX Listing Rules 7.1 and 7.1A

The 10% Placement Facility under Listing Rule 7.1A is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

The Company has 1,009,938,722 Ordinary Shares on issue as at the date of this Notice. If all of the Resolutions in this Notice are passed (including this Resolution 3), the Company will be permitted to issue (as at the date of this Notice):

- 151,490,808 Equity Securities under Listing Rule 7.1; and
- 100,993,872 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will be permitted to issue under Listing Rule 7.1A will be calculated at the date of issue or agreement to issue the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out above).

The effect of Resolution 3 will be to allow the Company to issue Equity Securities under Listing Rule 7.1A without using the Company's placement capacity under Listing Rule 7.1.

3.3 Information for Shareholders as required by ASX Listing Rule 7.3A

3.3.1 ASX Listing Rule 7.3A.1 – Period of approval for which 10% Placement Facility is valid

An approval from Shareholders under Listing Rule 7.1A will be valid and commence on the date of the Annual General Meeting at which Shareholder approval is obtained (being 26 November 2020) and expires on the first to occur of the following.

- (a) The date that is 12 months after the date of the Annual General Meeting.
- (b) The time and date of the Company's next annual general meeting.
- (c) The time and date of the approval by holders of the Company's ordinary securities of a transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

3.3.2 ASX Listing Rule 7.3A.2 – Minimum price

Any Equity Securities issued under ASX Listing Rule 7.1A.2 must be in an existing quoted class of the Company's Equity Securities and issued for a cash consideration per security which is not less than 75% of the VWAP for Equity Securities in the relevant quoted class, calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (a) the date on which the price of the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- (b) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued.

3.3.3 ASX Listing Rule 7.3A.3 – Purposes for which the new Equity Securities may be issued

The Company may use funds raised by an issue of Equity Securities under Listing Rule 7.1A.2 for the following purposes:

- the acquisition of new assets or investments (including the expenses associated with such acquisitions);
- continued exploration, feasibility study and project development expenditure on the Company's current assets; and/or
- general working capital.

3.3.4 ASX Listing Rule 7.3A.4 – Risk of economic and voting dilution

If Resolution 3 is passed and the Company issues Equity Securities under the 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below.

There is the risk that:

- the market price for the Company's existing Equity Securities may be significantly lower on the date of issue of the new Equity Securities than on the date of the Meeting; and
- the new Equity Securities may be issued at a price that is at a discount to the market price of the Company's existing Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the new Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

For the purpose of Listing Rule 7.3A.2, the table also shows:

- two examples, where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example a pro rata entitlement issue) or future placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples, where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

		Dilution		
		\$0.023 - 50% decrease in Issue Price	\$0.046 - Issue Price	\$0.069 - 50% increase in Issue Price
1,011,938,722 (Current Variable A in Listing Rule 7.1A.2)	10% Voting Dilution	101,193,872 Shares	101,193,872 Shares	101,193,872 Shares
	Funds Raised	\$2,327,459	\$4,654,918	\$6,982,377
1,517,908,083 Shares (50% increase in Variable A in Listing Rule 7.1A.2)	10% Voting Dilution	151,790,808 Shares	151,790,808 Shares	151,790,808 Shares
	Funds Raised	\$3,491,189	\$6,982,377	\$10,473,566
2,023,877,444 Shares (100% increase in Variable A in Listing Rule 7.1A.2)	10% Voting Dilution	202,387,744 Shares	202,387,744 Shares	202,387,744 Shares
	Funds Raised	\$4,654,918	\$9,309,836	\$13,964,754

This table has been prepared using the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- No Options (including any Options having previously been issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- The issue price is \$0.046, being the latest closing price of the Shares on ASX on 19 October 2020.

3.3.5 ASX Listing Rule 7.3A.5 – Allocation policy

The Company's allocation policy for the issue of new Equity Securities under the 10% Placement Facility will be dependent on the existing market conditions at the time of the proposed issue. The allottees will be determined at the relevant time having regard to factors such as:

- the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- the effect of the issue of new securities on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisers (as relevant).

As at the date of this Notice the allottees are not known but may include existing substantial Shareholders and/or new Shareholders. No allottee under the 10% Placement Facility will be a Related Party or associate of a Related Party. Existing Shareholders may or may not be entitled to subscribe for any Equity Securities issued under the 10% Placement Facility, and it is possible that their Shareholding will be diluted.

