



ASX Announcement

27 October 2020

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## 2020 ANNUAL GENERAL MEETING

**Castile Resources Limited (ASX:CST) (“Castile” or “the Company”)** releases the following documents regarding its 2020 Annual General Meeting.

- Letter to Shareholders.
- Notice of 2020 Annual General Meeting.
- Sample Proxy Form.

Mark Hepburn  
Managing Director  
Castile Resources Limited

For further information please contact Mark Hepburn.  
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Phone: +61 8 9488 4480  
7/189 St Georges Terrace, Perth WA 6000

This announcement was approved for release by Castile’s Managing Director, Mark Hepburn.



27 October 2020

Dear Shareholder

## **2020 ANNUAL GENERAL MEETING AND ELECTRONIC COMMUNICATIONS**

**Castile Resources Limited (ASX:CST) (“Castile” or “the Company”)** is convening its 2020 Annual General Meeting of Shareholders on Thursday, 26 November 2020 at 10:00am AWST (“**AGM**”).

If you would like to attend, it will be held in the Yerrigan Room at the Liberty Conference Centre on the Ground Floor of 197 St George’s Terrace, Perth WA.

Castile will advise shareholders by way of an ASX announcement if it becomes necessary or appropriate to make alternative arrangements for the AGM because of changes in circumstances related to COVID-19.

### **Notice of Meeting**

In accordance with subsection 5(1)(f) of the *Corporations (Coronavirus Economic Response) Determination (No. 3) 2020*, Castile will not be dispatching physical copies of the Notice of AGM and accompanying explanatory statement (“**Notice**”). Instead, a copy of the Notice is available for viewing and downloading from:

- Castile’s website at [www.castile.com.au/investors/investor-dashboard/](http://www.castile.com.au/investors/investor-dashboard/);
- the ASX website at [www2.asx.com.au/markets/company/cst](http://www2.asx.com.au/markets/company/cst) ; and
- the website of Castile’s share registry, Computershare Investor Services (“**Computershare**”), at [www.investorvote.com.au](http://www.investorvote.com.au) (access to Computershare’s online voting site requires your shareholder details including your HIN or SRN, and postcode).

Shareholders will however receive a copy of this letter and a personalised proxy form by post if they have not elected to receive communications by email with Computershare.

***The Notice is important and should be read in its entirety.***



## Voting

Shareholders are encouraged to participate in voting on the resolutions to be considered at the AGM. To vote by proxy, please complete, sign and return your personalised proxy form in accordance with the instructions set out on the proxy form.

Alternatively, you can simply and easily vote online at [www.investorvote.com.au](http://www.investorvote.com.au), or in person by attending the AGM.

Proxy voting instructions (by proxy form or online voting) must be received by Computershare by no later than 10:00am AWST on Tuesday, 24 November 2020 – instructions received after that time will not be valid for the AGM.

***Castile encourages all shareholders to vote prior to the AGM by returning their proxy voting instructions before the deadline, and advises that all voting in respect of resolutions considered at the AGM will be conducted on a poll.***

## Electronic communications

Castile encourages all shareholders to communicate with the Company by email at [info@castile.com.au](mailto:info@castile.com.au) and with Computershare (Castile's share registry) through its secure website at [www.investorcentre.com/au](http://www.investorcentre.com/au). These methods allow Castile to keep you informed without delay, are environmentally friendly, and reduce the Company's print and mail costs.

***Please register to receive electronic communications and update your shareholder details online at [www.investorcentre.com/au](http://www.investorcentre.com/au)***

Please contact me by email at [info@castile.com.au](mailto:info@castile.com.au) should you have any queries about this letter, the Notice or the AGM.

Yours faithfully  
**Ben Secrett**  
Company Secretary

Castile Resources Limited  
7/189 St Georges Terrace, Perth WA 6000



**CASTILE**  
RESOURCES LTD

**CASTILE RESOURCES LTD**

**ACN 124 314 085**

## **Notice of Annual General Meeting**

**Annual General Meeting to be held in the Yerrigan Room at Liberty Conference Centre on the Ground Floor at 197 St George's Terrace, Perth on Thursday, 26 November 2020 commencing at 10am (AWST).**

**Important**

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

*In accordance with subsection 5(1)(f) of the Corporations (Coronavirus Economic Response) Determination (No. 3) 2020, the Company will not be dispatching physical copies of this Notice of Meeting. For each shareholder that the Company has an email addresses on record, the Company will send a copy of this Notice and material relating to the Meeting or provide a link to where the Notice and other material can be viewed or downloaded by email. To the other Shareholders, the Company will send a letter or postcard setting out a URL for viewing or downloading the Notice and other material. If you are unable to attend the Meeting, please complete the form of proxy enclosed and return it in accordance with the instructions set out on that form.*

## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that an annual general meeting of the shareholders of Castile Resources Ltd (ACN 124 314 085) (“**Company**”) will be held in the Yerrigan Room at Liberty Conference Centre on the Ground Floor of 197 St George’s Terrace, Perth on Thursday 26 November 2020 commencing at 10am (AWST).

The Board has made the decision that it will hold a physical Meeting with the appropriate social gathering and physical distancing measures in place to comply with the Federal Government’s and State Government’s current restrictions for physical gatherings at the location specified above.

Circumstances relating to COVID-19 are changing rapidly. The Company will update shareholders if changing circumstances will impact planning or the arrangements for the Meeting by way of announcement on ASX and the details will also be made available on our website at [www.castile.com.au](http://www.castile.com.au).

The Explanatory Statement that accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered.

### Business

#### Annual Report

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To receive and consider the Annual Report of the Company for the financial year ended 30 June 2020, which includes the Financial Report, the Directors’ Report, the Remuneration Report and the Auditor’s Report.

#### Resolution 1 - Remuneration Report

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To consider and, if thought fit, to pass the following Resolution as an **advisory only resolution**:

*“That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended 30 June 2020 be adopted.”*

**Note:** The votes on this Resolution are advisory only and do not bind the Directors or the Company.

#### Voting Exclusion Statement

The Company will disregard any votes cast on the Resolution:

- by or on behalf of a member of Key Management Personnel as disclosed in the Remuneration Report;
- by or on behalf of a Closely Related Party of a member of Key Management Personnel; and
- as a proxy by a member of Key Management Personnel or a Closely Related Party,

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

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- 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 this Resolution; and
  - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## Resolution 2 - Re-election of Peter Cook

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

*“That, for all purposes, Peter Cook, who retires by rotation in accordance with clause 11.1 of the Constitution and who is eligible and offers himself for re-election, be re-elected as a Director”*

### Voting exclusion statement

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

- Peter Cook; or
- an associate of that person.

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

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- 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 this Resolution; and
  - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## Resolution 3 - Appointment of Auditor

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

*“That, for the purposes of section 327B of the Corporations Act and for all other purposes, Bentleys Audit & Corporate (WA) Pty Ltd, having been nominated and having consented in writing to act as auditor of the Company, be appointed as auditor of the Company, on the terms and conditions set out in the Explanatory Statement.”*

## Resolution 4 - Amendment of the Constitution

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

*“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to:*

- (a) delete clause 11.3(b) of the Constitution; and
- (b) add a new clause 6.2(a)(v) to the Constitution in the following terms: *“A reasonable fee may be charged by the Company on the registration of a transfer of shares or other securities.”*

## Resolution 5 - Approval of 10% Placement Facility

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

*“That, in accordance with Listing Rule 7.1A, and for all other purposes, approval be given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company under and in accordance with Listing Rule 7.1A, on the terms and conditions set out in the Explanatory Statement.”*

**Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf a person who is expected to participate in, or 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 entity), and any associate of those persons.

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

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- 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 this Resolution; and
  - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 6 - Approval for the Allotment of Plan Shares to Non-Executive Directors in lieu of Directors' Fees Pursuant to the Directors Fee Plan**

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

*“That the issue of up to a maximum amount of 400,000 shares pursuant to the Directors Fee Plan (“**Plan Shares**”) is approved under and for the purposes of Listing Rule 10.14 and Listing Rule 7.2 Exception 14 and all other purposes to Mr Peter Cook, Mr John Braham and Mr Jake Russell as Non-Executive Directors of the Company, (or their nominees) (“**Participating Directors**”) under the Terms of the Directors Fee Plan as detailed in the Explanatory Memorandum.”*

**Voting Exclusion Statement**

The Company will disregard any votes cast **in favour of** the Resolution by or on behalf of:

- a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) excluding from voting; or
- an associate of that person (or those persons);
- a person whose relationship with the Company or a Director or associate of a Director is such that, in the ASX's opinion, they should be excluded from voting.

