

24 October 2019

Notice of Annual General Meeting and Proxy Form

Chalice Gold Mines Limited ("Chalice" or "the Company") (ASX:CHN, TSX:CXN, OTCQB:CGMLF) advises that the attached Notice of Annual General Meeting and Proxy Form has been dispatched to shareholders.

A copy of the Company's 2019 Annual Report, as lodged on 5 September 2019, has been mailed and emailed to those shareholders that requested a copy today.

The 2019 Annual Report is also available on the Company's website at <https://chalicegold.com/financial-reports>

For further information, please visit chalicegold.com or contact:

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**CHALICE GOLD MINES LIMITED
ACN 116 648 956**

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Cassia Room, Level 1 Function Floor, The Westin Perth, at 480 Hay Street Perth, Western Australia on Wednesday, 27 November 2019 at 12pm (WST).

The Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.

Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by telephone on (08) 9322 3960.

Shareholders are urged to attend or vote by voting online at www.investorvote.com.au or by lodging the proxy form attached to the Notice

CHALICE GOLD MINES LIMITED

ACN 116 648 956

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of Chalice Gold Mines Limited (**Company**) will be held at Cassia Room, Level 1 Function Floor, The Westin Perth, at 480 Hay Street Perth, Western Australia on Wednesday, 27 November 2019 at 12pm (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Monday, 25 November 2019 at 5:00pm (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

AGENDA

1. Annual Report

To consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2019, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. Resolution 1 - Remuneration Report

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

"That the Remuneration Report be adopted by Shareholders on the terms and conditions in the Explanatory Memorandum."

Voting Prohibition

In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chair to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 - Re-election of Director - Mr Stephen Quin

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

"That Mr Stephen Quin, who retires in accordance with Clause 14.4(a) of the Constitution, Listing Rule 14.4 and for all other purposes, retires and, being eligible and offering himself for re-election, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."

4. Resolution 3 - Re-election of Director - Mr Morgan Ball

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

"That Mr Morgan Ball, who retires in accordance with Clause 14.4(a) of the Constitution, Listing Rule 14.4 and for all other purposes, retires and, being eligible and offering himself for re-election, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."

5. Resolution 4 - Ratification of prior issue of Consideration Shares

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

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 7,500,000 Shares to the Vendors of North West Nickel Pty Ltd (or their respective nominees) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Vendors (or their respective nominees) or any of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair 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.

6. Resolution 5 - Approval of Employee Securities Incentive Plan

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

"That, pursuant to and in accordance with exception 9(b) of Listing Rule 7.2 and for all other purposes, Shareholders approve the establishment of the employee incentive scheme of the Company known as the "Chalice Gold Mines Limited Employee Securities Incentive Plan" and the issue of Securities under the Plan, on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any Director (except one who is ineligible to participate in any employee incentive plan in relation to the Company) or any of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair 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.

Voting Prohibition

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. Resolution 6 - Approval of potential termination benefits under the Plan

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

"That, conditional on Resolution 5 being approved, for a period commencing from the date this Resolution is passed and ending upon the expiry of all Securities issued or to be issued under the Employee Securities Incentive Plan, approval be given for all purposes including Part 2D.2 of the Corporations Act for the giving of benefits to any current or future person holding a managerial or executive office of the Company or a related body corporate in connection with that person ceasing to hold such office, on the terms and conditions in the Explanatory Memorandum"

Voting Prohibition

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Further, in accordance with section 200E(2A) of the Corporations Act, a vote on this Resolution must not be cast by any participants or potential participants in the Employee Securities Incentive Plan and their associates, otherwise the benefit of this Resolution will be lost by such a person in relation to that person's future retirement.

However, a vote may be cast by such a person if:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of the person or an associate of the person.

8. Resolution 7 - Approval to issue Performance Rights to Executive Directors

To consider and, if thought fit, to pass with or without amendment, each as a separate ordinary resolution the following:

"That, subject to Resolution 5 being passed and pursuant to and in accordance Listing Rule 10.14, section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of Performance Rights to Executive Directors (or their nominees) under the Plan as follows:

- (a) *up to 735,294 Performance Rights to Mr Tim Goyder; and*
- (b) *up to 1,074,402 Performance Rights to Mr Alex Dorsch,*

on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of these Resolutions by or on behalf of any Director who is eligible to participate in any employee incentive scheme of the Company or any of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair 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.

Voting Prohibitions

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on these Resolutions if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Further, in accordance with section 224 of the Corporations Act, a vote on these Resolutions must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

However, the above prohibition does not apply if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

Please note: If the Chair is a person referred to in the section 224 Corporations Act voting prohibition statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on the relevant Resolution.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

9. Resolution 8 - Approval to issue Options to Directors

To consider and, if thought fit, to pass with or without amendment, each as a separate ordinary resolution the following:

"That pursuant to and in accordance Listing Rule 10.14, sections 195(4) and 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of Options to Directors (or their nominees) under the Employee Share Option Plan as follows:

- (a) *up to 1,000,000 Options to Mr Alex Dorsch;*
- (b) *up to 500,000 Options to Mr Morgan Ball; and*
- (c) *up to 500,000 Options to Mr Stephen Quin,*

on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of these Resolutions by or on behalf of any Director who is eligible to participate in any employee incentive scheme of the Company or any of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair 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.

Voting Prohibitions

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on these Resolutions if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Further, in accordance with section 224 of the Corporations Act, a vote on these Resolutions must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

However, the above prohibition does not apply if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

Please note: If the Chair is a person referred to in the section 224 Corporations Act voting prohibition statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on the relevant Resolution.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

10. Resolution 9 - Replacement of Constitution

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

"That for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the Chairman for identification purposes."

BY ORDER OF THE BOARD



Jamie Armes
Company Secretary
Chalice Gold Mines Limited
Dated: 26 September 2019

CHALICE GOLD MINES LIMITED

ACN 116 648 956

EXPLANATORY MEMORANDUM

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Cassia Room, Level 1 Function Floor, The Westin Perth, at 480 Hay Street, Perth, Western Australia on Wednesday, 27 November 2019 at 12pm (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Annual Report
Section 4	Resolution 1 - Remuneration Report
Section 5	Resolution 2 - Re-election of Director - Mr Stephen Quin
Section 6	Resolution 3 - Re-election of Director - Mr Morgan Ball
Section 7	Resolution 4 - Ratification of prior issue of Consideration Shares
Section 8	Resolution 5 - Approval of Employee Securities Incentive Plan
Section 9	Resolution 6 - Approval of potential termination benefits under the Plan
Section 10	Resolution 7 - Approval to issue Performance Rights to Executive Directors
Section 11	Resolution 8 - Approval to issue Options to Directors
Section 12	Resolution 9 - Replacement of Constitution
Schedule 1	Definitions
Schedule 2	Summary of Employee Securities Incentive Plan
Schedule 3	Valuation of Performance Rights
Schedule 4	Valuation of Director Options

A Proxy Form is located at the end of the Explanatory Memorandum.

1.1 Exemptions from Certain TSX Requirements

The Company has applied for and received a waiver (**Waiver**) from the Toronto Stock Exchange (**TSX**) from the requirements of sections 461.1, 461.2, 461.3 and 461.4 of the TSX Company Manual (**Manual**), which relate, respectively, to annual election of Directors, voting on each individual Director, a majority voting policy and the issuance of a news release disclosing detailed voting results for the election of each Director.

