CHALICE GOLD MINES LIMITED

ANNUAL INFORMATION FORM

September 27, 2019

GLOSSARY

Symbols

-	Nil	Oz	troy ounces
g	grams	T	tonne
g/t Au	grams per tonne of gold		
kg	kilograms		
km	kilometres		
m	metres		

Equivalent values

	kg	Lb
kg	1	2.20462
t	1,000	2,204.62

Definitions

"2017 AGM"	The Annual General Meeting of Chalice held November 28, 2017.
"2018 AGM"	The Annual General Meeting of Chalice held November 27, 2018.
"2019 AGM"	The Annual General Meeting of Chalice planned to be held on November 27, 2019.
"A$"..	Australian dollar.
"AIF"	This Annual Information Form dated September 27, 2019
"ASTC Rules"	The settlement operating rules of the ASX.
"ASX"	ASX Limited or, in certain context, the Australian Securities Exchange operated by ASX Limited.
"ASX Listing Rules"	the listing rules of the ASX.
"Ausgold"	Ausgold Limited (ASX: AUC).
"Board"	Board of directors of the Company.
"Bonus Issue"	The issuance of Shares to Shareholders by way of capitalization of profits or reserves.
"Bonus Shares"	Shares which would have been issued upon the Bonus Issue.
"C$"	Canadian dollar.
"Chalice Annual Financial Report"	The Company's annual financial report for the year ended June 30, 2019 as contained in the Annual Report 2019 lodged September 5, 2019 on SEDAR.

"Chimo Gold Project"................................	A project located about 40 kilometres east of the city of Val-d'Or in western Quebec that is part of the East Cadillac Gold Project.
"CIM Definition Standards"	CIM Definition Standards on Mineral Resources and Mineral Reserves prepared by the CIM Standing Committee on Reserve Definitions 2005, as amended.
"Company" or "Chalice"	Chalice Gold Mines Limited and its subsidiaries on a consolidated basis, except where otherwise noted or the context otherwise indicates.
"Constitution"	The constitution of Chalice.
"Corporations Act"	*Corporations Act 2001 (Australia)*, as amended.
"Denain Pershing Project"	A project located ~55km east of the town of Val-d'Or in Quebec, Canada owned by Renforth Resources.
"Dumbleyung Project"...............................	A project located southeast of Perth, Western Australia.
"East Cadillac Gold Project"	A project located approximately 35 kilometres east of the city of Val-d'Or in western Quebec, and comprises a roughly rectangular, contiguous block of 523 claims covering roughly 255 km^{2}.
"East Cadillac Technical Report"	The independently prepared technical report entitled "2019 Technical Report & Mineral Resource Estimate: East Cadillac Gold Project, Val-d'Or, Quebec" effective as at April 30, 2019 and prepared by John Langton and Vincent Jourdain of MRB & Associates.
"Eligible Persons"	Persons eligible to participate in the Option Plan, LTIP and ESIP.
"ESIP"	An employee securities incentive plan proposed to be tabled to Shareholders for approval at the 2019 AGM.
"First Mining"	First Mining Gold Corp. (TSX: FF) (formerly First Mining Finance Corp.)
"Flinders River Project"	A project located in central Queensland, Australia that is owned 100% by the Company.
"Forsan Gold Project"	A project located 45km east of the town of Val d'Or, Quebec, Canada that comprises of 27 claims for a total area of 12.4km. The project is owned by Pershimex Resources.
"Globex"..	Globex Mining Enterprises Inc.

"Julimar Project"	A project located 80km north-east of Perth, Western Australia that is owned 100% by the Company.
"Kinebik Project"	A contiguous block of 368 claims totalling 19,137 ha and extending over a 30km strike length of the Casa Berardi fault in the northern Abitibi terrane of the Superior Province in Quebec, Canada.
"Kesselrun Resources Limited"	Kesselrun Resources Limited (TSX-V: KES)
"King Leopold Nickel Project"	A project located in the west Kimberley region of Western Australia covering an area of approximately 1,800 km^2. The Company's interest in the project comprises of several 100% owned exploration licences and applications, 100% owned hard rock rights as well as an earn-in agreement (earning up to 85%)
"KMP"	Key management personnel.
"Latitude Hill Project"	A project located in the west Musgrave Province of Western Australia, and owned by Traka.
"LTIP"	An employee long term incentive plan approved by Shareholders at the 2017 AGM.
"Monarques"	Monarques Gold Corporation (TSX-V: MQR).
"Named Executive Officer"	Each of the following individuals: (i) the Chief Executive Officer of the Company; (ii) the Chief Financial Officer of the Company; (iii) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than C$150,000 for that financial year; and (iv) each individual who would be a Named Executive Officer under (iii) above but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year-end.
"Net smelter return"	The net revenue that the owner of a mining property receives from the sale of the mine's products less transportation and refining costs.
"NI 43-101"	National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators.
"NI 71-102"	National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* of the Canadian Securities Administrators.
"Nordeau Project"	A project located about 40 kilometres east of the city of Val-d'Or in western Quebec that is part of the East Cadillac Gold Project.

"O3 Mining Inc."	O3 Mining Inc. (TSX-V: OIII)
"Option"	A right entitling the holder to be issued a Share in the Company on exercise.
"Option Plan"	An employee and consultant stock option plan approved by Shareholders on November 28, 2017.
"Osisko Mining Inc."	Osisko Mining Inc. (TSX: OSK).
"Performance Rights"	A right to be issued a Share upon the satisfaction of certain performance conditions that are attached to the right as determined by the Board.
"Pershimex Resources"	Pershimex Resources Corporation (formerly Khalkos Exploration (Inc.) TSX-V:PRO).
"Pyramid Hill Project"	A project covering an area of ~5,140km^2 north of Bendigo, Victoria. The project is 100% owned by the Company.
"Red Hill"	Red Hill Iron Limited.
"Renforth Resources"	Renforth Resources Inc.
"Richmont Mines"	Richmont Mines Inc.
"SEDAR"	Canada's System for Electronic Documents Analysis and Retrieval maintained by the Canadian Securities Administrators.
"Shares"	Ordinary shares in the capital of the Company.
"Shareholder"	Shareholders of the Company or other entity.
"Stock Exchange Listing Rules"	The listing rules of any stock exchange in the world which the Company is listed on.
"Spectrum Metals Limited"	Spectrum Metals Limited (ASX: SPX).
"Traka"	Traka Resources Limited.
"TSX"	Toronto Stock Exchange.
"TSX-V"	TSX Venture Exchange.
"US$"	United States dollar.
"Warrego North project"	a copper gold project that is adjacent to the historic high-grade Warrego copper-gold mine in the Tennant Creek Mineral Field of the Northern Territory.
"West Pilbara Gold project"	A project located in Western Australia and owned by Red Hill.

PRESENTATION OF INFORMATION

In this AIF, the terms the "Company" and "Chalice" mean Chalice Gold Mines Limited and its subsidiaries on a consolidated basis, except where otherwise noted or the context otherwise indicates.

Unless otherwise noted, the financial information contained in this AIF is given for the year ended June 30, 2019. Where material changes have occurred subsequent to June 30, 2019 and are otherwise not disclosed in the Chalice Annual Financial Report, separate disclosure is provided in this AIF; in particular, under the heading "Recent Developments".

FORWARD-LOOKING INFORMATION

This document may contain forward-looking information within the meaning of Canadian securities legislation and forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, forward-looking statements). These forward-looking statements are made as of the date of this document and Chalice Gold Mines Limited (the Company) does not intend, and does not assume any obligation, to update these forward-looking statements.

Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, the Company's strategy, the estimation of mineral reserve and mineral resources, the realisation of mineral resource estimates, the likelihood of exploration success at the Company's projects, the prospectivity of the Company's exploration projects, the timing of future exploration activities on the Company's exploration projects, planned expenditures and budgets and the execution thereof, the timing and availability of drill results, potential sites for additional drilling, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "planning" "expects" or "does not expect", "is expected", "will", "may", "would", "potential", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", "occur" or "be achieved" or variations of such words and phrases or statements that certain actions, events or results may, could, would, might or will be taken, occur or be achieved or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Such factors may include, among others, risks related to actual results of current or planned exploration activities; changes in project parameters as plans continue to be refined; changes in exploration programmes based upon the results of exploration; future prices of mineral resources; possible variations in mineral resources or ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; movements in the price of O3 Mining Inc. and Spectrum Metals Limited securities and future proceeds from potential sale of those securities; the timing and receipt of exploration tax credits as well as those factors detailed from time to time in the Company's interim and annual financial statements, all of which are filed and available for review on SEDAR at sedar.com, on ASX at asx.com.au and OTC markets at otcmarkets.com.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES

Unless otherwise indicated, references in this AIF to "C$" are to Canadian dollars, references to "US$" are to US dollars and references to "A$" are to Australian dollars.

All financial information in the AIF is derived from the Company's financial statements, which were prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act. In accordance with Accounting Standard AASB 101 Presentation of Financial Statements, compliance with the Australian equivalents to International Financial Reporting Standards ensures that financial information complies with International Financial Reporting Standards.

EXCHANGE RATES

Canadian Dollars per Australian Dollar

The following table sets out the high and low rates of exchange in Canadian dollars for one Australian dollar during the periods noted, the average rates of exchange during such periods and the rates of exchange at the end of such periods.

		C$ per A$[1]		
Calendar Year Ended	High	Low	Average Rate	End Rate
June 30, 2019	0.9780	0.9132	0.9468	0.9177
June 30, 2018	1.0207	0.9591	0.9843	0.9733
June 30, 2017	1.0331	0.9648	1.0000	0.9974

On September 26, 2019, the daily average exchange rate provided by the Bank of Canada was C$0.8963 = A$1.00.

Canadian Dollars per US Dollar

The following table sets out the high and low rates of exchange in Canadian dollars for one US dollar during the periods noted, the average rates of exchange during such periods and the rates of exchange at the end of such periods.

		C$ per US$[2]		
Calendar Year Ended	High	Low	Average Rate	End Rate
June 30, 2019	1.3642	1.2803	1.3237	1.3087
June 30, 2018	1.3310	1.2128	1.2702	1.3168
June 30, 2017	1.3743	1.2775	1.3268	1.2991

On September 26, 2019, the daily average exchange rate provided by the Bank of Canada was C$1.3260 = US$1.00.

TECHNICAL INFORMATION

The disclosure in this AIF of a scientific or technical nature, including among other things, disclosure of mineral reserves and resources regarding Chalice's East Cadillac Gold Project, is based on the technical report entitled "2019 Technical Report & Mineral Resource Estimate: East Cadillac Gold Project, Val-d'Or, Quebec" effective as at April 30, 2019 and prepared by John Langton and Vincent Jourdain of MRB & Associates (the "East Cadillac Technical Report") in accordance with National Instrument 43-101 ("NI 43-101"). The East Cadillac Technical Report has been filed on SEDAR on June 10, 2019 and may be accessed electronically at www.sedar.com.

Actual recoveries of mineral products may differ from the reported mineral reserves and resources due to inherent uncertainties in acceptable estimating techniques. In particular, inferred mineral resources have a significant amount of uncertainty as to their existence, economic and legal feasibility. It cannot be assumed that all or part of any inferred mineral

[1] The C$ to A$ exchange rate information is drawn from information provided by the Bank of Canada and Canadian Forex Services.
[2] The C$ to US$ exchange rate information is drawn from information provided by the Bank of Canada and Canadian Forex Services.

resource will ever be upgraded to a higher category of resource. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Investors are cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into proven and probable reserve.

All references to mineral reserves or mineral resources are references to the gross mineral reserves or mineral resources per property, unless reference is made to "attributable" mineral reserves or mineral resources which refers only to Chalice's attributable portion of the mineral reserves and/or mineral resources. All information with respect to mineral reserves or mineral resources is reported in accordance with NI 43-101, CIM Definition Standards and 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves (the JORC Code 2012).

For further information on any scientific or technical disclosure included in this AIF relating to the East Cadillac Gold Project, please refer to the East Cadillac Technical Report.

The information in this AIF that relates to Mineral Resources in relation to the East Cadillac Gold Project is based on information compiled by Mr. John Langton, P.Geo., Principal, MRB & Associates, a Competent Person who is a member of Ordre des Géologues du Québec and the Association of Professional Engineers and Geoscientists of New Brunswick. Mr. John Langton is a consultant to the company and has sufficient experience in the style of mineralisation and to the activity undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves and is a Qualified Person under National Instrument 43-101 – 'Standards of Disclosure for Mineral Projects'. Mr. Langton consents to the inclusion in this AIF of the matters based on his information in the form and context in which it appears.

The information in this AIF that relates to exploration results other than that drawn from the East Cadillac Technical Report is based on information compiled by or under the supervision of Dr. Kevin Frost BSc (Hons), PhD, who is a Member of the Australian Institute of Geoscientists. Dr. Frost is a full-time employee of the Company and has sufficient experience in the field of activity being reported to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves, and is a Qualified Person under NI 43-101. Dr. Frost consents to the inclusion in this AIF of the matters based on his information in the form and context in which it appears.

DESIGNATED FOREIGN ISSUER STATUS

Chalice listed on the TSX on November 26, 2010. Upon that listing Chalice became a reporting issuer in the province of Ontario. However, in accordance with National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* ("**NI 71-102**"), Chalice will be a "designated foreign issuer" (as is defined in NI 71-102) for the balance of the current financial year and until such time as it ceases to satisfy the requirements to be a designated foreign issuer. As such, the Company will not be subject to the same ongoing reporting requirements as most other reporting issuers in Canada. Generally, Chalice will comply with Canadian ongoing reporting requirements if it complies with the regulatory requirements of ASX, which is a "foreign regulatory authority" (as defined in NI 71-102) and files any documents required to be filed with or furnished to ASX on SEDAR.

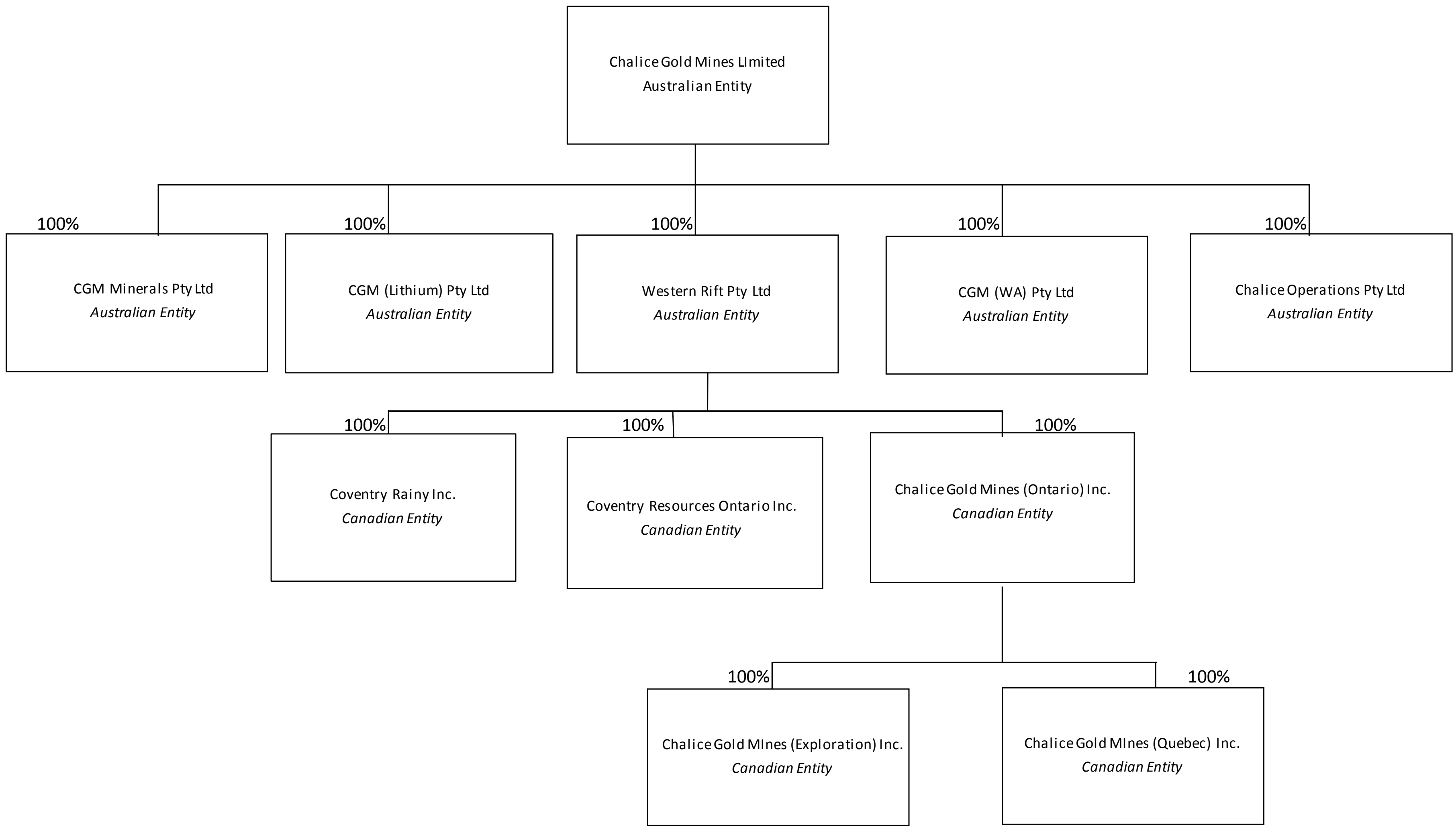
CORPORATE STRUCTURE

Name, Address and Incorporation

Chalice Gold Mines Limited was incorporated on October 13, 2005 under the Corporations Act under registration number ACN 116 648 956. On March 24, 2006, the Company was listed on the ASX, on November 26, 2010 it was listed on the TSX and on August 19, 2019 it was listed on the OTCQB.

The head and registered office of the Company is located at: Level 2, 1292 Hay Street, West Perth, Western Australia 6005, Australia, telephone: +(61) (8) 9322 3960, facsimile: +(61) (8) 9322 5800.

Inter-corporate Relationships as at June 30, 2019



Note:

1. Coventry Rainy Inc. and Coventry Resources Ontario Inc. were voluntarily dissolved, effective September 23, 2019, and
2. Chalice Gold Mines (Quebec) Inc. was disposed of to O3 Mining Inc. on July 25, 2019.