However, the Company need not disregard a vote if:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- 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 this Resolution; and
  - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Proxy Appointment Restriction**

In accordance with section 250BD of the Corporation Act, the Company will disregard any votes cast on this Resolution by a member of the KMP or their Closely Related Parties who has been appointed as a proxy unless:

- the appointed proxy votes for a person who is permitted to vote and in accordance with a direction on the proxy form (directed proxy); or
- the appointed proxy is the Chairman and the appointment of the Chairman as proxy:
  - does not specify the way the proxy is to vote on the resolution; and

## **Resolution 7 - Approval of issue of Short Term Managing Director Incentive Options to Mark Hepburn**

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

*"That, under and for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act and for all other purposes, approval be and is hereby given to issue of up to 1,000,000 Short Term Managing Director Incentive Options to Mr Mark Hepburn (and/or his nominee) on the terms and conditions as outlined in the Explanatory Statement."*

### **Voting Exclusion Statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Resolution 7 by Mark Hepburn and any other person who will obtain a material benefit as a result of the Resolution (except a benefit solely by reason of being a holder of ordinary securities in the entity), and any associate of those persons (as applicable).

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

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- 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 this Resolution; and
  - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Resolution 8 - Approval of issue of Long Term Managing Director Incentive Options to Mark Hepburn**

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

*"That, under and for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act and for all other purposes, approval be and is hereby given to issue of up to 600,000 Long Term Managing Director Incentive Options to Mr Mark Hepburn (and/or his nominee) on the terms and conditions as outlined in the Explanatory Statement."*

### **Voting Exclusion Statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Resolution 8 by Mark Hepburn and any other person who will obtain a material benefit as a result of the Resolution (except a benefit solely by reason of being a holder of ordinary securities in the entity), and any associate of those persons (as applicable).

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

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- 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 this Resolution; and
  - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.



## **Other business**

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In accordance with section 250S(1) of the Corporations Act, Shareholders are invited to ask questions about or make comments on the management of the Company and to raise any other business which may lawfully be brought before the General Meeting.

**By order of the Board**

A handwritten signature in black ink, appearing to read 'Ben Secrett', with a long horizontal flourish extending to the right.

**Ben Secrett**  
Company Secretary  
Castile Resources Ltd

27 October 2020

## EXPLANATORY STATEMENT

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### Important information

This Explanatory Statement has been prepared for the information of the shareholders of Castile Resources Ltd ACN 124 314 085 (“**Company**”) in connection with the Resolutions to be considered at the Annual General Meeting to be held in the Yerrigan Room at Liberty Conference Centre on the Ground Floor of 197 St George’s Terrace, Perth on Thursday 26 November 2020 commencing at 10am (AWST).

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 Meeting.

This Notice and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

### Interpretation

Capitalised terms which are not otherwise defined in this Notice and Explanatory Statement have the meanings given to those terms under the Definitions section.

References to “\$” and “A\$” in this Notice and Explanatory Statement are references to Australian currency unless otherwise stated.

References to time in this Notice and Explanatory Statement relate to the time in Perth, Western Australia.

### Voting exclusion statements

Certain voting restrictions apply to the Resolutions as detailed beneath the applicable Resolutions in the Notice.

### Proxies

Please note that:

- a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- a proxy need not be a Shareholder;
- a Shareholder may appoint a body corporate or an individual as its proxy;
- a body corporate appointed as a Shareholder’s proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder’s proxy; and
- Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company or its share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

**To vote by proxy, please complete and sign the enclosed Proxy Form and return it to the Company’s share registry, Computershare Investor Services, in accordance with the instructions on the Proxy Form so that it is received by no later than 10am (AWST) on Tuesday 24 November 2020. Proxy Forms received later than this time will be invalid.**

**Voting entitlements**

In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5pm (AWST) on Tuesday 24 November 2020. Accordingly, transactions registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the Annual General Meeting.

## REGULATORY INFORMATION

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### 1. Annual Report

The Annual Report of the Company for the financial year ended 30 June 2020, which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report, will be laid before the Annual General Meeting.

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

A representative of the Company's auditor, Bentleys Audit & Corporate (WA) Pty Ltd, will be in attendance to respond to any questions raised of the auditor or on the Auditor's Report in accordance with section 250T of the Corporations Act.

### 2. Resolution 1 - Remuneration Report

Section 249L(2) of the Corporations Act requires a company to inform shareholders that a resolution on the remuneration report will be put at the annual general meeting. Section 250R(2) of the Corporations Act requires a resolution that the remuneration report adopted be put to a vote. Resolution 2 seeks this approval.

In accordance with section 250R(3) of the Corporations Act, Shareholders should note that Resolution 2 is an "advisory only" Resolution which does not bind the Directors or the Company. However, the Directors take the discussion at the meeting and the outcome of the vote into account when considering the Company's remuneration practices.

Following consideration of the Remuneration Report for the financial year ended 30 June 2020, the Chair, in accordance with section 250SA of the Corporations Act, will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

If at least 25% of the votes cast on a resolution for the adoption of a Remuneration Report are voted against at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution proposing that another general meeting be held within 90 days, at which all of the Company's Directors (other than the Managing Director) would be up for re-election.

#### Directors' recommendations

The Directors encourage all Shareholders to vote on Resolution 1.

### 3. Resolution 2 - Re-election of Peter Cook

In accordance with ASX Listing Rules 14.4, 14.5 and clause 11.1 of the Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office by rotation and are eligible for re-election. The Directors to retire are those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement.

These requirements for a Director to retire do not apply to a Managing Director (but if there is more than one Managing Director, only one is exempt from retirement).

In determining the number and identity of the Directors to retire by rotation, the Managing Director and any Director seeking election after appointment by the Board to fill a casual vacancy are not taken into account.

Peter Cook retires by rotation at this meeting and, being eligible, offers himself for re-election. Brief background information on Peter Cook is set out below.

#### Peter Cook

Mr Cook is a geologist BSc (App Geol 1983), mineral economist (MSc Min Econ 1995 WASM) and highly experienced veteran of the Australian resource sector. He is currently the Executive Chairman of Westgold Resources and has more than a decade of association with the Company and its assets.

Mr Cook has substantial experience in the exploration, development, mining, construction, permitting and financing of development projects within Australia as well as the corporate management of listed public entities.

The Board confirms that Mr Cook will be considered a Non-Executive Director.

#### **Directors' recommendations**

Other than the Director to whom Resolution 2 relates, who does not make any recommendation in relation to his own re-election, the Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

#### **4. Resolution 3 - Appointment of Auditor**

Bentleys Audit & Corporate (WA) Pty Ltd was appointed as auditor of the Company pursuant to section 327A(1) of the Corporations Act.

An auditor appointed under this provision holds office until the first annual general meeting of Shareholders.

This Resolution seeks Shareholder approval for the appointment of Bentleys Audit & Corporate (WA) Pty Ltd as auditor of the Company.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for Bentleys Audit & Corporate (WA) Pty Ltd to be appointed as the Company's auditor. A copy of this nomination is attached as Annexure A.

In accordance with section 328A(1) of the Corporations Act, Bentleys Audit & Corporate (WA) Pty Ltd has given its written consent to act as the Company's auditor subject to the Company obtaining Shareholder approval of this Resolution.

If this Resolution is passed, the appointment of Bentleys Audit & Corporate (WA) Pty Ltd as the Company's auditor will resume from the close of this Annual General Meeting.