The Company will comply with its disclosure obligations under Listing Rule 7.1A(4) on the issue of any new securities.

3.3.6 ASX Listing Rule 7.3A.6 – Details of Equity Securities issued during past 12 months

The Company previously obtained approval from Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 29 November 2019.

During the 12 month period prior to the date of the Annual General Meeting, and assuming no further issue of securities occurs between the date of this Notice and the date of the Annual General Meeting, the Company issued or agreed to issue

a total of 147,518,605 Shares under Listing Rule 7.1A.2 representing 22% of the total number of Equity Securities on issue 12 months ago, being at 26 November 2019. The table at Appendix 1 sets out the details of the Equity Securities which were issued.

All Equity Securities issued under the 10% Placement Facility during the past 12 months complied with the requirement of Listing Rule 7.1A.3 which requires that the issue price of securities must be no less than 75% of the 15 Trading Day VWAP of the relevant class of Equity Securities.

3.4 Voting Exclusion Statement

A voting exclusion statement is included in the Notice for the purposes of Resolution 3. At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in a proposed issue of Equity Securities under the proposed 10% Placement Facility. No existing Shareholders' votes will therefore be excluded under the voting exclusion in the Notice.

3.5 Directors' Recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 3.

4 RESOLUTION 4 - ADOPTION OF INCENTIVE PERFORMANCE RIGHTS AND OPTIONS PLAN

4.1 General

Resolution 4 seeks Shareholder approval for the adoption of the employee incentive scheme titled "Incentive Performance Rights and Options Plan" (**Incentive Plan**) and for the issue of Performance Rights and Options under the Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

The objective of the Incentive Plan is to attract, motivate and retain key employees. The Company considers that the adoption of the Incentive Plan and the future issue of Performance Rights or Options under the Incentive Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

4.2 Regulatory requirements

As summarised in Section 3.2 above, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of shareholders over any 12 month period to 15% of the fully paid Shares it had on issue at the start of that period.

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Listing Rule 7.2 (Exception 13(b)) is only available if and to the extent that the number of Equity Securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Listing Rule 7.2 (Exception 13(b)) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

4.3 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Company will be able to issue Performance Rights and Options under the Incentive Plan to eligible participants over a period of 3 years. The issue of any Performance Rights or Options to eligible participants under the Incentive Plan (up to the maximum number of Performance Rights or Options stated in Section 4.4 below) will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company will be required to seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Performance Rights or Options under the Incentive Plan to a Related Party or a person whose relationship with the Company or the Related Party is, in ASX's opinion, such that approval should be obtained.

If Resolution 4 is not passed, the Company will be able to proceed with the issue of Performance Rights or Options under the Incentive Plan to eligible participants, but any issues of Performance Rights or Options will reduce, to that extent, the Company's capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Performance Rights or Options.

4.4 Technical information required by Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 4:

- (a) a summary of the key terms and conditions of the Incentive Plan is set out in Schedule 2;

- (b) the Company has not issued any securities under the Incentive Plan as this is the first time that Shareholder approval is being sought for the adoption of the Incentive Plan;
- (c) the maximum number of Equity Securities proposed to be issued under the Incentive Plan following Shareholder approval is 50,596,936 Equity Securities (being 5% of the issued capital of the Company). It is not envisaged that the maximum number of Equity Securities for which approval is sought will be issued immediately; and
- (d) a voting exclusion statement is included in the Notice of Meeting.

5 RESOLUTION 5 – APPROVAL OF SALARY SACRIFICE SHARE PLAN

5.1 General

Resolution 5 seeks Shareholder approval for the adoption of the employee incentive scheme titled “Salary Sacrifice Share Plan” (SSSP). In accordance with Listing Rule 7.2 (Exception 13(b)), and pursuant to the SSSP, Directors and participants may be invited to apply for Shares in accordance with the SSSP.

The objective of the SSSP is to:

- (a) reduce the Company’s cash outlays and preserve its cash preserves (which the Company considers particularly important in light of the COVID-19 pandemic);
- (b) align the interests of Directors and eligible participants with Shareholders generally; and
- (c) provide competitive remuneration for the retention of key personnel.