1.2 Designated Foreign Issuer Status

The Company is a “designated foreign issuer”, as such term is defined in National Instrument 71-102 - *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (NI 71-102). As such, the Company is exempt from certain reporting requirements imposed on reporting issuers in Canada. The Company is subject to the foreign regulatory requirements of the ASX, which is a “foreign regulatory authority” (as defined in NI 71-102). Generally, the Company will comply with Canadian ongoing reporting requirements if it complies with the regulatory requirements of ASX and files any documents required to be filed with or furnished to ASX on SEDAR.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Voting in person

To vote in person, attend the Meeting on the date and at the place set out above.

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, so that their holding may be checked against the Company’s share register and their attendance recorded. To be effective a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for Proxy Forms below.

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

2.2 Proxies

(a) Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Proxy Forms can be lodged:

- Online: at www.investorvote.com.au
- By mail: Share Registry - Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia
- By fax: 1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)
- By mobile: Scan the QR Code on your Proxy Form and follow the prompts
- Custodian voting: For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

Please note that:

- (i) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (ii) a proxy need not be a member of the Company; and
- (iii) 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 provides further details on appointing proxies and lodging Proxy Forms.

In order for your proxy to be valid, your Proxy Form (and any power of attorney under which it is signed) must be received by **12:00pm (WST) on Monday, 25 November 2019**. Proxies received after this time will be invalid.

(b) Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (i) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution - the proxy must not vote on a show of hands;
- (iii) if the proxy is the chair of the meeting at which the resolution is voted on - the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (iv) if the proxy is not the chair - the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

(c) Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (ii) the appointed proxy is not the chair of the meeting;
- (iii) at the meeting, a poll is duly demanded on the resolution; and
- (iv) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

2.3 Voting Prohibition by Proxy Holders (Remuneration of Key Management Personnel)

In accordance with sections 250BD and 250R of the Corporations Act, votes on Resolutions 1, 5, 6, 7 or 8 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1, 5, 6, 7 or 8 if the vote is not cast on behalf of a person who is excluded from voting on the relevant Resolution and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution, but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

2.4 Chair's voting intentions

The Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention in the Proxy Form.

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1, 5, 6, 7 or 8 by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

3. Annual Report

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2019.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at <https://chalicegold.com/financial-reports>;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 - Remuneration Report

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

If the Company's Remuneration Report receives a 'no' vote of 25% or more (a **Strike**) at two consecutive annual general meetings, Shareholders will have the opportunity to remove the whole Board, except the managing director (if any).

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director, if any) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2018 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2020 annual general meeting, this may result in the re-election of the Board.

The Chair will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

Resolution 1 is an ordinary resolution.

5. Resolution 2 - Re-election of Director - Mr Stephen Quin

5.1 General

Clause 14.4(a) of the Constitution and Listing Rule 14.4 both provide that a Director (excluding the Managing Director) must not hold office without re-election past the third annual general meeting following that Director's appointment or 3 years, whichever is longer.

Clause 14.4(c) of the Constitution provides that a Director who retires in accordance with Clause 14.4(a) is eligible for re-election.

Non-Executive Director Mr Stephen Quin was last elected at the annual general meeting held on 21 November 2016. Accordingly, Mr Quin retires at this Meeting and, being eligible, seeks re-election pursuant to Resolution 2.

If elected, the Board considers Mr Quin to be an independent director.

Resolution 2 is an ordinary resolution.

The Board (other than Mr Quin) recommends that Shareholders vote in favour of Resolution 2.

5.2 Mr Stephen Quin

Mr Stephen Quin is a geologist with more than 38 years' experience in the mining and exploration industry. Mr Quin is based in Vancouver, Canada, and has been the President & CEO of Midas Gold Corp. and its predecessor since January 2011. Mr Quin was previously President and COO of TSX listed copper producer Capstone Mining Corp. and, up until its merger with Capstone, President and CEO of TSX listed copper producer Sherwood Copper Corp. Prior to joining Sherwood, Mr Quin spent 18 years as Vice President and subsequently Executive Vice President of TSX listed Miramar Mining Corporation, a Canadian focused gold producer and developer. Mr Quin has extensive experience in the resources sector, and in the financing, development and operation of production companies. Mr. Quin is also a non-executive director of Kutcho Copper Corp. (TSXV: KC).

Mr Quin is Chairman of the Remuneration Committee and a member of the Audit and Risk Committee. Mr Quin has been an Independent Non-Executive Director since 2010 (9 years).

6. Resolution 3 - Re-election of Director - Mr Morgan Ball

6.1 General

A summary of clause 14.4(a) and (c) of the Constitution, and Listing Rule 14.4, is in Section 5.1.

Non-Executive Director Mr Morgan Ball was last elected at the annual general meeting held on 21 November 2016. Accordingly, Mr Ball retires at this Meeting and, being eligible, seeks re-election pursuant to Resolution 3.

If elected, the Board considers Mr Ball to be an independent director.

Resolution 3 is an ordinary resolution.

The Board (other than Mr Ball) recommends that Shareholders vote in favour of Resolution 3.

6.2 Mr Morgan Ball

Mr Morgan Ball is a Chartered Accountant with more than 27 years of Australian and international experience in the resources, logistics and finance industries. Mr Ball is currently Chief Financial Officer of ASX Listed Saracen Mineral Holdings Limited and a Non-executive Director of Arrow Minerals Limited (ASX: AMD). During the past three years, Mr Ball was Managing Director (2013 to 2016), and prior to that Finance Director (2011 to 2013) of ASX listed BC Iron Limited.

Mr Ball is Chairman of the Audit and Risk Committee, a member of the Remuneration Committee and was appointed to the Board as an Independent Non-Executive Director on 24 June 2016 (3 years).

7. Resolution 4 - Ratification of prior issue of Consideration Shares

7.1 General

On 18 June 2019, the Company announced that it had entered into a binding agreement (**Acquisition Agreement**) with the shareholders (**Vendors**) of North West Nickel Pty Ltd (**NWN**) to acquire all outstanding Shares in NWN in consideration for 7,500,000 Shares (**Consideration Shares**). NWN holds a portfolio of nickel exploration projects and as a result of the Acquisition Agreement, the Company acquired the Ruins Nickel Sulphide Project (**Project**) located in the west Kimberley region in WA.

The Company issued the Consideration Shares to the Vendors (or their respective nominees) on 18 July 2019 within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval.

Resolution 4 seeks the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the issue of the Consideration Shares.

Resolution 4 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 4.

7.2 Summary of Key Terms of Acquisition Agreement

(a) Consideration

The consideration for the acquisition of NWN pursuant to the Acquisition Agreement is comprised of:

- (i) the Consideration Shares; and
- (ii) the following deferred consideration, subject to the relevant milestone being satisfied:
 - (A) \$1,750,000 in cash or Shares, at the Company's election, within 60 days of the Company announcing a scoping study or feasibility study in respect of the Project; and
 - (B) \$4,500,000 in cash or Shares, at the Company's election, within 60 days of the commencement of commercial production and cumulative gross sales exceeding \$300,000,000 from the Project.

Any issue of Shares as deferred consideration will be subject to the receipt of Shareholder approval, and calculated based on the 20 day VWAP as at the date of satisfying the relevant milestone.

(b) **Voluntary escrow**

The Consideration Shares are subject to voluntary escrow for a period ending 12 months after their issue (that is, until 18 July 2020) (**Voluntary Escrow Period**).

During the Voluntary Escrow Period, the holders of the Consideration Shares may:

- (i) accept the Consideration Shares into a takeover bid made under Chapter 6 of the Corporations Act in respect of all the Shares that is or has become free of any defeating conditions (other than in respect of the events listed in sections 652C of the Corporations Act);
- (ii) have the Consideration Shares transferred or cancelled as part of the transfer or cancellation of all of the Shares as part of a scheme of arrangement under Part 5.1 of the Corporations Act; or
- (iii) otherwise deal with the Consideration Shares as may be required by applicable law or order of a court of competent jurisdiction,

and the Company must ask its share registry to remove the holding lock to allow the holder to deal with the Consideration Shares in the circumstances described above.