#### **Directors' recommendations**

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

#### **5. Resolution 4 - Modification of Constitution**

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

This Resolution is a special resolution which will enable the Company to modify its existing Constitution as set out below. A copy of the modified Constitution is available for review by Shareholders at the Company's website <https://www.castile.com.au> and at the office of the Company. A copy of the modified Constitution can also be sent to Shareholders upon request to the Company Secretary by email at [info@castile.com.au](mailto:info@castile.com.au) or on +61 8 9488 4480. Shareholders are invited to contact the Company if they have any queries or concerns.

#### **6. Summary of proposed changes**

##### **6.1 Deletion of Clause 11.3(b)**

Clause 11.3(b) of the Constitution currently prohibits a person of or over the age of 72 years being appointed or re-appointed as a Director except pursuant to a resolution of the Company in accordance with the Corporations Act.

Clause 11.3(b) resulted from a now repealed provision of the Corporations Act. As such this is no longer required.

##### **6.2 Fee for registration of Off-Market transactions (new Clause 6.2(a)(v))**

In 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to as "off-market transfers".

Proposed new Clause 6.2(a)(v) of the Constitution enables the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

### Directors Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

## 7. Resolution 5: Approval of 10% Placement Facility

Resolution 5 is a special resolution which seeks Shareholder approval for the issue of Equity Securities totalling up to 10% of the issued capital of the Company under and in accordance with Listing Rule 7.1A (“**10% Placement Facility**”).

### 7.1 Listing Rule 7.1A

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%.

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. The Company is an eligible entity for these purposes.

Resolution 5 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 5 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 5 is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities to issue equity securities without shareholder 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.

Approval of the 10% Placement Facility is valid from the date of the Annual General Meeting until the earlier of:

- 12 months after the Annual General Meeting;
- The time and date of the Company’s next annual general meeting; and
- the date shareholders approve a transaction under Listing Rule 11.1.2 (significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(“**10% Placement Period**”).

The number of Equity Securities that the Company will have the capacity to issue under the 10% Placement Facility will be calculated in accordance with the following formula:

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

**A** has the same meaning as in Listing Rule 7.1 when calculating an entity’s 15% placement capacity – i.e. the number of shares on issue 12 months before the date of issue or agreement:

- plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2 other than exceptions 9, 16 or 17;

- plus the number of fully paid Equity 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 rule 7.1 or rule 7.4,
- plus the number of fully paid Equity 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 these rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4,
- plus the number of any other Equity Securities issued in the relevant period with approval under Listing Rule 7.1 or Listing Rule 7.4,
- plus the number of partly paid Equity Securities that became fully paid in the relevant period,
- less the number of fully paid Equity Securities cancelled in the relevant period;

**D** is 10%.

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under Listing Rule 7.4.

For the purposes of Listing Rule 7.3A, the following information is provided to Shareholders in relation to Resolution 5:

**(a) Minimum price at which the securities may be issued**

In accordance with Listing Rule 7.1A.3, any Equity Securities issued under the 10% Placement Facility will be issued for at least 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- the date on which the price of the Equity Securities is agreed; or
- if the Equity Securities are not issued within 10 Trading Days of the above date, the date on which the Equity Securities are issued.

**(b) Risk of economic and voting dilution**

Any issue of Equity Securities under the 10% Placement Facility will dilute Shareholders who do not participate in the issue. The table below shows the potential economic and voting dilution of existing Shareholders as a result of the Company issuing Shares under the 10% Placement Facility, based on different issue prices and values for variable 'A' in the formula above.

Variable 'A' (Shares on issue)		Issue price		
		\$0.1825 (50% decrease)	\$0.46 (Current) <sup>2</sup>	\$0.5475 (50% increase)
199,710,121 (Current) <sup>1</sup>	Shares issued	19,971,012	19,971,012	19,971,012
	Funds raised	\$4,593,332.78	\$9,186,665.57	\$13,779,998.35
299,565,181 (50% increase)	Shares issued	29,956,518	29,956,518	29,956,518
	Funds raised	\$6,889,999.16	\$13,779,998.33	\$20,669,997.49
399,420,242 (100% increase)	Shares issued	39,942,024	39,942,024	39,942,024
	Funds raised	\$9,186,665.57	\$18,373,331.13	\$27,559,996.70

**Notes:**

- 1 The current variable 'A' is assumed to be the number of Shares on issue as at the date of this Notice. The number of Shares on issue could increase as a result of, for example, an issue that does not require Shareholder approval (e.g. a pro rata offer to Shareholders) or an issue with Shareholder approval under Listing Rule 7.1.
- 2 The current price of Shares is the closing price on the ASX on 23 October 2020.
- 3 The table assumes that no Options or other convertible securities are exercised or converted into Shares prior to an issue under the 10% Placement Facility.
- 4 The table assumes that the Company issues the maximum number of Shares available under the 10% Placement Facility.
- 5 The table assumes that issues of Equity Securities under the 10% Placement Facility consist only of Shares.
- 6 The table does not show examples of dilution that may be caused to a particular Shareholder by reason of issues under the 10% Placement Facility. Shareholders should consider the potential dilution caused in the context of their own circumstances.
- 7 The table only shows the effect of issues under Listing Rule 7.1A, and not issues under the 15% placement capacity under Listing Rule 7.1.

Shareholders should further note that:

- the market price for the Equity Securities may be significantly lower on the date of issue than on the date of the Annual General Meeting; and
- the Equity Securities may be issued at a price that is at a discount to the market price for the Equity Securities on the date of issue.

**(c) Date by which the securities may be issued**

In accordance with Listing Rule 7.1A.1, any Equity Securities issued under the 10% Placement Facility will only be issued during the 10% Placement Period.

**(d) Purposes for which the securities may be issued**

Any Equity Securities issued under the 10% Placement Facility may only be issued for cash consideration to raise funds. In such circumstances, the Company may apply the funds raised towards the exploration activities at its existing projects and/or for acquisition of new assets or



investments (including expenses associated with such acquisition) and general working capital.

(e) **Allocation policy for issues of securities**

The Company's allocation policy for any Equity Securities issued under the 10% Placement Facility will depend on the prevailing market conditions at the relevant time, however, recipients will not be related parties of the Company. The identity of recipients of Equity Securities will otherwise be determined on a case by case basis having regard to the following factors (without limitation):

- the purpose of the issue;
- alternative methods for raising funds that are available to the Company including rights issues or other issues in which existing Shareholders can participate;
- the effect of the issue on the control of the Company;
- the financial situation and solvency of the Company;
- prevailing market conditions; and
- advice from corporate, financial and broking advisers.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issuing any Equity Securities.

(f) **Previous issues of securities**

The Company was admitted to the Official List on 14 February 2020 has not previously obtained Shareholder approval under Listing Rule 7.1A. As such, there is no need to state the previous issues of securities by the Company although the Company notes that it has not issued any Equity Securities since its listing date.

**Directors' recommendations**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

**8. Resolution 6 - Approval for the allotment of shares to Directors in lieu of Directors Fees pursuant to the Directors Fee Plan**

**8.1 Introduction**

The Company has resolved to refer to Shareholders for approval of the issue of up to a maximum of 400,000 shares in lieu of Directors fees pursuant to the Directors Fee Plan ("**Plan**"), as annexed here to as Annexure B, to Mr Peter Cook, Mr John Braham and Mr Jake Russell, Non-Executive Directors of the Company, or their respective nominees ("**Participating Director**"), pursuant to the Plan ("**Issue**"). The Shares will be issued in lieu of remuneration for the provision of services by the Participating Directors. The terms of the Shares to be issued to the Participating Directors ("**Plan Shares**") are set out in more detail below.

The Directors believe that the benefit of the proposed allotment of Shares to Shareholders will be the conservation of cash for the Company to maintain a satisfactory level of working capital, as well as further aligning the interest of the Participating Directors with those of the Company and the Shareholders.

Approval for the Plan and the issue of the Plan Shares pursuant to the Plan is sought in accordance with Listing Rule 10.14 and for the purposes of Exception 14 of Listing Rule 7.2. As approval is being sought under Listing Rule 10.14, it will not be required under Listing Rule 7.1.

**8.2 Background to the Proposal**

A Directors Fee Plan is being presented for approval at this Annual General Meeting to enable the Participating Directors to receive Shares in lieu of cash remuneration. All Non-Executive Directors wish

to participate in the Plan, which will allow the Company to issue Plan Shares to the Participating Directors in lieu of fees, to the extent that they nominate from time and time.

