



WESTGOLD
RESOURCES LIMITED

(ACN 009 260 306)

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

Annual General Meeting to be held at Liberty Conference Centre, Ground Floor, 197 St Georges Terrace, Perth WA 6000 on 25 November 2019 commencing at 10.00AM (WST).

This Notice of Annual General Meeting 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 accountant, solicitor or other professional adviser without delay. The business of the Annual General Meeting affects your shareholding and your vote is important.

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NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Westgold Resources Limited (ACN 009 260 306) will be held at Liberty Conference Centre, Ground Floor, 197 St Georges Terrace, Perth WA 6000 on 25 November 2019 commencing at 10.00AM (WST).

Agenda

ORDINARY BUSINESS

Financial Reports

To receive and consider the Annual Financial Report, Directors' Report and Auditors' Report for Westgold and its controlled entities for the financial year ended 30 June 2019.

Note: There is no requirement for shareholders to approve these reports.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

“That, the Remuneration Report for the year ended 30 June 2019 (as disclosed in the Company’s 2019 Annual Report) is adopted for the purposes of section 250R(2) of the Corporations Act and for all other purposes.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

The Company will disregard any votes cast on Resolution 1 by a member of the Key Management or a Closely Related Party of such a member. However, these persons may cast a vote on Resolution 1 if:

- (a) the person does so as a proxy;
- (b) the vote is not cast on behalf of a member of the Key Management or a Closely Related Party of such a member; and either
 - (i) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution: or
 - (ii) the proxy is the chair of the meeting and the appointment of the chair as proxy:
 - (A) does not specify the way the proxy is to vote on the resolution; and
 - (B) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management.

2. RESOLUTION 2 – RE-ELECTION OF JOHANNES NORREGAARD AS DIRECTOR

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

“That Johannes Norregaard, a Director retiring from office by rotation in accordance with Rule 38.1(c) of the Company’s Constitution and for the purposes of Listing Rule 14.4, and, being eligible, is re-elected as a Director of the Company.”

3. RESOLUTION 3 – RE-ELECTION OF SURESH SHET AS DIRECTOR

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

“That Suresh Shet, a Director retiring from office by rotation in accordance with Rule 38.1(c) of the Company’s Constitution and for the purposes of Listing Rule 14.4, and, being eligible, is re-elected as a Director of the Company.”

4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the prior issue of 26,000,000 Shares on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion:

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of a person who participated in the share issue and any associates of that person (or those persons).

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

5. RESOLUTION 5 – REDUCTION OF CAPITAL

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

“That, for the purposes of sections 256B and 256C of the Corporations Act and for all other purposes, on the In-specie Distribution Record Date set on or after the date this resolution is passed by the Directors to determine the entitlements of Shareholders to participate in the reduction of capital occurring not earlier than three (3) Business Days and not later than six (6) months after the date that this resolution is passed,

- (a) the capital of the Company be reduced, without cancelling any Shares, by an amount equal to the market value (as assessed by the Directors) of all the fully paid ordinary shares in the capital of Castile Resources Pty Ltd (ACN 124 134 085) (to be converted to ‘Castile Resources Ltd’¹) (“**Castile**”) less a Demerger Dividend (if any) with effect as at the In-specie Distribution Record Date set by the Directors of Westgold to determine entitlements to the distribution and transfer referred in paragraph (b) of this Resolution; and*
- (b) the reduction, and Demerger Dividend (if any), be satisfied by the distribution and transfer of all fully paid ordinary shares in Castile (“**Castile Shares**”) to Shareholders registered as such on the In-specie Distribution Record Date on the ratio of 1 Castile Share for every 4 Shares held at the In-specie Distribution Record Date, to be effected in accordance with the Constitution, the Corporations Act, the ASX Listing Rules and as otherwise determined by the Directors of Westgold, with the consequence that each Shareholder on the In-specie Distribution Record Date shall be deemed to have consented to becoming a Castile Shareholder and being bound by its constitution,*

on the terms and conditions set out in the Explanatory Statement.”

6. OTHER BUSINESS

To consider any other business that may be brought before the Meeting in accordance with the Company’s Constitution.

¹ To be converted to a public company limited by shares on 24 October 2019.

6.1.1 Explanatory Memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Annual General Meeting.

6.1.2 Snap Shot Time

Regulation 7.11.37 of the Corporations Regulations 2001 permits the Company to specify a time, not more than 48 hours before the Meeting, at which a “snap shot” of Shareholders will be taken for the purposes of determining Shareholders' entitlements to vote at the Meeting.

The Directors have determined that all Shares of the Company on the register as at 5.00pm (Perth time) on 23 November 2019 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.

6.1.3 Proxies

Please note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- a member of the Company 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 for the Meeting provides further details on appointing proxies and lodging the Proxy Form. Proxies must be returned by 11.00 am (Perth time) on 23 November 2019.

6.1.4 Voting by Proxy

A Shareholder can direct its proxy to vote for, against or abstain from voting on each resolution by marking the appropriate box in the Voting Directions section of the proxy form. If a proxy holder votes, they must cast all votes as directed. Any directed proxies that are not voted will automatically default to the Chairman, who must vote the proxies as directed.

If the Chairman is to act as your proxy in relation to the meeting (whether by appointment or by default) and you have not given directions on how to vote by marking the appropriate box in the Voting Directions section of the proxy form, the Chairman intends to vote all valid undirected proxies in respect of each of the Resolutions in favour of the relevant resolution.

If you are in any doubt as to how to vote, you should consult your professional adviser.

6.1.5 Corporate Representative

If a representative of a Shareholder corporation is to attend the Meeting, a “Corporate Representative Certificate” should be completed and produced prior to the meeting. Please contact the Company's Share Registry for a pro forma certificate if required.

Dated: 18 October 2019

By order of the Board



Mr David Okeby
Company Secretary
Westgold Resources Limited

CHAIRMAN'S LETTER TO SHAREHOLDERS

18 October 2019

Dear Shareholder

Proposed Separation by Demerger

On behalf of the Board of Directors of Westgold Resources Limited I am pleased to present you with this Notice of Annual General Meeting.

Westgold plans to separate by demerger its polymetallic assets in the Northern Territory of Australia (NT). The demerger will be by way of a complete in-specie distribution to provide its Shareholders the opportunity (if they so desire) to participate in their further exploration and development whilst maintaining their interests in Westgold as a pure-play Australian gold producer.

The proposed Separation by Demerger will see the Company's wholly owned subsidiary Castile Resources Pty Ltd (to be converted to 'Castile Resources Ltd' on 24 October 2019) ("**Castile**") separated and listed on the ASX. Existing Shareholders of Westgold are all treated equally with each and every Shareholder receiving equal consideration by the demerger and also each and every Shareholder having the same entitlement right to participate in a capital raising to fund the future works of Castile.

The Board of Westgold believes this move creates great optionality for Shareholders and is the catalyst for Castile to flourish as an independent company with exciting polymetallic exploration and development assets in the Northern Territory.

A Shareholder of Westgold at the In-specie Distribution Record Date will retain all their shares in Westgold as if nothing happened. They will also receive their relative proportional share in Castile Shares on a 1 for 4 in specie basis. Shareholders will be free to trade these Castile Shares independently of Westgold Shares at their leisure once Castile is listed on the ASX.

In addition, and as part of the future funding of Castile, Shareholders will receive an equal entitlement to further enhance their shareholding in Castile by electing to participate in a pro rata entitlement offer of Castile Shares at an issue price of \$0.20 each on the basis of 1 new Castile Share for every 1 Castile Share held by Eligible Shareholders at the Entitlement Offer Record Date to raise approximately \$19,970,000 (before costs) ("**Entitlement Offer**").

It is proposed that the Entitlement Offer will be fully underwritten by Canaccord and, as such, will raise the required funding for Castile to continue its exploration and development activities in the Northern Territory and importantly update and complete its pre-feasibility and feasibility studies into the commercial development of its Rover 1 - Copper Gold Prospect. It is proposed that Canaccord will receive a 5% fee for underwriting the Entitlement Offer.

Following the close of the Entitlement Offer, it is proposed that, subject to the satisfaction of certain conditions, Castile will be admitted to the Official List.

Post the demerger of Castile, Westgold will continue its operations independently of Castile as a West Australian gold producer from its Murchison Gold Operations and other operating gold projects throughout the Murchison region of Western Australia.

Whilst this process is forged to create value for Shareholders, I urge you to fully understand the consideration to roll-over relief, taxation and re-setting the capital base for your Shares as a

consequence. We provide detail and some guidance however individuals should seek their own advice.

Again, I state that as a result of the Separation by Demerger, Westgold Shareholders will have both direct ownership in Castile and will retain all of their Shares in Westgold.

Board recommendation for Separation by Demerger

The Westgold Board unanimously recommends the Separation by Demerger of Castile to its Shareholders.

Westgold's focus and stated intent is to remain a pure-play gold producer and its priorities for exploration and development remain in this area and around its core infrastructure in the Murchison Region of Western Australia. Westgold believes that the polymetallic assets of Castile are outstanding in their potential and that a dedicated and independent focus and budget for the advancement of the Castile assets can create more wealth for its Shareholders.

Consequently, the Westgold Board believes that it is not appropriate for Castile to compete for the capital dollars of Westgold as its polymetallic focus detracts from the pure gold focus of Westgold and also distracts management away from its core Western Australian gold operations.

Hence, the Board believes it is appropriate to expedite and enhance the realisation of value from its polymetallic assets by separating Castile from the remaining Westgold business units.

Overview of Castile's Projects

Castile's portfolio has two key projects, being the Rover Project and the Warumpi Project.

Rover Project

The Rover Project is located 80km west of the Tennant Creek Township in the Northern Territory, approximately 1,000km south of Darwin and 500km north of Alice Springs. The Rover Project is considered prospective for copper-gold and associated other base metals mineralisation associated within iron oxide copper gold ("IOCG") mineralising systems. Since acquiring the rights to the Rover Project, Castile has completed significant exploration activities such as geophysical surveys, extensive diamond drilling, metallurgy testing and ground water studies. In addition, Castile has added substantial infrastructure by way of roads and access tracks and established a mobile exploration camp.

Castile has advanced the Rover 1 prospect to the point of substantial resource definition and the prospect is ready for the completion of a definitive feasibility study into its commercialisation. Similarly, at the Explorer 108 prospect, a significant body of lead-zinc-silver mineralisation has been defined. Further works are required and the prospect is nearing a stage of prefeasibility assessment. Advanced exploration at Explorer 142 Prospect has discovered a modest body of high-grade copper mineralisation, however additional exploration and drill-out is required.

Within the overall Rover Project, a number of early stage, but significant and coincident magnetic and gravity anomalies suggestive of buried IOCG bodies require preliminary drill testing.

Warumpi Project

Castile's other exploration activities are at the Warumpi Prospect located in West Arunta rocks approximately 300km west of Alice Springs. Warumpi is separate and approximately 500km

south-west of the Rover Project. Early stage reconnaissance sampling has discovered outcropping gossan mineralisation returning highly anomalous copper, zinc and silver mineralisation at the Huron Prospect. Since acquiring the Warumpi Prospect, Castile has conducted basic reconnaissance exploration within the totally greenfields prospects with significant early success. The Board of Westgold considers these to be highly exciting and worthy of significant additional exploration effort.

Shareholders are encouraged to read the Annexure which contains geological and other detailed information on Castile's Projects.

Mr Peter Cook, currently the Managing Director of Westgold, will become the Non-Executive Chairman of Castile in its formative years, providing continuity, history and support for the new Castile Board.

In addition, Castile has appointed Mark Hepburn as its Managing Director who has significant management and capital markets experience. The Westgold Group Chief Geologist, Jake Russell, also joins the Castile Board bringing a wealth of history and experience on the assets. A significant further appointment is that of Mr John Braham as a Non-Executive Director of Castile. John was a senior executive at Macquarie Bank for 24 years and brings substantive skill sets to assist with the financing of future mine developments and metals sales. With the significant expertise and experience in mineral exploration and project development this new Castile Board brings, the Board of Westgold is sure that funds raised through the Entitlement Offer will be utilised in a cost-effective manner to advance Castile's Rover and Warumpi Projects.

Overview of remaining Westgold business

Westgold will continue to operate with its diverse Central Murchison gold projects in Western Australia which currently produce gold from three operating process plants as hubs to a diverse regional aggregation play containing three significant sub-sets:

1. Fortnum Gold Operations

The Fortnum Gold Project has a 1.0 Mtpa process carbon in pulp (**CIP**) plant fed by ores from the Starlight underground mine, numerous open pits and low grade surface stockpiles. It is expected to produce in the 60-75,000oz range over the next five years.

2. Meekatharra Gold Operations

The Meekatharra Golder Operations have a 1.6-1.8 Mtpa CIP plant with ore sourced from several underground and open pit mines. Annual gold output is expected to be in the 110-140,000 oz. per annum range over the 8-10 years.

3. Cue Gold Operations

The Cue Gold Operations has a 1.2 – 1.4 Mtpa CIP plant with ore sourced from a number of underground and open pit mines. In addition, large volumes of historic tailings are available to supplement plant feed, albeit at very low grade. The plant was commissioned in April 2018 with output still ramping to its expected 100 – 120,000oz per annum range when in steady state with an initial 10+ year mine life.