Directors and eligible participants may participate under the SSSP. However, additional Shareholder approval under Listing Rule 10.14 will be required before any Related Party of the Company (or any person whose relationship with the Company or the Related Party is, in ASX’s opinion, such that approval should be obtained) can be issued Shares under the SSSP. Shareholder approval is being sought under Resolutions 6, 7 and 8 for the issue of Shares under the SSSP to the Company’s Directors, being Mr Robert Scott, Mr Simon Paull and Mr Gerard Hall respectively.

5.2 Regulatory requirements

As summarised in Section 3.2 above, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of shareholders over any 12 month period to 15% of the fully paid Shares it had on issue at the start of that period.

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity’s ordinary securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Listing Rule 7.2 (Exception 13(b)) is only available if and to the extent that the number of Equity Securities issued under the scheme does not exceed the maximum number set out in the entity’s notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Listing Rule 7.2 (Exception 13(b)) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

5.3 Technical information required by Listing Rule 14.1A

If Resolution 5 is passed, the Company will be able to issue Shares under the SSSP to eligible participants over a period of 3 years. The issue of any Shares to eligible participants under the SSSP (up to the maximum number of Shares stated in Section 5.4 below) will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company will be required to seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Shares under the SSSP to a Related Party or a person whose relationship with the Company or the Related Party is, in ASX’s opinion, such that approval should be obtained.

If Resolution 5 is not passed, the Company will be able to proceed with the issue of Shares under the SSSP to eligible participants, but any issues of Shares will reduce, to that extent, the Company’s capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Shares.

5.4 Technical information required by Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 5:

- (a) a copy of the SSSP is set out in Annexure 3;
- (b) the Company has not issued any securities under the SSSP as this is the first time that Shareholder approval is being sought for the adoption of the SSSP;

- (c) the maximum number of Equity Securities proposed to be issued under the SSSP following Shareholder approval is 50,596,936 Equity Securities (being 5% of the issued capital of the Company). It is not envisaged that the maximum number of Equity Securities for which approval is sought will be issued immediately; and
- (d) a voting exclusion statement is included in the Notice of Meeting.

6 RESOLUTIONS 6, 7 AND 8 – ISSUE OF SHARES TO DIRECTORS UNDER SALARY SACRIFICE SHARE PLAN

6.1 General

Subject to the adoption of the SSSP in accordance with Resolution 5, the Board will consider making offers to its Directors, Mr Robert Scott, Mr Simon Paull and Mr Gerard Hall, in accordance with the terms of the SSSP. The purpose of these offers will be to maximise the availability of cash for the Company's future exploration and development activities. A copy of the SSSP is set out in Annexure 3.

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue Shares (**Director Shares**) to Messrs Scott, Paul and Hall or their nominees on the terms and conditions set out below.

6.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a Related Party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Resolutions 6, 7 and 8 relate to the proposed issue of Director Shares, which constitutes giving a financial benefit. Mr Simon Paull, Mr Robert Scott and Mr Gerrard Hall are each a Related Party of the Company by virtue of being a Director.

Section 211 of the Corporations Act provides that Shareholder approval under section 208 is not required if:

- (a) the financial benefit to be provided to the Related Party is remuneration as an officer or employee of a public company; and
- (b) to give the remuneration would be reasonable given:
 - (i) the circumstances of the public company or entity giving the remuneration; and
 - (ii) the Related Party's circumstances (including the responsibilities involved in the office or employment).

The Board (except for Mr Scott in relation to Resolution 6, Mr Paull in relation to Resolution 7 and Mr Hall in relation to Resolution 8) has determined that the proposed issue of Director Shares the subject of Resolutions 6, 7 and 8 forms part of the reasonable remuneration of the Directors, having regard to the circumstances of the Company and the responsibilities of the Directors. The proposed issue of Director Shares is accordingly considered to fall within the exception in section 211 of the Corporations Act and Shareholder approval is therefore not sought for the purposes of Chapter 2E of the Corporations Act.

6.3 Listing Rule 10.14

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire Equity Securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- (a) 10.14.1: a director of the entity;
- (b) 10.14.2: an associate of a director of the entity; or
- (c) 10.14.3: a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

The proposed issue of Shares the subject of Resolutions 6, 7 and 8 falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolutions 6, 7 and 8 each seek the required Shareholder approval for the issue of the Director Shares to Messrs Scott, Paull and Hall respectively, under and for the purposes of Listing Rule 10.14.