With the exception of the restrictions described above, the holders of the Consideration Shares have the same rights applicable to all other Shareholders, including in relation to voting entitlements to participate in pro rata offers, bonus issues and dividends.

The Consideration Shares comprise 2.74% of the Shares on issue as at the date of this Notice.

Any Shares issued in the future as deferred consideration as contemplated in Section 7.2(a)(ii) will be subject to similar escrow restrictions for a 12 month period following the date of issue.

7.3 Listing Rules 7.1 and 7.4

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that 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 provides 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.

The effect of Shareholders passing Resolution 4 will be to restore the Company's ability to issue further Equity Securities, to the extent of 7,500,000 Equity Securities, during the next 12 months without the requirement to obtain prior Shareholder approval.

7.4 Specific information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Consideration Shares:

- (a) a total of 7,500,000 Consideration Shares were issued;
- (b) the Consideration Shares were issued for nil cash consideration, as part-consideration for the acquisition of the Project;
- (c) the Consideration Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue, subject to the voluntary escrow restrictions described in Section 7.2(b);
- (d) the Consideration Shares were issued to the Vendors (or their respective nominees), none of whom is a related party of the Company;
- (e) no funds were raised from the issue of the Consideration Shares as the Consideration Shares were issued as part consideration for the acquisition of the Project; and
- (f) a voting exclusion statement is included in the Notice.

8. Resolution 5 - Approval of Employee Securities Incentive Plan

8.1 General

The Company considers that it is desirable to adopt an employee incentive scheme pursuant to which the Company can issue Equity Securities to attract, motivate and retain key Directors, employees and consultants and provide them with the opportunity to participate in the future growth of the Company.

Resolution 5 seeks Shareholders' approval for the adoption of the employee incentive scheme titled "Chalice Gold Mines Limited Employee Securities Incentive Plan" in accordance with Listing Rule 7.2 exception 9(b).

In July 2019, the Company undertook a review of the existing Long Term Incentive Plan and ESOP and as a result the "Chalice Gold Mines Limited Employee Securities Incentive Plan" was developed to combine and replace the existing ESOP and LTIP.

Under the Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of Equity Securities in the Company as the Board may decide and on the terms set out in the rules of the Plan, a summary of the key terms and conditions of which is in Schedule 2. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

Resolution 5 is an ordinary resolution.

8.2 Listing Rules 7.1 and 7.2, exception 9(b)

A summary of Listing Rule 7.1 is contained in Section 7.2 above.

Listing Rule 7.2, exception 9(b) provides an exception to Listing Rule 7.1 such that issues of Equity Securities under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of Equity Securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to issue Equity Securities under the Plan to eligible participants over a period of 3 years without using the Company's 15% annual placement capacity under Listing Rule 7.1.

However, any future issues of Equity Securities under the Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolution 7 for the issue of Performance Rights to certain Directors pursuant to the Plan.

Shareholders should note that no Equity Securities have previously been issued under the Plan.

9. Resolution 6 - Approval of potential termination benefits under the Plan

9.1 Summary

The Corporations Act contains certain limitations concerning the payment of "termination benefits" to persons who hold a "managerial or executive office". The Listing Rules also provides certain limitations on the payment of "termination benefits" to officers of listed entities.

As is common with employee incentive schemes, the Plan provides the Board with the discretion to, amongst other things, determine that some or all of the Equity Securities granted to a participant under the Plan (**Plan Securities**) will not lapse in the event of that participant ceasing their engagement with the Company before such Plan Securities have vested. This "accelerated vesting" of Plan Securities may constitute a "termination benefit" prohibited under the Corporations Act, regardless of the value of such benefit, unless shareholder approval is obtained. Accordingly, the Board has resolved to seek Shareholder approval for the granting of such termination benefits in accordance with Resolution 6.

9.2 General

Subject to Shareholder approval of Resolution 5, Shareholder approval is also sought for the purposes of Part 2D.2 of the Corporations Act to approve the giving of benefits under the Plan to a person by the Company in connection with that person ceasing to be an officer of, or ceasing to hold a managerial or executive office in, the Company (or subsidiary of the Company) on the terms and conditions in this Explanatory Memorandum.

As noted above, under the terms of the Plan and subject to the Listing Rules, the Board possesses the discretion to vary the terms or conditions of the Plan Securities. Notwithstanding the foregoing, without the consent of the participant in the Plan, no amendment may be made to the terms of any granted Plan Security which reduces the rights of the participant in respect of that Plan Security, other than an amendment introduced primarily to comply with legislation, to correct any manifest error or mistake or to take into consideration possible adverse tax implications.

As a result of the above discretion, the Board has the power to determine that some or all of a participant's Plan Securities will not lapse in the event of the participant ceasing employment or office before the vesting of their Plan Securities. The Board's current intention is to only exercise this discretion where the person leaves employment or office without fault on their part. The exercise of this discretion by the Board may constitute a "benefit" for the purposes of section 200B of the Corporations Act. The Company is therefore seeking Shareholder approval for the exercise of the Board's discretion in respect of any current or future participant in the Plan who holds:

- (a) a managerial or executive office in, or is an officer of, the Company (or subsidiary of the Company) at the time of their leaving or at any time in the three years prior to their leaving; and
- (b) Plan Securities at the time of their leaving.

In accordance with Listing Rule 10.19, the Company will ensure that no officer of the Company or any of its child entities will, or may be, entitled to termination benefits if the value of those benefits and the terminations benefits that are or may be payable to all officers together exceed 5% of the equity interests of the Company as set out in the latest accounts given to ASX under the Listing Rules.

9.3 Value of the termination benefits

The value of the termination benefits that the Board may give under the Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's Share price at the time of vesting and the number of Plan Securities that will vest or otherwise be affected. The following additional factors may also affect the benefit's value:

- (a) the participant's length of service and the status of the vesting conditions attaching to the relevant Plan Securities at the time the participant's employment or office ceases; and
- (b) the number of unvested Plan Securities that the participant holds at the time they cease employment or office.

Part 2D.2 of the Corporations Act restricts the benefits that can be given to persons who hold a "managerial or executive office" (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate, unless an exception applies. Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies. Provided Shareholder approval is given, the value of the termination benefits may be disregarded when applying section 200F(2)(b) or section 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

9.4 Additional information

The Board recommends that Shareholders vote in favour of Resolution 6.

Resolution 6 is an ordinary resolution.

Resolution 6 is conditional on the passing of Resolution 5. If Resolution 5 is not approved at the Meeting, Resolution 6 will not be put to the Meeting.

10. Resolution 7 - Approval to issue Performance Rights to Executive Directors

10.1 General

The Company is proposing, subject to obtaining Shareholder approval and the adoption of the Plan (refer to Resolution 5), to issue up to a total of 1,809,696 Performance Rights to Mr Tim Goyder and Mr Alex Dorsch (**Related Parties**), or their respective nominees, as follows:

Related Party	Performance Rights
Tim Goyder	735,294
Alex Dorsch	1,074,402
TOTAL	1,809,696

The Company considers the issuance of Performance Rights an effective way to align the efforts of the Executive Directors in seeking to create value for Shareholders. The Board also believes that incentivising with Performance Rights is a prudent means of conserving the Company's available cash reserves, while allowing the Company to continue to attract and maintain highly experienced and qualified Board members in a competitive market. The Performance Rights are to be issued under the Company's Plan, the terms of which are summarised in Schedule 2.