Westgold's core focus remains on the enhancement and expansion of its Central Murchison projects in the ensuing years.

If the Separation by Demerger is not approved by Shareholders

The Separation by Demerger is subject to, among other things, Shareholder's approving the In-specie Distribution resolution (Resolution 5), as detailed in this Notice of Annual General Meeting, and regulatory approval. It is the Board's intention to only proceed with the Separation by Demerger if the Transaction Conditions, which are set out at section 7.3, are satisfied.

The Transaction Conditions include Castile obtaining ASX approval to admit Castile to the Official List, including conditional ASX listing approval on terms which are acceptable to Westgold and Castile acting reasonably. If Castile does not obtain ASX listing approval, or the other Transaction Conditions are not satisfied, the Separation by Demerger will not proceed. There is no guarantee that Castile will obtain approval to be admitted to the Official List or that the other Transaction Conditions will be satisfied. Accordingly, the Separation by Demerger may not occur.

Annual General Meeting of Shareholders to approve the Separation by Demerger

The Annual General Meeting of Shareholders of Westgold will be held at Liberty Conference Centre, Ground Floor, 197 St Georges Terrace, Perth WA 6000 on 25 November 2019 commencing at 10.00AM (WST) for the purpose of putting, among the other Resolutions contained in this Notice, the resolution for the In-Specie Distribution to Shareholders.

This Notice of Annual General Meeting sets out the effect of the Separation by Demerger, certain information required by law and all other information known to Directors which is material to the decision of Westgold Shareholders whether or not to approve the Separation by Demerger (other than information previously disclosed).

Your vote is important for the Separation by Demerger to proceed

Your vote is important and I strongly encourage you to vote on this important proposal at the Annual General Meeting. For details of how you may vote at the Annual General Meeting please refer to the attached Notice of Annual General Meeting, the Explanatory Memorandum and the Annexure.

I encourage you to read this Notice of Annual General Meeting carefully and in its entirety as it contains important information that will need to be considered before you vote on the Separation by Demerger.

If you have any questions about the Separation by Demerger please contact Westgold's information line on +61 8 9462 3400 on weekdays between 8.30am and 5.00pm Perth time.

Yours sincerely

Peter Newton
Chairman
Westgold Resources Limited

EXPLANATORY STATEMENT

1. INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

A copy of the Notice of Annual General Meeting and Explanatory Memorandum will be distributed to all Westgold shareholders and is also available in electronic form on Westgold website at www.westgold.com.au.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

2. REGULATORY MATTERS

Under applicable ASIC guidelines, the invitation to Shareholders to vote on Resolution 5 of the Notice of Annual General Meeting constitutes an "offer" to transfer Castile Shares to Shareholders pursuant to the in-specie distribution under Chapter 6D of the Corporations Act and a prospectus is required unless an exemption applies or ASIC provides relief. As no exemptions apply and no relief was sought, the Company has prepared a prospectus that contains information in relation to Castile ("**Prospectus**").

The Prospectus accompanies this Notice of Annual General Meeting and has been lodged with ASIC at the same time as this Notice of Annual General Meeting. The Company recommends that all Shareholders read the Prospectus carefully in conjunction with this Notice of Annual General Meeting. The Prospectus also allows Shareholders to sell their Castile Shares within the first twelve (12) months after receiving them without further disclosure.

2.1 No Material Information

There is no information known to the Company that is material to the decision by a Shareholder on how to vote on Resolution 5 other than as disclosed in this Notice of Annual General Meeting and Explanatory Statement, the accompanying Prospectus and information that the Company has previously disclosed to Shareholders.

2.2 Purpose of this Notice of Annual General Meeting

The main purpose of this Notice of Annual General Meeting is to:

- (a) receive and consider the Annual Financial Report, Directors' Report and Auditors' Report for Westgold and its controlled entities for the financial year ended 30 June 2019 and to consider and pass resolutions required to be put to Shareholders at the Company's Annual General Meeting including the retirement and re-election of Directors;
- (b) explain the terms of the Proposed Transaction, and the manner in which the Proposed Transaction (or parts of the Proposed Transaction) will be implemented (if approved); and
- (c) to provide such information as is prescribed or otherwise material to the decision of Shareholders whether or not to approve Resolution 5 required to give effect to the Proposed Transaction.

2.3 ASIC and ASX

A copy of the Notice of Annual General Meeting and Explanatory Memorandum has been lodged with ASIC in accordance with section 256C(5) of the Corporations Act. Neither ASIC nor its officers take any responsibility for the contents of the Notice of Annual General Meeting and Explanatory Memorandum.

A copy of the Notice of Annual General Meeting and Explanatory Memorandum, together with some further information, has been lodged with the ASX. Neither the ASX nor any of its officers take any responsibility for the contents of the Notice of Annual General Meeting and Explanatory Memorandum. The fact that the ASX may admit Castile to the Official List is not to be taken in any way as an indication of the merits of an investment in Castile.

2.4 Disclosure to ASX

The Company is a company whose ordinary securities are quoted on ASX and as such is subject to regular reporting and disclosure obligations. Copies of all documents lodged in relation to the Company may be obtained from www.asx.com.au.

2.5 Forward Looking Statements

Some of the statements appearing in this document may be in the nature of forward looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and similar expressions are intended to identify forward looking statements. Indications of guidance on future production, resources, reserves, sales, capital expenditure, earnings and financial position and performance are also forward looking statements.

You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties, many of which are outside the Company's control. Those risks and uncertainties include factors and risks specific to the Company and Castile such as (without limitation):

- (a) the status of exploration and mining applications and licences and the risks associated with the non-grant or expiry of those applications and licences;
- (b) liquidity risk;
- (c) risks associated with the exploration or developmental stage of projects;
- (d) native title claims;
- (e) funding risks;
- (f) operational risks;
- (g) climate change regulation;
- (h) changes to Government fiscal;
- (i) monetary and regulatory policies;
- (j) the impact of actions of Governments;
- (k) the potential difficulties in enforcing agreements;
- (l) protecting assets;
- (m) increases in costs of transportation and shipping of international operations;
- (n) alterations to resource estimates and the imprecise nature of resource and reserve statements;

- (o) any circumstances adversely affecting areas in which the Company or Castile operates;
- (p) fluctuations in the production, volume and price of commodities;
- (q) any imposition of significant obligations under environmental regulations;
- (r) fluctuations in exchange rates;
- (s) the fluctuating industry and commodity cycles;
- (t) the impact of inflation on operating and development costs;
- (u) taxation;
- (v) regulatory issues and changes in law and accounting policies;
- (w) the adverse impact of wars, terrorism, political, economic or natural disasters;
- (x) the impact of changes to interest rates;
- (y) loss of key personnel;
- (z) delays in obtaining or inability to obtain any necessary Government and regulatory approvals; and
- (aa) insurance and occupational health and safety.

For more information on the risk factors facing Castile, please refer to section 8.8.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of the Company, Castile, any of their respective officers or any person named in this document or involved in the preparation of this document make any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, or any events or results expressed or implied in any forward looking statement, and you are cautioned not to place undue reliance on those statements.

The forward looking statements in this document reflect views held only as at the date of this document.

2.6 Responsibility Statement

The Explanatory Memorandum has been prepared by Westgold and the Westgold Board as at the date of the Explanatory Memorandum and Westgold and the Westgold Board are responsible for the Explanatory Memorandum.

2.7 No Financial Product Advice

This document does not constitute financial product, taxation or investment advice or a recommendation in respect of the Castile Shares. It has been prepared without taking into account the objectives, financial situation or needs of Shareholders or other persons. Before deciding how to vote or act, Shareholders should consider the appropriateness of the information, having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their circumstances.

Neither the Company nor Castile are licensed to provide financial product advice. No cooling-off regime applies in respect of the acquisition of Castile Shares under the In-specie Distribution (whether the regime is provided for by law or otherwise).

2.8 Privacy

Westgold may collect personal information in the process of implementing the Separation by Demerger. This information may include the names, contact details and security holdings of Eligible Shareholders and the names of persons appointed by Eligible Shareholders to act as proxy, corporate representative or attorney at the General meeting. The primary purpose of collecting this information is to assist Westgold in conducting the General Meeting and to enable the Separation by Demerger to be implemented by Westgold in the manner described in this Explanatory Memorandum. Personal information may be disclosed to Castile, the Registry, print and mail service providers, authorised securities brokers, securities authorities and to Related Bodies Corporate of Westgold or Castile. Eligible Shareholders have the right to access personal information that has been collected. An Eligible Shareholder who wishes to access personal information should contact the Company's Share Registry Computershare Investor Services Pty Limited, on 1300 850 505 (within Australia) +61 3 9415 4000 (outside Australia).

Eligible Shareholders who appoint a named person to act as their proxy, corporate representative or attorney at a General Meeting should inform that person of the matters outlined above.

2.9 No Internet Site Is Part of This Document

No internet site is part of this Notice of Annual General Meeting and Explanatory Statement. The Company maintains an internet site (www.westgold.com.au). Any reference in this document to this internet site is a textual reference only and does not form part of this document.

3. RESOLUTION 1 – APPROVAL OF THE REMUNERATION REPORT

3.1 Background

The Annual Report for the year ended 30 June 2019 contains a Remuneration Report that sets out the details of the remuneration of all Directors and Executives during the financial year. In addition, it describes the Board's remuneration policy.

The Chairman of the meeting will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the Remuneration Report at the meeting. In addition, Shareholders will be asked to vote on the Remuneration Report.

The Board submits the Remuneration Report to Shareholders for their consideration and adoption by way of a non-binding resolution as required by the Corporations Act.

The resolution is advisory only and does not bind the Company or its Directors. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report when reviewing the Company's Remuneration policies. Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, then a further resolution ("**Spill Resolution**") may be required to be considered at the second AGM as to whether a further meeting be convened to put certain Directors to re-election. The Directors to be put to re-election are those Directors, other than the Managing Director, who were Directors when the resolution to make the directors report (considered at the later annual general meeting) was passed.

At the Company's previous annual general meeting the votes cast against the Remuneration Report considered at that annual general meeting were less than 25%. Accordingly, the requirement for a Spill Resolution will not arise at this Meeting irrespective of the outcome of the vote on Resolution 1.

The Company encourages all Shareholders to cast their vote in relation to Resolution 1.

4. RESOLUTIONS 2 AND 3 – RE-ELECTION OF DIRECTORS

4.1 Background

In accordance with Listing Rule 14.4 and Rule 38.1(c) of the Company's Constitution, at every Annual General Meeting, one third of the Directors (other than the Managing Director or any alternate Director or any newly appointed Directors retiring under clause 36.2) for the time being, or if their number is not a multiple of three, then such number as is appropriate to ensure that no Director holds office for more than three years, must retire from office and are eligible for re-election. The Directors to retire are to be those 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 and unless mutually agreed, by lot.

4.2 Re-election of Johannes Norregaard

Mr Norregaard retires from office in accordance with this requirement and submits himself for re- election.

Mr Norregaard is a Mining Engineer (B.Eng WASM) with over 25 years corporate and mine management experience in base metal and gold operations across Australia, Canada and South East Asia. Key positions previously held by Mr Norregaard include general manager of Macmahon Holdings Limited's underground contracting division, Managing Director of Tectonic Resources NL, Chief Operating Officer of Trelawney Mining and Exploration Inc. and Managing Director RED 5 Limited.

Mr Norregaard has been a director of the Company since 29 December 2016.

4.3 Directors' recommendation

The Directors (other than Mr Norregaard) recommend that Shareholders vote in favour of Resolution 2.

4.4 Election of Suresh Shet

Mr Shet retires from office in accordance with this requirement and submits himself for election. Mr Shet (MSc Geol), MAusIMM) has over 22 years of experience in various mineral commodities in fields ranging from exploration to feasibility studies, new mine development, mergers and acquisitions, and project evaluation. Mr Shet is a nominee director of Gold and Energy Resources Ltd (GEAR) who is a significant shareholder in the Company. He is also an Associate Member of the Singapore Institute of Directors (SID).

The Board appointed Mr Shet on 18 December 2017.

4.5 Directors' recommendation

The Directors (other than Mr Shet) recommend that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES

5.1 General

Resolution 4 seeks Shareholder approval in accordance with Listing Rule 7.4 for the prior issue by the Company of 26,000,000 Shares ("**Ratification Shares**"). The Ratification Shares were issued on 12 December 2018 pursuant to an institutional placement led by Canaccord to replenish working capital and fund continued growth as announced to the ASX on 7 December 2018 ("**Institutional Placement**").

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue equity securities during any 12 month period in excess of the amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

By ratifying the issue of Shares the subject of Resolution 4, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

5.2 Specific information required by Listing Rule 7.5

Pursuant to the provisions of Listing Rule 7.5, the following information is supplied to Shareholders in respect of Resolution 4:

- (a) A total of 26,000,000 Shares were issued under the Institutional Placement.
- (b) The Shares were issued at a price of \$0.90 per Share.
- (c) The Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue.
- (d) The Shares under the Institutional Placement were issued to institutional and professional investors introduced by Canaccord, none of whom were related parties of the Company.
- (e) The funds raised were and will be utilised for working capital and fund continued growth as announced to the ASX on 7 December 2018.