6.4 Technical information required by Listing Rule 14.1A

If Resolutions 6, 7 and 8 are passed, the Company will be able to proceed with the issue of the Director Shares to Messrs Scott, Paull and Hall respectively under the SSSP within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Director Shares the subject of Resolutions 6, 7 and 8 (because approval is being obtained under Listing Rule 10.14), the issue of the Related Party Shares will not use up any of the Company's 15% annual placement capacity.

If Resolutions 6, 7 and 8 are not passed, the Company will not be able to proceed with the issue of the Director Shares to Messrs Scott, Paull and Hall respectively under the SSSP and will subsequently need to use the Company's funds to pay the required remuneration to each Director.

6.5 Technical information required by Listing Rule 10.15

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided in relation to Resolutions 6, 7 and 8:

- (a) the Director Shares will be issued to Mr Robert Scott, Mr Simon Paull and Mr Gerard Hall (or their respective nominees), who each fall within the category set out in Listing Rule 10.14.1 by virtue of each being a Director;
- (b) the maximum number of Director Shares to be issued:
 - (i) to Mr Robert Scott under Resolution 6 is 1,440,000;
 - (ii) to Mr Simon Paull under Resolution 7 is 5,040,000;
 - (iii) to Mr Gerard Hall under Resolution 8 is 1,440,000;
- (c) the Director Shares will be fully paid ordinary shares in the capital of the Company and rank equally with the Company's existing Shares;
- (d) the current total annual remuneration package for each of Messrs Scott, Paull and Hall is set out below:
 - (i) Mr Robert Scott: \$48,000;
 - (ii) Mr Simon Paull: \$168,000;
 - (iii) Mr Gerard Hall: £30,000;
- (e) as this Meeting is the first time that Shareholder approval is being sought for the adoption of the SSSP, no securities have been previously issued under the SSSP;
- (f) if the Director Shares are issued, the total remuneration package of each Director will remain the same, as the value of the Director Shares to be issued to each Director is equal to the decrease in the amount of fees payable to the respective Director;
- (g) the Director Shares will be issued to Messrs Scott, Paull and Hall (or their respective nominees) no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Director Shares will be issued on one date;
- (h) the deemed issue price of the Director Shares will be the VWAP of Shares over the last 20 Trading Days prior to the date of issue of the Shares;
- (i) a copy of the SSSP is set out in Appendix 3;
- (j) no loan is being made to Mr Scott, Mr Paull or Mr Hall in connection with the issue of the Director Shares;
- (k) details of any Director Shares issued under the SSSP will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (l) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the SSSP after Resolutions 6, 7 and 8 are approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14; and
- (m) a voting exclusion statement is included in the Notice of Meeting.

GLOSSARY

\$ means Australian dollars.

10% Placement Facility has the meaning given in Section

Annual General Meeting or **Meeting** means the annual general meeting convened by the Notice of Meeting.

Annual Report means the annual report of the Company for the financial year ended 30 June 2020.

Appendix means an appendix to this Notice.

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Auditor's Report means the auditor's report contained in the Annual Report.

Board means the Directors acting as the board of directors of the Company or a committee appointed by such board of directors.

Chair or **Chairman** means the chair of the Annual General Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations.

Company means Castillo Copper Limited ACN 137 606 476.

Constitution means the Company's Constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth).

Director means a current director of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the same meaning as given in the Listing Rules.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Incentive Plan has the meaning given in Section 4.1.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Mt Oxide Project means a copper mining operation located approximately 150 kms north of Mount Isa in northwest Queensland where the Company holds exploration licenses.

Notice or **Notice of Meeting** means the notice of meeting which forms part of this Explanatory Statement.

Option means an option to acquire one Share.

Ordinary Share or **Share** means a fully paid ordinary share in the capital of the Company.

Performance Right means a right to receive to receive a Share for each right at no cost.

Proxy Form means the enclosed appointment of proxy form.

Related Party is defined in section 228 of the Corporations Act.

Remuneration Report means the remuneration report in the Directors' Report section of the Annual Report.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section contained in this Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

SSSP has the meaning given in Section 5.1.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means the volume weighted average trading price of the Shares on ASX.

WST means Western Standard Time as observed in Perth, Western Australia.