The Board (excluding Messrs Goyder and Dorsch) determined the conditions of the Performance Rights proposed to be offered to Messrs Goyder and Dorsch on 12 July 2019. At the date of determining these conditions the closing Share price on the ASX was \$0.14.

Subject to the terms and conditions in Schedule 2, the Performance Rights will vest as follows:

Overall Condition	Specific Condition	Test Date	Percentage of Performance Rights to Vest
Strategic Objectives	<p>(a) Acquire one or more assets or undertake a corporate transaction with potential to generate an internal rate of return (IRR) of at least 20%; and/or</p> <p>(b) Generate value by achieving one of the following:</p> <ul style="list-style-type: none"> (i) Making a new discovery which shows the potential to be economic based on consensus commodity prices and board approved cost assumptions; (ii) Increasing the Company's resource base; (iii) Conducting economic or feasibility studies which show the potential to generate an IRR of at least 20%; or (iv) The sale of an asset(s) at a significant profit. 	30 June 2022	50%

Overall Condition	Specific Condition	Test Date	Percentage of Performance Rights to Vest
Absolute total shareholder return objectives (ATSR Rights)	<p>If the volume weighted average price of the Company's Shares traded on ASX over the 30 Trading Days (30 Day VWAP) up to and including 30 June 2022 is:</p> <p>(a) Below \$0.18 per Share</p> <p>(b) Between \$0.18 and \$0.20 per Share</p> <p>(c) At or above \$0.20 per Share</p>	30 June 2022	<p>0%</p> <p>Pro rata between 8.25% and 25%</p> <p>25%</p>
Relative total shareholder return objectives (RTSR Rights)	<p>Comparison of the Company's total shareholder return with a comparator group of companies as determined by the remuneration committee from the date of the grant of the Performance Rights, to 30 June 2022. The Performance Rights will vest depending on the Company's percentile ranking:</p>	30 June 2022	
	(a) Below 50 th percentile		0%
	(b) Between 50 th and 75 th percentile		Pro rata between 8.25% and 25%
	(c) At or above 75 th percentile		25%

It is important to note the Performance Rights will not vest and Shares will not be issued unless the specific conditions set-out above are achieved (or partly achieved).

Subject to adoption of the Plan (refer to Resolution 5), the resolutions which form part of Resolution 7 seek Shareholder approval pursuant to Listing Rule 10.14 and section 208 of the Corporations Act for the issue of up to a total of 1,809,696 Performance Rights under the Plan to the Related Parties, or their respective nominees.

Each of the resolutions which forms part of Resolution 7 is an ordinary resolution.

The Board (other than Messrs Goyder and Dorsch who have a personal interest in the outcome of the Resolutions) recommends that Shareholders vote in favour of each of the resolutions which forms part of Resolution 7 for the reasons set out in Section 10.5(j).

10.2 Listing Rule 10.14

Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rules 7.1 or 10.11 is not required.

10.3 Specific information required by Listing Rule 10.15

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided in relation to the proposed issue of Performance Rights:

- (a) the Performance Rights will be issued under the Plan to Messrs Goyder and Dorsch (or their respective nominees), each of whom is a Director;
- (b) the maximum number of Performance Rights to be issued to the Related Parties (or their respective nominees) is 1,809,696, in the proportions set out in Section 10.1 above;
- (c) the Performance Rights will have an issue price of nil as they will be issued as part of the remuneration packages for each of the Related Parties;
- (d) no Securities have previously been issued under the Plan nor has the Plan previously been adopted by Shareholders;
- (e) the persons referred to in Listing Rule 10.14 who are entitled to participate in the Plan are the current Directors, namely Messrs Goyder, Dorsch, Ball and Quin;
- (f) no loan will be provided to the Related Parties in relation to the issue of the Performance Rights;
- (g) the Performance Rights will be issued no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules); and
- (h) a voting exclusion statement is included in the Notice.

10.4 Chapter 2E of the Corporations Act

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

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

The grant of the Performance Rights constitutes giving a financial benefit and the Related Parties are related parties of the Company by virtue of being Directors.

The Board (excluding the Related Parties) considers that the issue of the Performance Rights constitutes reasonable remuneration in the circumstances. However, for an abundance of caution and good corporate governance, the Company is seeking approval for the purposes of Chapter 2E of the Corporations Act in respect of the Performance Rights proposed to be issued to the Related Parties pursuant to each of the resolutions which form part of Resolution 7.

10.5 Information requirements for Chapter 2E of the Corporations Act

Pursuant to and in accordance with section 219 of the Corporations Act, the following information is provided in relation to the proposed issue of the Performance Rights:

(a) **Identity of the related parties to whom the resolutions which form part of Resolution 7 permit financial benefits to be given**

The Performance Rights will be issued to Messrs Goyder and Dorsch or their respective nominees.

(b) **Nature of the financial benefit**

The resolutions which form part of Resolution 7 seek approval from Shareholders to allow the Company to issue the Performance Rights in the amounts specified in Section 10.1 above to the Related Parties or their nominees. The Performance Rights are to be issued in accordance with the Plan and otherwise on the terms and conditions in Schedule 2.

The Shares to be issued upon conversion of the Performance Rights will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

(c) **Valuation of financial benefit**

The Company has obtained an independent valuation of the Performance Rights. Details of this valuation are contained in Schedule 3, with a summary for each Related Party below:

Related Party	Value of Performance Rights
Tim Goyder	\$131,617
Alex Dorsch	\$192,318
TOTAL	\$323,935

(d) **Remuneration of Related Parties**

The total annual remuneration arrangements current for each of the Related Parties as at the date of this Notice are set out below:

Related Party	Salary and fees (inclusive of superannuation)
Tim Goyder	\$219,000
Alex Dorsch ¹	\$320,000

Note:

1. On 13 November 2018, Mr Dorsch was appointed Managing Director. Prior to this date, Mr Dorsch held the role of Chief Executive Officer. The Board also proposes issuing 1,000,000 Options to Mr Dorsch subject to the receipt of Shareholder approval of Resolution 8(a).

(e) **Existing relevant interests**

At the date of this Notice, the Related Parties hold the following relevant interests in Equity Securities of the Company:

Related Party	Shares	Unquoted Options	Performance Rights
Tim Goyder ¹	45,975,209	Nil	2,089,740
Alex Dorsch ²	1,430,000	4,000,000	1,385,007

Notes:

1. Equity Securities include:

- a. Total of 45,975,209 Shares comprising of:
 - i. 314,927 fully paid ordinary shares held by Lotaka Pty Ltd (ACN 008 939 192) of which Mr Goyder is the sole Director and Shareholder;
 - ii. 42,433,945 fully paid ordinary shares held by Mr Goyder;
 - iii. 2,826,337 fully paid ordinary shares held by Plato Prospecting Pty Ltd (ACN 008 964 896) as trustee for TRB Goyder Superannuation Fund of which Mr Goyder is the sole Director and Shareholder; and
 - iv. 400,000 fully paid ordinary shares held by Mr Goyder's wife, Linda Sullivan.
- b. Total of 2,089,740 Performance Rights comprised of:
 - i. 1,217,989 Performance Rights expiring on 30 June 2021; and
 - ii. 871,751 Performance Rights expiring on 30 June 2022.

2. Equity Securities include:

- a. Total of 4,000,000 options comprising of:
 - i. 2,000,000 Options exercisable at \$0.20 each on or before 31 March 2021;
 - ii. 2,000,000 Options exercisable at \$0.22 each on or before 31 March 2021; and
- b. Total of 1,385,007 Performance Rights comprised of:
 - i. 1,045,931 Performance Rights expiring on 30 June 2022; and
 - ii. 339,076 Performance Rights expiring on 30 June 2021.