6. RESOLUTION 5 – REDUCTION OF CAPITAL

6.1 Corporation Act Requirements

The proposed reduction of capital by way of an in-specie distribution is an equal capital reduction.

Under section 256B of the Corporations Act, a company may only reduce its capital if it:

- (a) is fair and reasonable to shareholders as a whole;
- (b) does not materially prejudice the company's ability to pay its creditors; and
- (c) is approved by shareholders in accordance with section 256C of the Corporations Act.

The Directors believe that the proposed reduction of capital is fair and reasonable to Shareholders as a whole and does not materially prejudice the Company's ability to pay its creditors.

Under the proposed reduction of capital, each Shareholder is treated equally and in the same manner since the terms of the reduction of capital are the same for each Shareholder. The In-specie Distribution is on a pro rata basis, and the proportionate ownership interest of each Shareholder remains the same before and after the Proposed Transaction. Further, the Directors consider that the reduction of capital will not result in the Company being insolvent at the time or after the In-specie Distribution.

In accordance with the Corporations Act:

- (a) the proposed reduction of capital is an equal reduction and requires approval by an ordinary resolution passed at a general meeting of Shareholders;
- (b) this Explanatory Statement and accompanying Prospectus set out all information known to the Company that is material to the decision on how to vote on Resolution 5; and
- (c) the Company has lodged with ASIC a copy of this Notice of Annual General Meeting and accompanying Prospectus.

6.2 ASX Listing Rule Requirements

ASX Listing Rule 7.17 provides in part that a listed entity, in offering shareholders an entitlement to securities, must offer those securities pro rata or in such other way as, in the ASX's opinion, is fair in all the circumstances. In addition, there must be no restriction on the number of securities which a shareholder holds before this entitlement accrues. The Proposed Transaction satisfies the requirements of ASX Listing Rule 7.17, as the issue of Castile Shares is being made to Shareholders on a pro rata basis, and there is no restriction on the number of Shares a Shareholder must hold before the entitlement to the Castile Shares accrues.

Further details regarding the Proposed Transaction and Castile are set out in sections 7 and 8 respectively.

7. THE PROPOSED TRANSACTION

7.1 Introduction

The Company is listed on the ASX and has a wholly owned subsidiary Castile Resources Pty Ltd (to be converted to 'Castile Resources Ltd') ("**Castile**") that holds the Rover Project and Warumpi Project in the Northern Territory.

Castile was incorporated in Western Australia in 8 March 2007 as a wholly owned subsidiary of Westgold and was transferred the Rover Project from another Westgold wholly owned subsidiary, Navarre Pty Ltd, on 15 May 2007 and has since remained a wholly owned subsidiary of the Company.

As previously announced on 5 August 2019, the Company is proposing, subject to Shareholder approval, to demerge Castile and accordingly separate its interests in the Projects by way of distributing the 99,867,489² Castile Shares it, following the subdivision of the 2 Castile Shares on issue at the date of this Notice, will hold in-specie to Eligible Shareholders on a pro-rata basis, and the subsequent Entitlement Offer of Castile Shares to facilitate the quotation of Castile Shares on the Official List ("**Proposed Transaction**" or "**Separation by Demerger**").

The Company will not retain any of its Castile Shares following the In-specie Distribution.

7.2 Projects

Castile's focus will be the exploration and development of the Rover Project and the Warumpi Project. A detailed overview with respect to the Projects is set out in the Annexure, which Shareholders are encouraged to read.

Brief descriptions of the Projects are set out below.

7.2.1 Rover Project

The Rover Project is located 80km west of the Tennant Creek township in the Northern Territory, approximately 1,000km south of Darwin and 500km north of Alice Springs. The Rover Project is considered prospective for copper/gold and associated other base metals mineralisation associated within iron oxide copper gold ("**IOCG**") mineralising systems.

Since acquiring the rights to the Rover Project, Castile has completed significant exploration activities such as drilling, metallurgy testing and ground water studies. In addition, Castile has added substantial infrastructure by way of roads and access tracks and established a mobile exploration camp.

Castile has advanced the Rover 1 prospect to the point of substantial resource definition and the prospect is ready for the completion of a definitive feasibility study into its commercialisation. Similarly, at the Explorer 108 prospect, a significant body of lead-zinc-silver mineralisation has been defined. Further works are required and the prospect is nearing a stage of prefeasibility assessment. Advanced exploration at the Explorer 142 Prospect has discovered a modest body of high-grade copper mineralisation, however additional exploration and drill-out is required.

² Note: Number of Castile Shares to be distributed as at the date of this Notice, however, the Company notes that the actual number of Castile Shares proposed to be distributed under the In-specie Distribution remains subject to any changes to Westgold's capital structure following the date of this Notice, including the conversion of Options currently on issue prior to the subdivision of Castile Shares.

Within the overall Rover Project, a number of early stage, but significant and coincident magnetic and gravity anomalies suggestive of buried IOCG bodies require preliminary drill testing.

7.2.2 Warumpi Project

Castile's other exploration activities are at the Warumpi Project located in West Arunta rocks approximately 300km west of Alice Springs. The Warumpi Project is separate and approximately 500km south-west of the Rover Project.

Early stage reconnaissance sampling has discovered outcropping gossan mineralisation returning highly anomalous copper, zinc and silver mineralisation at the Huron Prospect. Since acquiring the Warumpi Project, Castile has conducted basic reconnaissance exploration within the totally greenfields prospects with significant early success.

To date, the Company has built its corporate identity around being an exclusive core pure-play gold explorer and miner and has attracted investment from local and international gold investment funds because of this profile. In this context, the Projects, containing mineral opportunities other than gold, are considered non-core to the Company's current operations and there are substantial challenges to develop those projects within the Company as the markets and investors expect the Company to remain primarily gold focused.

Accordingly, the Separation by Demerger would allow for:

- (a) Castile to list on the ASX in its own right and raise the funds required for exploration and development of the Projects without internal competition; and
- (b) the Company to focus exclusively on gold exploration and development.

7.2.3 Separation by Demerger process

The Separation by Demerger will involve the following stages:

- (a) Shareholders approve the In-specie Distribution (Resolution 5);
- (b) Castile will subdivide its fully paid ordinary shares so as to be equal to one quarter of the number of shares on issue in Westgold at the time of the In-specie Distribution, being, at the date of this Notice, 99,867,489 Castile Shares;
- (c) Westgold will distribute 100% of the Castile Shares which Westgold holds (being all of Castile's issued capital) to the Eligible Shareholders at no cost to Shareholders, using the calculation of 1 Castile Share for every 4 Westgold Share held by Eligible Shareholders (with Ineligible Overseas Shareholders receiving cash proceeds for their entitlements upon completion of the Entitlement Offer (refer to section 7.4 for further details));
- (d) If Shareholder approval for the In-specie Distribution is obtained, Westgold will announce the Entitlement Offer to subscribe for new shares in Castile and Castile will lodge a prospectus for the issue of Castile Shares under the proposed fully underwritten Entitlement Offer; and
- (e) Castile will close the Entitlement Offer and Castile Shares will, subject to the satisfaction of certain conditions, be admitted to the Official List.

The Separation by Demerger will be governed by an Implementation Deed that has been entered into between Westgold and Castile. Please see section 8.10 for a summary of the Implementation Deed.

The In-specie Distribution of the Castile Shares by Westgold will only be available to Westgold Shareholders registered on the In-specie Distribution Record Date. The

issue of new Castile Shares under the Entitlement Offer will occur shortly before Castile is admitted to the Official List.

Once the Castile Shares have been quoted on the Official List, those shares will be able to be traded freely on the ASX. Castile has obtained in-principle advice from the ASX that, upon receipt of an application for admission to the Official List and based solely on the information provided, ASX would be likely to grant Castile a waiver from Listing Rule 9.1.3 to the extent necessary to permit Castile not to apply the restrictions in Appendix 9B to the Castile Shares issued to Shareholders following the In-specie Distribution, subject to the following conditions:

- (a) Castile prominently disclose a summary of the waiver in its prospectus relating to the Entitlement Offer; and
- (b) Shareholders approve the In-specie Distribution prior to Castile making an application to list on ASX (the subject of Resolution 5).

The Separation by Demerger will deliver to Shareholders direct ownership in a dedicated polymetallic exploration and development company, being Castile, whilst retaining their whole interests in the Company.

The Separation by Demerger is proposed to be effected partly by way of capital reduction under section 256B of the Corporations Act and (if so determined) partly by way of dividend in-specie, which together will be satisfied by the In-specie Distribution of Castile Shares. Westgold Shareholders are not required to pay any consideration for the Castile Shares received by them.

Shareholders should refer to the summary of taxation implications of the Separation by Demerger set out in section 7.13. The Company has sought a class ruling from the ATO on behalf of Shareholders to confirm the taxation outcomes of the Separation Demerger for them. This has included seeking confirmation from the ATO as to what component of the distribution of Castile Shares to Shareholders is to be treated as a demerger dividend ("**Demerger Dividend**"), and therefore not assessable income of Westgold Shareholders, and what component will be treated as a capital reduction, which will not constitute a taxable dividend to Westgold Shareholders.

The method to be applied by the Board to determine the capital reduction component of the distribution of the Castile Shares will be in accordance with the principles set out in the ATO Class Ruling, which Westgold considers should be based on the market value of the Castile Shares and the Westgold Share price shortly after Castile Shares commence trading on the ASX. As those values are not able to be determined now it is not possible to specify in this Notice of Annual General Meeting the exact proportion of the distribution of Castile Shares that will occur by way of capital reduction and what portion by dividend in-specie, if any.

In any event, the capital reduction component cannot be more than 100% of the Castile market value. Accordingly, under Resolution 5, approval of Westgold Shareholders is sought to reduce the Company's share capital by up to 100% of the market value of Castile Shares, with that (or such lesser amount as is determined in accordance with the applicable ATO guidelines), to be the capital reduction component amount ("**Capital Reduction Amount**").

The Board will determine to reduce Westgold's share capital on the Effective Date by the Capital Reduction Amount. The dividend component will comprise the balancing amount making up the entire amount to be distributed in-specie to Westgold Shareholders, less the Capital Reduction Amount. Westgold Shareholder approval is not required for the purpose of determining the dividend component amount. Shareholders will be advised of the precise division of these amounts following implementation of the Separation by Demerger.

7.3 Conditions to the Proposed Transaction

While the Board has resolved to proceed with the Proposed Transaction, it remains subject to the following conditions (together, the “**Transaction Conditions**”):

- (a) the Company obtaining Shareholder approval under the Corporations Act for the In-specie Distribution (such approval to be sought at the Meeting pursuant to Resolution 5);
- (b) the Company receiving a draft class ruling from the ATO confirming the availability of Demerger Relief;
- (c) Castile completing its Entitlement Offer;
- (d) Castile receiving a letter confirming that the ASX will admit Castile to the Official List, subject to the satisfaction of certain conditions on terms acceptable to Castile; and
- (e) final approval by Castile’s Directors.

There is no certainty that the Transaction Conditions will be satisfied.

As noted above, the In-specie Distribution will be effected by an equal reduction of the Company’s capital on a pro-rata basis. Shareholders will receive an in-specie return of capital by way of the distribution of 99,867,489 Castile Shares in proportion to the number of Shares held by them at the In-specie Distribution Record Date. Shareholders will thereby retain direct ownership of the Company and receive a direct ownership interest in Castile. Structure diagrams of the proposed arrangements immediately before and after the Proposed Transaction are set out in section 7.6 of this Explanatory Statement.

7.4 Foreign Shareholders

Shareholders on the In-specie Distribution Record Date with an address outside an Eligible Country will have their pro-rata entitlement of Castile Shares sold by Canaccord (“**Nominee**”) engaged by the Company and the net proceeds paid to the Ineligible Shareholders, with the timing of the sale to coincide with the Entitlement Offer and a market for Castile Shares being established on ASX.

The Nominee will act on a best efforts only basis to sell the Ineligible Shareholders’ Castile Shares, and will not be liable to the Ineligible Shareholder for any loss suffered as a result.

The release, publication or distribution of the Notice of Annual General Meeting and Explanatory Memorandum in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions, and persons outside of Australia who come into possession of the Notice of Annual General Meeting and Explanatory Memorandum should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

The Notice of Annual General Meeting and Explanatory Memorandum have been prepared in accordance with Australian law and are subject to Australian disclosure requirements. The information contained in the Notice of Annual General Meeting and Explanatory Memorandum may not be the same as that which would have been disclosed if the Notice of Annual General Meeting and Explanatory Memorandum had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia.

Financial information in this Explanatory Memorandum has been prepared in accordance with the classification and measurement principles of the Australian Accounting Standards and is presented in an abbreviated form and does not contain

all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

This document does not constitute an offer of Castile Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Castile Shares may not be offered, in any country outside Australia except to the extent permitted below.