APPENDIX 1 - EQUITY SECURITIES ISSUED OR AGREED TO BE ISSUED BY THE COMPANY UNDER RULE 7.1A2 DURING THE 12 MONTHS PRECEDING THE ANNUAL GENERAL MEETING

Date	Class of Equity Securities issued	Number of Equity Securities issued	Summary of Terms	Names of persons to whom Equity Securities were issued (or basis of identification and selection of persons)	Issue price and discount to market price on date of issue (if any)	Total cash consideration received, amount spent and how consideration was spent or is to be spent
3 Dec 2019	Ordinary shares	65,000,000	Placement to sophisticated investors priced at \$0.02 per share, with one (1) free attaching option for every three (3) shares issued exercisable at \$0.05 with an expiry date of 3 Dec 2020	Clients of Merchant Corporate Advisory Pty Ltd	\$0.02 per share (15 day VWAP \$0.01947 per Yahoo Finance)	The company received gross funds of \$1,300,000 Use of funds: The proceeds from the capital raising exercise were used to accelerate exploration programs across the three pillars in Australia and Zambia including: - Sent a team to Mt Oxide to conduct mapping and take soil samples at the Big One and Arya prospects; and - Progressed the extensive soil / rock-chip sampling program currently underway at the Mkushi project in Zambia.
23 June 2020	Ordinary shares	82,518,605	Placement to sophisticated investors priced at \$0.022 per share, with one (1) free attaching option for every three (3) shares issued exercisable at \$0.05 expiring 30 September 2023.	Exiting and new sophisticated and institutional investors from Australia and the United Kingdom	\$0.022 per share (representing a 12% discount to the closing price on 16 June 2020)	The Company received gross funds of \$2,100,000 Use of funds: The proceeds from the capital raising exercise were used to expedite the drilling campaign at the Mt Oxide pillar in Queensland's copper-belt.
Total		147,518,605				

1. Eligibility

The Board may, in its absolute discretion, grant Performance Rights and Options to an “Eligible Employee”. An “Eligible Employee” is a director, full or part time employee, casual employee or contractor of the Group or as determined by the Board from time to time, who is invited by the Board to participate in the Plan.

2. Terms

Any invitation by the Board will be on such terms and conditions as the Board determines including without limitation as to criteria, number of Performance Rights that the relevant Eligible Employee may apply for, when and in what circumstances a Performance Right or Option may become a vested performance right or option and any other criteria to be satisfied, the applicable exercise period, the applicable exercise price and the applicable performance conditions.

3. Performance Rights and Options

- (a) A Performance Right or Option entitles its holder to a Share which can be exercised once the Performance Right or Option has become exercisable and provided it has not lapsed.
- (b) The Board may determine that certain performance conditions must be satisfied before a Performance Right or Option becomes exercisable. If the performance conditions are satisfied, the Performance Rights or Options vest and may become exercisable.
- (c) A Performance Right or Option does not give the holder a legal or beneficial right to Shares. Performance Rights and Options do not carry any rights or entitlements to dividends, return of capital or voting in shareholder meetings.
- (d) A Performance Right or Option does not entitle the holder to participate in any new issues of securities unless, before the record date for determining entitlements under the new issue, that Performance Right or Option has vested, been exercised and a Share has been issued in respect of that Performance Right or Option.

4. Exercise of Performance Rights and Options

- (a) Performance Rights and Options will vest and become exercisable if:
 - (i) any performance conditions set by the Board at the time of the grant are met;
 - (ii) an event occurs such as the winding up of the Company; or
 - (iii) the Board determines that a Performance Right or Option becomes a vested Right or Option.
- (b) Once the Performance Rights or Options become exercisable, the holder will need to exercise those Performance Rights or Options to acquire Shares. The exercise of any vested Right or Option granted under the Plan will be effected in the form and manner determined by the Board.

5. Lapse and Forfeiture

- (a) The Performance Rights and Options will lapse on the expiry date. This period may be shortened if the holder ceases to be employed under certain circumstances.
- (b) A Share issued on the exercise of a Performance Right or Option will be forfeited or the Board may, in its absolute discretion determine any unvested Performance Rights or Options to have lapsed and/or where any Shares issued on the exercise of a Performance Right or Option have been sold, require the holder to pay all or part of the net proceeds of that sale to the Company, if in the opinion of the Board, the holder acts fraudulently or dishonestly or is in breach of its obligations.