Approval at this meeting is sought for the allotment of Plan Shares to the Participating Directors in lieu of part or all of their Directors fees and salary sacrifice for the forthcoming financial year pursuant to the Plan. As such the Director Shares will be granted for nil cash consideration and no funds will be raised from their issue.

### 8.3 **Chapter 2E of the Corporations Act**

For a public company to give a financial benefit to a related party of the public company, the public company must:

- obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- 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.

The issue of the shares pursuant to the Plan constitutes giving a financial benefit as the Participating Directors are related parties of the Company by virtue of being Directors.

The Board has considered the application of Chapter 2E of the Corporations Act and has resolved that the reasonable remuneration exception provided by Section 211 of the Corporations Act is relevant in the circumstances of Resolution 6 and accordingly, the Company will not seek approval for the issue of the shares under the Plan pursuant to Section 208 of the Corporations Act.

### 8.4 **ASX Listing Rule 10.14**

The Company is proposing to allot Plan Shares to the Participating Directors in lieu of part or all of their Directors fees and salary sacrifice for the forthcoming financial year pursuant to the Plan.

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- 10.14.1 a director of the company;
- 10.14.2 an associate of a director of the company; or
- 10.14.3 a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The Issue falls within Listing Rule 10.14.1 above and therefore requires the approval of the Company's shareholders under Listing Rule 10.14.

Resolution 6 seeks the required shareholder to the Issue under and for the purposes of Listing Rule 10.14.

If Resolution 6 is passed, the Company will be able to proceed with the Issue and allot Plan Shares to the Participating Directors in lieu of part or all of their Directors fees and salary sacrifice for the forthcoming financial year pursuant to the Plan and the cash which is being saved will be able to be used to advance the Company's projects.

If Resolution 6 is not passed, the Company will not be able to proceed with the Issue and all Directors fees will have to be paid in cash and as a result this will use the funds which the Company has to advance the Company's projects will be reduced.

The Company seeks approval of the Issue of the Plan Shares under the Plan as an exception to Listing Rule 7.1 (being Exception 14 of Listing Rule 7.2), which limits the securities that the Company may issue without shareholder approval to 15% of its issued capital over 12 months.

If approved, the issue of the Plan Shares pursuant to Listing Rule 10.14 (and for the purposes of Listing Rule 7.2 Exception 14) will not be counted towards the Company's 15% for the purpose of Listing Rule 7.1. As a result, the Directors of the Company will be able to consider additional funding initiatives consistent with the provisions of ASX Listing Rule 7.1 without diminishing its issue capacity under Listing Rule 7.1.

#### 8.5 Information on the Directors Fee Plan and Issue of Directors Shares

The terms of the Plan under which Participating Directors may be issued Plan Shares in lieu of fees are set out in Annexure B.

The aggregate amount of Plan Shares which may be issued in the 12-month period commencing on the date of the Meeting is limited to a value of shares calculated by application of the relevant issue price multiplied by the number of Shares issued which does not exceed in the case of the Non-Executive Directors, the maximum aggregate annual amount of fees payable to Non-Executive Directors, being the sum of \$80,000 – which is 40% of the total Director fees currently paid to the Company's Non-Executive Directors.

#### 8.6 Directors Interests and Other Remuneration

All Participating Directors have a material personal interest in the outcome of this Resolution, as it is proposed that Plan Shares be granted to them (or their nominee).

Details of the Directors remuneration for each of the Directors per annum is set out below:

Director	Role	Annual salary
Peter Cook	Non-Executive Chairman	\$80,000 (incl. of statutory superannuation)
Mark Hepburn	Managing Director	\$300,000 (excl. of statutory superannuation)  Mr Hepburn also holds 2,000,000 options (exercisable at \$0.25 and expiring on 26 November 2022) which were issued prior to the Company's listing on ASX and pursuant to Mr Hepburn's employment agreement.
John Braham	Non-Executive Director	\$60,000 (incl. of statutory superannuation)
Jake Russell	Non-Executive Director	\$60,000 (incl. of statutory superannuation)

At the time of writing this Notice, there is approximately \$13,333.32 (excluding GST) in unpaid fees owing to the Directors – this amount will be settled in cash. If each of the Participating Directors participated in the allotment of shares via the conversion of the maximum 40% of their Director fees under the Plan, proportional to their total remuneration over a 12-month period, then the following will be the effect on the holding of each of the Directors in the Company:

(a) **Table 2**

Director	Current Share Holding <sup>1</sup>	% of Total Share Capital <sup>2</sup>	Maximum Director Shares Issued	Share Holding Upon Issue of Maximum Shares <sup>3</sup>	% of Total Share Capital <sup>3</sup>
Peter Cook	10,402,857	5.21	160,000	10,562,857	5.28
John Braham	275,911	0.14	120,000	395,911	0.20
Jake Russell	Nil	Nil	120,000	120,000	0.06

#### **Assumptions and Explanations**

- 1 This assumes that none of the current options on issue in the Company are exercised and no further securities are issued.
- 2 This assumes that there are currently 199,710,121 Shares on issue.
- 3 This assumes that there are 200,110,121 Shares on issue following issue of the maximum number of shares pursuant to this resolution.

#### **8.7 ASX Listing Rule 7.1**

Subject to certain exemptions (none of which are relevant here) Listing Rule 7.1 restricts a listed company from issuing or agreeing to issue equity securities (including shares or options) in any 12-month period which amounts to more than 15% of the Company's ordinary securities on issue without shareholder approval.

As a result, any issue of securities by the Company under the Plan would reduce the Company's 15% capacity to issue Shares under Listing Rule 7.1. Exception 14 of Listing Rule 7.2 however, allows a company to issue securities without specific shareholder approval and without reducing the 15% capacity under Listing Rule 7.1 where shareholders of a company have approved the issue of securities pursuant to Listing Rule 10.14 (as an exception to Listing Rule 7.1). This Resolution is being put to the Shareholders for this purpose and will allow the Company to utilise Exception 14 of Listing Rule 7.2 for twelve (12) months from the date of the Resolution being passed.

#### **8.8 ASX Listing Rule 7.2 Exception 14**

In accordance with Listing Rule 7.2 Exception 14 and for the benefit of Shareholders in considering this Resolution, the Company advises as follows:

- A summary of the terms of the Plan are set out in Annexure B;
- A Voting Exclusion Statement is included for this resolution in the Notice of Meeting accompanying the Explanatory Memorandum.

Under the Plan all Shares which may be issued to a Participating Director shall be issued at the market price for Shares as at the business day prior to the issue of Directors Shares. If, however, the Plan Shares are being issued at the same time, and as part of a capital raising involving existing shareholders or third parties, the Plan Shares shall be issued at the same price as the shares issued to those other parties. Because the trading price for the Shares of the Company on ASX may fluctuate over the 12-month period, approval is sought for the issue of a maximum of 400,000 shares ("**Maximum Shares**"). If the Maximum Shares are issued then this would represent approximately 2.0% of the current issued Share capital of the Company, assuming no other Shares were issued.

#### **8.9 ASX Listing Rule 10.15**

In accordance with Listing Rule 10.15 and for the benefit of Shareholders in considering this Resolution, the Company advises as follows:

- Details of any Shares issued under the Plan will be published in the Annual Report in respect of the period in which Plan Shares under the Plan are issued.
- The maximum number of securities which may be issued under this Resolution is 400,000 Plan Shares.
- The Plan Shares are intended to be issued as and when elections are made by Participating Directors under the Plan, the intention being that the Plan Shares would be issued to the Participating Directors in a maximum of 2 tranches and in any event no later than twelve (12) months of the date of the Meeting.
- Under the Plan, all Shares which may be issued to a Director shall be issued at the 5 Day VWAP for Shares as at the business day prior to date of the Annual General Meeting. The Table below indicates how many shares may be issued to the Directors at different VWAP's (the closing price of Company shares on 23 October 2020 was \$0.46).