Canada

This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document, the merits of the Castile Shares and any representation to the contrary is an offence. No prospectus has been, or will be, filed in any province in Canada with respect to the Castile Shares or the resale of such securities. Any resale of the Castile Shares in Canada must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

Hong Kong

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This Notice of Meeting is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 (or any other relevant New Zealand law). The offer of Castile Shares under the Demerger is being made to existing shareholders of Westgold in reliance upon the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 and, accordingly, this Notice of Meeting may not contain all the information that a disclosure document is required to contain under New Zealand law.

Panama

The Castile Shares have not been registered under the Panamanian Securities Law (Law-Decree No. 1 of July 8, 1999, as amended and restated from time to time, the "Panamanian Securities Laws") with the Panamanian Superintendency of the Securities Market (*Superintendencia del Mercado de Valores de la República de Panamá*) (the "SMV"). Accordingly, (i) the Castile Shares cannot be publicly offered or sold in Panama, except in transactions exempted from registration under the Panamanian Securities Laws, (ii) the SMV has not reviewed the information contained in this NoM, (iii) the Castile Shares and the offering thereof are not subject to the supervision of the SMV, and (iv) the Castile Shares do not benefit from the tax incentives provided by the Panamanian Securities Laws. The Castile Shares in Panama are being offered only to Westgold shareholders with a registered address in Panama. The Castile Shares are not being offered to the public in Panama.

Singapore

This document and any other materials relating to the Castile Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Castile Shares, may not be issued, circulated or distributed, nor may the Castile Shares be offered or sold, or be made the subject of an invitation for subscription or

purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA. This document is being made available to less than 50 persons in Singapore. You may not forward or circulate this document to any other person in Singapore. Any offer is not made to you with a view to the Castile Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Castile Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Castile Shares. This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the Castile Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the Castile Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to Westgold. In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members or creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

7.5 Directors' Recommendation

The Board recommends that Shareholders vote in favour of Resolution 5, for the following reasons:

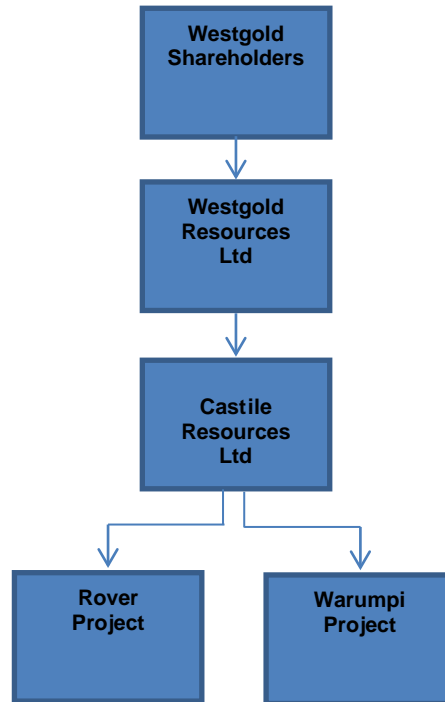
- (a) with proper funding, the Board sees considerable underlying value in the Projects. To fully unlock this value, a dedicated fully funded vehicle is required;
- (a) the Board and management team is focused on its operating gold projects in Western Australia, being the Fortnum, Cue and Meekatharra Gold Operations, and the Company does not have the required financial and management resources available to adequately develop the Projects;
- (b) the Projects are best developed in a separate exploration and development vehicle, with a dedicated board and management team who will be responsible for asset funding and further development;

- (c) after a full and proper assessment of all available information, the Directors believe that the Proposed Transaction is in the best interest of Shareholders; and
- (d) in the opinion of the Directors, the benefits of the Proposed Transaction outweigh its disadvantages.

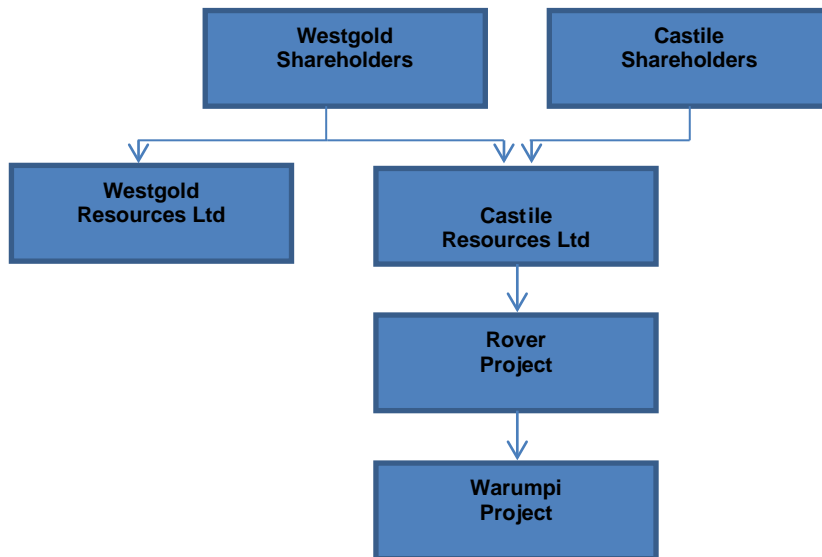
7.6 Restructure

In the event the In-specie Distribution is effected, the corporate structure of the Company and Castile will be as follows:

7.6.1 Current Structure



7.6.2 Structure Post In-specie Distribution



7.7 Effect of the Proposed Transaction on the Company

The principal effect of the Separation by Demerger on the Company will be:

- (a) no material change in cash reserves;
- (b) minimal change in net assets;
- (c) Westgold share capital will reduce by an amount up to the market value of all the fully paid shares in Castile, less a Demerger Dividend (if any).

The Proposed Transaction will result in the Company disposing of the Projects through the listing of Castile on ASX. These assets have a value of approximately \$16.8m in the Company's audited financial statements for the year ending 30 June 2019.

Set out below is the Historical Consolidated Statement of Financial Position of the Company as at 30 June 2019, which has been derived from the Company's financial statements for the financial year ended 30 June 2019 which were audited by Ernst & Young in accordance with the Australian Auditing Standards. The financial information below also sets out the unaudited Consolidated Pro-Forma Statement of Financial Position, as at 30 June 2019 and on the basis the Proposed Transaction was effective on 30 June 2019.

	Audited 30 June 2019	Pro forma Adjustments	Unaudited Pro forma Balance
	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	67,196,289	(67,816)	67,128,473
Trade and other receivables	6,992,121	-	6,992,121
Inventories	45,502,914	-	45,502,914
Prepayments	1,336,486	-	1,336,486
Other financial assets	1,427,836	-	1,427,836
Total current assets	122,455,646	(67,816)	122,387,830
NON-CURRENT ASSETS			
Financial assets	56,210,813	-	56,210,813
Property, plant and equipment	175,572,503	(206,966)	175,365,537
Mine properties and development costs	218,207,334	-	218,207,334
Exploration and evaluation expenditure	104,276,449	(15,981,491)	88,294,958
Total non-current assets	554,267,099	(16,188,457)	538,078,642
TOTAL ASSETS	676,722,745	(16,256,273)	660,466,472
CURRENT LIABILITIES			
Trade and other payables	57,741,966	(216)	57,741,750
Provisions	7,963,523	-	7,963,523
Interest-bearing loans and borrowings	18,271,020	-	18,271,020
Unearned income	25,470,487	-	25,470,487
Total current liabilities	109,446,996	(216)	109,466,780
NON-CURRENT LIABILITIES			
Provisions	70,323,565	-	70,323,565
Interest-bearing loans and borrowings	18,465,857	-	18,465,857
Deferred tax liabilities	35,000,416	(3,841,624)	31,158,792
Total non-current liabilities	123,789,838	(3,841,624)	119,948,214
TOTAL LIABILITIES	233,236,834	(3,841,840)	229,394,994
NET ASSETS	443,485,911	(12,414,433)	431,071,478
EQUITY			
Issued capital	299,494,861	-	299,494,861
Accumulated losses	(51,784,989)	(12,414,433)	(64,199,422)
Share-based payments reserve	14,282,408	-	14,282,408
Other reserves	181,493,631	-	181,493,631
TOTAL EQUITY	443,485,911	(12,414,433)	431,071,478

The Company's capital structure (including number of Shares on issue) will not change as a result of the Proposed Transaction.

7.8 Effect of the Proposed Transaction on Shareholders

Shareholders will hold the same number of Shares they held prior to the Proposed Transaction.

Shareholders on the In-specie Distribution Record Date with a registered address in Australia will be transferred Castile Shares on a pro-rata basis. Shareholders with an address outside an Eligible Country are considered Ineligible Shareholders and will have their pro-rata entitlement of Castile Shares sold and the net proceeds paid to them in cash upon completion of the Entitlement Offer.

Assuming no further Shares are issued prior to the Effective Date, each Shareholder will receive 1 Castile Share for every 4 Shares held on the In-specie Distribution Record Date.

Eligible Shareholders may be exposed to tax consequences as a result of the Proposed Transaction. See section 7.13 for details for Australian taxation implications for Australian tax resident Shareholders.

7.9 Effect of the Proposed Transaction on Existing Options

In accordance with the terms of issue of each of the existing options in the Company outstanding as at the date Resolution 5 is passed and in accordance with ASX Listing Rule 7.22.3, the exercise price of each such outstanding option in the Company will be automatically reduced by the same amount as the amount returned in relation to each Share. There will be no early lapsing of any existing options for any Company employee or director who holds such options and who becomes employed by Castile in lieu of the Company.

7.10 Plans for the Company following the Proposed Transaction

The Company has been operating exclusively as a gold mining company and has to date built its corporate identity around being an exclusive ore pure-play gold miner. Following the demerger of Castile, the Company intends on continuing to operate as a pure-play gold explorer and producer in line with its stated corporate and operational objectives.

7.11 Advantages and Disadvantages of the Proposed Transaction

Advantages

The Directors consider that the Proposed Transaction will have the following advantages for the Company and its Shareholders.

- (a) All Shareholders will retain an interest in the Rover Project and Warumpi Project through their individual pro-rata shareholdings in Castile.
- (b) All Shareholders will retain their current percentage ownership interest in the capital of the Company.
- (c) The Directors believe that the market is attributing minimal value to the Rover Project and Warumpi Project. The Board believes this may be due to the Company's multi-commodity project mix and that a company primarily dedicated to exploring and developing the Rover Project and Warumpi Project may be able to extract additional value from them.
- (d) The In-specie Distribution and subsequent Entitlement Offer will allow for a better focus on the advancement of the Projects and will enable a more transparent market value to be placed on the Projects, whilst the Company continues to operate exclusively as a gold exploration and mining company.

- (e) The Separation by Demerger from the Company will mean that both Castile and the Company will have a primary focus that will not be affected by events or occurrences relating to other projects.
- (f) The Board believes that investors in Westgold, and the Company itself, would benefit from a simplified corporate strategy focused on its West Australian gold assets and the large infrastructure investment it has made in them.
- (g) Rather than invest its shareholders funds in these non-core assets and in polymetallic assets, the Board is handing that investment choice to its Shareholders. The In-specie Distribution gives each and every Shareholder an equal and tradeable piece of the Castile assets. Shareholders can choose to divest this or hold it based on their views of the Castile Prospects. Further the entitlement right provides shareholders an equal right but not an obligation to retain their proportional interest in Castile. Further the separate listing of Castile provides a free market for the trading of shares in Castile.
- (h) Any future capital raisings are expected to be more achievable by each individual entity as the focus of the funding will be on either specifically, the Company's remaining assets or the Projects.
- (i) The completion of the Proposed Transaction will provide Shareholders with the ability to participate in the exploration upside of the Projects in a separate company with separate financing capabilities whilst also maintaining their investment exposure to the Company's remaining projects.
- (j) The advancement and potential development of the Projects could unlock significant value for Castile Shareholders which could be better reflected in Castile's share price (once listed).

Disadvantages

The Directors consider that the Proposed Transaction will have the following disadvantages for the Company and its Shareholders.

- (a) There is no guarantee that the Castile Shares will rise in value.
- (b) There are a number of potential disadvantages arising from Castile seeking further funding (including pursuant to the Entitlement Offer). These include, but are not limited to:
 - i. dilution of Castile Shareholders' shareholdings via the Entitlement Offer if Castile Shareholders choose not to participate in the Entitlement Offer or any future equity raisings; and
 - ii. uncertainty regarding Castile's ability to raise required funding.
- (c) Shareholders may incur additional transaction costs if they wish to dispose of their new investment in Castile (e.g. brokerage costs).
- (d) There may be a taxation consequence in respect of the distribution of Castile Shares to the Shareholders. Details of the possible general taxation effect of the Proposed Transaction are set out in section 7.13 of this Explanatory Statement.
- (e) The costs relating to Castile and the Separation by Demerger (some of which will initially be incurred by the Company) will include, but are not limited to:
 - i. adviser and other fees incurred in the preparation of the documentation giving effect to the In-specie Distribution and the Entitlement Offer; and

- ii. tax advice obtained in relation to taxation consequences of the In-specie Distribution.
- (f) As a result of the return of capital, the Company will forego a sizable percentage of the premium it might have received from a person seeking to acquire a controlling stake in Castile and the Projects.
- (g) Assuming completion of the Proposed Transaction, there will be two separate companies that will require to be funded and will incur ongoing administrative costs (being the Company and Castile). This will lead to a duplication of costs to Shareholders in some instances (e.g. directors' fees, which for Castile will begin to be paid following admission of Castile to the Official List).