BUSINESS OF THE COMPANY

Overview

Based in Perth, Western Australia, Chalice's primary business activity is mineral exploration, where it aims to deliver superior returns to shareholders utilising its proven business model.

Chalice's vision is to discover and grow to become a globally recognised specialist explorer and developer. Our mission is to utilise our advantageous financial position and strong in-house expertise to grow and achieve significant returns for our shareholders.

Our strategy to achieve this mission is based on three core principles:

1. Creating a **culture** of sustainable success to attract and retain the best technical, commercial and managerial talent.
2. Create **value** by actively managing a portfolio of assets and undertaking targeted, high impact activity on our projects.
3. **Grow** by making timely, high impact acquisitions with an owner's mindset.

Over the 2019 financial year, Chalice made significant progress towards achieving its vision for the Company. The Company's three-part strategy set in the 2018 financial year continued to yield positive results.

Chalice's growth strategy remains focused on tier-1 scale (>US$1bn NPV), high-grade gold and nickel exploration opportunities. Our flagship Pyramid Hill Project in Victoria and recent acquisition of the King Leopold Nickel Project in the west Kimberley region of WA have the potential to meet this targeted portfolio mix.

The Company continues to evaluate acquisition opportunities, given its advantageous financial position and strong technical capabilities. The business development approach remains focused on internally driven opportunities with an owner's mindset in project evaluation. Chalice continues to have a strong emphasis on commercial feasibility and low-cost, high reward exploration in world-class jurisdictions.

On delivering value from existing assets, the Company's active portfolio management strategy has continued to deliver positive outcomes. The Company's strategy of optioning or acquiring projects, testing for large-scale discoveries, in as short a timeframe as possible and then reaching a commercial decision point remains on track.

Chalice's exploration portfolio has seen several major changes over the year, most notably the sale of the Company's two Canadian gold projects to O3 Mining Inc., a new venture led by major Quebec based gold company Osisko Mining Inc. (TSX: OSK). The sale of the East Cadillac Gold Project and Kinebik Gold Projects marked a successful exit from Canada and allows Chalice to focus on its growing portfolio of opportunities in Australia.

Our two district-scale gold and nickel projects in Victoria and Western Australia remain the focus over the coming year. Significant progress has been made in early stage targeting and reconnaissance work at both projects in 2019 and this provides an ideal platform for potential discoveries in the year ahead. A significant exploration budget has been approved for the upcoming year, with a staged expenditure approach, based on results. The Company's strong balance sheet ensures it is well funded for the next phases of exploration.

RECENT DEVELOPMENTS

Significant changes since fiscal year ended June 30, 2019

In June 2019, the Company entered into a binding agreement to acquire the ordinary shares of North West Nickel Pty Ltd ("NWN") by issuing 7,500,000 fully paid ordinary shares in the Company. The completion of the acquisition was subject to a number of conditions precedent, such as the approval of NWN's shareholder's capital return. All conditions precedent were subsequently satisfied on July, 17 2019 and the Company issued 7,500,000 Shares to the shareholders of NWN.

On July 2, 2019, the Company entered into a Share Purchase Agreement with O3 Mining Inc. ("O3 Mining", TSX-V: OIII), whereby O3 Mining purchased the Company's wholly-owned subsidiary Chalice Gold Mines (Quebec) Inc. ("CGMQ"). CGMQ is the registered holder of the East Cadillac Gold Project and Kinebik Project in Quebec, Canada. In consideration for the acquisition of CGMQ, Chalice received 3,092,784 common shares in O3 Mining, which are subject to a statutory trading restriction in Canada for a period of four months from the date of issuance. In addition, Chalice will receive cash consideration for existing tax credits upon receipt from Canadian tax authorities totalling ~C$1.3 million and a net smelter return ("NSR") royalty of 1.0% on certain mining claims which are not encumbered by pre-existing royalties.

In July 2019, the Company acquired 71.9 million shares in listed Spectrum Metals Limited (ASX: SPX, "Spectrum") for a total consideration of A$3.2 million. As at the date of this AIF, the Company holds a ~5.2% interest in Spectrum.

On August 8, 2019 the Board resolved to issue a total of 6,348,611 Performance Rights to KMP and employees. The issue of the Performance Rights is conditional on the receipt of Shareholder approval of the proposed Employee Securities Incentive Plan ("ESIP") at the 2019 AGM. Included in the issue are 1,809,696 Performance Rights to Directors that are subject to separate Shareholder approval at the 2019 AGM.

On July 15, 2019, the Board resolved to issue 500,000 unlisted Options each to Mr. Ball and Mr. Quin subject to shareholder approval at the Company's 2019 AGM and in accordance with the Company's ESOP. The Options have an exercise price of A$0.21 each and expire November 30, 2022.

Three Year History

Fiscal Year Ended June 30, 2019

In December 2018, the Company completed a capital return to Shareholders of A$0.04 per share, for a total of ~A$10.7 million.

In November 2018, Alex Dorsch was appointed to the Board as Managing Director. Mr Dorsch was previously appointed Chief Executive Officer in March 2018.

During the year, the Company significantly expanded the tenement holding of the Pyramid Hill Project to 5,140km^2.

A maiden ~39,000m reconnaissance aircore drilling program was successfully completed on the Pyramid Hill Project, as well as regional scale soil sampling and ground gravity surveys. Drilling to date has defined three large-scale targets outlined on wide-spaced drill lines under shallow cover.

In June 2019, the Company announced that it had entered into an agreement to acquire the Ruins Nickel Sulphide Project in the west Kimberley region of Western Australia by acquiring the all of the issued shares in private explorer North West Nickel Pty Ltd. The acquisition was completed in July 2019 though the issue of 7.5 million shares in the Company.

The Ruins Nickel Project will be amalgamated into the Company's King Leopold Project covering an area of approximately 1,800km^2.

An 18-hole, 5,316m reconnaissance diamond drill programme was completed during the year at the East Cadillac Gold Project, at two of the seven high-priority prospects identified by Chalice through regional scale geochemistry and geophysical surveys, Legrand and Anderson.

The Company withdrew for nil cost from the Forsan Gold Project earn-in with Pershimex Resources.

During the year ended June 30, 2019, the Company disposed of its shareholding in Ausgold for net proceeds of A$1.3 million.

Fiscal Year Ended June 30, 2018

During the year, the Company sold the remaining 6,960,836 shares held in First Mining for net proceeds of A$3.8 million.

The Company acquired an additional 6 million shares in Ausgold via a pro-rata non-renounceable rights issue conducted by Ausgold in November 2017. Chalice currently holds a 10.04% interest in Ausgold.

In May 2018, the Company lodged exploration licence applications for two vanadium/nickel projects in Queensland (Flinders River Project) and Western Australia (Julimar Project).

In May 2018, The Company entered into an option and farm-in agreement with Renforth Resources to acquire an 80% interest in the Denain-Pershing Project. Under the terms of the option and farm-in agreement, Chalice may acquire the interest through total option payments of C$200,000 and incurring expenditures of C$1.25 million. In addition, the Company subscribed for C$250,000 worth of ordinary shares in Renforth, which are subject to a 4-month statutory hold period.

On March 23, 2018, Chalice implemented a Board and management restructure. As a result of the restructure, the Company's Managing Director, Mr. Tim Goyder, was appointed Executive Chairman and the General Manager of Corporate Development, Mr. Alex Dorsch was appointed Chief Executive Officer. Mr. Anthony Kiernan resigned from his position as Chairman and remained on the Board as Lead Independent Non-executive Director (he subsequently resigned and Mr. Ball took over as Lead Independent Non-executive Director).

During February 2018, the Company secured a large exploration tenement holding, located in central Victoria (Pyramid Hill Project).

In December 2017, the Company entered into a binding option and farm-in agreement with Pershimex Resources to acquire up to a 70% interest in the Forsan Gold Project, Quebec. Under the terms of the agreement (refer to project overview for further details) Chalice may acquire the interest through total option payments of C$375,000 and incurring exploration expenditures of C$1.75 million over five years.

Fiscal Year Ended June 30, 2017

During the year, the Company sold 25,300,000 shares held in First Mining for net proceeds of A$21.4 million.

In June 2017, Chalice subscribed to 40 million fully paid ordinary shares in ASX listed Ausgold at an issue price of 2.5 cents per share for a total of A$1 million (the "Placement"). In addition to the Placement, Chalice agreed to sell its Dumbleyung Project, to Ausgold for 15 million shares in Ausgold (subject to a 12-month escrow) and 10 million unlisted share options that are exercisable at A$0.035 cents per share within a 2-year period. Chalice will also retain a 2 per cent NSR over the Dumbleyung Project. The sale was completed in September 2018.

During the year the Company acquired 23.4 million fully paid ordinary shares in ASX listed Oklo Resources Limited, which were subsequently sold in May 2017.

The Company lodged on SEDAR the East Cadillac Technical Report on March 6, 2017.

In November 2016, the Company entered into a binding option agreement and farm-in term sheet with TSX listed Richmont Mines to acquire a 70% interest in the Chimo Gold Project. Under the terms of the agreement, Chalice may acquire the interest through total option payments of C$200,000 and incurring exploration expenditures of C$3.1 million over four years. In the financial year ended June 30, 2018, the Company earnt a 70% interest in the Chimo Gold Project and in September 2018, Chalice acquired the remaining 30% interest (as per above).

In October 2016, the Company entered into a binding option agreement and farm-in term sheet with TSX listed Globex Mining Enterprises to acquire 100% of Globex's interest in the Nordeau Gold Project. Chalice may acquire the interest in the project through option payments of C$590,000 and incurring exploration expenditures of C$2.5 million over four years.

In September 2016, the Company and ASX listed Traka entered into a binding Heads of Agreement in relation to the Latitude Hill Project in September 2016. Under the terms of the farm-in agreement Chalice may earn up to 70% interest in the Latitude Hill Project. Chalice formally notified Traka of its withdrawal from the Latitude Hill Project farm-in and joint venture agreement in March 2018 as results of drilling downgraded the nickel prospectivity of the project.

In September 2016, the Company and ASX listed Red Hill entered into a binding Heads of Agreement in relation to the West Pilbara Project to allow Chalice to farm-in to all minerals other than iron ore within the project. Chalice can earn up to 70% interest in the project by funding A$3 million worth of exploration with a minimum commitment of A$500,000. Refer to project overview below for further details. In January 2018, the Company provided notification to Red Hill of its withdrawal from the farm-in and joint venture agreement. While anomalous drill results were returned from several of the prospects, they were not considered sufficiently encouraging to warrant follow-up exploration.

In July 2016, the Company commenced a discretionary on-market share buy-back. Total shares acquired under the share buy-back was 21,500,508 Shares for a total cost of A$3.8 million. The share buy-back was completed in July 2017.

EAST CADILLAC TECHNICAL REPORT

EAST CADILLAC GOLD PROJECT, QUEBEC, CANADA

The summary section of the East Cadillac Technical Report is reproduced below. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described in the summary. Reference should be made to the full text of the East Cadillac Technical Report, which is incorporated by reference herein. The East Cadillac Technical Report is filed under the Company's profile on the SEDAR website at www.sedar.com.

Introduction

The East Cadillac Technical Report was prepared by John Langton (M.Sc., P.Geo.) and Vincent Jourdain (Ph.D., P.Eng.), (the "Authors"), of MRB & Associates, in accordance with Ministère des Ressources naturelles et de la Faune du Quebec standards of disclosure for mineral projects. Misters Langton and Jourdain are Qualified Persons according to National Instrument 43-101 and are of the opinion that the recommended exploration programme is appropriate, consistent with those of other junior mineral exploration companies currently operating in the area, and necessary in order to help determine the mineral potential of the Property.

Project description, and Ownership

The East Cadillac Gold Project (the "Property"), overlies parts of National Topographic System (NTS) Map sheets 32C/02, 32C/03, 31N/14 and 31N/15, some 35 kilometres east of the city of Val-d'Or in western Quebec, and comprises a roughly rectangular, contiguous block of 523 claims covering roughly 255 km^2.

On October 12, 2016, Chalice announced (see www.chalicegold.com/investor/asxannouncements for Chalice press announcements), that it had signed a binding letter of intent with Globex Mining Inc. ("Globex") to acquire its interest in the Nordeau Project, consisting of 37 claims owned 100% by Globex and 17 claims in which Globex maintains a 60% interest.

On November 23, 2016, Chalice announced that it had entered into a binding option to acquire a 70% interest in 73 claims comprising the Chimo Gold Project from Richmont Mines Inc. ("Richmont"). Richmont was acquired by Monarques Gold Corp. ("Monarques") in September of 2017, and in March of 2018, Chalice announced that it had met its minimum exploration expenditure commitment for the Chimo Gold Project claims and agreed to acquire the remaining 30% interest in the project from Monarques. The Chimo Gold Project claims cover 2,593 ha contiguous with the Nordeau Project claims.

On December 13, 2017, Chalice entered into an option agreement to acquire a 100% interest in 27 claims covering 1,240 ha (the Forsan Project), contiguous with the northern part of the Nordeau Project, from Khalkos Exploration Incorporated. Some preliminary ground exploration comprising soil sampling and litho-sampling from known occurrences was completed by Chalice in 2018; however, the option was dropped in late 2018, prior to the 1-year anniversary of the option agreement.

Renforth Resources Inc. ("Renforth") currently owns 100% of a block of 184 contiguous claims comprising 10,001 ha and known collectively as the Denain-Pershing Project. On May 3rd, 2018 Chalice entered into an option and buy-in agreement with Renforth to earn an 80% interest in the Denain-Pershing Project, which adjoins the eastern part of the Nordeau Project claims.

To further consolidate its land position Chalice has staked and purchased 173 claims, totalling 8,882.91 ha and has entered deals with individual claims holders for 51 additional claims covering 2,135.4 ha.

As at the effective date of the East Cadillac Technical Report (April 30, 2019), the Property comprised 523 claims (including one non-contiguous claim) covering 255 km^2 (25,505.88 ha).

Geology and Mineralization

The Property is within the Abitibi Greenstone Belt, overlying a highly sheared sequence of altered greywacke, iron formation and mafic volcanic rocks along nearly 35 kilometres of strike. Gold mineralization on the Property is found associated with quartz veins containing disseminated to semi-massive sulphides, typically within sedimentary rocks in close association with magnetite iron formations, and in sheared and altered mafic volcanic rocks.

Chalice Exploration Programmes

Chalice had carried out exploration work on the Property since October 2016 when the initial agreement with Globex (i.e., the Globex Option) was signed. Work since that time has comprised surface sampling (soil, bark, rock), ground geophysical induced polarization (IP) surveys, airborne geophysical and physiographic (LiDAR) surveys, and diamond-drilling programmes.

The various surface-sampling programmes were initiated by Chalice to develop a comprehensive geochemical database of the Property and to help define potential exploration targets. These programmes included: Mobile Metal Ion (MMI) soil-sampling (2016, 2017, 2018); biogeochemical (Black Spruce bark) sampling (2017, 2018); and lithogeochemical sampling (2016, 2017, 2018). The collected samples were subjected to a range of analytical and physical characteristic tests including, multi-element analytical procedures, whole-rock (WR) analysis, petrographic study, magnetic susceptibility and short-wave infrared spectrometry.

Between September 23, 2017 and March 2019, Chalice drilled a total of ninety-seven (97), NQ-diameter diamond-drill holes, aggregating 33,632 m (including wedged holes), on the Property. The drilling programmes were designed to test geochemical and geophysical targets in the vicinity of the Cadillac Deformation Zone (CDZ), part of the Larder Lake-Cadillac Fault, which underlies the EW axis of the Property.

Resource Estimate

The Nordeau West deposit, 1,500 m east of the closed Chimo Mine, hosts an NI 43-101 Mineral Resource (Table 1.1), the only current resource on the East Cadillac Gold Project.

The 2019 Mineral Resource Estimate (MRE) of Nordeau West, is based on 101 new and legacy drill-holes. Gold grades were determined using an inverse distanced-squared algorithm into a 3-D (Gemcom) block model with X-Y-Z (i.e., east-west, north-south, vertical) block dimensions of 5.0 m x 2.5 m x 5.0 m. The MRE used a cut-off grade of 2.75 gpt Au. The Indicated resource contains 30,400 oz of Au, almost all of which is within the Main Zone; the B Zone contains 2,000 tonnes at an estimated grade of 3.07 gpt Au.

Table 1.1: Mineral Resource Estimate* at 2.75 gpt Au Cut-off Grade, having an effective date of April 30th, 2019

Resource (Category)	Zone	Tonnes	Au Grade (gpt)	In-Situ Au (oz)
Measured	No Measured Resources			
Indicated	Main	224,000	4.20	30,300
	B	2,000	3.07	200
	Total	225,342	4.17	30,212
Total Measured + Indicated	**Total**	**226,000**	**4.19**	**30,400**
Inferred	Main	1,257,300	4.15	167,800
	B	14,600	3.59	1,700
Total Inferred	**Total**	**1,271,900**	**4.14**	**169,400**

***Mineral Resource Estimate Notes:**

1. *The Independent and Qualified Person (QP) for the Mineral Resource Estimate, as defined by NI 43-101, is Vincent Jourdain (Ph.D., P.Eng.) of MRB & associates, and the effective date of the estimate is April 30, 2019;*
2. *The Mineral Resource Estimate follows CIM definitions and guidelines;*
3. *Mineral resources are not mineral reserves as they do not have demonstrated economic viability;*
4. *Whereas the results are presented undiluted and in situ, the reported mineral resources are considered to have reasonable prospects for economic extraction;*
5. *Resources were estimated using GEOVIA GEMS 6.8. The database used for the estimate contained drill hole assays. The gold grades are capped at 35 gpt;*
6. *A gold price of US$1,300/oz and a CAD/USD exchange rate of 1.3 were used in the cut-off calculations;*
7. *Operation costs were estimated 150 $/t;*
8. *Ounce (troy) = metric tons (tonnes) x grade/31.1035. Calculations used metric units (metres, tonnes and grams per metric ton);*
9. *The number of metric tons was rounded to the nearest hundred. Any discrepancies in the totals are due to rounding effects. Rounding followed the recommendations in NI 43-101; and*
10. *MRB & associates is not aware of any environmental, permitting, legal, title-related, taxation, socio-political or marketing issues, or any other relevant issue, that could materially affect the current mineral resource estimate.*

Conclusions

The East Cadillac Gold Project overlies a tectonostratigraphic corridor (the CDZ) characterized by anastomosing high-strain zones ("shear-zones"), ranging in thickness and intensity, that divide the host sedimentary and mafic volcanic rock into hectometric to kilometric "lozenges" of relatively undeformed rock. This "corridor" is interpreted to represent the easternmost part of the renowned Larder Lake-Cadillac Fault - a 300 km long, first-order tectonic "break" that defines the Pontiac-Abitibi subprovince boundary in the region, and is host to numerous syn-deformational, epigenetic quartz-vein/disseminated gold-ore systems.