Director	Maximum Value of Participation	Share Price			
		\$0.20	\$0.30	\$0.45	\$0.60
Peter Cook	\$32,000	160,000	106,666	71,111	53,333
John Braham	\$24,000	120,000	80,000	53,333	40,000
Jake Russell	\$24,000	120,000	80,000	53,333	40,000
<b>TOTAL</b>	<b>\$80,000</b>	<b>400,000</b>	<b>266,666</b>	<b>177,777</b>	<b>133,333</b>

- The Plan Shares will only be issued to the Participating Directors (or their nominees) under any approval obtained and will not be issued to any person not identified in this Notice of Meeting without obtaining further shareholder approval to any such issue under Listing Rule 10.11 or 10.14. The persons identified include Mr Peter Cook, Mr John Braham and Mr Jake Russell.
- Details of any Plan Shares issued to the Participating Directors will be published in the Annual report of the Company relating to the period for which the Plan Shares were issued together with a statement that approval for the issue of the Plan Shares was obtained under Listing Rule 10.14.
- No loans are being given in respect of the issue of any Plan Shares.
- No funds are being raised by the issue of the Plan Shares and the Company has not previously obtained approval under Listing Rule 10.14 for the issue of securities under the Plan.

Save as set out in this Explanatory Statement, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by this resolution.

A Voting Exclusion Statement in relation to this Resolution is set out in the Notice of Meeting.

#### 8.10 **Directors' Recommendation**

Each of Mr Peter Cook, Mr John Braham and Mr Jake Russell has a material personal interest in the resolution and therefore do not make any recommendations.

Mr Mark Hepburn recommends that Shareholders vote in favour of Resolution 6.

### 9. **Resolution 7 – Issue of Short Term Managing Director Incentive Options to Mark Hepburn**

#### 9.1 **Resolution 7**

Resolution 7 seeks the approval of Shareholders, under and for the purposes of Listing Rule 10.11 and Section 208 of the Corporations Act, to issue a total of up to 1,000,000 options ("**Short Term Managing Director Incentive Options**") to Mr Mark Hepburn (and/or his nominees).

#### 9.2 **Background**

The Directors, other than Mr Hepburn, have agreed to provide a short term incentive to Mr Hepburn linked to the future success of the Company and in recognition of the contribution he has and will make to the Company.

The Company proposes that there will be two tranches of Short Term Managing Director Incentive Options. All Short Terms Managing Director Incentive Options will have an exercise price that is 125% of the volume weighted average market price of the Company's Shares, calculated over the last 5 days on which sales in the Shares were recorded before the date of issue and must be exercised within 36

months of being issued. The Short Term Managing Director Incentive Options will vest on satisfaction of the following milestones:

Milestone	Number of Short Term Managing Director Incentive Options
Employed for a period of 1 year from the date of issue	500,000
Employed for a period of 2 year from the date of issue	500,000

The full terms and conditions of the Short Term Managing Director Incentive Options to be granted to Mr Hepburn (and/or his nominee(s)) are set out in Annexure C.

### 9.3 Section 208 of the Corporations Act

Section 208(1)(a) of the Corporations Act prohibits a company from giving a financial benefit (including an issue of securities) to a related party of the company without the approval of shareholders by a resolution passed at a general meeting at which no votes are cast in relation to the resolution in respect of any shares held by the related party or by an associate of the related party.

Resolution 8 therefore requires Shareholder approval under section 208 of the Corporations Act to allow the Directors to issue the Short Term Managing Director Incentive Options to Mark Hepburn (and/or his nominees), on the terms set out in this Explanatory Statement.

### 9.4 Section 219 of the Corporations Act

Section 219 of the Corporations Act requires the following information be provided to Shareholder for approval to be granted under section 208 of the Corporations Act for Resolution 7:

(a) **The related parties to whom financial benefits will be given**

The related party to which Short Term Managing Director Incentive Options are being issued under Resolution 7 is Mark Hepburn (and/or his nominee(s)).

(b) **The nature of the financial benefits**

The financial benefit being obtained by Mr Hepburn is the issue of 1,000,000 Short Term Managing Director Incentive Options.

Mr Hepburn will in addition to the Short Term Managing Directors Incentive Options also receive an annual salary of \$300,000 and Long Term Managing Directors Incentive Options

(c) **Valuation of Financial Benefits**

The value of the Short Term Managing Directors Incentive Options being issued to Mr Hepburn is set out in the table below:

The value of the benefit of the Short Term Managing Director Incentive Options is determined by the Black-Scholes valuation in accordance with the following assumptions and inputs on 15 October 2020. According to AASB 2 paragraph 19, "Vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Options without market based vesting conditions can be exercised at any time following vesting up to expiry date, and as such are more suitably valued using a Black Scholes option pricing model.

<b>Short Term Managing Director Incentive Options</b>	
Number of Short Term Managing Directors Incentive Options	1,000,000
Underlying share price <sup>1</sup>	\$0.415
Exercise price	\$0.45625
Expected volatility	1.11
Expiry date	3 years (assumed 15 October 2023)
Expected dividends	0
Interest rate	0.21%
Value per Short Term Managing Directors Incentive Option	\$0.2692
<b>Total value<sup>2</sup></b>	<b>\$269,156.41</b>

**Note**

<sup>1</sup> Share price on 15 October 2020.

<sup>2</sup> Any change in the variables applied in the B&S Model between the date of the valuation and the date that the Options are issued would have an impact on their value.

Accordingly, the value of the Short Term Managing Director Incentive Options to be issued to Mr Hepburn is \$269,156.41.

(d) **Directors' Recommendation**

The Directors, in accordance with AISC Regulatory Guide 76 Table 2 Best Practice in relation to Remuneration do not make any recommendation to the Shareholders in relation to Resolution 7. Shareholders must decide how to vote on this Resolution based on the contents of the Notice of Meeting, and this Explanatory Statement.

(e) **Interest of Directors**

The Directors, other than Mark Hepburn, do not have a material personal interest in the outcome of Resolution 7.

(f) **Terms of the Financial Benefits**

Full terms of the Short Term Managing Director Incentive Options are set out in Appendix C.

(g) **Related parties existing Interest**

Mark Hepburn currently has a relevant interest in 500,000 Shares in the Company.

(h) **Effect of issue of securities contemplated by Resolution 7**

The maximum Voting Power that Mark Hepburn may obtain in the Company as a result of being issued Shares (assuming the vesting and exercise of all of the Short Term Managing Director Incentive Options) the subject of this Resolution 7 is 0.75%.

The maximum Voting Power that Mark Hepburn may obtain in the Company as a result of being issued Shares (assuming the vesting and exercise of all of the Short Term Managing Director Incentive Options) the subject of this Resolution 7 is 0.75% assuming no further issue of shares (including those contemplated in Resolution 6) or conversion of convertible securities into shares occurs.

The Dilutionary effect as a result of Mark Hepburn being issued Shares (assuming the vesting and exercise of all of the Short Term Managing Director Incentive Options) the subject of this Resolution 7 is 0.75% assuming no further issue of shares (including those contemplated in Resolution 6) or conversion of convertible securities into shares occurs.

(i) **Other Information**

Other than as set out in this Explanatory Statement, there is no further information that is known to the Company or any of the Directors which Shareholders would reasonably require in order to decide whether or not to vote in favour of Resolution 7.

9.5 **Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- (a) a related party;
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- (e) a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of Securities to the Directors falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of the Company's shareholders under Listing Rule 10.11.

Resolution 7 seeks the required shareholder approval to the issue of Short Term Managing Director Incentive Options to Mark Hepburn under and for the purposes of Listing Rule 10.11.

If Resolution 7 is passed, the Company will be able to proceed with the issue of Short Term Managing Director Incentive Options to Mark Hepburn.

If Resolution 7 is not passed, the Company will not be able to proceed with the issue of Short Term Managing Director Incentive Options to Mark Hepburn and as a result may not be able to retain the service of Mark Hepburn in the long term.

Further, exception 14 of Listing Rule 7.2 states that approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11.

9.6 **Technical Information – ASX Listing Rule 10.13**

ASX Listing Rule 10.13 requires that the following information be provided to the Shareholders in relation to obtaining approval of Resolution 8 as an exception to ASX Listing Rule 10.11:

- (a) **The name of the allottee of the securities**  
Mark Hepburn and/or his nominee(s).
- (b) **The maximum number of securities to be allotted and issued**  
1,000,000 Short Term Managing Director Incentive Options.