7.12 Timetable

The indicative timetable for the Proposed Transaction is set out below:

Annual General Meeting to approve the In-specie Distribution	25 November 2019
ASX informed of Shareholder approval for the In-specie Distribution (if obtained)	25 November 2019
In-specie Distribution Record Date	28 November 2019
Entitlement Offer Prospectus lodged with ASIC	2 December 2019
Effective Date and completion of In-specie Distribution	3 December 2019
Entitlement Offer Record Date	4 December 2019
Opening Date of Entitlement Offer	10 December 2019
Closing Date of Entitlement Offer	10 January 2020
Issue of Castile Shares under Entitlement Offer	17 January 2020
Dispatch of holding statements for Castile Shares issued under Entitlement Offer	23 January 2020
Expected Quotation of Castile Shares	29 January 2020

Note: The dates shown in the table above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws.

7.13 Taxation Consequences

Westgold considers the proposed Demerger should qualify for demerger tax relief (“**Demerger Relief**”). On behalf of Shareholders, the Company has applied to the Commissioner of Taxation (“**Commissioner**”) for a class ruling in connection with the Separation by Demerger to confirm this.

7.13.1 Australian taxation implications for Australian tax resident Shareholders

On the assumption that a favourable class ruling is obtained from the ATO confirming Demerger Relief is applicable, the following is a general summary of the Australian taxation consequences for Australian resident Shareholders who receive Castile Shares in respect of the capital reduction. The taxation information below is applicable

to Australian residents who hold their Shares on capital account and are not subject to the taxation of financial arrangement provisions contained in Division 230 of the Income Tax Assessment Act (1997) (“ITAA 1997”).

The information below is not a complete analysis of all taxation implications relevant to the proposed Separation by Demerger and all Shareholders should obtain independent tax advice regarding the income tax and capital gains tax implications specific to their circumstances. Specifically, Shareholders who hold their Shares on revenue account (for example, Shareholders who are share traders and certain institutional investors), and Shareholders who are not residents of Australia for income tax purposes, should all seek independent taxation advice. The information below does not consider the future tax implications associated with holding or selling the Shares or Castile Shares following implementation of the Separation by Demerger.

The information below has been prepared based on the taxation laws, regulations, rulings and administrative guidance and judicial interpretations as at 11 October 2019. It is important to note the ultimate interpretation of taxation law rests with the courts and that the law, and the way the revenue authorities seek to administer the law, may change over time. Accordingly, information below represents an interpretation of existing law based upon generally accepted interpretations of that law.

Australian Tax laws are complicated and subject to legislative and interpretive change both prospectively and (occasionally) retrospectively. Changes in the tax law or interpretation of the tax law subsequent to the date of this Explanatory Statement may alter the tax treatment of the Separation by Demerger.

There could also be implications for Shareholders in addition to those described above. The information provided below is general in nature and the individual circumstances of each shareholder may affect the tax implications of the Demerger for that shareholder. Shareholders should seek appropriate independent professional advice that considers the tax implications in respect of their own specific circumstances.

Demerger tax relief

The information below has been prepared on the basis that shareholders who are residents of Australia and who hold their Shares on capital account for tax purposes should be eligible to choose Demerger Relief. Broadly, Demerger Relief ensures that any CGT consequences from the transaction may be deferred, and that the dividend component (if any) of a distribution is not taxed in the hands of the Shareholders.

CGT Consequences

The capital reduction will give rise to a CGT event for Shareholders representing the distribution of Castile Shares. The CGT event will happen at the time Westgold completes the capital reduction.

Westgold Shareholders can choose whether or not to obtain demerger roll-over relief.

(a) Where demerger roll-over relief is chosen

(i) Capital gain is disregarded

If Demerger Relief is available, for Shareholders who choose demerger roll-over relief, any capital gain made arising from the CGT event happening to their Shares under the capital reduction will be disregarded.

(ii) CGT cost base in Shares and Castile Shares

Shareholders will need to apportion the CGT cost base of their original Shares between their original Shares and new Castile Shares in

accordance with the market values of the Shares and Castile Shares (or a reasonable approximation of these market values) just after the Separation by Demerger.

Further information in relation to the apportionment of cost bases will be provided by Westgold subsequent to the Separation by Demerger being implemented.

(iii) Time of acquisition of Castile Shares

For Shareholders who choose demerger roll-over relief, their Castile Shares will have the same CGT characteristics as the underlying Shares. For the purposes of determining the availability of the CGT discount on a subsequent sale of Castile Shares, Castile Shares should be taken to have been acquired at the time the shareholder acquired their original Shares. Shareholders should seek appropriate tax advice to determine the application of the CGT discount in their specific circumstances.

(b) Where demerger roll-over relief is not chosen

(i) Capital gain is not disregarded

If Demerger Relief is available, for Shareholders who do not choose to obtain demerger roll-over relief, any capital gain made arising from the capital reduction under the Separation by Demerger will not be disregarded.

Shareholders may be entitled to discount CGT treatment. Shareholders should seek appropriate tax advice to determine the application of the CGT discount in their specific circumstances.

If the capital component of the Capital Reduction Amount does not exceed the CGT cost base in the Shares, no capital gain should be made. Shareholders will not make a capital loss as a result of the return of capital under the Separation by Demerger.

(ii) CGT cost base in Shares and Castile Shares

Shareholders who do not choose to obtain demerger roll-over relief should apportion the first element of the CGT cost base in their Shares between those Shares and Castile Shares received under the Separation by Demerger. The method of apportionment is the same as the method for Shareholders who choose to obtain demerger roll-over relief as discussed above.

(iii) Time of acquisition of Castile Shares

Where demerger roll-over relief is not chosen, all of the Castile Shares transferred to Shareholders will be treated as having been acquired at the time they are transferred to the Shareholders. This will be relevant to Shareholders in determining the availability of the CGT discount on a subsequent sale of Castile Shares. Shareholders should seek appropriate tax advice to determine the application of the CGT discount in their specific circumstances.

Application of demerger tax integrity measures

In certain circumstances part of an in-specie distribution can be treated as a dividend for Australian tax purposes. The dividend component would be that amount of the in-specie distribution by which Westgold does not reduce share capital. Westgold expects to determine the Capital Reduction Amount by reference to the allocation

required by the principles set out in the ATO Class Ruling. The dividend component should therefore be that amount by which the market value of the Castile Shares arising from the in-specie distribution exceeds the Capital Reduction Amount. On the basis the ATO confirms the in-specie distribution qualifies for Demerger Relief, this dividend would not be assessable to Shareholders.

It should be noted, the Commissioner of Taxation may (in certain circumstances) make a determination under section 45B of the Income Tax Assessment Act 1936 (“ITAA 1936”) to deem certain payments to be treated as taxable unfranked dividends for taxation purposes. Having regard to the circumstances of the Separation by Demerger, Westgold does not consider the Commissioner should apply section 45B to the proposed Separation by Demerger. Westgold is also seeking confirmation from the ATO on this in the ATO Class Ruling.

For completeness, the following is an outline of the potential Australian income tax implications for Australian resident Shareholders who hold their Shares on capital account should the Commissioner make a determination under section 45B in respect of the Separation by Demerger:

- Shareholders may make a capital gain to the extent that the Capital Reduction Amount exceeds the particular Shareholder's cost base.
- All or part of the Capital Reduction Amount may be treated as an unfranked dividend. This amount would be assessable income for Australian resident Shareholders or subject to dividend withholding tax for non-resident Shareholders (generally at the rate of 30% on the gross amount, subject to any applicable double tax agreement).
- The CGT cost base in the Shares may not change as a result of the Demerger.
- The CGT cost base in Castile Shares should be equal to the Capital Reduction Amount.
- Castile Shares should be treated as having been acquired at the time they are transferred to Shareholders.

Taxation implications for the Company

The transfer of shares in Castile from Westgold to the Shareholders is not expected to have any material adverse tax implications for Westgold on the basis Demerger Relief applies.

7.14 Consequences if the Proposed Transaction does not complete

The Company will, in the event Shareholders do not approve the Separation by Demerger or the Proposed Transaction does not otherwise complete, continue to hold the Projects. Given the Company's focus will be on gold exploration and production, the Company will consider its alternatives to maximise Shareholder return from the Projects.

7.15 Information Concerning Shares

The highest and lowest recorded sale price of Shares as traded on ASX during the twelve (12) months immediately prior to this Explanatory Statement is set out below:

	Date	Price
Highest	25 September 2019	\$2.51
Lowest	24 December 2018	\$0.80
Last	17 October 2019	\$2.14

7.16 Directors' Interests

The table below sets out the number of securities in the Company held by the Directors at the date of this Explanatory Statement and also the number of Castile Shares they are likely to have an interest in if Resolution 5 is passed and the Proposed Transaction completes:

Name	Shares	Options	Interest in Castile following the In-specie Distribution	
			Castile Shares ¹	% interest in Castile Shares
Peter Newton	6,941,656	-	1,735,414	1.74%
Peter Cook	10,779,066	1,679,744	2,694,766	2.70%
Johannes Norregaard	-	1,180,869	-	-
Fiona Van Maanen	435,521	-	108,880	0.11%
Peter Schwann	-	-	-	-
Suresh Shet	-	-	-	-

1. Based on 1 for 4 ratio for the In-specie Distribution and assuming Castile Shareholders subscribe for their full entitlements under the Entitlement Offer. Refer to section 7.3 for further details.

Castile has obtained in-principle advice from the ASX that, upon receipt of an application for admission to the Official List and based solely on the information provided, ASX would be likely to grant Castile a waiver from Listing Rule 9.1.3 to the extent necessary to permit Castile not to apply the restrictions in Appendix 9B to the Castile Shares issued to Shareholders following the In-specie Distribution, subject to the following conditions:

- (a) Castile prominently disclose a summary of the waiver in its prospectus relating to the Entitlement Offer; and
- (b) Shareholders approve the In-specie Distribution prior to Castile making an application to list on ASX (the subject of Resolution 5).

7.17 Disclosure to ASX

As an entity with shares quoted on ASX, the Company is a disclosing entity and, as such, is subject to regular reporting and disclosure requirements. Copies of documents lodged in relation to the Company can be accessed at the ASX announcements platform or the Company's website.

8. IMPORTANT CASTILE INFORMATION

8.1 Introduction

Castile was incorporated in Western Australia on 8 March 2007 as a wholly owned subsidiary of Westgold and was transferred the Rover Project from another Westgold wholly owned subsidiary, Navarre Pty Ltd, on 15 May 2007.

Subject to Shareholders approving the In-specie Distribution pursuant to Resolution 5, it is proposed that Castile will lodge a prospectus for the Entitlement Offer and apply for admission to the Official List.

Castile has reserved the ticker “CST” with ASX to use as its ASX ticker code.

8.2 Principal Effect of the Separation by Demerger on Castile

The principal effect of the In-specie Distribution and Entitlement Offer on Castile will be that:

- (a) cash reserves of Castile will increase by approximately \$19,970,000 following completion of the proposed fully underwritten Entitlement Offer (before fees and expenses of the Entitlement Offer);
- (b) the number of fully paid Castile Shares on issue will increase to approximately 199,734,978; and
- (c) Castile will become a public company, separate from Westgold and listed on ASX.

8.3 Detailed information in relation to the Projects

Shareholders are encouraged to read the Annexure which contains geological and other detailed information on Castile’s Projects.

8.4 Castile Capital Structure

At the date of this Notice, Castile has 2 shares on issue. Assuming no Westgold Shares are issued prior to the In-specie Distribution Record Date, for example by way of conversion of Options currently on issue, the 2 Castile Shares will be subdivided to equal one quarter of the number of shares on issue in Westgold at the time of the In-specie Distribution, being 99,867,489 Castile Shares (at the date of this Notice and subject to rounding).

The pro-forma capital structure of Castile following the In-specie Distribution and after the Entitlement Offer is as follows:

Table 1 – Castile Capital Structure

Capital structure	Prior to In-specie Distribution	Upon completion of In-specie Distribution	Upon completion of Entitlement Offer
No. of Castile Shares*	2	99,867,489	199,734,978

Note: These figures are correct as at the date of this Notice, however, the Company notes that the actual number of Castile Shares proposed to be distributed under the In-specie Distribution remains subject to any changes to Westgold’s capital structure following the date of this Notice, including the conversion of Options currently on issue prior to the subdivision of Castile Shares.

It is proposed that prior to listing, Castile will issue 2,000,000 options to Castile’s Managing Director, Mark Hepburn, the material terms of which are set out in the table below:

Name	Position	Exercise Price	Number	Expiry Date	Vesting Conditions
Mark Hepburn	Managing Director	\$0.25	2,000,000	3 years from the date of issue	Subject to Castile being admitted to the Official List: i. 1,000,000 options will vest and

					<p>become exercisable one year from the date the options are issued; and</p> <p>ii. 1,000,000 options will vest and become exercisable two years from the date the options are issued.</p>
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8.5 Entitlement Offer

If Shareholder approval for the In-specie Distribution is obtained at the Meeting, Castile will undertake the Entitlement Offer to, among other things, fund the exploration and development of the Projects and facilitate the quotation of Castile Shares on the Official List.