The shear-zones and the secondary fracturing and brecciation that have affected the rocks underlying the Property are of primary importance to mineralization, as they are interpreted to have acted as the principle passage ways for sulphide- and gold-bearing solutions. The Property is host to a NI 43-101 mineral resource (Nordeau West deposit), and numerous catalogued gold occurrences.

Several new prospective gold zones were intersected by Chalice diamond-drilling programmes, namely the Nordeau South, North Contact, Far Simon West and Lac Rapides zones, all of which are roughly parallel to, and closely associated with, the CDZ corridor. It is considered that the discovery of these new zones came as a result of the systematic exploration approach employed by Chalice over the course of its investigation of this extensive Property, which covers approximately 30 km of prospective ground along the CDZ. Their methodology should continue to be applied across the Property, focusing primarily on the new prospective showings and the large, recently acquired Denain-Pershing Project area, which is interpreted to be underlain by a hitherto unrecognized segment of the CDZ corridor.

The Authors conclude that the Property merits further exploration for additional gold resources.

Recommendations

The recommended work programmes include diamond-drilling focused on further delineating the projected deep, down-plunge continuation of the mineralized zones at the Nordeau West and Simon West occurrences, which are less than 1,500m along strike, on either side of the Chimo Mine property.

The main production at the closed Chimo Mine was from the -400 m to -800 m levels (Sauve et al., 1987; Rocheleau et al., 1988), and recent drilling by Cartier Resources has intersected significant mineralization below the historic workings to -1600 m (see www.cartierresources.com)

The tectonostratigraphic sequence that hosts the Nordeau West deposit continues to the east and has been intersected by numerous historic and recent drill-holes, but few holes have targeted the sequence below 250 m depth. To the west, beyond the limits of the Chimo Mine property, the sequence is similarly recognized and been tested along the Simon West - Bluegrass corridor, but not rigorously.

In addition to the deep drilling at Nordeau West and Simon West, additional drilling should be carried out to better delineate new mineralized intervals encountered at the North Contact, Nordeau South, Far Simon West and Lac Rapides zones.

Moving forward, the Authors recommend that additional pulp and reject material from mineralized core-intervals should be re-analyzed in order to provide additional statistical data regarding the mineralization across the Property. A review of the mineralogy and mode of occurrence of gold-bearing mineralization should also be conducted to continue to improve the depositional model and refine the controls of mineralization. Any new targets generated by this review should be drill-tested.

These recommendations comprise a two-phase work program. The deep drilling of the projected down-plunge continuation of the mineralized zones at Nordeau West and Simon West occurrences can be conducted concurrently with Phase I work. Other Phase II drilling is contingent on targets generated by the results of Phase I work. The estimated budget required to complete this work is approximately C$7.45 M.

A preliminary budget for the recommended work is summarized in Table 1.2:

Table 1.2: Preliminary Budget for Recommended Work on East Cadillac Gold Project (C$)

Phase 1	Drilling (metres)	Cost / metre	Budget C$
Additional drilling of North Contact, Nordeau South, Far Simon West, Lac Rapides zones	7,500	$250	$1,875,000
Continued surface exploration programmes (soil, litho, mapping trenching, geophysics)			$1,500,000
Deposit model mineralogy/alteration studies	1	$100,000	$100,000
Pulp/reject re-analyses of core intervals	250	$40	$10,000
Contingency ~15%			$515,000
Subtotal Phase 1			$4,000,000
Phase 2	**Drilling (metres)**	**Cost / metre**	**Budget C$**
Deep drilling of projected deep extension	12,000	$250	$3,000,000
Contingency 15%			$450,000
Subtotal Phase 2			$3,450,000
Overall Total			**$7,450,000**

OVERVIEW OF EXPLORATION PROJECTS

The following section provides a summary of the Company's material exploration projects and recent exploration activities carried out during the financial year ended June 30, 2019 and up to the date of this AIF.

EAST CADILLAC AND KINEBIK GOLD PROJECT, QUEBEC, CANADA

The East Cadillac Gold Project covers an area of 255km^2 and is located ~35km east of Val-d'Or in Quebec, Canada. With land-holdings encompassing a strike length of 35km of the Larder Lake-Cadillac Fault, the most prolifically endowed gold trend in the southern Abitibi, the East Cadillac Gold Project is situated amongst some of the region's most significant mines and surrounds the historical Chimo gold mine, owned by Cartier Resources (TSX: ECR).

The 100%-owned Kinebik Gold Project covers an area of 187km^2, including a 30km strike of the Casa Berardi fault, which hosts Hecla Mining Company's (NYSE:HL) Casa Beradi multi-million ounce gold mine and numerous other gold occurrences.

An 18-hole, 5,316m reconnaissance diamond drill programme was completed during the year at the East Cadillac Gold Project, at two of the seven high-priority prospects identified by Chalice through regional scale geochemistry and geophysical surveys, Legrand and Anderson.

Anomalous gold was intersected at both targets, indicating the presence of a gold system. Importantly, drilling at Legrand intersected a significant new untested fault, the Windward Fault, parallel to the Larder Lake Cadillac Fault (LLCF) and interpreted to extend for ~10km west of Legrand.

On July 2, 2019, the Company entered into a Share Purchase Agreement with O3 Mining Inc. ("O3 Mining", TSX-V: OIII), whereby O3 Mining purchased the Company's wholly-owned subsidiary.CGMQ. CGMQ is the registered holder of the East Cadillac Gold Project and Kinebik Gold Project in Quebec, Canada.

In consideration for the acquisition of CGMQ, Chalice received 3,092,784 common shares in O3 Mining, which are subject to a statutory trading restriction in Canada for a period of four months from the date of issuance. In addition, Chalice will receive cash consideration for existing tax credits upon receipt from Canadian tax authorities totalling ~C$1.3 million and a net smelter returns ("NSR") royalty of 1.0% on certain mining claims which are not encumbered by pre-existing royalties.

PYRAMID HILL GOLD PROJECT, VICTORIA, AUSTRALIA

The Pyramid Hill Project is 100% owned and covers an area of ~5,140km^2 in the Central Goldfields region of Victoria. The Pyramid Hill Project extends to the north-west of the Bendigo Goldfield and to the north-east of one of the world's highest-grade producing gold mines, Fosterville Gold Mine owned by Kirkland Lake Gold (NYSE / TSX: KL | ASX: KLA).

In November 2018, the Company commenced a ~39,000m maiden reconnaissance aircore (AC) drilling program designed to provide an initial shallow test of soil geochemical, gravity and structural targets, and to identify areas of anomalous gold and associated pathfinder elements – providing potential vectors to large-scale mineralised gold systems. The Company completed the drilling program in June 2019, successfully outlining three large-scale target areas under shallow cover.

The newly defined Ironbark, Karri and Beech Targets are defined by anomalous gold intersections in highly weathered Castlemaine Group sediments, directly beneath the Murray Basin cover interface, indicating the gold is from a primary bedrock source.

- Ironbark Target: shallow gold intersections up to 1.1g/t Au under 25-75m of Murray Basin cover, within a ~380m diameter diorite intrusion, co-incident with a large >5ppb gold-in-soil anomaly (Walhalla-Woods Point style target).
- Karri Target: shallow gold intersections up to 0.66g/t Au over ~15km of strike, under 50-70m of Murray Basin cover, ~20km west of Four Eagles (typical Bendigo style target).
- Beech Target: outlined by highly anomalous As and Sb (gold pathfinders) in basement, ~25km north-west of Bendigo (~22Moz Au) along the Sebastian Fault.

In late 2019 and early 2020, a ~25,000m Phase 2 AC drilling program is planned at the three targets, which aims to further refine the multi-kilometre target areas.

The Phase 2 drilling program is scheduled to commence in late September 2019, with all access agreements in place and all statutory approvals received.

KING LEOPOLD NICKEL PROJECT, WESTERN AUSTRALIA, AUSTRALIA

The King Leopold Nickel Project covers an area of ~1,800km^2 in the west Kimberley region of Western Australia. The King Leopold Nickel Project covers several known areas of Ruins and Hart Dolerite, which are both considered highly prospective for magmatic nickel sulphides as well as other related metals (Cu, Co and PGEs).

The Ruins Dolerite has been demonstrated to host high-grade nickel sulphides (drill intercept grades up to 8% Ni) following the Merlin discovery in 2015 by Buxton Resources (ASX: BUX). Buxton has since executed two option and earn-in joint venture agreements with Independence Group (ASX: IGO) in late 2018 and exploration activities are currently ramping up in the region. The Buxton-Independence JV has also substantially increased its licence holding in the frontier province.

In June 2019, the Company entered into a binding agreement to acquire the ordinary shares of NWN by issuing 7,500,000 Shares in the Company. NWN is the registered holder of the highly prospective Ruins Nickel Project, immediately east of the Merlin Prospect. The completion of the acquisition was subject to a number of conditions precedent. All conditions precedent were subsequently satisfied and on July, 17 2019 the Company issued 7,500,000 Shares to the shareholders of NWN.

The King Leopold Nickel Project is a combination of several 100%-owned exploration licence applications, 100%-owned hard rock rights, as well as an earn-in agreement (earning up to 85%).

An airborne electromagnetic (EM) survey conducted over the south-west part of the King Leopold Nickel Project (E04/1169) by NWN in 2018 identified several late-time EM anomalies co-incident within known Ruins Dolerite geology, along strike to the south-east of the Merlin Prospect.

Chalice's field activity on the King Leopold Nickel Project commenced in late June 2019, initially focusing on areas immediately adjacent to the Merlin Prospect. In August 2019, Chalice identified several highly prospective EM conductors following the completion of a maiden ground-based Moving-Loop Electromagnetic (MLEM) survey.

A cluster of strong, discrete, late-time EM conductors were identified at the Ephesus Target. The shallow conductors identified have ~5,000 Siemens conductance, and are overlying Ruins Dolerite outcrop.

A SkyTEM airborne EM survey was also completed over the King Sound Area (E04/2299 and E04/2325), where Chalice is earning an 85% JV interest. This survey is the first geophysical program to be completed over this area, which includes an ~8km outcropping strike length of prospective Ruins Dolerite.

Several discrete and strong mid-to-late time EM anomalies were identified, coincident with the outcropping ridge of Ruins Dolerite.

Field reconnaissance and further ground EM is planned at the King Sound Area, as well as at two additional targets on E04/1169.

A maiden RC drilling program at the Ephesus Target and potentially additional King Sound ground EM targets is expected to commence in late Q3 2019. The program may be expanded subject to the results of the next phase of reconnaissance and geophysics.

WARREGO NORTH COPPER-GOLD PROJECT, NORTHERN TERRITORY, AUSTRALIA

The Warrego North Copper-Gold Project is located approximately 5km north-west of the historical high-grade Warrego copper-gold mine in the western part of the Tennant Creek Mineral Field in the Northern Territory. Warrego was the largest deposit mined in the area with historical production of ~1.6Moz of gold and ~175,000 tonnes of copper, in a classic iron oxide copper gold ("IOCG") geological setting. Chalice optioned part of the Warrego North Copper-Gold Project in April 2016 from Meteoric Resources (ASX: MEI), and can earn up to a 70% interest in one tenement within the project by sole funding A$800,000 on exploration. Three additional surrounding tenements are 100% owned.

The Company identified two significant clusters of magnetic anomalies on its 100% owned tenure which represent potential high-grade IOCG targets. The Emu Target was prioritised for drilling in August 2018 and the Company completed a program of 4 RC drill holes for 1,200m, testing three co-incident magnetic and gravity anomalies over a 5km strike length. Assays showed the target was effectively tested, however only anomalous copper readings were observed.

The Rooster Target is another cluster of several strong magnetic anomalies located within exploration licence application ELA31609. The Company is currently progressing the tenement to grant.

JULIMAR NICKEL PROJECT, WESTERN AUSTRALIA, AUSTRALIA

The 100% owned Julimar Nickel-Vanadium Project is located just 80km north-east of Perth, Western Australia, in close proximity to roads and established infrastructure. The Julimar Project is prospective for both magmatic-style Nickel-Copper-Platinum Group Elements (Ni-Cu-PGE) and intrusion related Iron-Vanadium-Titanium (Fe-V-Ti) mineralisation within an interpreted large (26 x 7km) layered mafic-ultramafic complex. The Julimar Project is 100% owned by the Company.

The Company undertook an initial reconnaissance geochemical program on the Julimar Project in Q2 2019, designed to map and improve understanding of the local geology as well as to test the effectiveness of this exploration technique.

Sub-crop and scree after gabbro was located proximal to the southern magnetic anomaly (an interpreted feeder zone of the Julimar mafic-ultramafic intrusion) and, while not anomalous in nickel-copper, these rock-types support the geological interpretation of mafic rock-types associated with the southern magnetic anomaly.

A 9.5 line km moving loop EM programme was completed in May 2019. The ground EM survey covered the southern magnetic anomaly associated with intrusive gabbroic which is potentially a feeder zone to the strike extensive Julimar mafic-ultramafic intrusion. Results are currently being reviewed, with the aim of defining drill targets prospective for nickel sulphide mineralisation.

FLINDERS RIVER VANADIUM PROJECT, QUEENSLAND, AUSTRALIA

The 100% owned Flinders River Vanadium Project is located in central Queensland, ~250km east of Mt Isa and 380km west of Townsville. This project is strategically located within close proximity to highways and railways that connect to the port of Townsville. The region is prospective for sedimentary-hosted vanadium mineralisation, with several globally significant vanadium deposits nearby.

The Company is planning a maiden reconnaissance AC drilling program at the Flinders River Vanadium Project, which aims to define any areas of shallow, vanadium-bearing mineralisation within oxidised Toolebuc Shale. The program will involve drilling wide-spaced shallow holes to delineate any potential mineralisation in a low cost and rapid manner and is expected to be completed in Q4 2019.

NULLA SOUTH AND GIBB GOLD PROJECTS, WESTERN AUSTRALIA, AUSTRALIA

Nulla South

Chalice entered into a farm-in and joint venture agreement with Ramelius Resources Limited ("Ramelius", ASX: RMS), where Ramelius can earn a 75% interest in the tenements by spending A$2 million over three years. In December 2018, Ramelius announced exploration results from the drilling at the historical Felstead's Find workings. 11,175m of aircore drilling was completed along with 5 shallow RC drill holes for 385m. Several encouraging gold intercepts were made.

Ramelius then completed a total of 3,490m of aircore drilling to test areas of weak soil anomalism over prospective greenstone belt stratigraphy away from the historical Felstead's Find workings. No anomalous results were returned, and no further work is planned for these target areas.

Gibb Rock

On November 14, 2018, the Company executed a conditional farm-out agreement of the Gibb Rock Project with Ramelius. Ramelius may earn a 75% interest in the Gibb RockProject for A$50,000 in cash and by spending A$2 million on exploration within three years (Ramelius may withdraw at any time). Upon earning a 75% interest, Ramelius are required to sole fund all expenditures through to a decision to mine.

In March 2019, Ramelius elected to waive its condition precedent over the Gibb Rock Project, having successfully negotiated land access agreements. Ramelius is now advancing work programs over selected target areas within the Gibb Rock Project.

EMPLOYEES

As at the date of this AIF, the Company has an aggregate of 14 full time employees. 13 in the head office in Perth, Western Australia, while 1 is based in Canada. In addition, the Company has two independent non-executive directors and several casual employees.

The Company is dependent upon the services of key executives, including the Executive Chairman and Managing Director. See "*Risk Factors – Dependence on Key Personnel*".

ENVIRONMENTAL PROTECTION

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. To date, applicable environmental legislation has had no material, financial or operational affects upon the operation of the Company. See also "*Risk Factors – Environmental Risks*".

DIVIDEND POLICY

In November 2018 at the Company's 2018 AGM, Shareholders approved an equal capital return and reduction of A$0.04 per share totalling A$10.7 million. The return of capital was completed in early December 2018. To date, no dividends have been paid to Shareholders. There are no restrictions in Chalice's constating documents that would restrict or prevent Chalice from paying dividends. However, it is not contemplated that any dividends will be paid on the Shares in the immediate future. Any decision to pay dividends on the Shares in the future will be made by the Board on the basis of the earnings, financial requirements and other conditions existing at such time and will be subject to any restrictions imposed by the terms of any debt facilities or other contractual obligations of Chalice.

SHARE BUY-BACK

On June 16, 2016, the Company announced an on-market share buy-back of up to 28,271,080 Shares through the facilities of the ASX as part of a capital management plan over the next 12 months. The share buy-back facility commenced in July 2016, and 21,500,508 Shares were acquired and cancelled for a total of approximately A$3.8 million. The share buy-back facility expired on July 4, 2017.

CAPITAL RETURN

In November 2018, at the Company's 2018 AGM, Shareholders approved an equal capital return and reduction of A$0.04 per share totalling A$10.7 million. The return of capital was completed in early December 2018.

DESCRIPTION OF SHARE CAPITAL

As of September 27, 2019, there were 274,068,134 Shares issued and outstanding. All issued Shares are fully paid. As of September 27, 2019, the Company had 6,200,000 unlisted Options outstanding. Each Option entitles the holder thereof to acquire one Share at the exercise prices detailed below:

Grant Date	Expiry Date	Exercise Price (A$)	Balance Unexercised
November 22,2016	November 30, 2019	0.21(1)	1,000,000
March 23, 2018	March 31, 2021	0.16(1)	2,000,000
March 23, 2018	March 31, 2021	0.18(1)	2,000,000
December 19, 2018	December 18,2021	0.20	700,000
June 11, 2019	June 10, 2022	0.25	500,000

(1) On December 7, 2018, following the completion of the capital return, the exercise price of these Options were reduced by A$0.04 per option in accordance with the ASX Listing Rules and the rules of the ESOP.