(c) **The date of allotment and issue of the securities**

The Short Term Managing Director Incentive Options will be issued as soon as possible after the General Meeting and in any event, no later than 1 month after the General Meeting (or such later date to the extent permitted by any ASX waiver of the ASX Listing Rules).

(d) **The relationship that requires Shareholder approval**

Mark Hepburn is a related party of the Company under section 228 of the Corporations Act by virtue of being a Director.

(e) **The issue price of the securities**

The Short Term Managing Director Incentive Options will be issued for nil cash consideration.

(f) **The terms of the securities**

Full terms of the Short Term Managing Director Incentive Options and are set out in Appendix C.

(g) **The intended use of the funds**

No funds will be raised through the issue of the Short Term Managing Director Incentive Options under Resolution 7. Funds raised in the event of exercise of the Short Term Managing Director Incentive Options will be applied towards working capital requirements or in any other manner that the Board considers appropriate at the relevant time. However, there is no guarantee that any of the Short Term Managing Director Incentive Options will be exercised at any future time.

9.7 **Additional information**

(a) Resolution 7 is an ordinary resolution.

(b) The Directors, in accordance with AISC Regulatory Guide 76 Table 2 Best Practice in relation to remuneration do not make any recommendation to the Shareholders in relation to Resolution 7.

(c) The Chair intends to exercise all available proxies in favour of Resolution 7.

**10. Resolution 8 – Issue of Long Term Managing Director Incentive Options to Mark Hepburn**

10.1 **Resolution 8**

Resolution 8 seeks the approval of Shareholders, under and for the purposes of Listing Rule 10.11 and Section 208 of the Corporations Act, to issue a total of up to 600,000 options ("**Long Term Managing Director Incentive Options**") to Mr Mark Hepburn (and/or his nominees).

10.2 **Background**

The Directors, other than Mr Hepburn, have agreed to provide a long term incentive to Mr Hepburn linked to the future success of the Company and in recognition of the contribution he has and will make to the Company.

The Company proposes that there will be four tranches of Long Term Managing Director Incentive Options. All Long Term Managing Director Incentive Options are subject to 2 years of service vesting condition for Mr Hepburn, and will have an exercise price of \$zero and must be exercised within 48 months of being issued. The Long Term Managing Director Incentive Options will vest on satisfaction of the following performance milestones:

Milestone	Number of Long Term Managing Director Incentive Options
1) The Company having a market capitalisation in excess of \$100 million.	150,000
2) The Company having a market capitalisation in excess of \$200 million.	150,000
3) The Company completing a bankable feasibility study and commencing mining activity in accordance with the BFS.	150,000
4) The Company completing the sale/s of the first 5,000 ounces or equivalent of gold from the newly constructed mining operation.	150,000

The full terms and conditions of the Long Term Managing Director Incentive Options to be granted to Mr Hepburn (and/or his nominee(s)) are set out in Annexure D.

### 10.3 Section 208 of the Corporations Act

Section 208(1)(a) of the Corporations Act prohibits a company from giving a financial benefit (including an issue of securities) to a related party of the company without the approval of shareholders by a resolution passed at a general meeting at which no votes are cast in relation to the resolution in respect of any shares held by the related party or by an associate of the related party.

Resolution 8 therefore requires Shareholder approval under section 208 of the Corporations Act to allow the Directors to issue the Long Term Managing Director Incentive Options to Mark Hepburn (and/or his nominees), on the terms set out in this Explanatory Statement.

### 10.4 Section 219 of the Corporations Act

Section 219 of the Corporations Act requires the following information be provided to Shareholder for approval to be granted under section 208 of the Corporations Act for Resolution 8:

(a) **The related parties to whom financial benefits will be given**

The related party to which Long Term Managing Director Incentive Options are being issued under Resolution 8 is Mark Hepburn (and/or his nominee(s)).

(b) **The nature of the financial benefits**

The financial benefit being obtained by Mr Hepburn is the issue of 1,000,000 Long Term Managing Director Incentive Options.

Mr Hepburn will in addition to the Long Term Managing Directors Incentive Options also receive an annual salary of \$300,000 and Long Term Managing Directors Incentive Options

(c) **Valuation of Financial Benefits**

The value of the Long Term Managing Directors Incentive Options being issued to Mr Hepburn is set out in the table below:

The value of the benefit of the Long Term Managing Director Incentive Options is determined by the Monte Carlo simulation option pricing model valuation in accordance with the following assumptions and inputs on 20 October 2020. According to AASB 2 paragraph 19, "Vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares or share options at the measurement date." Options without market based vesting conditions can be exercised at any time following vesting up to expiry date, and as such are more suitably valued using a Black Scholes option pricing model.

<b>Long Term Managing Director Incentive Options</b>	
Number of Long Term Managing Directors Incentive Options	600,000 Comprised of: 150,000 Milestone 1 150,000 Milestone 2 150,000 Milestone 3 150,000 Milestone 4
Underlying share price <sup>1</sup>	\$0.415
Exercise price	\$0
Expected volatility	1.11
Expiry date	4 years (assumed 14 October 2024)
Expected dividends	0%
Interest rate	0.21%
Value per Long Term Managing Directors Incentive Option	\$0.3476 Milestone 1 \$0.3110 Milestone 2 \$0.4150 Milestone 3 \$0.4150 Milestone 4
<b>Total value<sup>2</sup></b>	<b>\$154,815</b> Comprised of: \$52,140 Milestone 1 \$46,650 Milestone 2 \$31,125 Milestone 3 \$24,900 Milestone 4

**Note**

<sup>1</sup> Share price on 15 October 2020.

<sup>2</sup> Any change in the variables applied in the Monte Carlo simulation option pricing model between the date of the valuation and the date that the Options are issued would have an impact on their value.

Accordingly, the value of the Long Term Managing Director Incentive Options to be issued to Mr Hepburn is \$154,815.

(d) **Directors' Recommendation**

The Directors, in accordance with AISC Regulatory Guide 76 Table 2 Best Practice in relation to Remuneration do not make any recommendation to the Shareholders in relation to Resolution 8. Shareholders must decide how to vote on this Resolution based on the contents of the Notice of Meeting, and this Explanatory Statement.

(e) **Interest of Directors**

The Directors, other than Mark Hepburn, do not have a material personal interest in the outcome of Resolution 8.

(f) **Terms of the Financial Benefits**

Full terms of the Long Term Managing Director Incentive Options are set out in Appendix C.

(g) **Related parties existing Interest**

Mark Hepburn currently has a relevant interest in 500,000 Shares in the Company.

(h) **Effect of issue of securities contemplated by Resolution 8**

The maximum Voting Power that Mark Hepburn may obtain in the Company as a result of being issued Shares (assuming the vesting and exercise of all of the Long Term Managing Director Incentive Options) the subject of this Resolution 8 is 0.55%.

The maximum Voting Power that Mark Hepburn may obtain in the Company as a result of being issued Shares (assuming the vesting and exercise of all of the Long Term Managing Director Incentive Options) the subject of this Resolution 8 is 0.55% assuming no further issue of shares (including those contemplated in Resolution 6) or conversion of convertible securities into shares occurs.

The Dilutionary effect as a result of Mark Hepburn being issued Shares (assuming the vesting and exercise of all of the Long Term Managing Director Incentive Options) the subject of this Resolution 8 is 0.55% assuming no further issue of shares (including those contemplated in Resolution 6) or conversion of convertible securities into shares occurs.

(i) **Other Information**

Other than as set out in this Explanatory Statement, there is no further information that is known to the Company or any of the Directors which Shareholders would reasonably require in order to decide whether or not to vote in favour of Resolution 8.

**10.5 Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- (a) a related party;
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- (e) a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of Securities to the Directors falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of the Company's shareholders under Listing Rule 10.11.

Resolution 8 seeks the required shareholder approval to the issue of Long Term Managing Director Incentive Options to Mark Hepburn under and for the purposes of Listing Rule 10.11.

If Resolution 8 is passed, the Company will be able to proceed with the issue of Long Term Managing Director Incentive Options to Mark Hepburn.