Castile is seeking to raise up to approximately \$19,970,000 under the Entitlement Offer (by the issue of 99,867,489 Castile Shares at an issue price of \$0.20 each) pursuant to a prospectus to be lodged shortly after the date of the Meeting (subject Shareholder approval for the In-specie Distribution being obtained).

Castile proposes to appoint Canaccord as underwriter to the Entitlement Offer. The underwriting terms and conditions will be set out within the Entitlement Offer prospectus.

The Company, as the current holding company of Castile, will be responsible for meeting all the required tenement expenditure on the Projects until completion of the In-specie Distribution and Entitlement Offer, at which time Castile will independently assume responsibility for all costs associated with the Projects.

The Company will also fund Castile's expenses in respect of the Entitlement Offer (e.g. legal and other fees incurred in the preparation of documentation giving effect to the Entitlement Offer) which will be capitalised and repaid to the Company from the proceeds of the Entitlement Offer.

Following quotation on the Official List, the Castile Board will continue to advance the Projects in the manner in which it considers to be in the best interests of Castile Shareholders at the relevant time and based on its ability to fund those intentions.

In the short term, Castile would be focused on exploration activities on the Projects. Over the medium term, Castile would be focused on delivering value to its shareholders through the continued exploration and development of the Projects and any additional assets that may be acquired at a future point in time.

Further details with respect to Castile's proposed exploration activities and expenditure will be included in the Entitlement Offer prospectus.

The Entitlement Offer is proposed to ensure that Castile is adequately financed to continue (or commence) exploration activities on the Projects aimed at the discovery of mineral deposits, in some cases based on evaluation of targets previously identified by the Company during previous exploration undertaken by the Company.

8.6 Background of the Projects and Proposed Project Development Plan

The Rover Project and Warumpi Project are situated in the Northern Territory as shown in the map below:



A detailed summary of each project including information on prospectivity is set out in the Annexure. The Board believes that the cumulative results of previous exploration carried out by the Company provide a platform on which Castile can progress future exploration on the Projects and on which Castile can progress future exploration and add value to Castile. It is hoped this will encourage current Shareholders to maintain their interest in the Projects via Castile.

Castile's proposed business model will be to further explore and develop gold-copper and lead-zinc-silver deposits located within the Projects (where possible) in proximity to established mining operations and infrastructure which demonstrate the ability to be developed into early production opportunities.

Castile proposes to undertake exploration across the Projects as outlined below with the intention of demonstrating the economic potential of any potential deposits and defining JORC compliant resources across multiple project areas.

Castile also intends to evaluate and pursue other prospective opportunities in the resources sector in line with its strategy to develop quality assets. Details of the development plan for each project are briefly set out below and will be further detailed in the Entitlement Offer prospectus.

As the Entitlement Offer is proposed to be fully underwritten by Canaccord, the proposed exploration activities and budget for an initial two years following Castile's listing on ASX is set out below:

Activity	CY 2020	CY 2021
Rover Regional Exploration	800,000	800,000
Rover 1 – Infill Drilling	1,200,000	600,000
Rover 1 – Feasibility & Development Studies	1,000,000	2,600,000

Explorer 108 – Extensional Drilling	800,000	800,000
Curiosity Prospect - Exploration Drilling	800,000	800,000
Explorer 142 – Extensional Drilling	1,200,000	800,000
Warumpi Prospects – Regional Exploration	500,000	500,000
Exploration Capital Costs- Plant & Equipment	460,000	200,000
Working Capital Reserves	-	2,460,000
Corporate Office Set-up & Equipment Cost	200,000	200,000
Corporate Costs	900,000	900,000
Castile Listing & Associated Costs	400,000	-
Underwriting Fees & Expenses	1,050,000	-
Sub-total	\$9,310,000	\$10,660,000
Grand-total		\$19,970,000

Note: The above table is a statement of Castile's intentions as of the date of this Notice and assumes completion of the Entitlement Offer. As with any budget, intervening events including, but not limited to, exploration success or failure and new circumstances have the potential to affect the manner in which funds are ultimately applied. Castile reserves the right to alter the way funds are ultimately applied. Castile reserves the right to alter the way funds are applied on this basis. Further, the above table will be subject to change in the event Castile amends the proposed structure and terms of the Entitlement Offer.

8.7 Castile Board and Company Secretary

8.7.1 Peter Cook – Non-executive Chairman

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 Managing Director of Westgold and has more than a decade of association with Castile 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 companies.

8.7.2 Mark Hepburn – Managing Director

Mr Hepburn has a degree in Economics and Finance (B.Econ. & Fin 1992 UWA) and has been a member of the Australian Institute of Company Directors since 2008.

He has significant experience in the management and corporate development of public companies, their interaction with small, institutional investors and their servicing through communication, promotion and management.

Mr Hepburn brings substantial market aptitude and the critical marriage between the risk aspects of exploration and development, with the intricacies of capital markets.

Mr Hepburn is also a Non-Executive Director of ASX listed lithium and gold explorer Mali Lithium after an acting role as CEO where he oversaw the company's refinancing and corporate re-structuring. He was also on the board of ASX listed Indonesian gold developer Sihayo Resources until November 2018.

8.7.3 Jake Russell – Non-executive Director

Mr Russell is a geologist B.Sc. (Hons) MAIG with circa 20 years of experience in exploration, mining, resource development and management. He is currently the group Chief Geologist of Westgold and prior to its demerger from Metals X Limited, he was the Group Chief Geologist of Metals X Limited.

Mr Russell brings Castile a second to none knowledge of the Projects and a high degree of technical expertise in their exploration, resource development and exploitation.

8.7.4 John Braham – Non-executive Director

Mr Braham is an experienced mining finance and investment professional having a 24 year career with Macquarie Bank until 2017. For the last 11 years of his service he was an Executive Director and co-head of Macquarie's Global Mining and Finance Division.

Mr Braham has vast experience in the provision of debt and equity for mining exploration and development companies worldwide. He brings Castile a set of finance and corporate skills to greatly assist with its future financing and development needs.

Since November 2018, Mr Braham has served as Managing Director of the ASX listed and South American focussed Equus Mining Limited.

8.7.5 Ben Secrett – Company Secretary

Mr Secrett has over 10 years' experience providing corporate advisory, legal, risk and governance services to Australian and foreign listed and unlisted entities, having worked as a corporate lawyer and a Principal Adviser in ASX Listings Compliance.

Mr Secrett has a comprehensive knowledge of the Corporations Act, ASX Listing Rules, the JORC Code and the Petroleum Resource Management System, and extensive experience in IPOs and capital raisings, backdoor listings, transaction structuring, and corporate governance and compliance. Mr Secrett has qualifications in economics, law and corporate governance.

As at the date of this Explanatory Statement and other than as set out in this Explanatory Statement, no Castile director has, or has held at any time during the last two (2) years, an interest in:

- (a) the formation or promotion of Castile;
- (b) property acquired or proposed to be acquired by the body in connection with:
 - i. its formation or promotion; or
 - ii. the offer of the securities; or
 - iii. the offer of securities.

8.7.6 Remuneration of Castile Directors

Set out below is the initial remuneration payable by the Company to each Castile Director.

Director	Role	Annual salary
Peter Cook	Non-Executive Chairman	\$80,000 (excl. of statutory superannuation)
Mark Hepburn	Managing Director	\$300,000 (excl. of

		statutory superannuation)
John Braham	Non-Executive Director	\$60,000 (excl. of statutory superannuation)
Jake Russell	Non-Executive Director	\$60,000 (excl. of statutory superannuation)

8.8 Risk Factors in Holding Castile Shares

The Castile Shares to be distributed under the In-Specie Distribution should be considered speculative because of the nature of the business activities of Castile, particularly that of mineral exploration. Whilst the Directors recommend the Proposed Transaction, potential investors should consider whether the Castile Shares offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. This list is not exhaustive and potential investors should read the Notice in its entirety and if in any doubt consult their professional advisor.

8.8.1 Risks Specific to Castile and its Projects

Castile's exploration projects represent the main business activity and focus of Castile. Risks specific to these projects and Castile's circumstances include the following:

8.8.1.1 Non-renewal of title

Under Northern Territory law, exploration tenements are valid for set periods of time and renewal is subject to the approval of the Minister. There is no guarantee that Castile will be successful in the renewal of exploration tenements as they reach their expiry date.

If in the future, the tenements are not extended, Castile may suffer damage through loss of the opportunity to discover and/or develop any mineral resources.

8.8.1.2 Management

Castile's success is to a large extent dependent upon the retention of key personnel. There is no assurance that engagement contracts for members of the senior management team personnel will not be terminated, or if members of the senior management team were otherwise no longer able to continue in their role, Castile would need to replace them which may not be possible if suitable candidates are not available. Furthermore, there is no guarantee Castile is able to attract, train and retain key individuals and other highly skilled employees and consultants. As a result, Castile's operations and financial performance would likely be adversely affected.

8.8.1.3 Resource estimate

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should Castile encounter mineralization or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans

may have to be altered in a way which could have either a positive or negative effect on Castile's operations.

8.8.1.4 Exploration and operating risks

The current and future operations of Castile, including exploration, appraisal and possible production activities may be affected by a range of exploration and operating factors including:

- (a) geological conditions;
- (b) limitations on activities due to seasonal weather patterns;
- (c) alterations to program and budgets;
- (d) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling, metallurgical laboratory work and production activities;
- (e) mechanical failure of operating plant and equipment;
- (f) adverse weather conditions, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;
- (g) industrial action, disputation or disruptions;
- (h) unavailability of transport or drilling equipment to allow access and geological and geophysical investigations;
- (i) failure of metallurgical testing to determine a commercially viable product;
- (j) unavailability of suitable laboratory facilities to complete metallurgical test work investigations;
- (k) shortages or unavailability of manpower or appropriately skilled manpower;
- (l) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and
- (m) prevention or restriction of access by reason of inability to obtain consents or approvals.

8.8.1.5 Commodity prices

Commodity prices fluctuate and are affected by numerous factors beyond the control of Castile. These factors include worldwide and regional supply and demand for the specific commodity, prevailing commodity trading terms, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on Castile's exploration, project development and production plans and activities, together with the ability to fund those plans and activities. Furthermore, some products are not trading upon terminal, liquid, commodity exchanges. There is a risk therefore that Castile may not be able to secure an attractive price for its commodity products.

8.8.1.6 Environment

The Projects are subject to Northern Territory and federal laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, the Projects would be

expected to have a variety of environmental impacts should development proceed.

Castile intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by Castile's activities will be rehabilitated as required by applicable laws and regulations.

8.8.1.7 Mining tax and royalties

All tenements within the Northern Territory, Australia are subject to a Northern Territory Government Minerals Royalty in accordance with the Northern Territory Mineral Royalty Act 1982 (as amended). This royalty is calculated as 20% of the "Net Value" of mine production (i.e. the mineral commodities sold or removed from a mine, regardless of the type of mineral commodity or the underlying land tenure), where "Net Value" equals the gross revenue from the relevant production unit less the operating costs of the production unit for the year, a capital allowance on eligible capital assets expenditure, eligible exploration expenditure and additional deductions as approved by the Northern Territory Minister for Mines.

In the event that State royalties are increased in the future, the profitability and commercial viability of Castile's projects may be negatively impacted.

8.8.1.8 Funding

At the date of this Notice, Castile has no income producing assets and will generate losses for the foreseeable future. Until it is able to develop a project and generate appropriate cash flow, it is dependent upon being able to obtain future equity or debt funding to support long term exploration, after the expenditure of the net proceeds raised under the Entitlement Offer. Neither Castile nor any of its directors or any other party can provide any guarantee or assurance that if further funding is required, such funding can be raised on terms acceptable to Castile.

Any additional equity funding may dilute Castile Shareholders if they do not participate in further capital raisings. Also, no guarantee or assurance can be given as to when a project can be developed to the stage where it will generate cash flow. As such, a project would be dependent on many factors, for example, exploration success, subsequent mine development, commissioning and operational performance.

Castile may not be able to earn or maintain proposed equity interest in its tenements if it fails to meet the ongoing expenditure commitments. Accordingly, Castile may potentially lose entitlement or rights to interests in the tenements and projects.

8.8.1.9 Unforeseen risks

There may be other risks which the Directors are unaware of at the time of issuing this Notice and Prospectus which may impact on Castile and its operations, and on the valuation and performance of Castile Shares.

8.8.2 General Economic Risks and Business Climate

Share market conditions may affect the listed securities regardless of operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) movements in or outlook on interests rates and inflation rates;
- (c) currency fluctuations;

- (d) commodity prices;
- (e) changes in investor sentiment towards particular market sectors; and
- (f) the demand and supply for capital.

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which Castile may have an interest.

8.8.3 Climate Change Regulation

Mining of mineral resources is relatively energy intensive and is dependent on the consumption of fossil fuels. Increased regulation and government policy designed to mitigate climate change may adversely affect Castile's cost of operations and adversely impact the financial performance of the Company.