6. Restrictions

- (a) Participants in the Plan are prohibited from transferring Performance Rights or Options without the consent of the Board or in the event of death, mental incapacity or bankruptcy.
- (b) Performance Rights or Options will not be listed for quotation on the ASX. Shares issued on exercise of vested Performance Rights or Options will be subject to transfer restrictions as determined by the Board at the time of granting the Right or Option.
- (c) In the event of any reconstruction of the issued capital of the Company between the date of allocation of the Performance Rights or Options and the exercise of those Performance Rights or Options, the number of Shares to which the holder will become entitled on the exercise of the Right or Option or any amount payable on exercise of the Performance Right or Option will be adjusted as determined by the Board and in accordance with the Listing Rules.

CASTILLO COPPER LIMITED
(ACN 137 606 476)

Salary Sacrifice Employee Share Plan

1. DEFINITIONS AND INTERPRETATION

1.1. Definitions

Associated Body Corporate means any:

- (a) related body corporate of the Company; and
- (b) entity designated by the Board, in its discretion, to be an associated company for the purposes of the Plan.

ASX means ASX Limited.

Board means the Directors acting as the board of directors of the Company or a committee appointed by such board of Directors.

Business Day means any day that is not Saturday, Sunday or public holiday in Western Australia.

Company means Castillo Copper Limited ACN 137 606 476.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Issue Date means the date on which Shares are issued to and registered in the name of the Participant.

Listing Rules means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any waiver by ASX.

Official List means the Official List of entities that ASX has admitted and not removed.

Participant means any Director, full-time and part-time employee, and casual employee or contractor (to the extent permitted by *ASIC Class Order 14/1000*) of the Company or any of its subsidiaries.

Plan means this Salary Sacrifice Employee Share Plan as in force and amended from time to time.

Rules means the rules of this Plan as altered or added to from time to time and a reference to a provision of these Rules is a reference to that provision as altered or added to from time to time.

Share means a fully paid ordinary share in the capital of the Company.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means the volume weighted average trading price of the Shares on ASX.

1.2. Interpretation

In this Plan unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of this Plan;
- (b) any reference in the Plan to any enactment of the ASX Listing Rules includes a reference to that enactment or those ASX Listing Rules as from time to time amended, consolidated, re-enacted or replaced;

- (c) the singular includes the plural and vice versa;
- (d) any words denoting one gender include the other gender;
- (e) where any word or phrase is given a definite meaning in this Plan, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;
- (f) a reference to:
 - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate;
 - (ii) a document includes all amendments or supplements to that document;
 - (iii) a Rule is a reference to a Rule of this Plan;
 - (iv) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity and is a reference to that law as amended, consolidated or replaced;
 - (v) an agreement other than this Plan includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and
 - (vi) a monetary amount is in Australian dollars; and
- (g) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day.

2. OFFER OF SHARES

2.1. Issue Price

The issue price of each Share will be determined by the Board in its absolute discretion, provided that the issue price of each Share must not be lower than the VWAP of Shares over the last 20 Trading Days prior to the date of issue of the Shares.

2.2. Restriction Conditions

Shares may be subject to restriction conditions (such as satisfying or waiving vesting conditions) which must be satisfied before the Shares can be sold, transferred, or encumbered.

2.3. Issue of Shares

Each Share will be issued on the terms of these Rules and each Participant will be taken to have agreed to be bound by these Rules on acceptance by that Participant of such Shares. The Shares will be issued on the Issue Date.

2.4. Lapsing of Offer

An offer of Shares will lapse upon the Participant ceasing to be employed or engaged by the Company or an Associated Body Corporate for any reason before the Issue Date (except where the Participant ceases to be employed as a direct result of the disposal or sale of the Company or Associated Body Corporate) and such Participant will forfeit their right to be issued any such Shares which have been offered but not yet issued.

2.5. Taxation of Share Value

The Board will be entitled to withhold any tax liability incurred by a Participant as a result of a Share offer being made under the Plan until the Shares are actually allotted to such Participant.

3. MAXIMUM NUMBER OF SHARES

A Share may not be issued if, immediately following its issue, the number of Shares which have been issued under the Plan (not including any issues that can be disregarded under the Corporations Act or applicable ASIC Class Orders), would exceed 5% of the total number of Shares then on issue, provided that the Board may, in its absolute discretion, increase this percentage, subject to any applicable Corporations Act or Listing Rule requirements.