The Board also proposes issuing 1,000,000 Options to Mr Dorsch subject to the receipt of Shareholder approval of Resolution 8(a).

Assuming that each of the resolutions which form part of Resolution 7 are approved by Shareholders, all of the relevant Director's Performance Rights are issued, vested and exercised into Shares, and no other Equity Securities are issued or exercised, the respective interests of the Related Parties in the Company would be as follows:

- (i) Mr Goyder's interest would represent approximately 16.93% of the Company's expanded capital; and
- (ii) Mr Dorsch's interest would represent approximately 0.91% of the Company's expanded capital.

(f) Trading history

The highest and lowest closing market sale prices of the Shares on ASX during the 12-month period ending 25 September 2019 (being the latest practicable date before the date of this Notice):

Highest: \$0.225 per Share on 23 September 2019

Lowest: \$0.110 per Share on 10 December 2018

The latest available closing market sale price of the Shares on ASX prior to the date of this Notice was \$0.210 per Share on 25 September 2019.

(g) Dilution

The issue of the Performance Rights will have a diluting effect on the percentage interest of existing Shareholders' holdings if the Performance Rights vest and are exercised. The exercise of all of the Performance Rights will result in a total dilution of all other Shareholders' holdings of 0.66% on a fully diluted basis based on issued Shares as at the date of this Notice, being 274,068,134 Shares (assuming that all Performance Rights are exercised). The actual dilution will depend on the extent that additional Shares are issued by the Company.

(h) Corporate governance

Messrs Goyder and Dorsch are executive directors of the Company and therefore the Board believes that the grant of the Performance Rights is in line with Recommendation 8.2 of the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

(i) Taxation consequences

There are no taxation consequences for the Company arising from the issue of the Performance Rights (including fringe benefits tax).

(j) Director recommendations

The Directors, other than Messrs Goyder and Dorsch who decline to make a recommendation to Shareholders in relation to the resolutions which form part of Resolution 7 due to their personal interest in the outcome of the Resolutions, recommend that Shareholders vote in favour of each of the resolutions which forms part of Resolution 7 for the following reasons:

- (i) through the leadership of Messrs Goyder and Dorsch, they have overseen the development of the Company throughout a period of growth and advancement over the last 12 months;
- (ii) the grant of the Performance Rights will further align the interests of Messrs Goyder and Dorsch with those of Shareholders to increase shareholder value;
- (iii) the issue of the Performance Rights provides Messrs Goyder and Dorsch with incentives to focus on superior performance in creating shareholder value;
- (iv) the Performance Rights will not vest and Shares will not be issued unless significant value is created for Shareholders and the Company;

- (v) the grant of the Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Messrs Goyder and Dorsch; and
 - (vi) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights upon the terms proposed.
- (k) **Other information**

Under the Australian equivalent of the International Financial Reporting Standards, the Company is required to expense the value of the Performance Rights. The Performance Rights will commence being expensed in the financial year ended 30 June 2020 and continue to be expensed over the period in which the performance and/or vesting conditions are fulfilled.

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass each of the resolutions which forms part of Resolution 7.

11. Resolution 8 - Approval to issue Options to Directors

11.1 General

The Company is proposing to issue up to a total of 2,000,000 unquoted Options (**Director Options**) to Mr Alex Dorsch, Mr Morgan Ball and Mr Stephen Quin (**Directors**), or their respective nominees, as follows:

Director	Options
Alex Dorsch (Managing Director)	1,000,000
Morgan Ball (Non-executive Director)	500,000
Stephen Quin (Non-executive Director)	500,000
TOTAL	2,000,000

In June 2019, the Board reviewed the fee structure for non-executive directors and determined that in light of reducing corporate overheads and to reflect the Company's current strategy, it was agreed that non-executive director fees would be reduced by \$20,000 per annum to \$40,000 per annum (inclusive of superannuation where applicable), plus members of the Board Committees shall receive an additional \$4,000 per annum (inclusive of superannuation) and a Chair of Board Committees shall receive an additional \$6,000 per annum (inclusive of superannuation). To compensate non-executive directors for the reduction in fees, the Board resolved in July 2019, to grant 500,000 Director Options each to Mr Ball and Mr Quin, subject to the receipt of Shareholder approval. On 15 July 2019, being the date that the Company announced the proposed Director Option issue to Mr Ball and Mr Quin on the ASX, the Company's closing Share price on the ASX was \$0.14.

In November 2018, Mr Dorsch was appointed as Managing Director of the Company. Prior to this date, Mr Dorsch held the role of Chief Executive Officer. Upon his appointment as Managing Director, Mr Dorsch was offered the Director Options, subject to Shareholder approval as an incentive to Mr Dorsch. On 13 November 2018, being the

date of the appointment of Mr Dorsch as Managing Director, the Company's closing Share price on the ASX was \$0.115, adjusted to reflect the capital return of \$0.04 per Share in December 2018. The exercise price of \$0.21 represented an 82.6% premium to this closing Share price.

The Company is in an important stage of development with significant opportunities and challenges in both the near and long-term, and the proposed issue seeks to align the efforts of the Directors in seeking to create value for Shareholders. In addition, the Board also believes that incentivising with Director Options is a prudent means of conserving the Company's available cash reserves. The Board believes it is important to offer these Director Options to continue to attract and maintain highly experienced and qualified Board members in a competitive market.

The Director Options are to be issued under the terms of the ESOP, which are summarised in the Company's 2016 notice of annual general meeting, announced on ASX on 21 November 2016. The issue of Options is intended to be the final issue of Securities under the ESOP, with the Plan to be utilised moving forwards.

Subject to the terms and conditions of the ESOP, the Director Options will vest as follows:

Director	Vesting Period
Alex Dorsch (Managing Director)	Options vests as follows: (a) 500,000 Options vest immediately on issue; and (b) 500,000 Options shall vest on 30 November 2019, subject to the holder continuing to be employed or engaged by the Company or any of its related body corporate at this time.
Morgan Ball (Non-executive Director)	Options vest immediately on issue
Stephen Quin (Non-executive Director)	Options vest immediately on issue

The resolutions which form part of Resolution 8 seek Shareholder approval pursuant to Listing Rule 10.14 and sections 195(4) and 208 of the Corporations Act for the issue of up to a total of 2,000,000 Director Options under the ESOP to the Directors, or their respective nominees.

Each of the resolutions which forms part of Resolution 8 is an ordinary resolution.

The Directors decline to make a recommendation to Shareholders in relation to the resolutions which forms part of Resolution 8 due to their personal interests in the outcome of the Resolutions.

11.2 Listing Rule 10.14

A summary of Listing Rule 10.14 is in Section 10.2.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rules 7.1 or 10.11 is not required.