As of September 27, 2019, the Company had 10,313,442 Performance Rights (each, a "Performance Right") outstanding. Each Performance Right entitles the holder thereof to one Share, subject to the Company meeting certain performance criteria. All Performance Rights have a nil exercise price.

Rights Attaching to Shares

General

The rights attaching to the Shares arise from a combination of the Company's Constitution (the "Constitution"), the Corporations Act, the ASX Listing Rules and general law.

A summary of the more significant rights is set out below. This summary is not exhaustive, nor does it constitute a definitive statement of the rights and liabilities of the Shareholders of the Company. To obtain a more definitive understanding and statement, persons should seek legal advice.

Voting Rights

Subject to the Constitution and any rights or restrictions at the time being attached to Shares, at a general meeting of the Company every Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each Share held by the Shareholder. In the case of an equality of votes, the chairperson does not have a casting vote.

Dividends

Subject to the Corporations Act, Stock Exchange Listing Rules and any rights or restrictions attached to Shares, the Company may pay dividends as the Board determines in its discretion. The directors may determine the method and time for payment of the dividend.

Winding up

Subject to the Corporations Act, Stock Exchange Listing Rules and any rights or restrictions attached to Shares, on a winding up of the Company any surplus must be divided among the Shareholders in proportion which the amount paid on the Shares bears to the total amount paid and payable on the Shares of all Shareholders.

Transfer of Shares

Generally, shares are freely transferable, subject to satisfying the requirements of the Stock Exchange Listing Rules, ASTC Rules, the ACH (Automated Clearing House) Clearing Rules and the Corporations Act. The Board may decline to register any transfer of shares but only where permitted to do so by the Corporations Act, Stock Exchange Listing Rules, the ASTC Rules, the ACH Clearing Rules or under the Constitution.

Calls on Shares

Subject to the Corporations Act and the terms of issue of a Share, the Company may, at any time, make calls on Shareholders for all, or any part of, the amount unpaid on the share. If a Shareholder fails to pay a call or instalment of a call, the Company may, subject to the Corporations Act and Stock Exchange Listing Rules, commence legal action for all, or part of the amount due, enforce a lien on the Share in respect of which the call was made or forfeit the Share in respect of which the call was made.

Further Increases in Capital

Subject to the Corporations Act, Stock Exchange Listing Rules, the ASTC Rules and the ACH Clearing Rules and any rights attached to a class of Shares, the Company (under the control of the Board) may allot and issue Shares and grant options over Shares, on any terms, at any time and for any consideration, as the directors resolve.

Variation of Rights Attaching to Shares

Subject to the Corporations Act, Stock Exchange Listing Rules, the ASTC Rules and the ACH Clearing Rules and the terms of issue of Shares in a particular class, the Company may vary or cancel rights attached to Shares in that class by either special resolution passed at a general meeting of the holders of the Shares in that class, or with the written consent of the holders of at least 75 per cent of the votes in that class.

General Meeting

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Constitution, the Corporations Act and Stock Exchange Listing Rules.

SECURITIES AUTHORISED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Employee Share Option Plan

The Company has an employee and consultant stock option plan (the "**Option Plan**" or the "**ESOP**") which was approved by Shareholders on November 21, 2016.

The following table sets out information as of June 30, 2019 with respect to equity securities of the Company which have been and are authorised for issuance as compensation under the Option Plan.

Equity Compensation Plan Information			
Plan Category	**Number of securities to be issued upon exercise of outstanding Options**	**Weighted-average exercise price of outstanding Options (A$)**	**The number of securities available for future issuance**
Equity compensation plans approved by security holders	5,000,000	0.18	11,143,383
Equity compensation plans not approved by security holders	-	-	-
Total	5,000,000	0.18	11,414,383

Option Plan

The material features of the Option Plan are set out below.

Eligibility

Under the terms of the Option Plan, the Board (at its discretion) may offer free Options to persons ("**Eligible Persons**") who are full-time or part-time employees (including a person engaged by the Company under a consultancy agreement) or to directors (both executive and non-executive) of the Company or any subsidiary, based on a number of criteria, including contribution to the Company, period of employment, potential contribution to the Company in the future, and other factors the board considers relevant.

Under ASX Listing Rules, an issue of Options to directors, irrespective of whether made under the Option Plan or not, requires specific Shareholder approval.

Number of Options

The maximum number of Options issued under the Option Plan at any one time is 15 per cent of the total number of Shares on issue in the Company, provided that the Board may increase this percentage, subject to the Corporations Act and Stock Exchange Listing Rules.

There are no other restrictions on the maximum percentage of number of Options that may be issued to any single person or entity (other than as noted above on an issue of Options to directors).

Terms of Options

Each Option entitles the holder, on exercise, to one Share in the Company.

There is no issue price for the Options. The exercise price for the Options will be determined by the Board in its discretion, provided that the exercise price shall not be less than the weighted average sale price of Shares sold on ASX during the five business days prior to the date of issue or such other period as determined by the Board in its discretion. The expiry date of the Options is determined by the Board.

Shares issued on exercise of Options will rank equally with other Shares of the Company.

Options are personal to the Eligible Persons and may not be transferred other than to a nominee of the Eligible Person. The Options may be issued on terms not allowing an exercise until a certain event or fact has taken place, such as a length of time of service or the achieving of a specified event. The Board may determine the vesting period (if any).

An option will lapse upon the first to occur of the expiry date and the Board making a determination that the Eligible Person has acted fraudulently, dishonestly or in breach of his or her respective obligations to the Company. Options are required to be forfeited within three months of an employee ceasing to be employed (other than through retirement, permanent illness or incapacity). In the event of retirement, permanent illness or incapacity, the Board has discretion to allow a longer period before the prospective Options lapse.

If, in the opinion of the Board, any of the following has occurred or is likely to occur including: the Company entering into a scheme of arrangement; the commencement of a takeover bid for the Company's Shares: or a party acquiring a sufficient interest in the Company to enable them to replace the Board; then the Board may, at its discretion, declare an option to be free of any conditions of exercise. Options which are so declared may, subject to the lapsing conditions set out above, be exercised at any time on or before their expiry date and in any number.

New Issues

There are no participating rights or entitlements inherent in the Options and option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least six business days after the issue is announced. Option holders shall be afforded the opportunity to exercise all Options which they are entitled to exercise pursuant to the Option Plan prior to the date for determining entitlements to participate in any such issue.

Bonus Issues

If the Company makes an issue of Shares to shareholders by way of capitalization of profits or reserves ("Bonus Issue"), each optionholder holding any Options which have not expired at the time of the record date for determining entitlements to the bonus issue, upon exercise of those Options, will be entitled to have be issued with the number of Shares which would have been issued under the bonus issue. The Options must be exercised immediately before the record date in determining entitlements under the bonus issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise). The Bonus Shares will be paid by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue, rank pari passu in all respect with the other Shares issued.

Reconstruction of Capital

In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Options, the number of Options to which each option holder is entitled or the exercise price of his or her Options or both or any other terms will be reconstructed in a manner determined by the board which complies with the provisions of the Stock Exchange Listing Rules.

Taxation

Under current taxation laws any taxation liability in relation to the Options or the Shares issued on exercise of the Options will fall on the option holders. The Company will not be liable to fringe benefits tax in relation to Options or Shares issued under the Option Plan.

Participation by Directors

Although directors are eligible to be offered Options under the Option Plan, any issuance of Options to directors requires specific Shareholder approval due to the requirements of ASX Listing Rules and, depending upon the circumstances, also under the Corporations Act.

Employee Long Term Incentive Plan

The Company has an Employee Long Term Incentive Plan (the "**LTIP**") which was approved by Shareholders on November 28, 2017 at the 2017 AGM.

The following table sets out information as of June 30, 2019 with respect to equity securities of the Company which have been and are authorised for issuance as compensation under the LTIP.

Equity Compensation Plan Information			
Plan Category	**Number of securities to be issued upon vesting of Performance Rights**	**Weighted-average exercise price of outstanding Performance Rights(A$)**	**The number of securities available for future issuance.**
Equity compensation plans approved by security holders	14,324,889	-	1,256,277
Equity compensation plans not approved by security holders	-	-	-
Total	14,324,889	-	1,256,277

The material features of the LTIP are set out below.

Participation

A Performance Right is a right to be issued a Share upon the satisfaction of certain performance conditions that are attached to the Performance Right, as determined by the Board.

As part of the Company's strategy, the Board wishes to be in a position to be able to grant Performance Rights under the LTIP to employees (including the Named Executive Officers) or an approved nominee to achieve certain objectives.

In accordance with the requirements of the Stock Exchange Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the LTIP.

Rules

Performance Rights granted under the LTIP to eligible participants will be subject to performance conditions as determined by the Board from time to time. These performance conditions must be satisfied in order for the Performance Rights to vest. Upon Performance Rights vesting, the Performance Rights will automatically be exercised and the participant will be granted Shares (at no cost to the participant) as soon as reasonably practicable to satisfy the Performance Rights.

The main features of the LTIP (and the terms and conditions to be attached to the LTIP) are summarised as follows:

(a) **Eligible Participants**: All full-time employees and permanent part-time employees (including the Named Executive Officers) of the Company are eligible participants under the LTIP. As noted above, Shareholder approval is required before any Director or related party of the Company can participate in the LTIP.

(b) **Limits on Entitlements:** The maximum number of Shares that is issuable under the LTIP, when combined with the number of Shares issued during the previous five years pursuant to the LTIP or any other employee incentive scheme of the Company (including the Option Plan) but disregarding any offer made, or Performance Rights acquired or Shares issued by way of or as a result of:

   (i) an offer to a person situated at the time of receipt of the offer outside Australia; or

   (ii) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or

   (iii) an offer made under a disclosure document,

   must not exceed 5 per cent of the total number of issued Shares as at the time of the proposed offer, provided that the Board may, in its absolute discretion, increase this percentage, subject to any Corporations Act, the ASX Listing Rules (including the conditions and restrictions on issuing securities in ASX Listing Rule 7.1) or ASIC Class Order requirements. As of the date hereof, the total number of issued Shares was 274,068,134.

(c) **Individual Limits:** The LTIP does not set out a maximum number of Shares that may be made issuable to any one person or company, other than the 5 per cent limit referred to above.

(d) **Consideration Payable:** Performance Rights will be granted for no consideration.

(e) **Vesting:** The Performance Rights granted under the LTIP and the performance conditions that must be satisfied in order for the Performance Rights to vest, will be determined by the Board and expressed in a written invitation made by the Company to the eligible participant which is subject to acceptance by the eligible participant (or their nominee) within a specified period. The performance conditions may include one or more of:

   (i) employment of a minimum period of time;

   (ii) achievement of specific performance objectives by the employee and/or by the Company; or

   (iii) such other performance objectives as the Board may determine and set out in the Invitation.

The Board will determine whether performance conditions have been met and Performance Rights therefore have vested. Upon Performance Rights becoming vested, the Company shall issue Shares to the eligible participant (or, if applicable, their nominee) without further action being required on the part of the eligible participant.

(f) **Term and Lapse:** The term of the Performance Rights is determined by the Board in its absolute discretion and will be specified in the Invitation but will ordinarily have a three year term up to a maximum of five years. Performance Rights are subject to lapsing if performance conditions are not met by the relevant measurement date or expiry date (if no other measurement date is specified) or if employment is terminated for cause or in circumstances other than as described in the next paragraph.

(g) **Disability, Redundancy or Death:** Under the LTIP, upon the total and permanent disability, redundancy or death of a participant, as defined in the LTIP, the Board will assess the employee's performance and determine, in light of their performance and the conditions set out in the Invitation, the number of Shares in respect of any unvested Performance Rights which the employee is entitled to receive within:

(i) months from the date of the occurrence of the disability, redundancy or death; or

(ii) such longer period as the Board may determine, not being longer than the original expiry time of the Performance Rights.

Generally, in these circumstances, Performance Rights which have not vested within the 6 months or such longer period determined by the Board following the total and permanent disability, redundancy or death of a participant, will automatically lapse.

However, the Board will also have the discretion in these circumstances to pay the participant the market value of the Shares in lieu of granting the Performance Rights. The Board may also, subject to compliance with the Stock Exchange Listing Rules and the Corporations Act, decide that the calculation of the number of Shares should not be reduced on a pro-rata basis because the participant's employment was reduced as a result of the total and permanent disability, redundancy or death, or bring forward the date on which the Shares will vest in the participant.

(h) **Restriction on dealing with Shares:** Shares issued to a participant under the LTIP will not be subject to dealing restrictions, other than the Company's Share Trading Policy.

(i) **Forfeiture:** If a participant acts fraudulently or dishonestly, is in breach of his or her obligations to the Company or ceases to be employed by the Company for any reason other than disability, redundancy or death, the Board will have the discretion to deem any Performance Rights to have lapsed.

(j) **Assignment:** Without the approval of the Board, Performance Rights may not be transferred, assigned or novated, except, upon death, a participant’s legal personal representative may elect to be registered as the new holder of such Performance Rights and exercise any rights in respect of them.

(k) **Takeover Bid or Change of Control:** The Board will have the discretion to determine the amount of Performance Rights vest in this circumstance.

(l) **Winding up:** The Board will have the discretion to determine the amount of Performance Rights vest in this circumstance.

(m) **Alteration in Share Capital:** If there is a reorganization of the share capital of the Company, the number of Shares, to which an eligible participant is entitled to receive upon vesting of a Performance Right, will be adjusted in the way specified by the Stock Exchange Listing Rules from time to time.

(n) **No Participation Rights:** There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.

(o) **Amendments to LTIP:** The Board may at any time and from time to time by resolution alter the LTIP. However, any amendment to the LTIP is subject to any restrictions or procedural requirements relating to the amendment or the rules of an employee incentive scheme imposed by the Stock Exchange Listing Rules or applicable securities laws.

(p) **Suspension or Termination:** The Board may suspend or terminate the LTIP at any time, without notice, but the suspension or termination will not affect any existing grants of Performance Rights already made.

PRICE RANGE AND TRADING VOLUME OF SHARES

The Shares are currently listed on ASX and TSX. The following table sets forth the reported high and low sale prices and the trading volume of the Company's Shares on each exchange for the financial year ended June 30, 2019.

ASX	High (A$)	Low (A$)	Volume
2019			
June	0.14	0.115	6,470,912
May	0.13	0.115	3,902,059
April	0.15	0.12	6,136,953
March	0.165	0.145	18,526,591
February	0.18	0.115	17,300,000
January	0.145	0.12	9,622,533
2018			
December	0.135	0.11	6,455,774
November	0.16	0.115	16,622,395
October	0.165	0.14	9,213,349
September	0.155	0.135	2,043,516
August	0.155	0.14	2,069,198
July	0.165	0.135	9,206,688

TSX	High (C$)	Low (C$)	Volume
2019			
June	0.14	0.10	798,500
May	0.13	0.11	369,200
April	0.14	0.12	930,500
March	0.16	0.13	2,230,500
February	0.15	0.11	2,435,500
January	0.14	0.11	1,686,000
2018			
December	0.14	0.10	437,500
November	0.15	0.11	1,558,200
October	0.15	0.13	794,900
September	0.14	0.13	1,670,400
August	0.15	0.14	289,200
July	0.15	0.14	346,400

PRIOR SALES

The following summarizes the issuance by the Company of Shares or securities convertible into Shares in the most recent financial year to June 30, 2019.

Shares:

The following shares were issued during the financial year ended June 30, 2019:

On September 10, 2018, the Company issued 3,000,000 fully paid Shares to Monarques Gold Corporation to acquire the remaining 30% interest in a joint venture property within the East Cadillac Gold Project.

On July 5, 2018, 2,357,840 shares were issued to KMP on the exercise of Performance Rights granted as compensation in the 2016 financial year.

Options:

The following unlisted Options were granted during the financial year ended June 30, 2019:

Date of Grant	Number	Exercise Price (A$)	Expiry date
December 17, 2018	700,000	0.20	December 31, 2021
June 11, 2019	500,000	0.25	June 10,2021

Performance Rights:

The following Performance Rights were granted to employees and executives during the financial year ended June 30, 2019:

Date of Grant	Number	Expiry date
July 26, 2018	5,430,053	June 30, 2022
November 27, 2018	871,751	June 30, 2022

The Performance Rights issued to executive, employees, and directors are under the terms and conditions of the Company's LTIP, and in accordance with the vesting conditions as outlined below.

ESCROWED SECURITIES

At June 30, 2019 the Company, had 3,000,000 fully paid Shares subject to escrow until September 8, 2019. On July 18, 2019 the Company issued 7,500,000 fully paid Shares (subject to a voluntary 12-month escrow from the date of issue) to acquire North West Nickel Pty Ltd. As at the date of this AIF, escrowed Shares represent 2.7 percent of Shares outstanding.

PRINCIPAL SHAREHOLDERS

To the best of the knowledge of the directors and executive officers of the Company, except as set out in the table below, there are no persons who, as of the date hereof, are the direct or indirect beneficial owners of, or exercise control or direction over 10 per cent or more of the outstanding Shares.

Name of Shareholder	Designation of Class	Type of Ownership	Number of Shares	Percentage of Class as of the date hereof %
Timothy Goyder	Ordinary	direct and indirect beneficial(1)	45,975,209	16.78
Franklin Resources Inc	Ordinary	indirect beneficial	31,107,008	11.35

(1) The indirect beneficial interest of Timothy Goyder is by way of his control of (i) Plato Prospecting Pty Ltd. (as trustee for the TRB Goyder Superannuation Fund) which has 2,826,337 Shares and (ii) Lotaka Pty Ltd which has 314,927 Shares and Linda Sullivan (Timothy Goyder's spouse) who has 400,000 Shares.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth, as at the date of this AIF, the name, province or state and country of residence of each director and executive officer of the Company, as well as such individual's position within the Company principal occupation within the five preceding years and periods of service as a director (if applicable).