4. OVERRIDING RESTRICTIONS ON ISSUE

Notwithstanding anything else in these Rules, a Share may not be offered or issued, if to do so:

- (a) would contravene the Corporations Act or the Listing Rules;
- (b) would contravene the Company's Securities Trading Policy or other Corporate Governance Policies in place from time to time;
- (c) would contravene the local laws of, or the rules or requirements of any regulatory or statutory body in, a Participant's country of residence or in the opinion of the Board compliance with those local laws, rules or requirements would be impractical or result in any unnecessary or unreasonable expense in the circumstances; or
- (d) would result in the number of Shares to be issued to a Participant exceeding the salary or wages of that Participant as determined by the issue price of such Shares.

5. ADMINISTRATION OF THE PLAN

5.1. Delegation

The Plan will be in all respects administered under the directions of the Board. The Board may appoint, for the proper administration and management of the Plan, such secretarial or executives or staff or other persons as it considers desirable and may delegate to those persons such powers and authorities as may be necessary or desirable for the administration and management of the Plan.

5.2. Procedures

Subject to these Rules, the Board may make such regulations and establish such procedures for the administration and management of the Plan as it considers appropriate. If any disagreement or dispute with respect to the interpretation of these arises, such disagreement or dispute will be referred to the Board and the decision of the Board will, in the absence of manifest error, be final and binding upon all parties.

5.3. Exercise of discretion

The Company or an Associated Body Corporate or the Board may, subject to any express provision in these Rules, the Listing Rules or the Corporations Act to the contrary:

- (a) do any act, matter or thing or make any decision, determination or resolution; or
- (b) conditionally or unconditionally give or withhold any consent or approval,

as contemplated by these Rules in its absolute uncontrolled and unexaminable discretion and is not obliged to give reasons for so doing.

6. KEY TERMS

6.1. Subject to these Rules, the Company will issue Shares in accordance with the Listing Rules and will cause a holding statement to be issued, for Shares so issued within 10 Business Days after the date of issue thereof.

6.2. Shares allotted under the Plan will rank pari passu with all existing Shares in the capital of the Company from the date of allotment of those Shares.

6.3. This Plan is a tax deferred scheme and, where applicable, deferred tax arrangements will apply in respect of Shares allotted under the Plan. The Plan will also constitute a salary sacrifice arrangement to acquire securities in the Company.

7. QUOTATION OF SHARES

The Company will make application for official quotation of Shares allotted under this Plan to ASX.

8. NOTICES

Notices may be given by the Company to the Participant in the manner prescribed by the constitution of the Company for the giving of notices to members of the Company and the relevant provisions of the Constitution of the Company apply with all necessary modification to notices to Participants.

9. COMPANY'S RIGHTS NOT WAIVED

The Company's right to terminate or vary the terms of employment of any Participant will not be prejudiced in any way by the Company or any Participant participating in the Plan or anything contained in these Rules or both. Further, participation in the Plan or the rights or benefits of a Participant under these Rules, will not be used as grounds for granting or increasing damages in any action brought by any Participant against the Company whether in respect of any alleged wrongful dismissal or otherwise.

10. GOVERNING LAW

This Plan and these Rules will in all respects be governed by and construed in accordance with the laws of Western Australia.

11. SEVERANCE

If any provision in these Rules is void, voidable by any party or illegal, it must be read down so as to be valid and enforceable or, if it cannot be so read down, the provision (or where possible, the offending words) must be severed from these Rules without affecting the validity, legality or enforceability of the remaining provisions (or parts of those provisions) of these Rules which will continue in full force and effect.

12. AMENDMENT OF RULES

Subject to and in accordance with the Listing Rules (including any waiver granted under the Listing Rules):

- (a) subject to clause 12(b), the Board may from time to time amend (including the power to revoke, add to or vary) all or any of the provisions of these Rules in any respect whatsoever, by an instrument in writing without the necessity of obtaining the prior or subsequent consent of shareholders of the Company or any Associated Body Corporate in a general meeting;
- (b) the Board may make any amendment to these Rules with retrospective effect as the Board may determine in good faith, providing that the Board obtains the prior approval of at least 50% of Participants who will be adversely affected by the retrospective amendment in relation to Shares previously granted to them.

13. SUSPENSION OR TERMINATION OF THE PLAN

The Board may suspend or terminate the Plan at any time, in which case the Company must not make any further issues of shares under the Plan during the suspended or terminated period. However, during that period the Board will otherwise continue to administer the Plan in accordance with these Rules.



CASTILLO COPPER

Castillo Copper Limited | ACN 137 606 476

Proxy Voting Form

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **1.00pm (WST) on Tuesday, 24 November 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item 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 items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBCHAT: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