11.3 Specific information required by Listing Rule 10.15

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided in relation to the proposed issue of the Director Options:

- (a) the Director Options will be issued under the ESOP to Messrs Dorsch, Ball and Quin (or their respective nominees), each of whom is a Director;
- (b) the maximum number of Director Options to be issued to the Directors (or their respective nominees) is 2,000,000, in the proportions set out in Section 11.1 above;
- (c) the Director Options will have an issue price of nil as they will be issued as part of the remuneration packages for each of the Related Parties;
- (d) the names of all persons referred to in Listing Rule 10.14 who have received Securities under the ESOP since it was approved by Shareholders at the 2016 annual general meeting held on 21 November 2016, the number of the Securities received and the acquisition price for each Security is set out below:

Directors	Options	Acquisition price	Exercise price (each)	Expiry date
Anthony Kiernan ¹	500,000	\$nil	\$0.21	30 November 2019
Morgan Ball	500,000	\$nil	\$0.21	30 June 2019 ²
Stephen Quin	500,000	\$nil	\$0.21	30 November 2019
Alexander Dorsch	2,000,000 2,000,000	\$nil \$nil	\$0.18 \$0.16	31 March 2021 31 March 2021

Notes:

- 1. Mr Kiernan ceased to be a Director with effect from 13 September 2018.
 - 2. These Options lapsed, unexercised, on 30 June 2019.
- (e) the persons referred to in Listing Rule 10.14 who are entitled to participate in the ESOP are all the current Directors, namely Mr Dorsch, Mr Ball, Mr Quin and Mr Goyder;
 - (f) no loan will be provided to the Directors in relation to the issue of the Director Options;
 - (g) the Director Options will be issued no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules); and
 - (h) a voting exclusion statement is included in the Notice.

11.4 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is in Section 10.4.

As three of the Company's four Directors are eligible to receive the Director Options, the Board cannot form a quorum to resolve on the reasonableness of the remuneration comprised of the Director Options.

Accordingly, the Company is seeking approval for the purposes of Chapter 2E of the Corporations Act in respect of the Director Options proposed to be issued to the Directors pursuant to each of the resolutions which form part of Resolution 8.

11.5 Information requirements for Chapter 2E of the Corporations Act

Pursuant to and in accordance with section 219 of the Corporations Act, the following information is provided in relation to the proposed issue of the Director Options:

(a) **Identity of the related parties to whom the resolutions which form part of Resolution 8 permit financial benefits to be given**

The Director Options will be issued to Messrs Dorsch, Ball and Quin or their respective nominees.

(b) **Nature of the financial benefit**

The resolutions which form part of Resolution 8 seek approval from Shareholders to allow the Company to issue the Director Options in the amounts specified in Section 11.1 above to the Directors or their nominees. The Director Options are to be issued in accordance with the ESOP and otherwise on the terms and conditions in Schedule 4.

The Shares to be issued upon conversion of the Director Options will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

(c) **Valuation of financial benefit**

Using a Black & Scholes valuation model, the Company's valuation of the Director Options is in Schedule 4, with a summary for each Director below:

Director	Value of Director Options
Alex Dorsch	\$72,641
Morgan Ball	\$43,441
Stephen Quin	\$43,441
Total	\$159,523

(d) **Remuneration of Related Parties**

The total annual remuneration arrangements current for each of the Related Parties as at the date of this Notice are set out below:

Director	Salary and fees (inclusive of superannuation)
Alex Dorsch ¹	\$320,000
Morgan Ball ²	\$50,000
Stephen Quin ²	\$50,000

Notes:

1. On 13 November 2018, Mr Dorsch was appointed Managing Director. Prior to this date, Mr Dorsch held the role of Chief Executive Officer. The Board also proposes to issue 1,074,402 Performance Rights to Mr Dorsch, subject to the receipt of Shareholder approval of Resolutions 5 and 7.
2. For the year ended 30 June 2019, non-executive directors received a fee of \$60,000 (inclusive of superannuation, where applicable) and members of Board Committees received an additional \$5,000 per annum (inclusive of superannuation where applicable) for their roles on each of those Committees. In June 2019, the Company reviewed the fee structure for non-executive directors and determined that in light of reducing corporate overheads and to reflect the Company's current strategy, it was agreed that non-executive director fees would be reduced to \$40,000 per annum (inclusive of superannuation where applicable), plus members of the Board Committees shall receive an additional \$4,000 per annum (inclusive of superannuation) and a Chair of Board Committees shall receive \$6,000 per annum (inclusive of superannuation). To compensate non-executive directors for the reduction in fees, the Board resolved in July 2019 to grant, 500,000 Director Options each to Mr Ball and Mr Quin, subject to the receipt of Shareholder approval of Resolution 8.

(e) **Existing relevant interests**

At the date of this Notice, the Related Parties hold the following relevant interests in Equity Securities of the Company:

Directors	Shares	Unquoted Options	Performance Rights
Alex Dorsch ¹	1,430,000	4,000,000	1,385,007
Morgan Ball	30,000	Nil	Nil
Stephen Quin ²	26,321	500,000	Nil

Notes:

1. Total of 4,000,000 options comprising of:
 - a. 2,000,000 Options exercisable at \$0.16 each on or before 31 March 2021; and
 - b. 2,000,000 Options exercisable at \$0.18 each on or before 31 March 2021.The Board also proposes issuing 1,074,402 Performance Rights to Mr Dorsch, subject to the receipt of Shareholder approval of Resolutions 5 and 7.
2. Options exercisable at \$0.21 each on or before 30 November 2019.

Assuming that each of the resolutions which form part of Resolution 8 are approved by Shareholders, all of the relevant Director's Director Options are issued, vested and exercised into Shares, and no other Equity Securities are issued or exercised, the respective interests of the Related Parties in the Company would be as follows:

- (i) Mr Dorsch's interest would represent approximately 0.88% of the Company's expanded capital;
- (ii) Mr Ball's interest would represent approximately 0.19% of the Company's expanded capital; and
- (iii) Mr Quin's interest would represent approximately 0.20% of the Company's expanded capital.

(f) Trading history

Refer to Section 10.5(f) above for a summary of the trading history of the Shares on ASX during the previous 12 months.

(g) Dilution

The issue of the Director Options will have a diluting effect on the percentage interest of existing Shareholders' holdings if the Director Options vest and are exercised. The exercise of all of the Director Options will result in a total dilution of all other Shareholders' holdings of 0.72% on a fully diluted basis based on issued Shares as at the date of this Notice, being 274,068,134 Shares (assuming that all Director Options are exercised).

(h) Corporate governance

The Board acknowledges the grant of the Director Options to the non-executive Directors, Messrs Ball and Quin is contrary to Recommendation 8.2 of the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. However, the Board considers the grant of Director Options to the non-executive Directors reasonable in the circumstances for the reasons set out in Section 11.4.

(i) Taxation consequences

There are no taxation consequences for the Company arising from the issue of the Director Options (including fringe benefits tax).

(j) Director recommendations

The Directors decline to make a recommendation to Shareholders in relation to the resolutions which form part of Resolution 8 due to their personal interests in the outcome of the Resolutions.

(k) Other information

Under the Australian equivalent of the International Financial Reporting Standards, the Company is required to expense the value of the Director Options in the financial year ended 30 June 2020.

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass each of the resolutions which forms part of Resolution 8.

12. Resolution 9 - Replacement of Constitution

12.1 General

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

Resolution 9 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**).

The Company's current Constitution was adopted in 2005. The Constitution was updated to reflect an amendment to the Corporations Act at the annual general meeting held on 25 November 2010, but has not otherwise been updated.

There have been a number of changes to the Corporations Act and the Listing Rules since the Constitution was first adopted. There have also been significant developments in corporate governance principles and general corporate and commercial practice for ASX listed entities. As a result, the Board proposes that the Company adopt the Proposed Constitution which reflects these changes to the legislation and current market practice.

In addition, changes to the Listing Rules will commence on 1 December 2019 which will require a listed entity's constitution to contain certain provisions regarding Restricted Securities if the entity has any Restricted Securities on issue. Although the Company does not presently have any Restricted Securities on issue and does not have any present intentions to undertake a transaction which would result in the issue of Restricted Securities, the Board considers it prudent to take this opportunity to update the Constitution to ensure it complies with these new requirements.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- (a) updating references to bodies or legislation which have been renamed (e.g. references to the SCH Business Rules); and
- (b) expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Memorandum, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website (www.chalicegold.com) or at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

A copy of the proposed Constitution is available for Shareholders to review and will be available at the Meeting. It will be marked by the Chair at the Meeting in order to identify it as the Constitution approved by Shareholders.