The efforts of the Australian government to transition towards a lower-carbon economy may also entail extensive policy, legal, technology and market changes to address mitigation and adaption requirements related to climate change that could significantly impact Castile. Depending on the nature, speed and focus of these changes, transition risks may pose varying levels of financial and reputational risk to Castile.

Furthermore, the physical risks to Castile resulting from climate change can be event driven (acute) or longer term shifts (chronic) in climate patterns. These physical risks may have financial implications for Castile, such as direct damage to assets and indirect impacts from supply chain disruption.

8.8.4 Exploration, Development, Mining and Processing Risks

The business of mineral exploration, project development and mining by its nature contains elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- (a) the discovery and/or acquisition of economically recoverable ore reserves;
- (b) successful conclusions to bankable feasibility studies;
- (c) access to adequate capital for project development;
- (d) design and construction of efficient mining and processing facilities within capital expenditure budgets;
- (e) securing and maintaining title to tenements and compliance with the terms of those tenements;
- (f) obtaining consents and approvals necessary for the conduct of exploration and mining; and
- (g) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Adverse weather conditions over a prolonged period can adversely affect exploration and mining operations and the timing of revenues.

Whether or not income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

Mining is an industry which has become subject to increasing legislative regulation including but not limited to environmental responsibility and liability. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. The introduction of new laws and regulations or changes to underlying policy may adversely impact on the operations of Castile.

8.8.5 Native Title

The *Native Title Act 1993* (Cth) recognizes and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs.

Native title can be extinguished by valid grants of land or waters to people other than the native title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost their connection with the relevant land or waters. Native title is not extinguished by the grant of mining leases, as they are not considered to be grants of exclusive possession. A valid mining lease prevails over native title to the extent of any inconsistency for the duration of the title.

For tenements to be validly granted (or renewed) after 23 December 1996 the special 'right to negotiate' regime established by the *Native Title Act 1993* (Cth) must be followed.

It is important to note that the existence of a native title claim is not an indication that native title in fact exists to the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

Castile must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of exploration and mining operations.

8.9 Castile Financial Information

Set out below is the audited Historical and unaudited Pro-forma Statement of Financial Position of Castile as at 30 June 2019.

	Audited 30 June 2019 \$	Pro forma Subsequent Event Adjustment \$	Pro forma Adjustments \$	Unaudited Pro forma balance \$
Current assets				
Cash & cash equivalents	67,816	-	18,502,043	18,569,859
Trade & other receivables	578,725	(927,458)	348,755	22
Total current assets	646,541	(927,458)	18,850,799	18,569,882
Non-current assets				
Property, plant and equipment	206,966	65,455	-	272,421
Exploration and evaluation expenditure	15,981,491	796,307	-	16,777,798
Total non-current assets	16,188,457	861,762	-	17,050,219
Total assets	16,834,998	(65,696)	18,850,799	35,620,100
Current liabilities				
Trade & other payables	216	-	-	216
Total current liabilities	216	-	-	216
Non-current liabilities				
Deferred tax liabilities	3,841,624	-	(421,800)	3,419,824
Total non-current liabilities	3,841,624	-	(421,800)	3,419,824
Total liabilities	3,841,840	-	(421,800)	3,420,040
Net assets	12,993,158	(65,696)	19,272,599	32,200,060
Equity				
Issued capital	2	(33,516)	19,022,814	18,989,300
Retained earnings	12,993,156	(32,180)	249,785	13,210,760
Total equity	12,993,158	(65,696)	19,272,599	32,200,060

The pro-forma historical financial information has been prepared by adjusting the statement of financial position of Castile as at 30 June 2019 to reflect the financial effects of the following subsequent events which have occurred since 30 June 2019:

- (a) During August 2019, Castile acquired two tenements adjacent to the Rover 1 Project for consideration of \$650,000 (excluding GST) with associated stamp duty costs of \$32,180. The acquisition was funded via a loan from Westgold;

- (b) Subsequent to 30 June 2019, costs totaling \$245,278 (being \$146,307 on exploration expenditure, \$33,516 on capital raising costs and \$65,455 on acquisition of plant and equipment) have been incurred as of the date of this Notice. These costs were funded via a loan from Westgold;

and the following pro forma transactions which are yet to occur, but are proposed to occur following completion of the Entitlement Offer:

- (c) The issue of 99,867,489 Castile Shares at \$0.20 per share to raise \$19,973,498 before costs of \$1,406,000 (of which costs of \$33,516 have been paid since 30 June 2019); and
- (d) The repayment of costs of the offer funded by Westgold of \$98,970. The remaining balance of \$249,785 owed by Castile to Westgold will be forgiven.

8.10 Material Contracts

Castile is a party to the following material contracts:

8.10.1 Implementation Deed

On or about 18 October 2019, the Company and Castile entered into an Implementation Deed.

The parties have entered into transactional documents to assemble Castile's business under the ownership of Castile and separate Castile from Westgold, through a distribution of Castile Shares to Eligible Shareholders.

The parties have agreed to implement the steps required for the Separation by Demerger on the following material conditions:

- (a) The Separation by Demerger being approved by Westgold Shareholders (the subject of Resolution 5);
- (b) No legal restraint or prohibition preventing the Separation by Demerger being implemented;
- (c) All regulatory approvals being obtained by both parties;
- (d) Both parties must effect all necessary obligations for ASX to approve the admission of Castile to the Official List;
- (e) The prospectus relating to the Entitlement Offer not being subject to a stop order under section 1020E of the Corporations Act and the minimum subscription of Castile's Shares (if any) are met;
- (f) Castile must ensure that the Castile Shares that Shareholders receive under the In-specie Distribution are entered into Castile's share register; and
- (g) Castile must confirm all holdings of Castile Shares in the form of uncertificated holding statements, transaction confirmations or equivalent documentation.

Westgold may terminate the Implementation Deed by written notice to Castile, whereby each party will be released from their obligations and liabilities under the Implementation Deed.

Rights arising out of or under the Implementation Deed cannot be assigned, novated or otherwise transferred by a party without the prior written consent of the other party.

The Implementation Deed is otherwise on terms and conditions considered standard for agreements of this nature.

8.10.2 Transitional Service Agreement

On or about 18 October 2019, the Company and Castile entered into a Transitional Services Agreement for the period following Castile's admission to the Official List ("TSA").

The Company agrees to provide or procure the provision of services under the TSA on the following material terms and conditions:

- (a) The Company shall provide Castile with the following services in consideration of the payment of services charges to Westgold by the Company;
 - i. **(finance)** monthly reporting and bookkeeping support;
 - ii. **(human resources)** payroll services for the payment of Castile employees;
 - iii. **(OHS)** assist with statutory occupational health and safety and environmental reporting;
 - iv. **(geological / tenements)** maintain exploration geological database and support the transition of data to Castile and assist Castile's tenement manager in the management, collation and reporting of tenements to ensure all remain in compliance; and
 - v. **(IT)** assist with the migration of all software and data used by Castile.
- (b) The services charges shall be payable monthly in arrears by electronic transfer, with invoices payable within 30 days of the receipt;
- (c) Westgold is entitled to charge interest on any service charges at a rate of 2% per annum, accruing from the date to the day immediately before the date of receipt of the charges, calculated daily on the basis of a 365 day year and capitalised monthly; and
- (d) Castile is responsible for all costs of obtaining required third party consents (if any).

The TSA commences upon Castile's admission to the Official List and will remain in force for an initial term of 6 months, which Castile may extend for a further 3 months upon written notice to Westgold.

Neither party may directly or indirectly disclose to any person, use or allow to be disclosed or used for any purpose except as contemplated by TSA, any confidential information acquired under the TSA. This is subject to any disclosure required by law or any recognised stock exchange or the other party consents to the disclosure.

Either party may terminate the TSA if one party defaults under the TSA if after 10 Business Days' notice of the non-defaulting party's intention to treat such breach as an event of default, the defaulting party does not remedy the breach. Castile may terminate Westgold's provision of the services (or an individual service) by giving 15 days' written notice to Westgold.

Westgold is not liable to Castile for any indirect or consequential loss or damage, loss of profits, revenue, customers or goodwill, or loss or corruption of data in relation to the provision of services under TSA.

Neither party may assign its rights or sub-contract any of its obligations under this Agreement without the other party's prior written consent.

The agreement is otherwise on terms and conditions considered standard for agreements of this nature.

8.10.3 Mark Hepburn – Employment Agreement

Mr Mark Hepburn is engaged as Managing Director of Castile pursuant to an employment agreement dated 1 September 2019.

Mr Hepburn will receive a salary of \$300,000 per annum (exclusive of statutory superannuation). Mr Hepburn will also be issued 2,000,000 Executive Options prior to Castile's admission to the Official List. The full terms and conditions of the Executive Options will be set out in the prospectus for the Entitlement Offer.

As Managing Director of Castile, Mr Hepburn will, among other things:

- (a) execute Castile's strategy as determined by the Castile Board from time to time and be responsible for the overall management and supervision of activities, operations and affairs of Castile, subject to overall control and direction by the Castile Board;
- (b) represent Castile's interests publically in all matters;
- (c) promote Castile to investment markets, represent Castile at investor presentations, improve investment market perception of Castile and manage of investment relations;
- (d) develop overall Castile strategy for consideration by the Castile Board including developing exploration strategy and scoping development scenarios;
- (e) assist in the development of exploration strategy and oversee the implementation of Company exploration and development strategies as approved by the Castile Board;
- (f) develop exploration programmes, budgets and review of outcomes; and
- (g) develop exploration strategy and scoping development scenarios.

Either party may terminate the agreement without cause by providing the other party with no less than 3 months' written notice, or by payment of Castile to Mr Hepburn of 3 months' salary in lieu of such notice, as the case may be.

Castile may terminate the agreement by summary notice to Mr Hepburn with cause in circumstances considered standard for agreements of this nature in Australia, including serious or persistent breaches of the agreement, grave misconduct or wilful neglect in the discharge of his duties under the agreement.

The agreement is otherwise on terms and conditions considered standard for agreements of this nature.

8.11 Substantial Shareholders

As at the date of this Explanatory Statement, Castile is a wholly owned subsidiary of the Company. Based on the information known as at the date of this Explanatory Statement and assuming that all entitlements under the Entitlement Offer are taken up by Shareholders, the following persons will have a voting power of 5% or more in Castile as a result of the Proposed Transaction:

Name of Shareholder	Voting power	
	Westgold	Castile
Ruffer LLP	9.33%	9.33%
Golden Energy & Resources Limited	9.01%	9.01%

Paradice Investment Management Pty Ltd	5.76%	5.76%
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8.12 Rights and Obligations Attaching To Castile Shares

Castile will convert to a public company on 24 October 2019 and from that date of conversion, Castile's constitution ("**Constitution**") will be of the kind usually adopted by a public company, with certain provisions taking effect once (and for so long as) Castile is listed on the ASX.

A summary of the rights attaching to Castile Shares under the Constitution is set out below. The summary is qualified by the full terms of the Constitution (copies of the Constitution may be inspected at the registered office of Castile during normal business hours by appointment with the Company secretary). These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory, ASX Listing Rules and common law requirements. This summary is not intended to be exhaustive.

The following is a summary of the principal rights which will attach to Castile Shares.

8.12.1 Voting

Every holder of Castile Shares present in person or by proxy, attorney or representative at a meeting of Castile Shareholders has one vote on a vote taken by a show of hands or by proxy, attorney or representative has one vote for every Castile Share held by him or her. At any general meeting a resolution put to the vote of the meeting must be decided on a show of hands unless a poll is effectively demanded and the demand is not withdrawn.

8.12.2 Dividends

Dividends are payable out of Castile's profits and are declared by the Castile Directors. Castile Shareholders are entitled to dividends as a result of their ownership of their Castile Shares in accordance with the Constitution and subject to Castile's dividend policy.

8.12.3 Transfer of Castile Shares

A Castile Shareholder may transfer Castile Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating dealings in Castile Shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Castile directors.

The Castile directors may refuse to register any transfer of Castile Shares, where Castile is permitted or required to do so by the Listing Rules or the ASX Settlement Operating Rules or a Restriction Agreement.

8.12.4 Meetings and notice

Each Castile Shareholder is entitled to receive notice of and to attend general meetings for Castile and to receive all notices, accounts and other documents required to be sent to Castile Shareholders under Castile's constitution, the Corporations Act or the Listing Rules.

8.12.5 Liquidation rights

Castile has only issued one class of shares, which all rank equally in the event of liquidation. Once all the liabilities of Castile are satisfied, a liquidator may, with the authority of a special resolution of Castile Shareholders divide among the Castile Shareholders the whole or any part of the remaining assets of Castile. The liquidator

can with the sanction of a special resolution of Castile Shareholders vest the whole or any part of the assets in trust for the benefit of Castile Shareholders as the liquidator thinks fit, but no Castile Shareholder can be compelled to accept any Castile Shares or other securities in respect of which there is any liability.

8.12.6 Alteration to the constitution

Castile's Constitution may only be amended by a special resolution passed by at least 75% of Castile Shareholders present and voting at the general meeting. At least 28 days' written notice is required, specifying the intention to propose the resolution as a special resolution must be given.

