



3 November 2021

General Meeting – Demerger of Falcon Metals Ltd

Dear Shareholder,

Chalice Mining Limited's (**Chalice** or **the Company**) is pleased to advise that a Notice of Meeting (**Notice**) containing important information regarding the previously foreshadowed demerger of Falcon Metals Ltd (**Falcon**) from Chalice has been lodged with the ASX today in conjunction with the Falcon prospectus.

Demerger Summary

On 12 July 2021, Chalice announced its intention to seek shareholder approval for the demerger and concurrent Initial Public Offering (**IPO**) of its Australian gold assets, comprising the Pyramid Hill Project, Viking Project and Mt Jackson Project, (together, the **Spin-Out Projects**). If approved, the demerger will establish a new ASX listed gold exploration company, Falcon (**ASX:FAL**).

The demerger will allow Chalice to focus on its world-class Julimar Ni-Cu-PGE Project and the new West Yilgarn Ni-Cu-PGE Province in Western Australia, where exploration and evaluation activities are rapidly accelerating.

If the demerger is approved by shareholders, Chalice will transfer the Spin-Out Projects to Falcon and distribute the Falcon shares held by Chalice to Chalice shareholders by way of a pro rata in-specie distribution, on the basis of 1 Falcon share for approximately every 3.025 Chalice shares held on the **In-specie Record Date of 9 December 2021**. Chalice shareholders will also retain their existing Chalice shares.

In connection with the demerger, Falcon intends to undertake an IPO of Falcon shares and lodge a prospectus under section 710 of the Corporations Act for the issue of a minimum of 30,000,000 and a maximum of 60,000,000 Falcon shares at a price of \$0.50 per Falcon share to raise a minimum of \$15,000,000 and a maximum of \$30,000,000 (before costs). It is intended that the IPO will comprise:

- (a) a priority pro rata rights offer to eligible Chalice shareholders (**Priority Offer**); and
- (b) an offer of any shortfall from the Priority Offer to eligible Chalice shareholders and the general public (**Shortfall Offer**).

Following the **Priority Offer record date of 9 November 2021**, shareholders will be provided with instructions on how to participate in the Priority Offer and Shortfall Offer.

Detailed information regarding the proposed demerger is contained in the Notice of Meeting (**Notice**) and accompanying explanatory statement (**Meeting Materials**).

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Meeting Details

The demerger will be voted on by Chalice shareholders at a General Meeting of the Company (**Meeting**) to be held on **Friday, 3 December 2021 at 10.00am (AWST) at Deloitte, Level 9, Tower 2, Brookfield Place, 123 St Georges Terrace, Perth, Western Australia** to consider the capital reduction and in-specie distribution of shares associated with the demerger of Falcon.

Chalice will be closely monitoring the evolving COVID-19 restrictions in Western Australia and if you attend the Meeting you will be required to adhere to COVID-19 protocols in place at the time of the Meeting.

In accordance with recent amendments to the *Corporations Act 2001* (Cth), the Company will not be dispatching physical copies of the **Notice** unless the Shareholder has made a valid election to receive documents in hard copy after 14 August 2021. Instead, the **Meeting Materials** are being made available to Shareholders electronically and can be viewed and downloaded as follows:

« The Meeting Materials are available on the Company's website at:

<https://www.chalicemining.com/falcondemerger>

« A copy of the Meeting Materials was released to the Company's ASX market announcements page on 3 November 2021.

The Notice is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other suitably qualified professional adviser.

If you are unable to access or have questions in relation to the Meeting Materials, please contact the Shareholder Information line on 1300 396 564 (callers within Australia) or +61 3 9415 4087 (callers outside Australia) Monday to Friday 8.30am to 5.30pm (Melbourne time).

How to submit your vote in advance of the Meeting

If you have not elected to receive Notices by email, a copy of your personalised proxy form is enclosed for your convenience. If you have nominated an email address and have elected to receive electronic communications from the Company, you will also receive an email to your nominated email address with a link to an electronic copy of the Meeting Materials.

Shareholders are encouraged to complete and lodge their proxies online at www.investorvote.com.au (Control number: 186286) or otherwise in accordance with the instructions set out in the proxy form and the Meeting Materials.

Your proxy voting instruction must be received by 10.00am (AWST) on Wednesday, 1 December 2021, being not less than 48 hours before the commencement of the Meeting. Any proxy voting instructions received after that time will not be valid for the Meeting.

If it becomes necessary to make changes to the above meeting arrangements due to COVID-19, Chalice will advise shareholders via the ASX Market Announcements Platform and via the Company's website.

The Board of Directors look forward to your participation at the Meeting and thank you for your continued support.

This announcement has been authorised for release by the Board.

Yours faithfully,



Tim Goyder
Chairman