12.2 Summary of material proposed changes

(a) Restricted Securities

With effect from 1 December 2019, ASX intends to apply a two-tier escrow regime where ASX can require certain more significant holders of Restricted Securities and their controllers to execute a formal escrow agreement in the form of Appendix 9A of the Listing Rules, as is currently the case. However, for less significant holdings, ASX will instead permit entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holders of restricted securities and to simply give a notice to the holders of Restricted Securities in the form to be set out in an appendix to the Listing Rules, advising them of those restrictions.

To facilitate the operation of the new two-tier escrow regime, certain changes are required to the customary provisions of constitutions of ASX-listed entities regarding Restricted Securities. These changes require that:

- (ii) a holder of Restricted Securities must not dispose of, or agree or offer to dispose of, the securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;
- (iii) If the Restricted Securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the entity's issuer sponsored subregister and are to have a holding lock applied for the duration of the escrow period applicable to those securities;
- (iv) The entity will refuse to acknowledge any disposal (including, without limitation, to register any transfer) of Restricted Securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;
- (v) A holder of Restricted Securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX; and
- (vi) If a holder of Restricted Securities breaches a restriction deed or a provision of the constitution restricting a disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues.

(b) Fee for registration of off-market transfers

The existing Constitution provides that no fee may be charged on the registration of a transfer of Shares or other securities.

On 24 January 2011, ASX amended Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to as "off-market transfers".

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

(c) **Appointment of proxies**

The Proposed Constitution provides for the chairperson to determine the validity of an instrument appointing a proxy, attorney or representative, and that an instrument appointing a proxy may be valid even if it only contains some of the information required.

(d) **Proportional takeover provisions**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

The information required by section 648G of the Corporations Act is set out below.

(i) **Effect of proposed proportional takeover provisions**

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

(ii) **Reasons for proportional takeover provisions**

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

(iii) **Knowledge of any acquisition proposals**

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

(iv) **Potential advantages and disadvantages of proportional takeover provisions**

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (A) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (B) assisting in preventing Shareholders from being locked in as a minority;
- (C) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (D) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (A) proportional takeover bids may be discouraged;
 - (B) lost opportunity to sell a portion of their Shares at a premium; and
 - (C) the likelihood of a proportional takeover bid succeeding may be reduced.
- (v) Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 9.

12.3 Additional information

The Board unanimously recommends that Shareholders vote in favour of Resolution 9.

Resolution 9 is a special resolution and therefore at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 9 for it to be passed

The Chairman intends to exercise all available proxies in favour of Resolution 9.

Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$ or A\$ means Australian Dollars.

30 Day VWAP has the meaning given in Section 10.1.

Acquisition Agreement means the agreement entered into between the Company and the Vendors for the acquisition of all outstanding shares in NWN.

Annual Report means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2019.

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

ATSR Rights means absolute total shareholder return rights.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Chair means the person appointed to chair the Meeting of the Company convened by the Notice.

Clause means a clause of the Constitution.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means Chalice Gold Mines Limited (ACN 116 648 956).

Consideration Shares means 7,500,000 Shares issued to the Vendors (or their respective nominees) pursuant to the Acquisition Agreement which are the subject of Resolution 4.

Constitution means the constitution of the Company as at the date of the Meeting.

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

Director means a director of the Company.

Director Options means up to 2,000,000 Options to be issued to the Directors on the terms and conditions set out in the ESOP, which are the subject of the resolutions which form part of Resolution 8.

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

Equity Security has the same meaning as in the Listing Rules.

ESOP means the Employee Share Option Plan as approved at the Company's annual general meeting held on 21 November 2016.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

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

IRR means internal rate of return.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the listing rules of ASX.

LTIP means the Long Term Incentive Plan as approved at the Company's annual general meeting held on 28 November 2017.

Manual has the meaning given in Section 1.1.

Meeting has the meaning given in the introductory paragraph of the Notice.

NI 71-102 has the meaning given in Section 1.2.

Notice means this notice of annual general meeting.

NWN means North West Nickel Pty Ltd (ACN 613 254 667).

Option means an option to acquire a Share.

Performance Rights means up to 1,809,696 performance rights to be issued to the Related Parties on the terms and conditions set out in Schedule 2, which are the subject of the resolutions which form part of Resolution 7.

Plan means the Company's Employee Securities Incentive Plan which is the subject of Resolution 5, a summary of which is in Schedule 2.

Plan Securities has the meaning given in Section 9.1.

Project means the Ruins Nickel Sulphide Project.

Proposed Constitution has the meaning given in Section 12.1.

Proxy Form means the proxy form attached to the Notice.

Related Parties means Messrs Goyder and Dorsch for the purposes of Resolution 7.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution referred to in the Notice.

Restricted Securities has the meaning given in the Listing Rules.

RTSR Rights means relative total shareholder return rights.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

Securities means any Equity Securities of the Company (including Shares, Options and/or Performance Rights).

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

Shareholder means the holder of a Share.

Strike means a 'no' vote of 25% or more on the resolution approving the Remuneration Report.

Trading Day has the meaning given in the Listing Rules.

TSR means total shareholder return.

TSX has the meaning given in Section 1.1.

Vendors means the shareholders of NWN.

Voluntary Escrow Period has the meaning given in Section 7.2(b).

VWAP means volume weighted average market price.

Waiver has the meaning given in Section 1.1.

WST means Western Standard Time being the time in Perth, Western Australia.

Schedule 2 - Summary of Employee Securities Incentive Plan

A summary of the key terms of the Plan is set out below:

1. **(Eligible Participant):** Eligible Participant means a person that:
 - (a) is an "eligible participant" (as that term is defined in ASIC Class Order CO 14/1000) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order 14/1000); and
 - (b) has been determined by the Board to be eligible to participate in the Plan from time to time.
2. **(Purpose):** The purpose of the Plan is to:
 - (a) assist in the reward, retention and motivation of Eligible Participants;
 - (b) link the reward of Eligible Participants to Shareholder value creation; and
 - (c) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.
3. **(Plan administration):** The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.
4. **(Eligibility, invitation and application):** The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides. On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.
5. **(Grant of Securities):** The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.
6. **(Terms of Convertible Securities):** Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan. Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.
7. **(Vesting of Convertible Securities):** Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. An invitation may specify that at the time of exercise of the Convertible Securities, the Board will have the discretion to determine whether the Company with respect to each vested Convertible Security being exercised:

- (a) allot and issue, or transfer, one Plan Share to the Participant (**Equity Settled**);
or
- (b) pay a cash amount to the Participant equivalent to the value of a Share as at the date of the Vesting Notice less the Exercise Price (if any) (**Cash Settled**).

If the invitation does not specify that the Board will have discretion as described above, the vested Convertible Securities being exercised are to be Equity Settled.

If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

8. **(Exercise of Convertible Securities and cashless exercise):** To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation. An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

'Market Value' means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 Trading Days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

9. **(Delivery of Shares on exercise of Convertible Securities):** As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.
10. **(Forfeiture of Convertible Securities):** Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest. Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (a) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and

- (b) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.
11. **(Change of control):** If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
 12. **(Rights attaching to Plan Shares):** All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, **(Plan Shares)** will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.
 13. **(Disposal restrictions on Plan Shares):** If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
 - (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.
14. **(Adjustment of Convertible Securities):** If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation. If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised. Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.
 15. **(Participation in new issues):** There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.
 16. **(Amendment of Plan):** Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect. No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before.