8.12.7 Directors – appointment and removal

At the first annual general meeting, all directors shall retire from office, and at subsequent annual general meetings, one third of the directors, or if their number is not a multiple of three, then the greater of one or the number nearest to but not exceeding one-third, shall retire.

A retiring director is eligible for re-election. The directors may appoint a director either in addition to existing directors or to fill a casual vacancy, who then holds office until the next annual general meeting. Castile Shareholders may elect a person as a Director by resolution passed at a general meeting.

8.12.8 Directors – fees and remuneration

The remuneration of the Directors is determined by the Board and must not include a commission on or percentage of operating revenue. The total amount of Director's fees payable by Castile to non-executive Directors must not exceed the maximum amount determined by shareholders at a general meeting.

8.12.9 Sale of Non-Marketable Holdings

- (a) Castile may take steps in respect of non-marketable holdings of Shares in Castile to effect an orderly sale of those Shares in the event that holders do not take steps to retain their holdings.
- (b) Castile may only take steps to eliminate non-marketable holdings in accordance with the Constitution and the ASX Listing Rules.
- (c) For more particular details of the rights attaching to Shares in Castile, investors should refer to the Constitution.

8.12.10 Listing Rules

If Castile is admitted to the Official List, then despite anything in Castile's Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in Castile's Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not done (as the case may be). If the Listing Rules require the constitution to contain a provision or not to contain a provision the constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the constitution is or becomes inconsistent with the Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

Annexure	the annexure to this Explanatory Statement.
Annual General Meeting	the Annual General Meeting of the Company pursuant to this Notice of Annual General Meeting.
ATO	Australian Taxation Office.
ASX	ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange.
Board	the board of Directors.
Canaccord	Canaccord Genuity (Australia) Limited (ACN 075 071 466).
Capital Reduction Amount	has the meaning given in section 7.2.3.
Castile	Castile Resources Pty Ltd (to be converted to 'Castile Resources Ltd') (ACN 124 314 085).
Castile Board	the Castile board of directors.
Castile Share	a fully paid ordinary share in the capital of Castile.
Castile Shareholder	a holder of a Castile Share.
Chairman	the chairman of the Board, being Mr Peter Newton.
Closely Related Party	(as defined in the Corporations Act) of a member for an entity means: (a) a spouse or child of the member; (b) a child of the member's spouse; (c) a dependent of the member or the member's spouse; (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; (e) a company the member controls; or (f) a person prescribed by the regulations for the purposes of this definition;
Constitution	the constitution of the Company.
Company or Westgold	Westgold Resources Limited (ACN 009 260 306).

Corporations Act	<i>Corporations Act 2001</i> (Cth) as amended from time to time.
Demerger Dividend	has the meaning given in section 7.2.3.
Demerger Relief	has the meaning given in section 7.13.
Director	a director of the Company.
Effective Date	the date the In-specie Distribution of Castile Shares to Eligible Shareholders is effected, being 3 December 2019.
Eligible Country	means Australia, New Zealand, Singapore, United Kingdom, Canada, Panama and Hong Kong or such other jurisdictions as the Directors consider reasonable to extend the distribution of Castile Shares.
Eligible Shareholder	a Shareholder on the In-specie Distribution Record Date with a registered address in an Eligible Country.
Entitlement Offer	pro rata entitlement offer of Castile Shares at an issue price of \$0.20 each on the basis of 1 new Castile Share for every 1 Castile Share held by Eligible Shareholders at the Entitlement Offer Record Date to raise \$19,973,497 (before costs).
Entitlement Offer Record Date	means 4 December 2019.
Explanatory Statement	the explanatory statement accompanying the Notice of Annual General Meeting.
Ineligible Shareholder	a Shareholder on the Record Date with a registered address other than in an Eligible Country.
In-specie Distribution	the distribution of Castile Shares to Shareholders the subject of Resolution 5.
In-specie Distribution Record Date	means 28 November 2019.
Key Management Personnel	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	the listing rules of ASX as amended from time to time.
Notice of Annual General Meeting	the notice of Annual General Meeting accompanying the Explanatory Statement.
Official List	means the official list of the ASX.
Option	means an option to acquire a Share.

Projects	means the Rover Project and Warumpi Project or any one or more of them, as the context requires.
Proposed Transaction	has the meaning given in section 7.1.
Prospectus	means the prospectus prepared by the Company accompanying this Notice.
Proxy Form	the proxy form accompanying the Notice of Annual General Meeting.
Resolution	a resolution set out in the Notice of Annual General Meeting.
Rover Project	means the exploration project wholly owned by Castile as described at section 7.2.1.
Separation by Demerger	has the meaning given in section 7.1.
Share or Westgold Share	a fully paid ordinary share in the capital of the Company.
Shareholder	a holder of a Share.
Transaction Condition	means a condition to the Proposed Transaction as set out in section 7.3 or any one or more of them, as the context requires.
Warumpi Project	means the exploration project wholly owned by Castile as described at section 7.2.2.
WST	Western Standard Time in Australia.
\$, A\$	means Australian Dollars.

ANNEXURE – PROJECTS

1. Introduction

Castile's focus is to explore for, and ultimately develop, economic gold-copper and lead-zinc-silver deposits within Australia. Castile has compiled two advanced gold-copper and lead-zinc-silver exploration projects with early stage copper exploration targets as follows:

- Rover Project (consisting of the Rover 1, Explorer 108 and Explorer 142 Project); and
- Warumpi Project.

2. Rover Project

(a) Overview

The Rover Project is located 80km southwest of Tennant Creek, and is situated within Aboriginal freehold lands of the Karlantijpa North and Karlantijpa South Land Trust.

Site access is currently via an 80km unsealed graded track from Tennant Creek although the Stuart Highway is within 50km in a direct line. The Adelaide to Darwin railway runs in close proximity to the Stuart Highway and there is a loading siding in Tennant Creek.

The Rover Project consists of the following tenements:

Title	Status	Area (km ²)	Grant Date	Expiry Date
EL24541	Renew Retained	388.15	18 Dec 2007	17 Dec 2019
EL25511	Renew Retained	122.69	18 Dec 2007	17 Dec 2019
EL27039	Renew Retained	248.34	15 May 2009	14 May 2021
EL27372	Grant	248.59	27 May 2010	26 May 2020
EL27292	Grant	38.76	27 May 2010	26 May 2020
ELR29957	Renew Retained	7.718	17 Sep 2013	16 Sep 2023
ELR29958	Renew Retained	0.03	17 Sep 2013	16 Sep 2023

(b) Historical Exploration

Much historical exploration within the Rover Project occurred during the 1970s, when the Tennant Creek field was in strong production, with a second phase of exploration activity commencing around 2005.

From 1982 to 2005, no groundwork was undertaken during this 23-year period, but some airborne photography and magnetic surveys were conducted.

In 2006, diamond drilling was carried out at Explorer 108 and Explorer 142. Further diamond and reverse circulation drill holes during 2007 were undertaken at Explorer 108 on EL27039, with a preliminary Inferred Resource of 8.7 Mt at 5.6% combined Pb and Zn, 20 g/t Ag, 0.3 g/t Au being estimated.

During the 2008-2009 reporting period, an extensive program of aeromagnetic

surveys, gravity surveys, diamond drilling and metallurgical testing within the project area was conducted, and a major IOCG deposit was defined at Rover 1.

During the 2009-2010 reporting period, diamond drilling at Rover 1, Rover 3, Rover 5 and Explorer 108, gravity data acquisition at Rover 1, Rover 5 and Rover 143, and downhole magnetic and electromagnetic surveys were carried out. The maiden resource for Rover 1 was estimated as 5.3 Mt at 6.1 g/t AuEq for 1,037,600 AuEq ounces. Deep drilling at Explorer 108 demonstrated that the mineralized system continued at depth and had zones of increasing gold content at those levels. Drilling at Rover 3 and Rover 5 failed to locate magnetic targets.

Between 2010 and 2013, further diamond drilling, aeromagnetic data acquisition, geophysics acquisition and target generation were undertaken within the project area.

(c) Recent Exploration

Four drill holes were completed in 2015, targeting resources extensions within Rover 1. High-grade mineralisation was intersected in a relatively wide zone in three of the four drill holes. These results provide extra definition around the mineralised zone, and also extended the zones of known high-grade copper and gold mineralisation. This increased confidence in the presence of a continuous mineralised system enhancing exploration and development potential.

Exploration on the Rover Project during the 2018-2019 period consisted primarily of office studies. No field work was carried out. The Mineral Resource estimate for the Rover 1 deposit was reviewed and revised. Ongoing review of the previous exploration results continued, and this included an assessment of targets at the Curiosity Prospect in EL27039 and a prospectivity review of EL25511 and EL24541. Planning for further rehabilitation work on drill holes within ELR29957 was also undertaken.

3. Warumpi Project

(a) Overview

The Warumpi Project is located approximately 300km west of Alice Springs and approximately 500km south-west of the Rover Project. The project is accessed from Alice Springs via the Stuart Highway, the Tanami Road and then on the Gary Junction Road (320km) that passes through the tenements. The small settlement, Mount Liebig is on the eastern boundary of the Warumpi tenements.

The Warumpi Project consists of the following tenements:

Title	Status	Area (km ²)	Grant Date	Expiry Date
EL10379	Grant	53.64	11 Sep 2007	10 Sep 2021
EL29747	Grant	221.01	13 Oct 2017	12 Oct 2023
EL31794	Issued	688.76	28 Feb 2018	27 Feb 2024

(b) Historical Exploration

Limited historic exploration has been completed throughout the region prior to activities by Castile, due primarily to its relative inaccessibility, harsh arid environment, lack of water sources and poor grazing conditions.

Geologically the area is poorly understood due to limited outcrops, weathered profile and a thin veneer of aeolian sands masking vast areas the region. Recent work by the NTGS including outcrop mapping, broad-scale aero magnetics and limited geochemical sampling to the direct east of the tenements was undertaken in 1999.

During the 2011-2012 reporting period, Castile conducted a four-day reconnaissance trip throughout EL10379, collecting rock and lag samples over areas of interest to help establish baseline levels as well as to determine the effectiveness of the sampling mediums and technique used.

During the 2012-2013 reporting period, multiple desktop studies of the geochemical data collected throughout the field season were also completed, complimented by reprocessing of high-resolution Quickbird imagery. This imagery played a vital role in correlation geochemical data to surface expressions including bedrock exposure and vegetation for 2014 target generation exercises which lead to the discover of the Huron Prospect in EL10379.

Regional lag programs and a detailed follow-up soil program were conducted through all tenements in the 2013- 2014 field seasons. As a result, high-grade surface mineralisation was discovered at two sub parallel gossanous zones located in the central portion of EL10379. The prospect, now known as Huron returned rock chip samples of 4.97% Cu, 3.32% Zn, 180 g/t and 7.72% Cu, 3.32% Zn, 89 g/t Ag and a detailed bedrock mapping and gradient array IP program through the prospect area was initiated.

The IP survey highlighted multiple conductive bedrock anomalies associated with known mineralisation, and also throughout areas cover by transported sands and soils.

(c) Recent Exploration

Recent exploration has been limited to desktop studies on EL10379. These reviewed assay results from geochemical sampling programs and correlating this data with reprocessed high resolution Quickbird imagery to surface expressions of bedrock and vegetation, in order to plan future exploration programs.

EL29747 and EL31794 have been explored by IGO in accordance with their joint venture with Castile.

4. JORC Code (2012) Competent Person's Statement

The information in this Notice that relates to Exploration Results for the Projects is based on, and fairly represents, information and supporting documentation compiled by Westgold technical employees and contractors under the supervision of Mr. Jake Russell B.Sc. (Hons), who is a member of the Australian Institute of Geoscientists. Mr Russell is a full time employee to the company, and has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Russell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Mr Russell is eligible to participate in short and long term incentive plans of the company.

This Notice includes Mineral Resources information which is extracted from the reports entitled '2019 Annual Update of Mineral Resources & Ore Reserves'

created by Westgold on 4 October 2019 and available to view on Westgold's website (www.westgold.com.au) and the ASX (www.asx.com.au). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continues to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

This Notice includes previously reported information that relates to Exploration Results prepared and first disclosed under the JORC Code (2012). The information was extracted from Metals X Limited's previous ASX announcements as follows:

- 'Stunning Drill Results from Rover 1' created on 9 January 2015; and
- 'New Base Metal Discoveries' created on 22 December 2014.

These announcements are available from the ASX announcements platform. For additional details on the Projects, please refer to the Company's 2019 Annual Report, previous Quarterly Activities Reports and the above ASX announcements.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the relevant original market announcements.

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WESTGOLD
RESOURCES LIMITED
ABN 60 009 260 306

WGX

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?



Phone:

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



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (WST) Saturday, 23 November 2019.**

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.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at 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: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to 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.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

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.



I 9999999999 I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Westgold Resources Limited 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 Westgold Resources Limited to be held at Liberty Conference Centre, Ground Floor, 197 St Georges Terrace, Perth Western Australia on Monday, 25 November 2019 at 10:00am (WST) 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 Resolution 1 (except where I/we have indicated a different voting intention in step 2) even though Resolution 1 is 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 Resolution 1 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 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Johannes Norregaard as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Suresh Shet as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratification of prior issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Reduction of Capital	<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

