



11 November 2021

Dear Shareholder,

Falcon Metals Limited – Priority Offer

Chalice Mining Limited's (**Chalice** or **the Company**) is pleased to provide an update on the proposed demerger and concurrent Initial Public Offer (**IPO**) of its wholly-owned subsidiary Falcon Metals Ltd (**Falcon**).

Spin-out and In-specie Distribution of Falcon Shares

As announced on 3 November 2021, the Company is proposing to demerge its Australian gold assets, comprising the Pyramid Hill Project, Viking Project and Mt Jackson Project, (together, the **Spin-Out Projects**) via its 100% wholly owned subsidiary, Falcon.

Once implemented, the demerger will result in the in-specie distribution of 117,000,000 fully-paid ordinary shares in Falcon (**Falcon Shares**) (being 100% of the issued share capital of Falcon), to eligible Chalice shareholders, being Chalice shareholders whose address as shown in the members' register is in Australia or New Zealand (**Eligible Chalice Shareholder**) as at the in-specie distribution record date of 9 December 2021 (**In-specie Record Date**), on a pro-rata basis. Eligible Chalice Shareholders will receive 1 Falcon ordinary share for every 3.025¹ Chalice ordinary shares held.

The in-specie distribution is conditional upon receipt of Chalice shareholder approval at the general meeting of shareholders on 3 December 2021. Refer to the Company's Notice of General Meeting dated 3 November 2021 for further details with respect to the Demerger.

Falcon IPO and Priority Offer to Chalice Shareholders

Falcon lodged its IPO prospectus with the Australian Securities and Investments Commission on 3 November 2021 (**Prospectus**). The Prospectus contains an offer of a minimum of 30,000,000 Falcon Shares (**Minimum Subscription**) and a maximum of 60,000,000 Falcon Shares (**Maximum Subscription**), via a pro-rata Priority Offer to eligible Chalice shareholders, at a price of \$0.50 per share, to raise a minimum of \$15,000,000 and a maximum of \$30,000,000 (before costs) (the **Falcon Offer**).

Bell Potter Securities Limited has been appointed as Lead Manager to the Falcon offer under the Prospectus.

Falcon is offering Chalice shareholders in eligible jurisdictions that held shares in Chalice at 5:00pm (WST) on 9 November 2021 (**Priority Offer Record Date**) priority to subscribe for Shares under the Falcon offer (**Priority Offer**).

¹ Subject to the number of Chalice ordinary shares on issue on the In-specie Record Date.

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Under the Priority Offer, Eligible Chalice Shareholders are entitled to apply for **1 Falcon Share** for every **5.882 shares held in Chalice as at** the Priority Offer Record Date. Any Falcon Shares not taken up pursuant to the Priority Offer will form the Shortfall Offer. Eligible Chalice Shareholders and new investors may apply for additional Shares under the Shortfall Offer.

Priority Application Form

The Priority Offer opens on **11 November 2021**. Subject to the important notice at the end of this letter, as an Eligible Chalice Shareholder you are entitled to submit a Priority Application Form to participate in the Priority Offer. You may also apply for additional Falcon Shares under the Shortfall Offer.

You may obtain a copy of the Prospectus, view your entitlement and apply online by going to the internet address below:

Internet Address:	https://FalconIPO.thereachagency.com
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In order to participate in the Priority Offer and the Shortfall Offer, Eligible Chalice Shareholders should follow the instructions as set out on the offer website (<https://FalconIPO.thereachagency.com>). The closing date for the Priority Offer is **1 December 2021**.

There is no guarantee that Eligible Chalice Shareholders will be allocated the Shares applied for under the Shortfall Offer.

Before deciding whether to invest in Falcon, investors should read the Prospectus in its entirety and consider the risk factors set out in Section 3 of the Prospectus.

This announcement has been authorised for release by the Disclosure Committee.

Yours faithfully,



Alex Dorsch

Managing Director and Chief Executive Officer

Questions relating to the Priority Offer, Shortfall Offer and the completion of an Application Form can be directed to the Offer Information Line on 1300 396 564 (within Australia) or +61 3 9415 4087 (Outside Australia) 8:30am to 5:00pm (Sydney time) Monday to Friday during the offer period.

IMPORTANT NOTICES

The dates specified in the letter above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws.

The numbers specified in the letter above are subject to rounding.

As stated in the letter above a copy the prospectus can be downloaded from www.falconmetals.com.au. If you are accessing the electronic version of the prospectus for the purpose of making an investment in Falcon Metals Ltd, you must be an Australian or New Zealand resident and must only access the prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing onto another person the priority application form unless it is attached to a hard copy of the prospectus or it accompanies the complete and unaltered version of the prospectus. Anyone who wants to acquire shares in Falcon Metals Ltd will need to complete the application form that will be in or will accompany the prospectus. A person should consider the prospectus in deciding whether to acquire shares in Falcon Metals Ltd.

Falcon Metals Ltd reserves the right not to accept a priority application from a person if it has reason to believe that when that person was given access to the electronic priority application, it was not provided together with the electronic prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Other than as otherwise stated in the prospectus, no document or information included on Falcon Metal's website is incorporated by reference into the prospectus.