If Resolution 8 is not passed, the Company will not be able to proceed with the issue of Long Term Managing Director Incentive Options to Mark Hepburn and as a result may not be able to retain the service of Mark Hepburn in the long term.

Further, exception 14 of Listing Rule 7.2 states that approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11.

## 10.6 **Technical Information – ASX Listing Rule 10.13**

ASX Listing Rule 10.13 requires that the following information be provided to the Shareholders in relation to obtaining approval of Resolution 8 as an exception to ASX Listing Rule 10.11:

(a) **The name of the allottee of the securities**

Mark Hepburn and/or his nominee(s).

(b) **The maximum number of securities to be allotted and issued**

1,000,000 Long Term Managing Director Incentive Options.

(c) **The date of allotment and issue of the securities**

The Long Term Managing Director Incentive Options will be issued as soon as possible after the General Meeting and in any event, no later than 1 month after the General Meeting (or such later date to the extent permitted by any ASX waiver of the ASX Listing Rules).

(d) **The relationship that requires Shareholder approval**

Mark Hepburn is a related party of the Company under section 228 of the Corporations Act by virtue of being a Director.

(e) **The issue price of the securities**

The Long Term Managing Director Incentive Options will be issued for nil cash consideration.

(f) **The terms of the securities**

Full terms of the Long Term Managing Director Incentive Options and are set out in Appendix C.

(g) **The intended use of the funds**

No funds will be raised through the issue of the Long Term Managing Director Incentive Options under Resolution 8. Funds raised in the event of exercise of the Long Term Managing Director Incentive Options will be applied towards working capital requirements or in any other manner that the Board considers appropriate at the relevant time. However, there is no guarantee that any of the Long Term Managing Director Incentive Options will be exercised at any future time.

## 10.7 **Additional information**

(a) Resolution 8 is an ordinary resolution.

(b) The Directors, in accordance with AISC Regulatory Guide 76 Table 2 Best Practice in relation to remuneration do not make any recommendation to the Shareholders in relation to Resolution 8.

(c) The Chair intends to exercise all available proxies in favour of Resolution 8.

## DEFINITIONS

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In this Notice of Meeting and Explanatory Statement, the following terms have the following meanings:

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

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

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

**AWST** means Australian Western Standard Time, being the time in Perth, Western Australia.

**Board** means the board of Directors.

**Chair** means the chairperson of the Meeting.

**Company** means Castile Resources Ltd ACN 124 314 085.

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

**Closely Related Party** (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- a spouse or child of the member; or
- a child of the member's spouse; or
- a dependant of the member or the member's spouse; or
- 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 dealings with the entity; or
- a company the member controls; or
- a person prescribed by the regulations for the purposes of this paragraph.

**Director** means a director of the Company.

**Directors' Report** means the directors' report contained in the Annual Report.

**Equity Securities** has the meaning given in the Listing Rules.

**Explanatory Statement** means this explanatory statement incorporated in this Notice.

**Financial Report** means the financial report contained in the Annual Report.

**Key Management Personnel** or **KMP** has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of that entity

**Listing Rules** means the listing rules of ASX, as amended from time to time.

**Meeting, General Meeting or Annual General Meeting** means the Annual General Meeting of Shareholders to be held in the Yerrigan Room at the Liberty Conference Centre on the Ground Floor of 197 St George's Terrace, Perth on Thursday, 26 November 2020 commencing at 10am (AWST).

**Non-Executive Director** means a non-executive director of the Company.

**Notice of Meeting** means the notice of annual general meeting incorporating this Explanatory Statement.

**Proxy Form** means the proxy form attached to this Notice.

**Remuneration Report** means the remuneration report contained in the Annual Report.

**Resolution** means a resolution contained in the Notice.

**Share** means an ordinary fully paid share in the Company.

## Annexure A – Auditor Nomination

15 October 2020

The Directors  
Castile Resources Limited  
Level 7, 189 St George's Terrace  
PERTH WA 6000

Dear Sirs

### **NOMINATION OF AUDITOR**

In accordance with the provisions of section 328B(1) of the *Corporations Act 2001* (Cth), I, Peter Cook, being a member of Castile Resources Limited, hereby nominate Bentley's Audit & Corporate (WA) Pty Ltd for appointment as auditor of Castile Resources Limited.

I acknowledge that a copy of this nomination will be included in Castile Resources Limited's notice of meeting for its 2020 annual general meeting.

Yours sincerely



Peter Cook  
Member of Castile Resources Limited



# Annexure B – Directors Fee Plan

## TERMS OF ISSUE OF SHARES IN LIEU OF DIRECTORS FEES

All Executive and Non-Executive Directors of the Company shall be entitled during the term of the Directors Fee Plan (“**Plan**”) to elect by notice in writing to the Company (“**Election Notice**”) to be paid up to 40% of the remuneration due and owing to them by the Company from time to time as fees for services (“**Outstanding Remuneration**”) by way of an issue of fully paid ordinary shares (“**Plan Shares**”).

An Election Notice may be given by an Executive and/or Non-Executive Director (“**Participating Director**”) within 7 days after the Annual General Meeting, including the following:

- The amount of any Outstanding Remuneration that a Participating Director wishes to be paid by way of Plan Shares under the Plan for the following 12 months; and
- Whether the Participating Director wishes to have the Plan Shares issued in his or her own name or in the name of a nominee (“**Recipient**”).

An Election Notice may be given to the Company in any manner permitted under the Constitution for service by the Company of notices.

Upon receipt of an Election Notice, Plan Shares may be issued to each Participating Director who elects to be issued Plan Shares in lieu of any Outstanding Remuneration.

The obligation of the Company to issue any Plan Shares is subject to obtainment of any approvals which may be required under:

- the Listing Rules; and
- the *Corporations Act 2001* (Cth).

The issue price of each Plan Share will be the 5 Day VWAP for Shares as at the business day prior to date of the Annual General Meeting and any fractional entitlement to be issued Plan Shares shall be rounded up to the nearest whole number. If, however, the Plan Shares are being issued at the same time, and as part of a capital raising involving existing shareholders or third parties, the Plan Shares shall be issued at the same price as the shares issued to those other parties.

The Company shall:

- issue the Plan Shares to a Recipient in two separate tranches within 12 months of receipt of an Election Notice;
- forthwith deliver a statement of holding to the Recipient in respect of the Plan Shares; and
- cause the Plan Shares to be listed on ASX as soon as reasonably practicable at the Company’s cost and expense.

Unless otherwise approved by shareholders of the Company, the maximum number of Plan Shares which may be issued by the Company in each 12 months during the term of the Plan shall be 400,000 Plan Shares.

For the purposes of interpretation of this Plan:

**Constitution** means the Constitution of the Company;

**Listing Rules** means the Listing Rules of ASX Limited;

**Shares** means fully paid ordinary shares in the Company; and

**Terms** used herein shall have the meanings ascribed to them in the Listing Rules.

## Annexure C – Short Term Managing Director Incentive Options

- (a) Each Option shall entitle the holder the right to subscribe for one (1) fully paid ordinary share in the capital of the Company.
- (b) The exercise price of each Option is 125% of the volume weighted average market price of the Company's Shares, calculated over the last 5 days on which sales in the Shares were recorded before the date of issue ("**Exercise Price**") per share subscribed for on exercise of each Option.
- (c) The options will vest on the following conditions:

Performance Milestone	Number of Short Term Managing Director Incentive Options
Employed for a period of 1 year from the date of issue	500,000
Employed for a period of 2 year from the date of issue	500,000

- (d) Each Option will expire 36 months from the date of issue ("**Option Expiry Date**"). Each Option may be exercised at any time prior to 5.00pm WST on the Option Expiry Date and any Option not so exercised shall automatically expire on the Option Expiry Date.
- (e) Each ordinary share allotted as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all aspects pari passu with the existing ordinary fully paid shares in the capital of the Company on issue at the date of allotment.
- (f) A registered owner of an Option ("**Option Holder**") will be entitled to receive and will be sent all reports, accounts and notices required to be given to members of the Company but will not be entitled to attend or vote at any meetings of the members of the Company unless they are members of the Company.
- (g) A certificate or holding statement will be issued by the Company with respect to Options held by an Option Holder. Attached to these terms and attached or endorsed on the reversed side of each certificate or holding statement will be a notice that is to be completed when exercising the Options the subject of the certificate or holding statement ("**Notice of Exercise of Options**"). Options may be exercised by the Option Holder completing the Notice of Exercise of Options and forwarding the same to the Secretary of the Company. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted.