Schedule 3 - Valuation of Performance Rights

The Performance Rights to be issued to the Related Parties pursuant to resolutions which form part of Resolution 7 have been valued by an independent consultant using the following methodology and assumptions:

Performance Rights Measured Against Strategic Objectives

A Black Scholes option pricing model has been used to value the Performance Rights that vest upon achieving the strategic objectives (Strategic Rights) set out in Section 10.1. No discount is made to the fundamental value derived from the option valuation model for unlisted rights over listed shares.

Performance Rights Measured Against Absolute Total Shareholder Return Objectives

The Performance Rights that vest upon meeting the absolute total shareholder return objectives (ATSR Rights) set out in Section 10.1 have been valued using a hybrid multiple barrier option pricing model. The model incorporates a Monte Carlo simulation, which simulates the Company's Share price at the test date. The forecast Share price at the test date is then used to calculate the value of the ATSR Rights. The value is adjusted based on the vesting percentage, then discounted to its present value. This process is repeated for 50,000 iterations. The average ATSR Right value of the Monte Carlo iterations where the Company's Share price exceeds the barriers, represents the final ATSR Right value. The barriers are assessed with reference to the 30-day VWAP of the Company at the test date.

Performance Rights Measured Against Relative Total Shareholder Return Objectives

The Performance Rights that vest upon meeting the relative total shareholder return objectives (RTSR Rights) set out in Section 10.1 have been valued using a hybrid employee share option pricing model which uses a correlated simulation that simultaneously calculates the returns from the Company and the individual Peer Group companies total shareholder return (TSR) on a risk neutral basis as at the vesting date with regards to the measurement period. The TSR of the Company is ranked against the TSR of each constituent of the Peer Group as at the vesting date and a vesting percentage calculated. The forecast Share price at the vesting date is then used to calculate the price of the RTSR Rights. The price is adjusted based on the vesting percentage, then discounted to its present value. This process is repeated for 50,000 iterations.

Assumptions	Strategic Rights	ATSR Rights	RTSR Rights
Assumed Share price at grant date	\$0.20	\$0.20	\$0.20
Exercise price	Nil	Nil	Nil
Valuation date	4 Sept 19	4 Sept 19	4 Sept 19
Performance test date	30 June 22	30 June 22	30 June 22
Performance period (years)	2.82	2.82	2.82
Expiry date	30 June 23	30 June 23	30 June 23
Expiration period (years)	3.82	3.82	3.82
Expected volatility	65%	65%	65%
Risk free interest rate	0.72%	0.72%	0.72%
Annualised dividend yield	Nil	Nil	Nil
Value of each Performance Right	\$0.20	\$0.146	\$0.17

Aggregate value of Performance Rights

Related Party	Strategic Rights	ATSR Rights	RTSR Rights	Total
Tim Goyder	\$73,529	\$26,838	\$31,250	\$131,617
Alex Dorsch	\$107,440	\$39,216	\$45,662	\$192,318

It is important to note the Performance Rights will not vest and Shares will not be issued unless the specific conditions set-out above are achieved (or partly achieved).

Notes:

The valuations took into account the following matters:

1. The Vesting Conditions applying to the Performance Rights are set out on Section 10.1.
2. Performance Rights with non-market based vesting conditions can only be exercised following the satisfaction of the Vesting Condition, a change of control or winding up occurring, or a takeover bid becoming unconditional.
3. The valuation of Performance Rights assumes that the exercise of a right does not affect the value of the underlying asset.
4. Given that the Performance Rights are to be issued for no cash consideration, the value of the Performance Rights is reflected in the underlying Share price at the valuation date. The Share price used is based on the closing price on the date of valuation, 4 September 2019, being \$0.20.
5. No consideration is to be paid upon exercising the Performance Rights.

Schedule 4 - Valuation of Director Options

The Director Options to be issued to the Directors pursuant to resolutions which form part of Resolution 8 have been valued internally by the Company according to the Black & Scholes valuation model on the following assumptions:

Director	Alex Dorsch	Morgan Ball	Stephen Quin
Assumed Share price at grant date	\$0.20	\$0.20	\$0.20
Exercise price	\$0.21	\$0.21	\$0.21
Valuation date	4 Sept 19	4 Sept 19	4 Sept 19
Market value on ASX of underlying Shares at time of setting exercise price	\$0.115 13 Nov 18	\$0.14 15 July 19	\$0.14 15 July 19
Exercise price premium to market value	\$0.095	\$0.07	\$0.07
Expiry date	30 November 21	30 November 22	30 November 22
Expected volatility	65%	65%	65%
Risk free interest rate	0.72%	0.72%	0.72%
Annualised dividend yield	0%	0%	0%
Value of each Option	\$0.0726	\$0.0869	\$0.0869
Aggregate value of Options	\$72,600	\$43,450	\$43,450

Notes:

The valuations took into account the following matters:

1. The Vesting Conditions applying to the Director Options are set out on Section 11.1.
2. Director Options with non-market based vesting conditions can only be exercised following the satisfaction of the Vesting Condition, a change of control or winding up occurring, or a takeover bid becoming unconditional.
3. The valuation of Director Options assumes that the exercise of a right does not affect the value of the underlying asset.
4. Given that the Director Options are to be issued for no cash consideration, the value of the Director Options is reflected in the underlying Share price at the valuation date. The Share price used is based on the closing price on the date of valuation of 4 September 2019, being \$0.20.
5. No consideration is to be paid upon exercising the Director Options.
6. The market value of \$0.115 on 13 November 2018 has been adjusted to reflect the capital return of \$0.04 per share in December 2018.



Chalice Gold Mines Limited
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YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **12:00pm (WST)** Monday 25 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 Chalice Gold Mines Limited hereby appoint

the Chair of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chair 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 Chair 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 Chalice Gold Mines Limited to be held at Cassia Room, Level 1 Function Floor, The Westin Perth, 480 Hay Street, Perth, Western Australia on Wednesday, 27 November 2019 at 12pm (WST), and at any adjournment or postponement of that meeting.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Subject to the below, where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 5, 6, 7 and 8 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 5, 6, 7 and 8 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chair.

If the Chair is a person referred to in the section 224 Corporations Act voting prohibition statements applicable to Resolutions 7 or 8, the Chair will only be able to cast a vote as proxy for you on the relevant Resolution if you are entitled to vote and have specified your voting intention below.

Important Note: If the Chair of the Meeting is (or becomes) your proxy you can direct the Chair to vote for or against or abstain from voting on Resolutions 1, 5, 6, 7 and 8 by marking the appropriate box in step 2.

Step 2 Items of Business

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

		For	Against	Abstain		For	Against	Abstain	
1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7(a)	Approval to issue Performance Rights to Mr Tim Goyder	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Director – Mr Stephen Quin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7(b)	Approval to issue Performance Rights to Mr Alex Dorsch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Re-election of Director – Mr Morgan Ball	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8(a)	Approval to issue Options to Mr Alex Dorsch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Ratification of prior issue of Consideration Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8(b)	Approval to issue Options to Mr Morgan Ball	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Approval of Employee Securities Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8(c)	Approval to issue Options to Mr Stephen Quin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Approval of potential termination benefits under the Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9	Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1 <input style="width: 95%; height: 25px;" type="text"/>	Securityholder 2 <input style="width: 95%; height: 25px;" type="text"/>	Securityholder 3 <input style="width: 95%; height: 25px;" type="text"/>	/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details (Optional)

Mobile Number <input style="width: 95%; height: 25px;" type="text"/>	Email Address <input style="width: 95%; height: 25px;" type="text"/>
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By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