Each of the directors of the Company will hold office until the next annual meeting of Shareholders or until such director's successor is elected and qualified or until the director's earlier death, resignation or removal. One-third of the directors (except the Managing Director) are required to retire from office each year and submit themselves for re-election (if they wish) and in any event no director may retain office for more than three years without submitting themselves for such re-election. Re-appointment of directors is not automatic.

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.

As at the date of this AIF, an aggregate 48,061,530 Shares (representing approximately 17.54 per cent of all issued and outstanding Shares as at that date) are beneficially owned or controlled or directed (directly or indirectly) by all of the directors and executive officers of the Company as a group. In addition, directors and executive officers have an interest in 7,624,865 in Performance Rights and an interest in 4,500,000 unlisted Options.

Name, province or state and country of residence and position with the Company	Present principal occupation if different from office held and principal occupation for the past five years	Appointed	Number of Shares owned, controlled or directed [1]
Timothy Rupert Barr Goyder Perth, Western Australia Executive Chairman (appointed March 23, 2018, previously Managing Director)	Mr. Goyder was initially appointed as a non-executive director in October 2005 and subsequently appointed Executive Chairman in November 2008. Mr. Goyder was appointed Managing Director on October 10, 2014 and was then appointed Executive Chairman on March 23, 2018 with the appointment of Mr. Dorsch as Chief Operating Officer. Mr. Goyder has considerable experience as an executive and as a public and private investor.	October 25, 2005	45,975,209
Stephen Paul Quin[2] West Vancouver, BC, Canada Non-executive Director	Mr. Quin is President & CEO of Midas Gold Corp. and its predecessor since January 2011. Mr. Quin was, until December 2010, President and COO of Capstone Mining Corp. and President & CEO of its predecessor, Sherwood Mining Corp. from 2005 until the combination with Capstone in 2008. 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 is a director of Kutcho Copper Corp. (TSXV: KC).	May 3, 2010	26,321
Morgan Scott Ball[2] Perth, Western Australia Non-executive Director	Mr. 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). Mr. Ball was previously Managing Director of ASX-listed BC Iron Limited.	June 24, 2016	30,000
Alexander C Dorsch Perth, Western Australia Managing Director (appointed November, 13 2018), previously Chief Executive Officer (appointed March 23, 2018)	Mr. Dorsch is an experienced consultant, engineer and corporate advisor in the energy and resource sectors. Prior to joining Chalice, Alex was a Specialist consultant with the global management consultancy McKinsey & Company. Prior to this he worked for over six years as an engineer in the oil and gas industry. Alex has a thorough understanding of corporate strategy, business development, financial markets, project development and operations.	March 23, 2018	1,430,000
Richard Keith Hacker Perth, Western Australia Chief Financial Officer	Mr. Hacker is Chief Financial Officer of Chalice and he is also a director of DevEx Resources Limited, and Chief Financial Officer of Liontown Resources Limited, both ASX listed	August 1, 2008	600,000

(1) The information as to Shares beneficially owned or over which any of the directors or executive officers exercises controls or direction (directly or indirectly) not being within the knowledge of the Company has been furnished by the respective director or executive officer individually.

(2) Member of the Audit and Risk Committee and Remuneration Committee.

Biographical information for each member of the Board and the executive officers of the Company in addition to the information above is set out below. On September 13, 2018, Mr. Anthony Kiernan resigned from the Board. Mr. Kiernan was appointed to the Board in February 2007 and up to his resignation, was the Lead Independent Non-executive Director. On Mr. Kiernan's resignation, Mr. Ball was appointed Lead Independent Non-executive Director.

Timothy Goyder – Executive Chairman

Mr. Goyder has considerable experience in the resource industry as a prospector, investor, company director and as the owner and operator of a large contract drilling company.

Mr. Goyder has been involved in a range of exploration projects and in the formation and management of various publicly listed companies. He is currently Chairman of DevEx Resources Limited and Liontown Resources Limited. All entities being listed on the ASX. Mr. Goyder previously held the position as Managing Director and was appointed Executive Chairman on March 23, 2018.

Stephen Quin – Non-executive Director

Mr. Quin is a mining geologist with over 38 years' experience in the mining and exploration industry. Mr. Quin is based in Vancouver, Canada, and has been the President and CEO of Midas Gold Corp. and its predecessor since January 2011. Mr. Quin was, until December 2010, President and COO of Capstone Mining Corp. and President & CEO of its predecessor, Sherwood Mining Corp. from 2005 until the combination with Capstone in 2008. 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 was appointed to the Board in May 2010 and is an independent non-executive director. Mr. Quin is Chairman of the Remuneration and a member of the Audit and Risk Committee.

Morgan Ball – Non-executive Director

Mr. Ball is a Chartered Accountant with more than 26 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 ASX listed Arrow Minerals Limited. Mr. Ball was previously Managing Director of ASX Listed BC Iron Limited.

Mr. Ball is Chairman of the Audit and Risk Committee and a member of the Remuneration Committee and was appointed to the Board as an independent non-executive director on June 24, 2016. Mr. Ball was appointed Lead Independent Non-executive Director on September 13, 2018.

Alexander Dorsch, BEng (Hons), BFin – Chief Executive Officer

Mr. Dorsch is an experienced consultant, engineer and corporate advisor in the energy and resource sectors. Prior to joining Chalice, Mr. Dorsch was a Specialist consultant with the global management consultancy McKinsey & Company. Prior to this he worked for over six years as an engineer in the oil and gas industry. Mr. Dorsch has a thorough understanding of corporate strategy, business development, financial markets, project development and operations.

Mr. Dorsch was appointed Managing Director on November, 13 2018 and previously held the position of Chief Executive Officer.

Richard Hacker, B.Com, ACA, ACIS – Chief Financial Officer

Mr. Hacker has substantial professional and corporate experience in the energy and resources sector in Australia and the United Kingdom. He has previously worked in senior finance roles with global energy companies including Woodside Petroleum Limited and Centrica Plc. Prior to this, he worked with prominent international accounting practices. Mr. Hacker is a Chartered Accountant and Chartered Secretary and is a director of DevEx Resources Limited and Chief Financial Officer of Liontown Resources Limited.

Terms of Directors and Executive Officers

No directors or executive officers of the Company have set terms, although three months' notice of termination is required for Mr. Goyder, Mr. Dorsch and Mr. Hacker. As directors of the Company and other than as contractually bound, their respective terms are in part governed by the Constitution of the Company which, as detailed above, requires one-third of the directors to retire at each general meeting of the Company, and, if they wish, offer themselves for re-election.

CORPORATE GOVERNANCE

The Company has established a corporate governance framework, the key features of which are set out in the Company's Corporate Governance statement, which is located on the Company's website at www.chalicegold.com, under the section marked "Corporate Governance". It is a requirement of the Company's ASX Listing that in establishing its corporate governance framework, the Company refer to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd edition (Principles & Recommendations).

The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime as required under the ASX, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

Further information regarding the Company's directors is contained within the Company's 2019 Annual Report.

Audit and Risk Committee

During the financial year ended June 30, 2019, the Audit and Risk Committee of Chalice consisted of:

Morgan Ball (Chair appointed September 13, 2018)
Anthony Kiernan (resigned September 13, 2018)
Stephen Quin

Each member of the Audit and Risk Committee is financially literate. Mr. Ball, who was appointed Chair of the Audit and Risk Committee on June 24, 2016, is a Chartered Accountant and Mr. Quin has an understanding of the Company's industry and considerable "on-board" experience. During the year the Audit and Risk Committee held two meetings. A copy of the Audit and Risk Committee's charter is attached at annexure A and is available on the Company's website at https://chalicegold.com/corporate-governance.

On the resignation of Mr. Kiernan, the Audit and Risk Committee now consists of Mr. Ball (Chair) and Mr. Quin, both Independent Non-executive Directors.

Audit Fees

The following table outlines the aggregate fees billed by the Company's external auditors in each of the last two financial years:

	2019 A$	2018 A$
Audit and review of financial reports	48,892	48,500
	48,892	**48,500**

All Other Fees

The following table outlines the aggregate fees billed by the Company's external auditors in each of the last two financial years:

	2019 A$	2018 A$
All other fees	4,000	5,500
	4,000	**5,500**

Non-audit related fees charged during the year ended June 30, 2019 relates to tax services provided by the Company's external audit firm.

The Audit and Risk Committee is responsible for establishing and reviewing the engagement of non-audit services by the Company's auditors.

Remuneration Committee

During the financial year ended June 30, 2019, the Remuneration Committee of Chalice consisted of:

Anthony Kiernan (Chair and Non-executive Director) (resigned September 13, 2018)

Stephen Quin (Non-executive Director) (appointed to Chair on July, 12 2019).

Morgan Ball (Non-executive Director) (appointed to Chair on September, 13 2018 and resigned as Chair on July 12, 2019)

On the resignation of Mr. Kiernan in September 2018, Mr. Morgan Ball was appointed Chair of the Remuneration Committee. Subsequent to June 30, 2019, Mr. Quin was appointed to Chair of the Remuneration Committee. Mr. Ball and Mr. Quin are both Independent Non-executive Directors.

Mr. Quin is, or has been, a member of several Remuneration Committees of publicly listed companies and with Mr. Ball's industry experience, the members therefore provide a significant depth of experience in relation to executive remuneration particularly in relation to the mining and resource sectors.

The number of meetings held by the Remuneration Committee during the year was two.

Compensation Discussion & Analysis

The Board is responsible for ensuring Chalice's remuneration strategy is aligned with Company performance and shareholder interests and equitable for participants. To assist with this, the Board has established the Remuneration Committee.

The Remuneration Committee's objective is to support and advise the Board in fulfilling its oversight responsibility by focusing on the Company's approach to Board and executive remuneration plus the use of equity generally across the company. Further detail of the role of the Remuneration Committee is set out in the Remuneration Committee Charter that can be accessed on the Chalice website at www.chalicegold.com.

Use of remuneration consultants

To ensure the Remuneration Committee is fully informed when making remuneration decisions, the Remuneration Committee may seek external advice, as it requires, on remuneration policies and practices. Remuneration consultants are able to be engaged by, and report directly to, the Remuneration Committee. In selecting remuneration consultants, the Remuneration Committee would consider potential conflicts of interest and independence from the Company's key management personnel and other executives.

During the financial year ended June 30, 2019, the Remuneration Committee did not seek specific advice and recommendations from external consultants and no external consultant fees were billed for both the 2019 and 2018 financial years.

Remuneration report approval at 2018 AGM

The Remuneration Report for the financial year ended June 30, 2018 was approved by shareholders at the 2018 AGM.

Remuneration principles and components of remuneration

The Company has adopted the following principles in its remuneration framework:

1. Seeking aggregate remuneration at a level which provides the Company with the ability to attract and retain directors and executives of high calibre at a cost which is acceptable to shareholders; and
2. KMP interest being aligned with shareholder value and Company performance by:
   - providing fair, consistent and competitive compensation and rewards to attract and retain appropriate employees;
   - ensuring that total remuneration is competitive with its peers by market standards;
   - incorporating in the remuneration framework both short (if applicable) and long-term incentives linked to the strategic goals and performance of the individuals and the Company and shareholder returns;
   - demonstrating a clear relationship between individual performance and remuneration; and
   - motivating employees to pursue and achieve the long-term growth and success of the Company.

The following table is an overview of the components of remuneration:

	Element	Non-executive directors	Executives
Fixed remuneration	Base salary	×	✓
	Base fee	✓	×
	Committee fees	✓	×
	Superannuation	✓(1)	✓
	Consultancy fees	×	×
	Other benefits	✓(2)	✓(2)
Variable remuneration	Short term incentives (STI)	×	✓
	Share options	✓(3)	✓
	Performance rights	×	✓

(1) Only applies to Australian non-executives.
(2) Other benefits relates to directors and officers insurance and income protection for Executives.
(3) Non-executive directors are eligible to participate in the share option plan at the discretion of the Board subject to shareholder approval where required (refer below for further details).

In setting the Company's compensation policies and practices, the Remuneration Committee seeks to implement policies and practices which will support the long-term growth and success of the company as opposed to encouraging short term gain. To this end, the LTIP in particular has been designed to motivate executives to make decisions which contribute to the long-term growth and success of the Company. See below for further details on structure of the LTIP and below for details on compensation issued under the LTIP. In setting compensation, the Company does not formally benchmark against other companies, however it does take into account local market conditions.

The risks associated with the Company's compensation policies and practices are considered by the Remuneration Committee in formulating objectives under the Company's LTIP. The Company's STIP is currently on hold; in the event that short-term cash bonuses are awarded, it is at the Board's discretion and from recommendations from the Remuneration Committee. The Board and Remuneration Committee consider that because employees' compensation is primarily made up of a fixed salary and the LTIP is set taking into account various Board set objectives, compensation of employees is not structured in such a way that employees would take inappropriate or excessive risk.

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products, which limit the risk of participating in unvested entitlements under any equity based remuneration schemes. Furthermore, the Company's share trading policy, which is available on the Company's website, discourages short term or speculative trading of the Company's securities. There is currently no formal prohibition in place to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by Named Executive Officers or Directors.

In July 2019, the Company undertook a review of the current LTIP and ESOP and as a result of the review a new plan has been developed to replace both the LTIP and ESOP and will be put to Shareholders at the upcoming 2019 AGM. Therefore, the 2019/2020 grant of Performance Rights to KMP and employees is subject to Shareholders approving the new plan.

Non-executive director remuneration

The Company's Constitution and the ASX Listing Rules specify that the maximum aggregate fees to be paid to non-executive directors for their roles as directors are to be approved by shareholders at a general meeting. The latest determination was at the 2011 AGM, whereby Shareholders approved a maximum aggregate amount of A$450,000 per year (including superannuation). The Board does not propose to seek any increase for the non-executive director pool at the upcoming 2019 AGM.

The fee structure for non-executive directors is reviewed annually and the Remuneration Committee and the Board may consider advice from external consultants and undertake comparative analyses of the fees paid to non-executive directors of comparable companies in the resources sector with similar market capitalisations.

For the 2019 financial year, a non-executive director received a fee of A$60,000 (inclusive of superannuation, where applicable). Members of the Audit and Risk Committee and Remuneration Committee also received an additional A$5,000 (inclusive of superannuation) for their roles on each of those Committees. The additional payments recognise the additional time commitment by non-executive directors who serve on committees.

In June 2019, the Remuneration Committee 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 A$40,000 (inclusive of superannuation where applicable), plus members of the Board Committees shall receive an additional A$4,000 (inclusive of superannuation) and a Chair of Board Committees shall receive A$6,000 (inclusive of superannuation). To compensate non-executive directors for the reduction in fees, the Board resolved in July 2019 to grant, subject to shareholder approval at the Company's 2019 AGM, 500,000 Options each to Mr. Ball and Mr. Quin exercisable at A$0.21 per Share with an expiry date of November 30, 2022.

The non-executive directors are not entitled to receive retirement benefits. Non-executive directors, at the discretion of the Board, may participate in the Employee Share Option Plan ("ESOP"), subject to approvals required by shareholders. The Board is conscious of the issue of Options to non-executive directors and will continue to balance the cost benefit of issuing Options to attract and retain quality directors against paying higher fixed directors' fees.

Non-executive directors are not eligible to participate in the Company's LTIP, however, they will be eligible to participate in the proposed ESIP. Any incentives awarded to Non-executive directors under the proposed ESIP will be subject to shareholder approval.

Apart from their duties as directors, non-executive directors may undertake additional work for the Company on a consultancy basis on market terms. The use of consultancy by non-executive directors in addition to their duties as directors enables the Company utilise an individual director's technical expertise in particular areas where the Company may not have in-house expertise. Under the terms of these consultancy agreements, non-executive directors typically receive a daily rate or monthly retainer for the work performed at a rate comparable to market rates that they would otherwise receive for their consultancy services.

The table below sets forth all annual and long term compensation for services rendered in all capacities to Chalice for the financial year ended June 30, 2019 in respect of the non-executive directors:

Name	Fees earned (A$)	Share-based awards (A$)	Option-based awards (A$)	Non-equity incentive plan compensation (A$)	Pension (Superannuation) value (A$) [2]	All other compensation (A$) [1]	Total (A$)
Anthony Kiernan [3]	16,779	-	-	-	1,594	905	19,278
Stephen Quin	70,000	-	-	-	-	8,388	78,388
Morgan Ball	63,927	-	-	-	6,073	4,461	74,461

(1) Relates to Directors and Officers insurance premium costs paid by the Company.
(2) Pension provided by the Company is part of a defined contribution plan in line with Australian legislation.
(3) Mr Kiernan resigned as a Non-executive director on September 13, 2018.

Outstanding Option-Based and Share-Based Awards

The following table sets out, for each non-executive director, information concerning all option-based and Share-based awards outstanding as of June 30, 2019.

	Option-based awards				Share-based awards		
Name	Number of securities underlying unexercised options (#)	Option exercise price (A$) (1)	Option expiration date	Value of unexercised in-the-money options (A$)	Number of Shares or units of Shares that have not vested (#)	Market or payout value of Share-based awards that have not vested (A$)	Market or payout value of vested share-based awards not paid out or distributed (A$)
Anthony Kiernan (2)	500,000	0.21	Nov 30, 2019	-	-	-	-
Stephen Quin	500,000	0.21	Nov 30, 2019	-	-	-	-
Morgan Ball	-	-	-	-	-	-	-

(1) Following the completion of the capital return of A$0.04 per share on December 7, 2018, in accordance with the ASX Listing Rules and the rules of the Company's ESOP, the exercise price of each option was reduced by A$0.04.
(2) Mr Kiernan resigned as a Non-executive director on 13 September 2018.

Value Vested or Earned During the Year

The following table sets out, for each non-executive director, information concerning the value of incentive plan awards, option-based and share-based awards, as well as non-equity incentive plan compensation, vested or earned during the financial year ended June 30, 2019.

Name	Option-based awards – Value vested during the year (A$)	Share-based awards – Value vested during the year (A$)	Non-equity incentive plan compensation – Value earned during the year (A$)
Anthony Kiernan	-	-	-
Stephen Quin	-	-	-
Morgan Ball	-	-	-

Executive remuneration

Executive remuneration consists of fixed remuneration and may also comprise variable remuneration in the form of performance-based cash bonuses (Short Term Incentive Plan ("STIP")), Options and Performance Rights (issued under the terms of the ESOP and LTIP respectively). The LTIP was approved by the Company's shareholders at the 2017 AGM. The ESOP was approved by the Company's shareholders at the 2016 AGM. The structure of the remuneration plan is detailed below.

In July 2019, the Company undertook a review of the current LTIP and ESOP and as a result of the review a new plan has been developed to replace both the LTIP and ESOP and will be put to Shareholders at the upcoming 2019 AGM. Therefore, the 2019/2020 grant of Performance Rights to KMP and employees is subject to Shareholders approving the new plan.

Fixed remuneration

The level of fixed remuneration is set to provide a base level of remuneration which is both appropriate for the position and competitive in the market. The Company aims to pay in accordance with market rates and the Board may use its discretion to pay above this to attract and retain key employees in achieving the Company's strategic goals.

Fixed remuneration is reviewed at appropriate times (and no less than on an annual basis) by the Remuneration Committee and approved by the Board having regard to the Company and individual performance and may consider advice from external consultants and undertake comparative analyses of the remuneration paid by comparable companies in the resources sector with similar market capitalisations. Executives receive their fixed remuneration in the form of cash.

The fixed remuneration for executives is detailed further in this AIF (refer section entitled "Summary Compensation Table").

Variable remuneration - STIP

The Board has implemented a formal STIP which includes cash bonuses to executives upon achievement of predefined targets. The maximum bonus percentage ("MBP") ranges between 10% and 50% of an executive's fixed annual salary depending on the position held and responsibilities to be undertaken. The STIP is based on achieving "Expected" and "Stretch" targets for the year. Achieving the expected target attracts 20% of the relevant MBP and achieving the stretch target or better attracts up to 100% of the relevant MBP.

The Board has suspended the STIP and moved 100% of eligible KMP's incentive entitlements exclusively to the LTIP. The justification for this is that at this stage of the Company's development, all the key business objectives of KMP have longer dated time frames than the STIP's 12 month time frame. During the year, a one-off cash bonus was paid to Mr. P Lengyel in lieu of Performance Rights vesting in July 2018. No cash bonuses were paid to KMP or employees during the year. The Board reserves the right to pay discretionary cash bonuses to employees and executives to reward individual efforts and/or outstanding performance.

Variable remuneration –LTIP

Under the LTIP, the Board has the discretion to make annual awards of Performance Rights (which is a right to convert into ordinary shares after achievement of applicable criteria and targets) to executives and employees. The level of the award of Performance Rights is dependent on an employee's position within the Company. Subject to the performance criteria set out in the terms of the LTIP, Performance Rights held by an employee may convert into ordinary fully paid shares in the Company. In the event performance criteria are not achieved by the measurement date, the employee's Performance Rights lapse with no shares being issued.

Annual grant of Performance Rights – 2019/2020

The table below outlines the Performance Rights granted to KMP in August 2019:

Annual Award	KMP	Number of Rights	Measurement Date	Vesting Date
2019/2020	Tim Goyder*	735,294	June 30, 2022	June 30, 2022
	Alex Dorsch*	1,074,402	June 30, 2022	June 30, 2022
	Richard Hacker	700,606	June 30, 2022	June 30, 2022
	Kevin Frost	827,593	June 30, 2022	June 30, 2022
	Patrick Lengyel	628,676	June 30, 2022	June 30, 2022

**Those to Mr. Goyder and Mr. Dorsch are subject to separate Shareholder approval at the Company's 2019 AGM.*

The 2019/2020 grant of Performance Rights will be under the terms of the proposed ESIP. As adoption of the ESIP is subject to being approved by Shareholders at the upcoming 2019 AGM, the above Performance Rights to KMP are also subject to Shareholders approving the ESIP.

The Performance Rights shown above will not vest (and the underlying shares will not be issued) unless the performance conditions set by the Board have been satisfied at the measurement date. For the 2019/2020 annual grant of Performance Rights, the Remuneration Committee recommended to the Board that 100% of KMP's incentive entitlements are offered via the LTIP and that 25% of the LTIP is to be based on meeting absolute Total Shareholder Return ("TSR"), 25% based on meeting relative TSR objectives and the remaining 50% is to be based on achieving key business objectives.

In determining the comparator group of companies for the calculation of relative TSR objectives, the Remuneration Committee considers factors such as market capitalisation, project status, commodity, project location and proximity to the Company's projects.

The following table outlines key business objectives and the weightings of the performance condition:

Overall Performance Condition	Specific Performance Conditions	Percentage of granted Performance Rights that will vest if performance conditions are met
Strategic objectives	**Undertake a significant acquisition or corporate transaction:** acquire one or more assets or undertake a corporate transaction with potential to generate an internal rate of return (IRR) of at least 20% using consensus commodity prices and board approved cost assumptions. **AND/OR** **Value generation through:** • Making a significant new discovery which shows the potential to be economic based on consensus commodity prices and board approved cost assumptions; • substantially increasing the Company's resource base; • conducting economic/feasibility studies which show the potential to generate an IRR of at least 20% using consensus commodity prices and board approved cost assumptions; or • the sale of an asset(s) at a significant profit. NB: The determination as to whether the above objectives have been met will be done by the Board of the Company in a timely manner, acting reasonably and in good faith.	50%
Absolute TSR objectives	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: • below A$0.18 per Share; • between A$0.18 and $0.20 per Share; and • at or above A$0.20 per Share. By way of example, if the 30-Day VWAP as at June 2022 30, is A$0.19 per Share, 16.625% of the Performance Rights would vest, calculated as follows: 8.25% + (($0.19 - $0.18)/($0.20-$0.18)*(25%-8.25%)) = 16.625% In the event of a corporate action including a demerger, special dividend or reorganisation of capital (including a consolidation, sub-division, return of capital, or reduction of capital), the above thresholds are to be amended to account for that corporate action, provided that such amendment must not provide the Performance Rights holder with a benefit that holders of Shares do not receive.	0% Pro rata between 8.25% and 25% 25%
Relative TSR objectives	Comparison of the Company's total shareholder return (TSR) with that of an appropriate comparator group of companies as determined by the Remuneration Committee over the period from the grant of the Performance Rights, to June 30, 2022. The Performance Rights will vest depending on the Company's percentile ranking within the comparator group on the relevant vesting date as follows: • Below 50th percentile • Between 50th and 75th percentile • At or above 75th percentile	0% Pro rata between 8.25% and 25% 25%

The test date for the Performance Rights is set at 30 June 2022, being approximately 3 years from the date of grant.

Annual grant of Performance Rights – 2018/2019

The table below outlines the Performance Rights granted to KMP in July 2018:

Annual Award	KMP	Number of Rights	Measurement Date	Vesting Date
2018/2019	Tim Goyder	871,751	June 30, 2021	June 30, 2021
	Alex Dorsch	1,045,931	June 30, 2021	June 30, 2021
	Richard Hacker	762,514	June 30, 2021	June 30, 2021
	Kevin Frost	847,738	June 30, 2021	June 30, 2021
	Patrick Lengyel	543,973	June 30, 2021	June 30, 2021

The Performance Rights shown above will not vest (and the underlying shares will not be issued) unless the performance conditions set by the Board have been satisfied at the measurement date. For the 2018/2019 annual grant of Performance Rights, the Remuneration Committee recommended to the Board that 100% of KMP's incentive entitlements are offered via the LTIP and that 25% of the LTIP is to be based on meeting absolute Total Shareholder Return ("TSR"), 25% based on meeting relative TSR objectives and the remaining 50% is to be based on achieving key business objectives.

In determining the comparator group of companies for the calculation of relative TSR objectives, the Remuneration Committee considers factors such as market capitalisation, project status, commodity, project location and proximity to the Company's projects.

The following table outlines key business objectives and the weightings of the performance condition:

Overall Performance Condition	Specific Performance Conditions	Percentage of granted Performance Rights that will vest if performance conditions are met
Strategic objectives	**Undertake a significant acquisition or corporate transaction:** acquire one or more assets or undertake a corporate transaction with potential to generate an IRR of at least 20% using consensus commodity prices and board approved cost assumptions. **AND/OR**	50%
	Value generation through: • Making a significant new discovery which shows the potential to be economic based on consensus commodity prices and board approved cost assumptions; or • substantially increasing the Company's resource base; or • conducting economic/feasibility studies which show the potential to generate an IRR of at least 20% using consensus commodity prices and board approved cost assumptions; or • the sale of an asset(s) at a significant profit. NB: The determination as to whether the above objectives have been met will be done by the Board of the Company in a timely manner, acting reasonably and in good faith.	
Absolute TSR objectives	The performance conditions for Performance Rights issued will be measured by comparing the Company's share price (which to the extent reasonable takes into account value generated through demerger and special dividends) with an absolute share price at the end of the financial year that is 3 years after that date (vesting date). The Performance Rights will vest on a pro-rata basis as follows:	
	Share price below 15% p.a. increase (equates to CHN share price <21c in 3 years)	0%
	Between 15% p.a. and 20% p.a. (21c – 24c)	Pro rata between 8.25% and 25%
	At or above 20% p.a. (>24c)	25%

Overall Performance Condition	Specific Performance Conditions	Percentage of granted Performance Rights that will vest if performance conditions are met
Relative TSR objectives	The performance conditions for Performance Rights issued will be measured by comparing the Company's TSR with that of an appropriate comparator group of companies as determined by the Remuneration Committee over the period from the grant of the Performance Rights, to the end of the financial year that is 3 years after that date (vesting date). The Performance Rights will vest depending on the Company's percentile ranking within the comparator group on the relevant vesting date as follows:	
	Below 50^{th} Percentile	0%
	Between 50^{th} and 75^{th} percentile	Pro rata between 8.25% and 25%
	At or above 75^{th} percentile	25%

The test date for the Performance Rights are set at June 30, 2021, being approximately 3 years from the date of grant.

Annual grant of Performance Rights - 2017/2018

The table below outlines the Performance Rights granted to KMP in July 2017:

Annual Award	KMP	Number of Rights	Measurement Date	Vesting Date
2017/2018	Tim Goyder	1,217,989	June 30, 2020	June 30, 2020
	Alex Dorsch	339,076	June 30, 2020	June 30, 2020
	Richard Hacker	764,921	June 30, 2020	June 30, 2020
	Kevin Frost	815,607	June 30, 2020	June 30, 2020
	Patrick Lengyel	415,365	June 30, 2020	June 30, 2020

The Performance Rights shown above will not vest (and the underlying shares will not be issued) unless the performance conditions set by the Board have been satisfied at the measurement date. For the 2017/2018 annual grant of Performance Rights, the Remuneration Committee recommended to the Board that 100% of KMP's incentive entitlements are offered via the LTIP and that 50% of the LTIP is to be based on meeting Total Shareholder Return ("TSR") and the remaining 50% is to be based on achieving key business objectives.

In determining the comparator group of companies for the calculation of relative TSR objectives, the Remuneration Committee considers factors such as market capitalisation, project status, commodity, project location and proximity to the Company's projects.

The following table outlines key business objectives and the weightings of the performance condition:

Overall Performance Condition	Specific Performance Conditions	Percentage of granted Performance Rights that will vest if performance conditions are met
Strategic objectives	**Undertake a significant acquisition or corporate transaction:** acquire one or more assets or undertake a corporate transaction with potential to generate an IRR of at least 20% using consensus commodity prices and board approved cost assumptions. **AND/OR** **Value generation through:** • Making a significant new discovery which shows the potential to be economic based on consensus commodity prices and board approved cost assumptions; or • Substantially increasing the Company's resource base; or • Conducting economic/feasibility studies which show the potential to generate an IRR of at least 20% using consensus commodity prices and board approved cost assumptions; or • The sale of an asset(s) at a significant profit.	50%

Overall Performance Condition	Specific Performance Conditions	Percentage of granted Performance Rights that will vest if performance conditions are met
	NB: The determination as to whether the above objectives have been met will be done by the Board of the Company in a timely manner, acting reasonably and in good faith.	
TSR objectives	The performance conditions for Performance Rights issued will be measured by comparing the Company's TSR with that of an appropriate comparator group of companies as determined by the Remuneration Committee over the period from the grant of the Performance Rights, to the end of the financial year that is 3 years after that date (vesting date). The Performance Rights will vest depending on the Company's percentile ranking within the comparator group on the relevant vesting date as follows:	
	Below 50th Percentile	0%
	Between 50th and 75th percentile	Pro rata between 16.5% and 50%
	At or above 75th percentile	50%

The test date for the Performance Rights are set at 30 June 2020, being approximately 3 years from the date of grant.

Annual grant of Performance Rights - 2016/2017

The table below outlines the Performance Rights granted to executives for the 2016/2017 financial year:

Annual Award	KMP	Number of Rights	Measurement Date	Vesting Date
2016/2017	Tim Goyder	1,200,738	June 30, 2019	June 30, 2019
	Richard Hacker	754,087	June 30, 2019	June 30, 2019
	Kevin Frost	804,058	June 30, 2019	June 30, 2019
	Patrick Lengyel	389,594	June 30, 2019	June 30, 2019

In July 2019, the Remuneration Committee determined that, at the measurement date of June 30, 2019, the performance conditions as set by the Board during the measurement period of July 1, 2016 until June 30, 2019 (inclusive) were not met, therefore the above Performance Rights did not vest, and lapsed on July 12, 2019.

Annual Grant of Performance Rights – 2015/2016

On July 5, 2018, the Company issued 2,357,840 fully paid Shares to KMP and employees following the partial vesting of Performance Rights granted in 2015 and in accordance with the Company's LTIP.

Variable remuneration – stock option plan

Equity grants to executives have previously been delivered in the form of employee Options under the Company's Employee Share Option Plan which was last approved by shareholders in 2016. Options are issued at an exercise price determined by the Board at the time of issue.

Generally, no performance hurdles were set on Options issued to executives. The Company considered that as Options were issued at a price in excess of the Company's current share price (at the date of issue of those Options), there was an inherent performance hurdle as the share price of the Company's shares had to increase before any reward could accrue to the executive.

The vesting period for Options is at the discretion of the Board and the expiry date of share options is usually between 3 and 5 years.

Upon cessation of employment, participants have 3 months from the date of cessation to exercise the Options. This requirement may be waived at the Board's discretion.

Generally, it is the Board's preference to issue Performance Rights under the LTIP to KMP rather than Options, however, in the current year 1,000,000 unlisted options were granted to Mr. A Dorsch, subject to Shareholder approval at the Company's 2019 AGM under the Company's ESOP as part of a sign-on incentive for his appointment to Managing Director. The Options have an exercise price of A$0.21 per share, with an expiry date of November 30, 2021.

Link between performance and executive remuneration

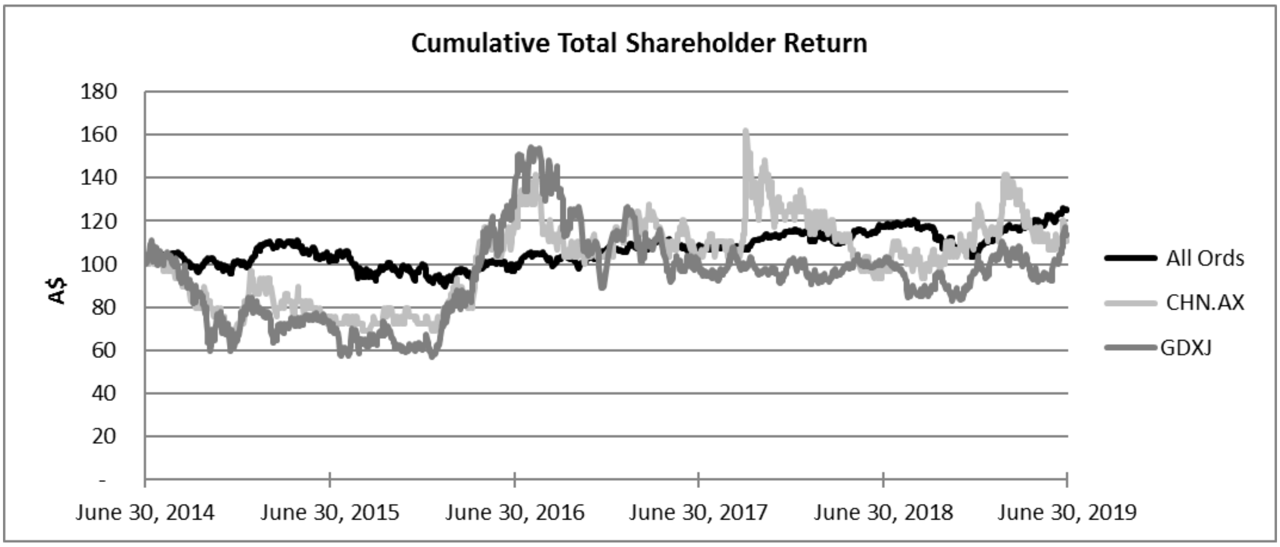
The focus of executive remuneration over the financial year was fixed remuneration and Performance Rights under the LTIP and proposed ESIP (i.e. growing the value of the Company as reflected through share price) which seeks to ensure that executive remuneration is appropriately aligned with the business strategy and shareholder interests.

The share price performance on the ASX over the last 5 years, adjusted to reflect the capital return of A$0.04 per share in December 2018, is as follows:

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Share price	$A0.07	$A0.14	$A0.11	$A0.10	$A0.12

Cumulative total shareholder return

The following graph compares the yearly percentage change in the Company's cumulative total shareholder return on its Shares with the cumulative total return of the ASX All Ordinaries and VanEck Vectors Junior Gold Miners ETF (GDXJ) Index over the period July 1, 2014 to June 30, 2019. The graph illustrates the cumulative return on a A$100 investment in Shares made in July 1, 2014 as compared with the cumulative return on a A$100 investment in the ASX All Ordinaries and GDXJ made on the same date. The Share performance as set out in the graph does not necessarily indicate future price performance.



Summary Compensation Table

Information for the year ended June 30, 2019

The following table sets out information concerning the compensation earned from the Company and any of the Company's subsidiaries during the financial year ended June 30, 2019 and for the previous two financial years by each of Company's Named Executive Officers.

The Company has reported compensation in the table below for the financial year ended June 30, 2019, in accordance with applicable requirements, as the Company believes this discloses all significant elements of the compensation awarded to, earned by, paid to, or payable to Named Executive Officers of the Company. No additional fees are awarded to Named Executive Officers for acting as directors.

Name and principal position	Year	Salary (A$)	Share-based awards (A$)(1)	Option-based awards (A$) (1)	Non-equity incentive plan compensation (A$) Annual incentive plans	Long-term incentive plans	Pension value (Superan-nuation) (A$)	All other compen-sation (A$)(2)	Total compen-sation (A$)
Timothy Goyder(3) (Executive Chairman)	2019	324,078	158,127	-	-	-	26,381	5,268	513,854
	2018	369,951	102,464	-	-	-	20,049	5,460	497,924
	2017	356,164	94,129	-	-	-	33,836	3,930	488,059
Alex Dorsch(4) (Chief Executive Officer)	2019	299,468	66,070	75,356	-	-	20,531	4,461	465,886
	2018	179,210	14,465	105,445	-	-	13,285	1,139	313,545
	2017	-	-	-	-	-	-	-	-
Richard Hacker (Chief Financial Officer)	2019	285,365	101,719	-	-	-	20,531	6,759	414,374
	2018	285,847	76,489	-	-	-	20,049	5,919	388,304
	2017	279,357	69,949	-	-	-	26,539	3,601	379,446
Kevin Frost (General Manager – Exploration)	2019	269,644	119,736	-	-	-	23,215	-	412,595
	2018	266,561	81,558	-	-	-	23,614	-	371,733
	2017	264,999	43,657	-	-	-	25,175	1,781	335,612
Patrick Lengyel (Exploration Manager - Canada) (5)	2019	200,645	64,510	-	-	61,068	2,903	10,454	339,580
	2018	193,060	40,409	-	-	-	2,636	9,689	245,794
	2017	189,906	35,554	-	-	-	2,563	6,126	234,149

(1) The fair value of the options is calculated at the date of grant using a Black-Scholes Option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options allocated to this reporting period. The fair value of the Performance Rights is calculated at the date of grant using a binomial option-pricing model. In valuing the options and Performance Rights, market based vesting conditions have been taken into account.

(2) Relates to Directors and Officers insurance premium costs, income protection any long service leave payments and bonus payments.

(3) On March 23, 2018 Mr. Goyder was appointed Executive Chairman. Prior to this date, Mr. Goyder held the role of Managing Director.

(4) On November 13, 2018, Mr. Dorsch was appointed Managing Director. Prior to this date, Mr. Dorsch held the role of Chief Executive Officer since March 23, 2018.

(5) Mr. Lengyel received a cash bonus of A$61,068 in lieu of the issue of shares on vesting of Performance Rights granted to Mr. Lengyel in 2016.

Incentive Plan Awards

Outstanding Option-Based and Share-Based Awards

The following table sets out, for each Named Executive Officer, information concerning all option-based and Share-based awards outstanding as at June 30, 2019.

	Option-based Awards				Share-based Awards		
Name	Number of securities underlying unexercised options (#)	Option exercise price (A$)	Option expiration date	Value of unexercised in-the-money options (A$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (A$)	Market or payout value of vested share-based awards not paid out or distributed (A$)
Timothy Goyder (Executive Chairman)	-	-	-	-	3,290,478	394,857	-
Alex Dorsch (Chief Executive Officer)	2,000,000	0.16	March 31, 2021	-	1,385,007	166,201	-
	2,000,000	0.18	March 31, 2021	-	-	-	-
Kevin Frost (General Manager – Exploration)	-	-	-	-	2,467,403	296,088	-
Richard Hacker (Chief Financial Officer)	-	-	-	-	2,281,522	273,783	-
Patrick Lengyel (Exploration Manager)	-	-	-	-	1,348,932	161,872	-

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets out, for each Named Executive Officer, information concerning the value of incentive plan awards, option-based and share-based awards, as well as non-equity incentive plan compensation vested or earned during the financial year ended June 30, 2019.

Name	Option-based awards – Value vested during the year (A$)	Share-based awards – Value vested during the year (A$)	Non-equity incentive plan compensation – Value earned during the year (A$)
Timothy Goyder (Executive Chairman)	-	158,127	-
Alex Dorsch (Chief Executive Officer)	75,356	66,069	-
Kevin Frost (General Manager – Exploration)	-	119,736	-
Richard Hacker (Chief Financial Officer)	-	101,719	-
Patrick Lengyel (Exploration Manager)[(1)]	-	64,510	61,068

[(1)] *Mr. Lengyel received a cash bonus of A$61,068 in lieu of the issue of shares on vesting of Performance Rights granted to Mr. Lengyel in 2016.*

Superannuation (Pension Plan) Benefits

The Company paid superannuation benefits of 9.5 per cent up to June 30, 2019, of base salary to private superannuation funds for all Australian-based employees in accordance with Australian statutory requirements. All superannuation benefits payments are made to defined-contributed plans.

Termination and Change of Control Benefits

The following table outlines the termination and other benefits present within the employment agreement for each of the Named Executive Officers and directors:

Name	Termination	Diminution of Responsibility
Tim Goyder (Executive Chairman)	Mr. Goyder's employment agreement may be terminated by the Company or Mr. Goyder upon giving three months' notice.	If Mr. Goyder's role in the Company undergoes a material variation or diminution of responsibilities, including a material change in authority or in his reporting relationship to the Board, he may terminate his employment and would then receive a payment equal to 12 months' salary (A$219,000)
Alex Dorsch (Chief Operating Officer)	Mr. Dorsch's employment agreement may be terminated by the Company or Mr. Dorsch upon giving three months' notice.	If Mr. Dorsch's role in the Company undergoes a material variation or diminution of responsibilities, including a material change in authority or in his reporting relationship to the Board, he may terminate his employment and would then receive a payment equal to 6 months' salary (A$160,000)
Richard Hacker (Chief Financial Officer)	Mr. Hacker's employment agreement may be terminated by the Company or the employee upon giving three months' notice.	If Mr. Hacker's role in the Company undergoes a material variation or diminution of responsibilities, including a material change in authority or in his reporting relationship to the Board, he may terminate his employment and would then receive a payment equal to 6 months' salary (A$152,948)
Other Named Executive Officers	All other key management personnel employment agreements may be terminated by the Company or the employee upon giving three months' notice as applicable.	Nil
Non-Executive Directors	Nil	Nil

Apart from the above diminution of responsibility clauses, there are no change of control benefits in Named Executive Officers' agreements.

Additional Information regarding Directors and Executive Officers

Corporate cease trade orders, bankruptcies, penalties or sanctions

To the Company's knowledge, none of the directors or executive officers of Chalice is, or has been within the ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company, including Chalice, that:

(i) was subject to a cease trade or similar order or an order that denied such company access to any statutory exemptions under securities legislation, for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to a cease trade or similar order or an order that denied such company access to any statutory exemptions under securities legislation, for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the Company's knowledge, none of the directors or executive officers of Chalice, or no Shareholder holding a sufficient number of securities of Chalice to affect materially the control of Chalice is, or has been within the ten years before the date of this AIF, a director or executive officer of any company, including Chalice, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the Company's knowledge, none of the directors or executive officers of Chalice or a Shareholder holding sufficient securities of Chalice to affect materially the control of Chalice, or a personal holding company of any such persons has, within the ten years before the date of this AIF become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted and proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or Shareholder.

Except as disclosed below, to the Company's knowledge, none of the directors or executive officers of Chalice or a Shareholder holding a sufficient number of securities of Chalice to affect materially the control of Chalice, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court, or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Mr. Quin was a director of Mercator Minerals Ltd. ("Mercator") when it filed a Notice of Intention to Make a Proposal under the Bankruptcy and Insolvency Act (Canada) (the "BIA") on August 26, 2014. Mr. Quin ceased to be a director on September 4, 2014. Pursuant to section 50.4(8) of the BIA, Mercator was deemed to have filed an assignment in bankruptcy on September 5, 2014 as a result of allowing the ten-day period within which Mercator was required to submit a cash flow forecast to the Official Receiver to lapse.

Conflicts of interest

To the best of Chalice's knowledge, there are no known existing potential conflicts of interest among Chalice, its directors, officers or other members of management of Chalice as a result of their outside business interests as at the date hereof. However, certain of the directors, and officers and other members of management serve as directors, officers, and members of management of other public resource companies. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of Chalice. The directors and officers of Chalice have been advised of their obligations to act at all times in good faith in the interest of Chalice and to disclose any conflicts to Chalice if and when they arise.

Indemnification and insurance

The Company has agreed to indemnify all the directors and against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and officers of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company also pays insurance premiums in respect of directors and officer's indemnity insurance contracts, for current and former directors and officers. The insurance premiums relate to costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

As of the date hereof, none of the Company's directors or executive officers, nor any associate of such directors or executive officers is indebted to Chalice or has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by Chalice or any of its subsidiaries**.**

RISK FACTORS

The exploration for and development of natural resources is a speculative activity that involves a high degree of financial risk. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the business, prospects, financial condition and/or operating results of the Company and consequently on the value and/or market price of the Shares. The risks noted below do not necessarily comprise all those faced by the Company.

Mining Risks

Mineral exploration and exploitation involves a high degree of risk, which cannot be fully mitigated, even with a combination of experience, knowledge and careful evaluation. While the discovery of a mineral deposit may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Substantial expenditures may be required to locate and establish mineral reserves and resources, to develop metallurgical processes to extract the metal from the material processed and to construct mining and processing facilities and infrastructure at a particular site. It is impossible to ensure that the exploration programs in progress or planned by the Company or its joint venture partners will result in a profitable commercial mining operation. Even where commercial quantities of ore are discovered, there can be no assurance that a property will be brought into commercial production or that the funds required to exploit mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and metallurgy of the particular ore-body; proximity to infrastructure; metal prices, which can fluctuate widely; currency fluctuations; financing costs; production costs; and government regulations and any further changes thereto, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors could make a deposit uneconomic and/or may result in the Company not receiving an adequate return on invested capital.

Mining operations generally involve a high degree of risk. Such operations are subject to all the hazards and risks normally encountered in the exploration for, and development and production of gold, including unusual and unexpected geologic formations, formation pressures, seismic activity, rock bursts, fires, power outages, labour disruptions, cave-ins, landslides, flooding, explosions and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Mining operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability. In addition, operations could be materially adversely affected by the inability to obtain adequate machinery and parts, equipment or labour.

All of the foregoing factors are beyond the control of the Company. There can be no assurance that the Company's mineral exploration and future development activities will be successful and the occurrence of any of the foregoing factors could have a material adverse effect on the Company's business, prospects, financial condition and operating results. In the event that commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a "going concern".

Exploration, Development and Operational Risks

The success of the Company will be dependent on many factors including: the discovery and/or acquisition of mineral reserves and mineral resources; the successful conclusions to feasibility and other mining studies; access to adequate capital for project development and sustaining capital; design and timely construction of efficient mining and processing facilities within capital expenditure budgets; the securing and maintaining of title to tenements; obtaining permits, consents and approvals necessary for the conduct of exploration and potential mining operations; complying with the terms and conditions of all permits, consents and approvals during the course of exploration and mining activities; access to competent operational management and prudent financial administration, including the availability and reliability of appropriately qualified employees, contractors and consultants; the ability of the mining contractors to keep to budget; the ability to procure major equipment items and key consumables in a timely and cost-effective manner; the ability to access full power supply; and the extent and disruption of the rainy season.

The Company's profitability will depend, in part, on the actual economic returns and the actual costs of developing mines, which may differ significantly from the estimates made by the Company. Delays in the construction and commissioning of mining projects or other technical difficulties may result in the Company's current or future projected target dates for production being delayed or further capital expenditure being required. Any delay in the development of a project or cost overruns or operational difficulties once the project is fully developed may have a material adverse effect on the results of the Company.

In common with all new mining operations, there is uncertainty, and therefore risk, associated with operating parameters and costs resulting from the scaling up of extraction methods tested in laboratory conditions. Feasibility studies derive estimates of expected or anticipated project economic returns. These estimates are based on a number of assumptions including: future gold and other metal prices; anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed; anticipated recovery rates of gold and other metals from the ore; anticipated capital expenditure and cash operating costs; and the anticipated return on investment. Actual cash operating costs, production and economic returns may differ significantly from those anticipated by such studies and estimates. The costs, timing and complexities of mine development and construction can increase because of the remote location of many mining properties. New mining operations could experience unexpected problems and delays during development, construction and mine start-up. There can be no assurance that the Company will be able to complete development of any of its mineral projects at all or on time or on budget due to, among other things, and in addition to those factors described above, changes in the economics of the mineral projects, the delivery and installation of plant and equipment and cost overruns, or that the current personnel, systems, procedures and controls will be adequate to support the Company's operations. Should any of these events occur, it could have a material adverse effect on the Company's business, prospects, financial condition and operating results.

Share Price Volatility

Securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuation will not affect the price of the Company's securities or of securities held by the Company, and the market price of the Shares and of securities held by the Company may decline. In particular, Chalice has acquired a considerable number of shares of O3 Mining and Spectrum pursuant to the transactions which took place in July 2019 as described in this AIF. Any movements in the price of such shares could adversely impact Chalice's holdings and any future proceeds which may be derived from the sale of such shares.

In addition, in the past, following periods of volatility in the market price of a company's securities, Shareholders have on occasion instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could significantly harm the Company's profitability and reputation.

Additional Funding and Dilution

The Company makes, and will continue to make, substantial capital expenditures related to exploration activities, and potentially future development and production. Historically, the Company has financed these expenditures with offerings of its equity securities and the disposal of assets. The Company will have further capital requirements to the extent it decides to expand its exploration activities, develop future mining operations, or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to it or which it may become aware of. In addition, the Company may incur major unanticipated liabilities or expenses. The Company's access to capital is largely determined by the strength of commodity prices, the state of the capital markets, the status of the Company's projects in relation to other resource companies, and its ability to compete for investor support of its projects. In addition, the location of the Company's properties in developing countries may make it more difficult for the Company to obtain debt financing from senior lenders. There can be no assurance that the Company will be able to obtain necessary financing in a timely manner on acceptable terms, if at all. Any failure of the Company to obtain required financing on acceptable terms could have a material adverse effect on the Company's business, prospects, financial condition and operating results and could cause the Company to cancel or postpone planned capital investments, forfeit all or parts of its interest in some or all of its properties or joint ventures and reduce or terminate its operations.

If additional financing is raised through the issuance of equity or convertible debt securities of the Company, the interests of Shareholders in the net assets of the Company may be diluted.

Future Capital Requirements

The future capital requirements of the Company are yet to be determined pending any future business, project acquisitions or potential exploration success. As at June 30, 2019, the Company had approximately A$18.6 million cash at bank, therefore with this strong cash position, the Company is able to assess future projects for possible acquisitions and to fund future exploration programs.

Government Regulation

The Company's mineral exploration, future development and production activities are subject to various laws and regulations governing prospecting, mining, development, royalties, permitting and licensing requirements, production, taxes, labour standards and occupational health, mine safety, protection of the environment, toxic substances, land use, water use, land claims of local people and other matters. Although the Company's exploration activities are currently carried out in material compliance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner, which could limit or curtail exploration, development or production.

The mineral rights and interests of the Company are subject to government approvals, licenses and permits. Such approvals, licenses and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that the Company will be successful in obtaining or maintaining any or all of the various approvals, licenses and permits in full force and effect without modification or revocation. To the extent such approvals, licenses and permits are required and not obtained, the Company may be curtailed or prohibited from continuing or proceeding with planned exploration or future development of mineral properties. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company or its joint venture partner from continuing or proceeding with existing or future operations or projects.

Failure to comply with applicable laws, regulations and permitting requirements, even if inadvertent, may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. There can be no assurance that compliance with these laws and regulations or changes thereto or the cost of rehabilitation of site operations which have been closed down or the failure to obtain necessary approvals, permits or licenses or successful challenges to the grant of such approvals, permits or licenses will not materially adversely affect the Company's business, prospects, financial condition, and operating results.

Amendments to current laws and regulations or fiscal tax regimes governing operations or more stringent implementation thereof could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties or reduction in the profitability of operations.

Risks Relating to International Operations

The Company and its subsidiaries' may be subject to various political, economic and other uncertainties, including, among other things; the risks of war and civil unrest, expropriation, nationalization, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, taxation policies, border disputes, foreign exchange and repatriation restrictions, changing political conditions, international monetary fluctuations, currency controls and foreign governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts of its choice.

The Company also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Company's business, prospects, financial condition, and operating results.

Property Interests

The operations of the Company require licenses, permits and in some cases renewals of existing licenses and permits from various governmental authorities. Management believes that the Company currently holds or has applied for all necessary licenses and permits to carry on the activities that it is currently conducting under applicable laws and regulations in respect of its properties, and also believes that the Company is complying in all material respects with the terms of such licenses and permits. No guarantee can be given that the Company will be in a position to comply with all such conditions and obligations. In addition, the Company's ability to obtain, sustain or renew such licenses and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable governmental authorities.

Furthermore, while it is common practice that permits and licenses may be renewed or transferred into other forms of licenses appropriate for ongoing operations, no guarantee can be given that a renewal or a transfer will be granted to the Company or, if they are granted, that the Company will be in a position to comply with all conditions that are imposed.

There can be no assurance that the Company's rights to its properties are valid and exist as set out in this AIF and will not be challenged by third parties claiming an interest in the property. Any property may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects or governmental actions.

Acquisition of Additional Mineral Properties

If the Company loses or abandons its interest in one or more of its properties, there is no assurance that it will be able to acquire other mineral properties of merit, whether by way of option or otherwise, should the Company wish to acquire any additional properties.

Any exploration program entails risks relating to the location of ore bodies that are economically viable to mine, the development of appropriate metallurgical processes, the receipt of necessary governmental permits, licenses and consents and the construction of mining and processing facilities at any site chosen for mining. No assurance can be given that any exploration program will result in the discovery of new reserves or resources or the expansion of existing reserves or resources will be successful.

Environmental Regulations

The Company's activities are subject to environmental laws and regulations in the various jurisdictions in which it operates which may materially adversely affect its future operations. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste, the protection of different species of plant and animal life, and the preservation of lands. These laws and regulations require the Company to acquire permits and other authorizations for certain activities. There can be no assurance that the Company will be able to acquire such necessary permits or authorizations on a timely basis, if at all. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties. Reclamation costs are uncertain and planned expenditures may differ from the actual expenditures required.

Dependence on Key Personnel

The success of the Company will be largely dependent upon the performance of its directors and senior officers, consultants and employees, whose expertise and experience the Company considers to be very valuable. The Company depends on a relatively small number of key employees, the loss of any of whom could have an adverse effect on the Company. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success. In addition, as the Company's business develops and expands, the Company believes that its future success may depend on its ability to attract and retain other highly skilled and qualified personnel, and there can be no assurance that the Company will be able to do so.

The Company requires specialist skills such as geologists, mining engineers, metallurgical engineers, electrical and mechanical engineers, financial accountants, human resource managers and procurement staff to conduct exploration and development at its other properties. At this time there is significant competition for these skills within the mining industry and there can be no assurance that the Company will be able to recruit and retain suitably qualified and experienced personnel.

Conflicts of Interest

Certain directors and officers of the Company are or may become associated with other natural resource companies, which may give rise to conflicts of interest. Such other companies may also compete with the Company for the acquisition of mineral property rights. In addition, certain directors and officers of the Company have either other full-time employment or other business or time restrictions placed on them and accordingly, the Company will not be the only business enterprise of these directors and officers.

Title to Properties

Title to, and the area of, the Company's properties may be challenged or impugned and title insurance is generally unavailable. The Company does not carry title insurance on its properties. No assurances can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration authorizations of the Company and that such exploration authorizations will not be challenged or impugned by third parties. The Company can never be certain that it will have valid title to its mineral properties. While the Company has applied for rights to explore various properties, and may also do so in the future, there is no certainty that such rights will be granted or granted on terms satisfactory to the Company. Local mining legislation of certain countries in which the Company operates requires the Company to grant to the government an interest in the Company's property rights. In addition, the properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers under foreign law are often complex. A successful claim that the Company does not have title to a property could cause the Company to lose its rights to that property, perhaps without compensation for its prior expenditures relating to the property.

Infrastructure

Development and exploration activities depend on adequate infrastructure, including reliable roads, power sources and water supply. The Company's inability to secure adequate water and power resources, as well as other events outside of its control, such as unusual weather, sabotage, government or other interference in the maintenance or provision of such infrastructure, could materially adversely affect the Company's business, prospects, financial condition, and operating results.

Insurance and Uninsurable Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, rock bursts, ground or slope failures, cave-ins, fires, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, earthquakes and other environmental occurrences. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with its operations. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect the Company's business, prospects, financial condition, and operating results.

Commodity Prices

The development and success of any project of the Company will be primarily dependent on future commodity prices. The Company is exposed to price risk as its future revenues will be based on a contract with a physical off-take partner at prices that will be determined by reference to market prices of commodities at the delivery date. Commodity prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, consumption patterns, sales of commodities, forward sales by producers, production, industrial and consumer demand, speculative activities, stability of exchange rates and political and economic conditions. Commodity prices have fluctuated widely in recent years, and future price declines could cause any future development of and commercial production from the Company's properties to be impracticable. Depending on commodity prices, projected cash flow from planned mining operations may not be sufficient and the Company could be forced to discontinue any development and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's mining properties is dependent on commodity prices that are adequate to make these properties economic.

Furthermore, reserve calculations and life-of-mine plans using significantly lower commodity prices could result in material write-downs of the Company's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting the Company's possible future reserve estimates and its financial condition, declining commodity prices may impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Commodity Hedging

Currently the Company does not have a policy to hedge future commodity sales. If put into place, there is no assurance that a commodity hedging program designed to reduce the risk associated with fluctuations in commodity prices will be successful. Hedging may not protect adequately against declines in commodity prices. Although hedging may protect the Company from a decline in gold prices, it may also prevent the Company from benefiting fully from price increases. In addition, the Company may experience losses if a counter-party fails to purchase under a contract when the contract price exceeds the spot price for the commodity.

If the Company was to acquire a producing asset, the Board may review its hedging policies in the future.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies and individuals, including companies possessing greater financial, technical and other resources than itself with respect to the discovery and acquisition of interests in mineral properties, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. As a result, the Company may be unable to acquire rights to exploit additional attractive mining properties on terms it considers acceptable. There can be no assurance that the Company will acquire any interest in additional operations that would yield reserves or result in commercial mining operations. There is no assurance that the Company will be able to compete successfully with others in acquiring such properties or prospects. If the Company is not able to acquire such interests, this could have a material adverse impact on its business, prospects, financial condition, and operating results.

Recent increases in commodity prices have encouraged increases in exploration, development and construction activities, which have resulted in increased demand for, and cost of, exploration, development and construction services and equipment (including mining fleet equipment). Increased demand for services and equipment could cause project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and could increase potential scheduling difficulties and costs due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs or result in project delays or both. Any such material increase in costs would adversely affect the Company's business, prospects, financial condition, and operating results.

Expected Continued Operating Losses

The Company has a history of losses (due to its exploration activities) and there can be no assurance that the Company will be profitable in the future. There can be no assurance that significant losses will not occur in the near future. The Company's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control.

The Company expects to continue to incur losses unless and until such time as it enters production, including by commencing production at additional properties, and generating sufficient revenues to fund its continuing operations, or disposes of assets at profit. The development of the Company's properties will require the commitment of substantial resources to conduct the time-consuming exploration and development of properties. There can be no assurance that the Company will achieve profitability.

No History of Dividends

The Company has never paid a dividend on its Shares and does not expect to do so in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Board and will depend upon the capital requirements of the Company, results of operations and such other factors as the Board considers relevant.

Exchange Rate, Exchange Control and Export Restriction Risks

The Company undertakes certain transactions denominated in foreign currencies (including cash held in foreign currencies and investments in whose securities are quoted in foreign currencies), hence exposures to exchange rate fluctuations arise. The Company does not hedge this exposure. The Company manages its foreign exchange risk by constantly reviewing its exposure and ensuring that there are appropriate cash balances in order to meet its commitments.

Environmental Risks

Mining operations have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Laws and regulations involving the protection and remediation of the environment and governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive. In addition, there may be unforeseen environmental liabilities, inherent in its activities, such as accidental spills or leaks or other circumstances resulting from mining operations which could subject the Company to extensive liabilities, which may be costly to remedy. The Company cannot give any assurance that, notwithstanding its precautions, breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its financial condition and its results of operations.

Partner Risks

The Company's business strategy includes continuing to seek new joint venture opportunities where appropriate. In pursuit of such opportunities, the Company may fail to select appropriate joint venture partners or negotiate acceptable arrangements, including arrangements to finance such opportunities or, where necessary, integrate the acquired businesses and their personnel into the Company's operations. The Company cannot assure that it can complete any business arrangement that it pursues, or is pursuing, on favourable terms, or that any business arrangements completed will ultimately benefit the Company's business.

In addition, the Company's joint venture partners may not be willing or able to fulfil their legal obligations or to fund their share of future development. The Company may be materially adversely affected if it is unable to find or replace joint venture partners.

Legal and Litigation Risks

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company may become subject could have a material adverse effect on the Company's business, prospects, financial condition, and operating results. As at the date of this AIF, the Company is not involved in litigation nor to the Company's knowledge has any been threatened.

Labour Risks

The Company believes that all of its operations have, in general, good relations with their employees. However, there can be no assurance that the Company's operations will not be affected by labour-related problems in the future, such as litigation for pay raises and increased benefits. There can be no assurance that work stoppages or other labour-related developments (including the introduction of new labour regulations in local countries of operation) will not materially adversely affect the results of operations or financial condition of the Company.

Risk of Payment Obligations

Under the exploration licenses and certain other contractual agreements to which the Company or its subsidiaries are or may in the future become party, the Company or its subsidiaries are or may become subject to payment and other obligations. If such obligations are not complied with when due, in addition to any other remedies which may be available to other parties, this could result in dilution or forfeiture of interests held by such companies. The Company may not have, or be able to obtain, financing for all such obligations as they arise.

Growth Risks

The Company expects its growth will place significant demands on management and other resources and will require the Company to continue to develop and improve operational, financial and other internal controls. While the Company has in place personnel to manage the strategic, operational and expansion aspects of its operations, there can be no assurance that the Company will be able to continue to provide the necessary resources to support its growth. The Company's potential inability to manage its growth effectively may have a material adverse effect on its results of operations or financial condition.

Differing Rights and Obligations

Chalice is a public limited company incorporated under the laws of Australia. The rights and obligations of holders of Shares are governed by Australian law, including the Corporations Act and by Chalice's Constitution. These rights and obligations differ in certain respects from the rights and obligations of Shareholders in corporations governed by Canadian federal or provincial statutes.

Enforceability of Civil Liabilities

Most of the Company's directors and officers reside outside of Canada. In addition, all of the assets of such persons, and all of the properties of the Company, are located outside of Canada. It may not be possible for investors to effect service of process within Canada upon such persons and it may also not be possible to enforce against the Company and/or such person's judgements obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

The Company is not subject to any legal proceedings material to Chalice to which Chalice or any of its subsidiaries is a party or of which any of Chalice's properties is the subject matter and no such proceedings are known to Chalice to be contemplated.

Regulatory Actions

No penalties or sanctions have been imposed against Chalice by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof, no other penalties or sanctions have been imposed by a court or regulatory body against Chalice and Chalice has not entered into any settlement agreements before a court relating to provincial or territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or principal holder of securities (as described under "*Principal Shareholders*") or any associate or affiliate of the foregoing has, or has had, any material interest in any transaction within the three most recently completed financial years prior to the date hereof or during the current financial year or any proposed transaction that has materially affected or is reasonably expected to materially affect the Company or any of its affiliates, except as disclosed elsewhere in this AIF.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of Chalice is HLB Mann Judd, located at Level 4, 130 Stirling Street, Perth, WA 6000, Australia. HLB Mann Judd was appointed the Auditor of the Company in October 2005 and is independent in accordance with the rules of professional conduct of the Institute of Chartered Accountants in Australia.

The Company's registrar and transfer agent in Australia for its Shares is Computershare Investor Services Pty Limited, at Level 11, 172 St. Georges Terrace, Perth, WA 6000, Australia.

The Company's registrar and transfer agent in Canada for its Shares is Computershare Investor Services Inc. at 100 University Avenue, Toronto, Ontario, M5J 2Y1.

MATERIAL CONTRACTS

The Company is a designated foreign issuer as defined in NI 71-102 and are therefore exempt from Canadian securities legislation requirements relating to the filing of documents affecting the rights of security holders and the filing of material contracts on SEDAR.

EXPERTS

The Company's auditor is HLB Mann Judd, who have prepared an independent auditor's report dated September 5, 2019 in respect of the Company's consolidated and parent company financial statements with accompanying notes as at and for the year ended June 30, 2019.

The East Cadillac Technical Report was prepared by John Langton (M, Sc. P. Geo.) and Vincent Jourdain (Ph.D., P.Eng.) of MRB & Associates in accordance with National Instrument 43-101. Both are independent of the Company and of vendors of the East Cadillac Gold Project.

None of the experts named in this section, when or after they prepared the statement, report, or valuation, referred hereto, has received any registered or beneficial interests, direct or indirect, in any securities or other property of

Chalice or of one of Chalice's associates or affiliates (based on information provided to Chalice by the experts) or is expected to be elected, appointed, or employed as a director, officer or employee of Chalice or of any associate or affiliate of Chalice.

As of the date hereof, to Chalice's knowledge, the experts named in this section beneficially own, directly or indirectly, in the aggregate, less than one percent of the Shares.

ADDITIONAL INFORMATION

Additional financial information is provided in the Company's 2019 audited annual financial statements for the year ended June 30, 2019 as contained in the Annual Report 2019. Such documentation as well as additional information, relating to the Company may be found on SEDAR at www.sedar.com, on ASX at www.asx.com.au, on OTC Markets at www.otcmarkets.com and on the Company's website at www.chalicegold.com

ANNEXURE A – AUDIT AND RISK COMMITTEE CHARTER

Composition

The Audit and Risk Committee shall where practical, and subject to the composition of the Board, be structured so that it has at least two members, all of whom are non-executive directors and with a majority independent.

All members of the Audit and Risk Committee must be financially literate (that is, be able to read and understand financial statements); at least one member must have relevant qualifications and experience (that is, should be a qualified accountant or other finance professional with experience of financial and accounting matters); and some members should have an understanding of the industry in which the Company operates.

From time to time, non-Audit and Risk Committee members may be invited to attend meetings of the Audit and Risk Committee, if it is considered appropriate.

Role

The role of the Audit and Risk Committee is to review and make recommendations to the Board in relation to:

(a) the adequacy of the Company’s corporate reporting processes;

(b) whether the Company’s financial statements reflect the understanding of the Audit and Risk Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Company;

(c) the appropriateness of the accounting judgments or choices exercised by management in preparing the Company’s financial statements;

(d) the appointment or removal of the external auditor, the rotation of the audit engagement partner, the scope and adequacy of the external audit, the independence and performance of the external auditor and any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor;

(e) the Company’s internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, oversee the Company’s risk management framework;

(f) monitor and review compliance with the Company's *Code of Conduct* and *Whistleblower Policy*; and

(g) if the Company has an internal audit function:

  (i) the appointment or removal of the head of internal audit;

  (ii) the scope and adequacy of the internal audit work plan; and

  (iii) the objectivity and performance of the internal audit function; and

(h) perform such other functions as assigned by law, the Company's Constitution or the Board.

Ultimate responsibility for a Company’s financial statements rests with the full Board.

Operations

The Audit and Risk Committee meets at least half yearly, with further meetings on an as required basis. Minutes of all meetings of the Audit and Risk Committee must be kept. The minutes must be tabled at each subsequent meeting of the full Board, and a report of actions taken by the Audit and Risk Committee also given by the Chair of the Audit and Risk Committee at each subsequent meeting of the full Board. Audit and Risk Committee meetings will be governed by the same rules, as set out in the Company's Constitution as they apply to the meetings of the Board.

Responsibilities

Annual responsibilities of the Audit and Risk Committee are as set out in the Audit and Risk Committee Charter – annual action points (attached).

Authority and resources

The Company is to provide the Audit and Risk Committee with sufficient resources to undertake its duties, including provision of educational information on accounting policies and other financial topics relevant to the Company, and such other relevant materials requested by the Audit and Risk Committee.

The Audit and Risk Committee has rights of access to management and has the authority to seek explanations and additional information from the Company's external auditors, without management present, when required.

The Audit and Risk Committee has the power to conduct or authorise investigations into any matters within the Audit and Risk Committee's scope of responsibilities. The Audit and Risk Committee has the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors.

Reporting to the Board and shareholders

The Audit and Risk Committee is to report to the Board, at least annually, on the following matters:

(a) assessment of whether external reporting is consistent with Audit and Risk Committee members' information and knowledge and is adequate for shareholder needs;

(b) assessment of the management processes supporting external reporting;

(c) recommendations for amending the Company's Procedure for the Selection, Appointment and Rotation of the External Auditor;

(d) recommendations for the appointment or, if necessary, the removal of the external auditor;

(e) assessment of the performance and independence of the external auditors. Where the external auditor provides non-audit services, the report should state whether the Audit and Risk Committee is satisfied that provision of those services has not compromised the auditor's independence;

(f) assessment of the performance and objectivity of the internal audit function (if any);

(g) the results of the Audit and Risk Committee's review of the Company’s risk management framework and internal control systems;

(h) the results of the Audit and Risk Committee’s review of this Audit and Risk Committee Charter; and

(i) comment on the Audit and Risk Committee’s operation and composition.

The Chair of the Audit and Risk Committee, if appointed, is to be present at the annual general meeting to answer questions, through the Chair of the Board.

Review of Charter

The Audit and Risk Committee will review this Audit and Risk Committee Charter at least annually, and update it as required.

AUDIT AND RISK COMMITTEE CHARTER – ANNUAL ACTION POINTS

Financial reporting and internal controls

- ☐ Review half-year, annual and, if applicable, quarterly financial statements
- ☐ Review compliance with relevant statutory and regulatory requirements
- ☐ Assess management's selection of accounting policies and principles
- ☐ Consider the external audit of the financial statements and the external auditor's report thereon including an assessment of whether external reporting is consistent with Audit and Risk Committee members' information and knowledge
- ☐ Consider internal controls including the Company's policies and procedures to assess, monitor and manage financial risks including tax risk (and other business risks if authorised)
- ☐ Assess if the external auditors report is adequate for shareholder needs

Annual meeting with external auditor

- ☐ Discuss the Company's choice of accounting policies and methods, and any recommended changes
- ☐ Discuss the adequacy and effectiveness of the Company's internal controls
- ☐ Discuss any significant findings and recommendations of the external auditor and management's response to those findings and recommendations
- ☐ Discuss any difficulties or disputes with management encountered during the course of the audit including any restrictions or access to required information

External auditor

- ☐ Review the Company's Procedure for the Selection, Appointment and Rotation of External Auditor
- ☐ Recommend to the Board to appoint and, if necessary, remove the external auditor and approve the terms on which the external auditor is engaged
- ☐ Establish/review permissible services that the external auditor may perform for the Company and pre-approve all audit/non-audit services
- ☐ Confirm the independence of the external auditor, including reviewing the external auditor's non-audit services and related fees
- ☐ Assess the overall performance of the external auditor
- ☐ Ensure external auditor is given notice of all general meetings and is requested to attend AGM

Internal communications and reporting

- ☐ Provide the report described in clause 6 of the Audit and Risk Committee Charter
- ☐ Regularly update the Board about Audit and Risk Committee activities and make appropriate recommendations
- ☐ Ensure the Board is fully aware of matters which may significantly impact the financial conditions or affairs of the business

Other

- ☐ Verify the composition of the Audit and Risk Committee function is in accordance with the Audit and Risk Committee Charter

- ☐ Review the independence of each Audit and Risk Committee member based on the Company's Policy on Assessing the Independence of Directors

- ☐ Review the Audit and Risk Committee Charter and Action Points at least annually, and update as required

- ☐ Develop and oversee procedures for treating complaints or employee concerns received by the Company regarding accounting, internal accounting controls, auditing matters and breaches of the Company's Code of Conduct

- ☐ Consider continuous disclosure requirements with regard to corporate reporting

- ☐ Review and monitor compliance with the Company’s Code of Conduct.