The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full of the relevant number of shares being subscribed, being an amount of \$0.0216 per share.

On exercise of Options, the Option Holder must surrender to the Company the Option Holder's option certificate or holding statement with respect to those Options being exercised.

Within 14 days from the date the Option Holder properly exercised Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of fully paid ordinary shares in the capital of the Company so subscribed for by the Option Holder.

- (h) In the event of a reconstruction (including a consolidation, sub-division, reduction, return or pro-rata cancellation) of the issued capital of the Company, the number of Options or the exercise price of the Options or both shall be reconstructed in such that there will not result in any benefits being conferred on the Option Holders which are not conferred on shareholders (subject to the provision with the respect to rounding of entitlements sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms of the exercise of Options shall remain unchanged.
- (i) There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to

the Option Expiry Date unless and until Options are exercised. The Company will ensure that during the exercise period of the Options, the record date for the purposes of determining entitlement to any new such issue, will be at least 9 Business Days after such new issues are announced in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.

- (j) Subject to the Corporations Law, the Listing Rules and the Constitution of the Company, the Options are freely transferable and will only be quoted on ASX if a sufficient spread of option holders exists in compliance with the ASX Listing Rules.
- (k) If the Company is listed on ASX and makes a pro rata issue (except a bonus issue) to the holders of ordinary shares, the exercise price of each Option shall be amended in accordance with the following formula:

$$O' = \frac{O - E [P - (S + D)]}{N + 1}$$

Where:

- O' = the new exercise price of the Option.
- O = the old exercise price of the Option.
- E = the number of underlying shares into which one Option is exercisable.
- P = the average market price per share (weighed by reference to volume) of the underlying shares to which the Option Holder is entitled.
- S = the subscription price for a share under the pro rata issue.
- D = any dividend due but not yet paid on the existing underlying share (except those to be issued under the pro rata issue).
- N = the number of shares with rights or entitlements that must be held to receive a right to one new share.

No change will be made pursuant to the application of the above formula to the number of shares to which the Option Holder is entitled.

If the Company is listed upon ASX, the reduction of the exercise price of each Option in accordance with the above formula shall be subject to the provision of the Listing Rules of ASX.

If the Company makes a bonus issue or other securities convertible into ordinary shares pro rata to holders of ordinary shares the number of shares issued on exercise of each Option will include the number of bonus shares that would have been issued if the Option had been exercised by the Option Holder prior to the books closing date for bonus shares. No change will be made in such circumstances to the exercise price of each Option.

## Annexure D – Long Term Managing Director Incentive Options

- (a) Each Option shall entitle the holder the right to subscribe for one (1) fully paid ordinary share in the capital of the Company.
- (b) The exercise price of each Option is \$zero.
- (c) The options will vest on the following conditions:

Milestone	Number of Long Term Managing Director Incentive Options
The Company having a market capitalisation in excess of \$100 million.	150,000
The Company having a market capitalisation in excess of \$200 million.	150,000
The Company completing a bankable feasibility study and commencing mining activity in accordance with the BFS.	150,000
The Company completing the sale/s of the first 5,000 ounces or equivalent of gold from the newly constructed mining operation.	150,000

- (d) Each Option will expire 48 months from the date of issue (“**Option Expiry Date**”). Each Option may be exercised at any time prior to 5.00pm WST on the Option Expiry Date and any Option not so exercised shall automatically expire on the Option Expiry Date.
- (e) Each ordinary share allotted as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all aspects *pari passu* with the existing ordinary fully paid shares in the capital of the Company on issue at the date of allotment.
- (f) A registered owner of an Option (“**Option Holder**”) will be entitled to receive and will be sent all reports, accounts and notices required to be given to members of the Company but will not be entitled to attend or vote at any meetings of the members of the Company unless they are members of the Company.
- (g) A certificate or holding statement will be issued by the Company with respect to Options held by an Option Holder. Attached to these terms and attached or endorsed on the reversed side of each certificate or holding statement will be a notice that is to be completed when exercising the Options the subject of the certificate or holding statement (“**Notice of Exercise of Options**”). Options may be exercised by the Option Holder completing the Notice of Exercise of Options and forwarding the same to the Secretary of the Company. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted.  
  
The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full of the relevant number of shares being subscribed, being an amount of \$0.0216 per share.  
  
On exercise of Options, the Option Holder must surrender to the Company the Option Holder’s option certificate or holding statement with respect to those Options being exercised.  
  
Within 14 days from the date the Option Holder properly exercised Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of fully paid ordinary shares in the capital of the Company so subscribed for by the Option Holder.
- (h) In the event of a reconstruction (including a consolidation, sub-division, reduction, return or pro-rata cancellation) of the issued capital of the Company, the number of Options or the exercise price of the Options or both shall be reconstructed in such that there will not result in any benefits being conferred on the Option Holders which are not conferred on shareholders (subject to the provision with the

respect to rounding of entitlements sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms of the exercise of Options shall remain unchanged.

- (i) There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the Option Expiry Date unless and until Options are exercised. The Company will ensure that during the exercise period of the Options, the record date for the purposes of determining entitlement to any new such issue, will be at least 9 Business Days after such new issues are announced in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.
- (j) Subject to the Corporations Law, the Listing Rules and the Constitution of the Company, the Options are freely transferable and will only be quoted on ASX if a sufficient spread of option holders exists in compliance with the ASX Listing Rules.
- (k) If the Company is listed on ASX and makes a pro rata issue (except a bonus issue) to the holders of ordinary shares, the exercise price of each Option shall be amended in accordance with the following formula:

$$O' = \frac{O - E [P - (S + D)]}{N + 1}$$

Where:

O' = the new exercise price of the Option.

O = the old exercise price of the Option.

E = the number of underlying shares into which one Option is exercisable.

P = the average market price per share (weighed by reference to volume) of the underlying shares to which the Option Holder is entitled.

S = the subscription price for a share under the pro rata issue.

D = any dividend due but not yet paid on the existing underlying share (except those to be issued under the pro rata issue).


N = the number of shares with rights or entitlements that must be held to receive a right to one new share.


No change will be made pursuant to the application of the above formula to the number of shares to which the Option Holder is entitled.

If the Company is listed upon ASX, the reduction of the exercise price of each Option in accordance with the above formula shall be subject to the provision of the Listing Rules of ASX.

- (l) If the Company makes a bonus issue or other securities convertible into ordinary shares pro rata to holders of ordinary shares the number of shares issued on exercise of each Option will include the number of bonus shares that would have been issued if the Option had been exercised by the Option Holder prior to the books closing date for bonus shares. No change will be made in such circumstances to the exercise price of each Option.

## Need assistance?

 **Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)

 **Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00 AM (AWST) on Tuesday, 24 November 2020.**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

**Joint Holding:** Where the holding is in more than one name, all of the securityholders 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 form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### PARTICIPATING IN THE MEETING

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

**Control Number: 184590**

**SRN/HIN:**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Castile Resources Ltd hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Castile Resources Ltd to be held in the Yerrigan Room at Liberty Conference Centre on the Ground Floor at 197 St George's Terrace, Perth, WA 6000 on Thursday, 26 November 2020 at 10:00 AM (AWST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1, 6, 7 and 8 (except where I/we have indicated a different voting intention in step 2) even though Items 1, 6, 7 and 8 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1, 6, 7 and 8 by marking the appropriate box in step 2.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Peter Cook	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Amendment of the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval for the Allotment of Plan Shares to Non-Executive Directors in lieu of Directors' Fees Pursuant to the Directors Fee Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval of Issue of Short Term Managing Director Incentive Options to Mark Hepburn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Approval of Issue of Long Term Managing Director Incentive Options to Mark Hepburn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

**Update your communication details** (Optional)

Mobile Number  Email Address  By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically