



ABN 47 116 648 956

2018

**NOTICE OF ANNUAL GENERAL MEETING, EXPLANATORY
STATEMENT AND PROXY FORM**

The Annual General Meeting of the Company will be held at the Cassia Room, Level 1 Function Floor, The Westin Perth, 480 Hay Street, Perth, Western Australia, 27 November 2018 at 11.30 am (WST)

YOU CAN NOW LODGE YOUR PROXY VOTE ONLINE AT:

www.investorvote.com.au

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Chalice Gold Mines Limited (“**Chalice**” or “**the Company**”) to which this Notice of Meeting relates will be held at 11.30 am (WST) on Tuesday, 27 November 2018 at the Cassia Room, Level 1 Function Floor, The Westin Perth, 480 Hay Street, Perth, Western Australia.

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

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

VOTING BY PROXY

All Shareholders who are entitled to attend and vote at the meeting have the right to appoint a proxy to attend and vote for them. The proxy does not have to be a Shareholder. Shareholders holding two or more Shares can appoint either one or two proxies. If two proxies are appointed, the appointing Shareholder can specify what proportion of their votes they want each proxy to exercise. The solicitation of proxies is being made by management of the Company.

The enclosed Proxy Form provides further details on voting entitlement, appointing proxies and lodging proxy forms. To vote by proxy, please complete, sign and return the enclosed Proxy Form. In order for it to be valid, your Proxy Form (and any power of attorney under which it is signed) must be received at one of the addresses given below by **11.30 am (WST) on 25 November 2018**. Any proxy form received after that time will not be valid for the Meeting.

Online: at www.investorvote.com.au

By mail: Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia

By fax: 1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)

By mobile: Scan the QR Code on your Proxy Form and follow the prompts

Custodian voting: For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-Chair proxy to Chair in certain circumstances

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

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (b) the appointed proxy is not the Chairman of the meeting;
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting;
 - (ii) the proxy does not vote on the resolution,

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

BODIES CORPORATE – CORPORATE REPRESENTATION

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at the meeting of Shareholders. The appointment may be a standing one.

VOTING ENTITLEMENTS

The Board has determined that, for the purpose of voting at the meeting, Shareholders are those persons who are the registered holders of the Company's shares at 11.30 am (WST) on Sunday, 25 November 2018. As at 2 October 2018 there were 266,568,134 Shares outstanding. Subject to the disclosure set-out herein, each holder of Shares is entitled to one vote per Share.

MAJOR SHAREHOLDERS

To the knowledge of the Company, other than as set out herein, no person beneficially owns, controls or directs directly or indirectly, voting securities carrying 10% or more of the voting rights:

- Mr Tim Goyder, a Director of Chalice, owns approximately 46 million Shares, representing 17.25% of the issued and outstanding Shares of the Company; and
- Franklin Resources Inc. and its affiliates own approximately 31 million Shares, representing 11.67% of the issued and outstanding Shares of the Company.

ENQUIRIES

The Company welcomes enquiries in respect of matters covered in this Annual Notice of Meeting and Explanatory Statement and the attendance of Shareholders at the General Meeting. Should you require further information please contact:

The Company Secretary

Leanne Stevens

Phone: (+61 8) 9322 3960

Fax: (+61 8) 9322 5800

Email: lstevens@chalicegold.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the Annual General Meeting (“**Meeting**”) of the Shareholders of Chalice Gold Mines Limited (the **Company**) will be held at the Cassia Room, Level 1 Function Floor, The Westin Perth, 480 Hay Street, Perth, Western Australia, on Tuesday, 27 November 2018 at 11.30 am (WST).

AGENDA

FINANCIAL REPORT

To receive and consider the Company’s Annual Report for the year ended 30 June 2018, which includes the Financial Report, the Directors' Report and the Auditor's Report.

RESOLUTION 1 - REMUNERATION REPORT

To consider and, if thought fit, to pass as an ordinary resolution:

“That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2018.”

Note: The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement

In accordance with section 250R of the Corporations Act votes must not be cast and the Company will disregard any vote cast on Resolution 1 by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party (such as close family members and any controlled companies) of such a member,

unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form, or by the Chairman as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit even if Resolution 1 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

The Chairman intends to vote all available proxies in favour of the Resolution.

RESOLUTION 2 – ELECTION OF MR TIM GOYDER AS A DIRECTOR

To consider and if thought fit, to pass the following as an ordinary resolution:

“That, Mr Tim Goyder, having been appointed as a Director on 23 March 2018, who retires as a Director in accordance with clause 14.3(b) of the Company’s Constitution and ASX Listing Rule 14.4 and being eligible, offers himself for election, be elected as a Director.

The Chairman intends to vote all available proxies in favour of the Resolution.

RESOLUTION 3 – ISSUE OF PERFORMANCE RIGHTS TO MR TIM GOYDER

To consider and if thought fit, to pass the following as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given to issue up to 871,751 Performance Rights (and the issue of Shares following vesting of the Performance Rights) to the Executive Chairman of the Company, Mr Tim Goyder (or his nominee), for no cash consideration, in accordance with the Company’s Employee Long Term Incentive Plan (“Plan”) and on the terms set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any vote cast in favour of Resolution 3 by or on behalf of any Director of the Company who is eligible to participate in the Plan, or an associate of such those persons.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, members of Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such votes) as a proxy on Resolution 3 if the appointment does not specify how the proxy is to vote, unless the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if Resolution 3 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

The Chairman intends to vote all available proxies in favour of the Resolution.

RESOLUTION 4 – RATIFICATION OF SHARE ISSUE

To consider and, if thought fit, to pass as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the allotment and issue of 3,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any vote cast in favour of Resolution 4 by or on behalf of a person who participated in the Share issue, or an associate of those persons.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote all available proxies in favour of the Resolution.

RESOLUTION 5 – EQUAL CAPITAL REDUCTION

To consider and if thought fit, to pass as an ordinary resolution:

"That Shareholders approve, for the purposes of sections 256B and 256C of the Corporations Act and for all other purposes, the issued share capital of the Company be reduced by approximately \$10,662,725 by returning to Shareholders on a pro-rata basis 4 cents for each Share held as at the Record Date, as more particularly described in the Explanatory Statement."

The Chairman intends to vote all available proxies in favour of the Resolution.

By order of the Board



Leanne Stevens
Company Secretary
11 October 2018

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting of Chalice Gold Mines Limited (“**Chalice**” or “**the Company**”) to be held at the Cassia Room, Level 1 Function Floor, The Westin Perth, 480 Hay Street, Perth, Western Australia, on Tuesday, 27 November 2018 at 11.30 am (WST).

At the Annual General Meeting, Shareholders will be asked to consider the following Resolutions:

Resolution 1	Approval of the Remuneration Report
Resolution 2	Election of Mr Tim Goyder as a Director
Resolution 3	Issue of Performance Rights to Mr Tim Goyder
Resolution 4	Ratification of Share Issue
Resolution 5	Equal Capital Reduction

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting. It explains the Resolutions and identifies the Board’s reasons for putting them to Shareholders. The Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting.

FINANCIAL STATEMENT AND REPORTS

The Corporations Act at section 317 requires the Company to lay before the Annual General Meeting the Annual Report, which includes the Financial Report, Directors’ Report (including the Remuneration Report) and the Auditor’s Report for the last financial year that ended before the Annual General Meeting.

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

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

- (a) discuss the Annual Report which is available online at www.chalicegold.com/investor-relations/reporting/annual-reports.html;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the Company’s auditor questions relevant to:
 - (iii) the conduct of the audit;
 - (iv) the preparation and content of the Auditor’s Report;
 - (v) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
 - (vi) the independence of the auditor in relation to the conduct of the audit.

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

- (d) the content of the Auditor’s Report to be considered at the Meeting; and
- (e) the conduct of the audit of the Annual Report to be considered at the Meeting,

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

EXEMPTIONS FROM CERTAIN TSX REQUIREMENTS

The Company has applied for and received a waiver (the "Waiver") from the Toronto Stock Exchange (the "TSX") from the requirements of sections 461.1, 461.2, 461.3 and 461.4 of the TSX Company Manual (the "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.

In 2016 and 2017, the Company was an "Eligible International Interlisted Issuer" (as defined in the Manual) and accordingly qualified for, and relied on, an exemption from these requirements. As a result of what the Company regards as anomalous trading in Canada in September through November of 2017, Chalice did not qualify as an Eligible International Interlisted Issuer with respect to the 2018 AGM. In light of the Company's past qualification as an Eligible International Interlisted Issuer, the anomalous trading in Canada in September through November of 2017 and the Company's compliance with the requirements of the Corporations Act and the standards of the ASX with respect to Director elections, the TSX has granted the Company the Waiver with respect to the 2018 AGM.

DESIGNATED FOREIGN ISSUER STATUS

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

RESOLUTION 1 – REMUNERATION REPORT

A resolution for adoption of the Remuneration Report is required to be considered and voted on in accordance with section 250R(2) of the Corporations Act. The Remuneration Report details the Company's policy on the remuneration of the Company's Key Management Personnel, being its Non-executive Directors, Executive Directors, the Chief Executive Officer and senior executives and is set out in the Company's 2018 Annual Report. In accordance with section 250R(3), the vote on the adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Part 2G.2, Division 9 of the Corporations Act provides Shareholders with the opportunity to remove the whole Board except the Managing Director (if the Company then has a Managing Director) if the Remuneration Report receives a 'no' vote of 25% or more ("**Strike**") at two consecutive annual general meetings.

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

The Company's Remuneration Report did not receive a Strike at the 2017 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2019 annual general meeting, this may result in the re-election of the Board.

Shareholders will be provided with a reasonable opportunity to ask questions and to make comments on the Remuneration Report at the Annual General Meeting.

Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

- (a) If you appoint a member of the Key Management Personnel (other than the Chairman) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy:

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

- (b) If you appoint the Chairman as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member):

You do not need to direct your proxy how to vote on this Resolution. If you do not direct the Chairman how to vote, you will be taken to expressly authorise the Chairman to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

- (c) If you appoint any other person as your proxy:

You do not need to direct your proxy how to vote on this Resolution, and you do not need to mark any further acknowledgement on the Proxy Form.

Recommendation

The Board unanimously recommends that Shareholders vote **in favour** of Resolution 1.

RESOLUTION 2 – ELECTION OF MR TIM GOYDER AS A DIRECTOR

Mr Tim Goyder held the position of Managing Director until 23 March 2018, when he transitioned to the role of Executive Chairman. Under clause 17.7(c) of the Company's Constitution, if the Managing Director ceases to be the Managing Director he immediately ceases to be a Director. Clause 14.3(a) of the Company's Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an additional Director, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Accordingly, with effect from 23 March 2018, Mr Goyder was appointed as a Director under clause 14.3(a) of the Company's Constitution.

Under ASX Listing Rule 14.4 and clause 14.3(b) of the Company's Constitution, any Director so appointed must stand for election at the next following general meeting and is then eligible for election by Shareholders.

Mr Goyder was appointed Executive Chairman on 23 March 2018, and previously held the role as Managing Director. Accordingly, Mr Goyder resigns as a Director at this Annual General Meeting and, being eligible, seeks approval to be elected as a Director.

Mr Goyder has acknowledged to the Company that he has sufficient time to fulfil his responsibilities as a Director.

Mr Goyder has considerable experience in the resource industry as an Executive and investor. He has been involved in the formation and management of a number of publicly-listed and private companies and is currently Chairman of DevEx Resources Limited (since 2002) and Lontown Resources Limited (since 2006) and a Director of Strike Energy Limited (since 2017), all listed on the ASX.

Mr Goyder has been a Director since 2005 (13 years) and was appointed Executive Chairman on 23 March 2018. Mr Goyder previously held the position of Managing Director. Mr Goyder currently holds 17.25% of the Company, and as Mr Goyder takes an active role in the management of the Company, the Board is of the view that Mr Goyder is not an Independent Director in accordance with Box 2.3 of the *Corporate Governance Principles and Recommendations 3rd Edition*. The Board however believe that Mr Goyder is the most appropriate person for the position of Executive Chairman because of his seniority and expertise.

Recommendation

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

RESOLUTION 3 – ISSUE OF PERFORMANCE RIGHTS TO MR TIM GOYDER

Background

Shareholder approval is sought for the issue of up to but not exceeding 871,751 Performance Rights to Mr Tim Goyder, the Executive Chairman of the Company, or his nominee, under the terms of the Company's Employee Long Term Incentive Plan ("Plan").

Shareholder approval for the proposed issue of Performance Rights to Mr Goyder under the Plan is required under ASX Listing Rule 10.14 because Mr Goyder is a Director.

Mr Goyder commenced as Executive Chairman on 23 March 2018, and prior to this appointment, Mr Goyder was the Managing Director of the Company. Further information on Mr Goyder appears at the end of this section of the Explanatory Statement.

Remuneration arrangements

As previously announced, Mr Goyder's employment contract specifies the following remuneration arrangements:

- (a) an annual fixed salary of \$273,750 per annum inclusive of superannuation; and
- (b) by way of incentive arrangements, Mr Goyder may participate in incentive plans that may be in place from time to time subject to the Board's discretion and any Shareholder approvals required.

Summary

If Resolution 3 is approved by Shareholders, the Performance Rights to be issued to Mr Goyder will be calculated and treated as follows:

- (a) on or about 28 November 2018, Mr Goyder will be issued 871,751 Performance Rights;
- (b) the number of Performance Rights to be issued was calculated by reference to 50% of Mr Goyder's annual fixed salary and the Company's 30 day VWAP at 20 June 2018;
- (c) on 30 June 2021, being the Measurement Date as defined below, the Remuneration Committee will evaluate the performance of the Company against the criteria set out in the table below to determine the percentage of Performance Rights that will vest, if any; and
- (d) Mr Goyder is entitled to an annual issue of Performance Rights on or around 1 July each year, subject to future Shareholder approval.

Plan

The Company last established the Plan to provide its executives (including executives and Directors) with long term incentives designed to create a link between the delivery of value to Shareholders, financial performance and the rewarding and retaining of executives. Under the Plan, which was approved by Shareholders on 28 November 2017, the Board has discretion to grant Performance Rights to any person it determines eligible upon the terms of the Plan. Any issue to Directors would additionally require a separate Shareholder approval under the ASX Listing Rules.

A Performance Right is, in effect, a contractual right to be issued a Share on the satisfaction of certain conditions. It follows, therefore, that if these conditions are not satisfied, the Shares would not be issued. Also, the number of Shares ultimately to be issued may not equate to the number of Performance Rights as the issue of those Shares is subject to performance hurdles/conditions to be met.

Proposed number of Performance Rights to be issued

Approval is being sought for the 2018/2019 annual grant of 871,751 Performance Rights to Mr Goyder (or his nominee). Any future annual issues of Performance Rights to be issued to Mr Goyder will require separate Shareholder approval.

Following the issue of the Performance Rights, there is a test or measuring date (which in this case is 30 June 2021) ("**Measurement Date**"). At that date the Board will assess the extent to which the performance conditions or hurdles are met and the extent to which the Performance Rights vest.

If Resolution 3 is approved, Mr Goyder will be invited to apply for, and if application is made, will be issued 871,751 Performance Rights.

Performance conditions and vesting period

The Performance Rights will not vest (and the underlying Shares will not be issued) unless the performance conditions set by the Board have been satisfied. For the 2018/2019 annual grant of Performance Rights, the Remuneration Committee recommended that up to 25% of the Performance Rights vest on achievement of absolute Total Shareholder Return (“TSR”) objectives, 25% on the achievement of relative TSR objectives and up to 50% vest based on achieving key business objectives.

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

Overall Performance Condition	Specific Performance Conditions	Percentage of granted Performance Rights that will vest if performance conditions are met
Strategic objectives	<p>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.</p> <p>AND/OR</p> <p>Value generation through:</p> <ul style="list-style-type: none"> 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. <p>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.</p>	50%
Absolute TSR objectives	<p>If the 30 day VWAP as at 30 June 2020 is:</p> <ul style="list-style-type: none"> Below \$0.21 per Share Between \$0.21 per Share and \$0.24 per Share At or above \$0.24 per Share <p>By way of example, if the 30 Day VWAP as at 30 June 2020 is \$0.22 per Share, 13.83% of the Performance Rights would vest, calculated as follows:</p> $8.25\% + ((\$0.22 - \$0.21)/(\$0.24 - \$0.21)) * (25\% - 8.25\%) = 13.83\%$ <p>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.</p>	<ul style="list-style-type: none"> 0% Pro rata between 8.25% and 25% 25%

Overall Performance Condition	Specific Performance Conditions	Percentage of granted Performance Rights that will vest if performance conditions are met
Relative TSR objectives	<p>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:</p> <ul style="list-style-type: none"> Below 50th Percentile Between 50th and 75th percentile At or above 75th percentile 	<ul style="list-style-type: none"> 0% Pro rata between 8.25% and 25% 25%
	<p>The comparator group has been determined by the Remuneration Committee to be comprised of 17 separate entities within the following parameters:</p> <ul style="list-style-type: none"> >A\$10M cash and cash equivalents <A\$50M enterprise value Based in Australia or Canada Minerals exploration projects only (no development or operating assets) Comparable explorers proximal to the Company's existing exploration projects. 	

The Measurement Date for the Performance Rights is 30 June 2021, being approximately 3 years from the date of grant.

For the 2018/2019 grant of Performance Rights, relative TSR performance will be assessed against an appropriate group of ASX and TSX listed companies as determined by the Remuneration Committee.

In the event that Mr Goyder ceases his engagement with the Company, any unvested Performance Rights will be dealt with in accordance with the terms of the Plan. In summary, the Plan provides as follows:

- Termination for cause or other than disability, redundancy or death:** Performance Rights are subject to lapsing if the Plan participant's employment is terminated for cause or in circumstances other than as described below.
- Disability, redundancy or death:** Upon the total and permanent disability, redundancy or death of the Plan participant, the Board will assess the performance of the Plan participant and determine, in light of their performance and the conditions of the Performance Rights, the number of Shares in respect of any unvested Performance Rights which the Plan participant is entitled to receive within:
 - 6 months from the date of the occurrence of the disability, redundancy or death; or
 - 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 ASX 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.

- **Forfeiture:** If a Plan 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.

Please refer to the Company's notice of annual general meeting announced on 13 October 2017 for a detailed summary of the terms and conditions of the Plan.

ASX Listing Rule 10.14

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

Shareholder approval is required under ASX Listing Rule 10.14 for the issue of Performance Rights to Mr Goyder as he is a Director and therefore a related party of the Company. The Board has considered the application of Chapter 2E of the Corporations Act and has resolved that the reasonable remuneration exception provided by section 211 of the Corporations Act is relevant in the circumstances and accordingly, the Company will not seek approval for the issue of Performance Rights to Mr Goyder pursuant to section 208 of the Corporations Act in addition to the approval now being sought under the ASX Listing Rules.

As Shareholder approval is sought under ASX Listing Rule 10.14, approval under ASX Listing Rule 7.1 is not required, in accordance with ASX Listing Rule 7.2 exception 14.

Information required by ASX Listing Rule 10.15

Listing Rule 10.15 requires the following information to be provided in relation to the Performance Rights which may be issued to Mr Goyder pursuant to the Plan:

- (a) the Performance Rights will be issued under the Plan to Mr Goyder, who is a Director;
- (b) the maximum number of Performance Rights (and hence the maximum number of Shares on vesting of the Performance Rights) which may be issued to Mr Goyder for the period 1 July 2018 to 30 June 2019 is 871,751;
- (c) the price payable on the issue or grant of each Performance Right is nil;
- (d) since the Plan was last re-approved by Shareholders at the Company's 2017 annual general meeting:
 - (i) Mr Goyder (or his nominee) is the only person referred to in ASX Listing Rule 10.14 who has received securities under the Plan;
 - (ii) Mr Goyder (or his nominee) received 1,217,989 Performance Rights; and
 - (iii) the acquisition price for each Performance Right was nil;
- (e) Executive Directors, executives and employees of the Company are entitled to participate in the Plan. Mr Goyder is the only person referred to in ASX Listing Rule 10.14 who is currently entitled to participate in the Plan;
- (f) a voting exclusion statement is included in the Notice;
- (g) no loans will be made by the Company in connection with the issue of Performance Rights to Mr Goyder; and
- (h) the Performance Rights will be issued to Mr Goyder as soon as practicable following the date of the Meeting and in any event no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).

Except as stated above, all other terms and conditions of Mr Goyder's Performance Rights are described in the Plan.

Recommendation

The Non-executive Directors are of the view that the remuneration for Mr Goyder, including the grant of Performance Rights is reasonable having regard to the circumstances of the Company, the duties and responsibilities of Mr Goyder as Executive Chairman and market levels of remuneration for directors of similar companies.

The Directors (excluding Mr Goyder) unanimously recommend that Shareholders vote **in favour** of Resolution 3.

Earlier History of Mr Goyder

Mr Goyder has considerable experience in the resource industry as an Executive and investor. He has been involved in the formation and management of a number of publicly-listed and private companies and is currently Chairman of DevEx Resources Limited and Liontown Resources Limited and is a Director of Strike Energy Limited, all listed on the ASX.

RESOLUTION 4 – RATIFICATION OF SHARE ISSUE

ASX Listing Rule 7.1 prohibits a company from issuing equity securities (which includes ordinary Shares and Options) representing more than 15% of its share capital in any 12 month period without Shareholder approval (subject to certain exceptions). ASX Listing Rule 7.4 allows a company to seek subsequent approval for the issue if the issue did not breach ASX Listing Rule 7.1. The effect of such ratification is that the issue is then deemed to have been one to which Shareholder approval has been obtained thus not counting towards the 15% referred to in this paragraph.

Resolution 4 seeks ratification of the share issue (the “Issue”) of 3,000,000 Shares issued to Monarques Gold Corporation on 10 September 2018 in consideration for the acquisition of the 30% interest in the joint venture property within the East Cadillac Gold Project, Quebec.

Pursuant to ASX Listing Rule 7.5 the following additional information is advised in relation to the Issue:

- 3,000,000 Shares were issued;
- the Shares were issued on 10 September 2018;
- the Shares were issued for a nil issue price;
- the Shares ranked equally from the date of issue with all existing Shares in the Company;
- the Shares were issued to Monarques Gold Corporation which is not a related party of the Company; and
- the Shares were issued as consideration for the remaining 30% interest in the Company’s joint venture property within the East Cadillac Gold Project, Quebec and therefore no funds were raised from the issue.

Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

RESOLUTION 5 - EQUAL CAPITAL REDUCTION

Background

On 1 October 2018, the Company announced that it had determined an updated business strategy focusing on high-impact exploration opportunities in Australia and Canada. As a result, the Board has undertaken a review of its capital needs and determined that its current cash reserves of ~\$34 million exceed its immediate and medium term capital requirements to execute this strategy, providing the justification to return excess capital to Shareholders. The proposed capital reduction and return will be approximately \$10,662,725, or 4 cents per Share.

Over the past years, a significant number of opportunities worldwide have been thoroughly reviewed on technical and commercial grounds, with the limited pool of quality opportunities and high degree of competition for those projects making the task challenging. The combination of a lack of quality opportunities appropriate for the Company’s financial capability and the Company’s current exploration portfolio, has prompted a shift in focus towards priority exploration stage projects. The proposal to return a substantial amount of capital to Shareholders is a decision that has not been taken lightly.

After realising more than \$100 million in net proceeds from asset sales over the last decade, Chalice had been focused on acquiring an advanced mineral asset with the potential for significant growth and near-term cash flow. However, after careful consideration, the Board believes that continued investment in the Company's current exploration portfolio provides a compelling opportunity for Shareholders and, in light of this strategic shift, the acquisition of an advanced resource project is no longer the major focus for the Company.

The proposed capital return marks a significant turning point for Chalice. While the decision to return surplus capital to Shareholders is an acknowledgement of the difficulty in finding suitable quality assets in a highly competitive market place, it also highlights the significant exploration opportunities the Company has within its current portfolio. The Company's track record of exploration success is proof that it can deliver returns to Shareholders by pursuing this approach.

Following completion of the capital reduction and return (if approved by Shareholders), it is estimated that the Company would have net cash reserves of approximately \$24 million and approximately 267 million Shares on issue. These funds are intended to be used to continue exploration activities in both Canada and at the Company's Pyramid Hill Project, Victoria and on future investments or exploration project acquisitions. The preceding sentence is a statement of current intentions at the date of this Notice. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

Additional information for Shareholders

(a) Entitlement to participate

All Shareholders who are registered on the Company's share register as at the Record Date of 4.00pm (WST) on 30 November 2018 will participate in the capital return.

(b) Amount of entitlement

Each Shareholder who participates in the capital return will receive 4 cents cash for each Share held as at the Record Date.

(c) Indicative timetable

The Company has lodged with ASIC a copy of this Notice of Meeting and the Explanatory Statement in accordance with section 256C(5) of the Corporations Act.

If Resolution 5 is passed, the capital return will take effect in accordance with the timetable as follows:

Event	Date
Meeting held and results announced to ASX	27 November 2018
Trading in Shares on an "ex return of capital" basis starts	29 November 2018
Record Date	30 November 2018
Entitlement paid to Shareholders	17 December 2018

Note: This timetable is indicative only and subject to change.

Shareholder approval and regulatory requirements

(a) Regulatory requirements

The capital reduction is an "equal capital reduction" in accordance with section 256B (2) of the Corporations Act as:

- (i) it relates only to ordinary Shares in the capital of the Company;

- (ii) it applies to each holder of ordinary shares in the same proportion to the number of ordinary shares they hold in the Company; and
- (iii) the terms of the reduction are the same for each holder of ordinary shares in the Company.

Under section 256C of the Corporations Act the capital reduction must be approved by an ordinary resolution passed at a general meeting of the Company. Resolution 5 seeks this approval from Shareholders. An ordinary resolution requires a simple majority of votes cast by Shareholders present (in person, by proxy or representative) and entitled to vote on the resolution.

Under section 256B of the Corporations Act, the Company must not effect a reduction of capital unless it:

- (i) is fair and reasonable to the Shareholders as a whole;
- (ii) does not materially prejudice the Company's ability to pay its creditors; and
- (iii) is approved by Shareholders.

(b) Directors' opinion

The Directors believe that:

- (i) The capital return is fair and reasonable to the Shareholders as a whole as the terms of the capital return are the same for each Shareholder and the capital return is on a pro-rata basis.
- (ii) The capital return does not materially prejudice the Company's ability to pay its creditors as the Company will have sufficient cash reserves to pay its creditors after the capital return.
- (iii) The Company will remain solvent following the capital reduction.

The Directors have considered the advantages and disadvantages of the capital return, as follows.

Advantages

The primary advantage in approving the capital return is that it will enable the Company to repatriate capital to its Shareholders, which is in excess of its current requirements.

Disadvantages

A disadvantage of the proposed capital return is that following its implementation the Company will have a reduced capital base from which to operate. However, the Directors are of the opinion that the current capital base is in excess of the Company's current requirements. Also, as set out above, the post capital return net cash reserves of approximately \$24 million is expected to be sufficient to pursue exploration activities in the foreseeable future. Further funds can be raised by share issues/placements and, depending upon any project acquired, debt financing or quasi debt financing are further options.

Effect of the proposed capital return

(a) Effect on the Company

The capital return will be paid entirely from the Company's existing cash reserves. The effect of the capital return is that the Company's cash resources will be reduced by the amount of capital (cash) returned (paid) to Shareholders (approximately \$10.6 million), while at the same time the paid up capital will decrease by the corresponding amount.

To illustrate the effect of the Return of Capital on the Company's financial position, the unaudited pro-forma balance sheet of the Company (on a post-Return of Capital basis) is set out in Appendix 1.

(b) Effect on Shareholders

The effect of the capital return is that Shareholders will receive 4 cents for each fully paid ordinary share held on the Record Date. The capital return will have no effect on the number of shares held by Shareholders, the paid or unpaid amount in relation to shares held by Shareholders or on their proportionate interests in the share capital of the Company.

(c) Effect on creditors

The Company will have sufficient cash reserves to pay its creditors after the capital return (see the Directors' opinion above).

(d) Effect on Options

The Company currently has on issue 5,500,000 unlisted Options to acquire Shares in the Company with varying exercise prices and exercise dates.

In accordance with the rules of the Company's Employee Share Option Plan and the ASX Listing Rules, the number of Options on issue will remain the same following the capital return. However, the exercise price of each option will be reduced by the same amount paid in respect of each share under the capital reduction – meaning that the exercise price for each Option on issue will be reduced by 4 cents. The Company will separately advise option-holders of this fact.

(e) Effect on Performance Rights

The Company currently has on issue 13,453,138 Performance Rights that when vested will entitle the holder to acquire shares in the Company. The Performance Rights are subject to varying vesting conditions.

In accordance with the rules of the Company's Employee Long Term Incentive Plan (under which the Performance Rights are issued) and the ASX Listing Rules, the number of shares to which the Performance Rights relates will be adjusted to take into account the effect of the capital return. This will ensure that the holders of Performance Rights will not be disadvantaged as a result of the capital return (but will not receive a benefit that Shareholders do not receive).

The Board has proposed that the Shares to be issued upon conversion of Performance Rights will be adjusted on the following basis:

Adjusted number of Shares upon conversion of Performance Rights after the Capital Reduction = $(C \times A)/(A-B)$

A = the 5 day Volume Weighted Average Share Price of the Company prior to the Record Date for the Capital Reduction

B = the amount of the Capital Reduction in cents per share (being 4 cents)

C = the number of Performance Rights held on the Record Date of the Capital Reduction

(f) Effect on capital structure

The capital return will have no effect on the total number of Shares on issue. Following the capital return the Company will continue to have an issued share capital of 266,568,134 fully paid ordinary shares. As set out above, the number of Options will remain the same and the number of Performance Rights will be increased as outlined in 2(e) above.

Taxation Implications for Shareholders

Chalice has submitted a Class Ruling request on behalf of Shareholders to the Australian Taxation Office ("ATO"), to confirm the tax treatment of the proposed return of capital. Details of the tax treatment of the distribution will be released to Shareholders once the Class Ruling has been issued by the ATO.

This section is general in nature and, particular taxation implications will depend on the circumstances of each Shareholder. Accordingly, Shareholders are encouraged to seek their own professional advice in relation to their tax position. Neither Chalice nor any of its officers, employees or advisers assumes any liability or responsibility for advising Shareholders about the tax consequences for them from the proposed capital return.

Directors' interests and recommendations

All of the Directors of the Company hold Shares and accordingly they will be taking part in the capital return. No Director will receive any payment or benefit of any kind as a consequence of the capital reduction, other than as a Shareholder.

The table below sets out the interests of the Directors (held directly or indirectly) in the Company as at the date of this Notice of Meeting:

Director	Number of ordinary shares held	Number of Performance Rights Held	Number of Unlisted Options held
Tim Goyder	45,975,209	2,418,727	-
Morgan Ball	30,000	-	500,000
Stephen Quin	26,321	-	500,000

Each of the Directors intends to vote in favour of Resolution 5.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

APPENDIX 1

	Consolidated 31 August 2018 ¹ A\$'000	Effect of Capital Reduction and Return ² A\$'000	Consolidated 31 August 2018 A\$'000
Current assets			
Cash and cash equivalents	34,722	(10,663)	24,059
Trade and other receivables	725	-	725
Financial assets	2,051	-	2,051
Income tax receivable	2,587	-	2,587
Total current assets	40,085	(10,663)	29,422
Non-current assets			
Financial assets	401	-	401
Investment in associate	435	-	435
Property, plant and equipment	396	-	396
Total non-current assets	1,232	-	1,232
Total assets	41,317	(10,663)	30,654
Current liabilities			
Trade and other payables	591	-	591
Employee benefits	197	-	197
Income tax payable	259	-	259
Total current liabilities	1,047	-	1,047
Non-current liabilities			
Provisions	42	-	42
Total non-current liabilities	42	-	42
Total liabilities	1,089	-	1,089
Net assets	40,228	(10,663)	29,565
Equity			
Issued capital	40,073	10,663	29,410
Retained Earnings	73	-	73
Reserves	82	-	82
Total Equity	40,228	10,663	29,565

Notes to the pro-forma Statement of Financial Position at 31 August 2018:

1. The balance sheet at 31 August 2018 is unaudited;
2. The pro-forma adjustment represents a capital return of 4 cents per share on issued capital of 266,568,134 ordinary shares; and
3. The pro-forma balance sheet has been prepared based on the significant accounting policies disclosed in the annual financial report of Chalice for the year ended 30 June 2018.

GLOSSARY

The following is a glossary of terms and abbreviations used frequently throughout this Explanatory Statement and in the Notice of Meeting and which such meanings shall apply unless the context requires otherwise. Additional terms used only occasionally are defined where used in their first instance in the body of this Explanatory Statement.

“Annual Report” means the Financial Report, the Directors' Report and the Auditor's Report, in respect to the year ended 30 June 2018.

“ASIC” means the Australian Securities and Investments Commission

“ASX” means ASX Limited or the Australian Securities Exchange, as appropriate.

“ASX Listing Rules” means the Listing Rules of ASX.

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

“Board of Directors” or **“Board”** means the board of Directors.

“Chairman” means the Chair appointed for the Annual General Meeting.

“Chalice” or **“Company”** means Chalice Gold Mines Limited (ABN 47 116 648 956).

“Chief Executive Officer” means the Chief Executive Officer of Chalice.

“Closely Related Party” has the meaning given in section 9 of the Corporations Act, and includes a spouse or child of the member.

“Constitution” means the constitution of the Company.

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

“Director” means a Director of the Company.

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

“Explanatory Statement” means this explanatory statement.

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

“IRR” means internal rate of return.

“Key Management Personnel” means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

“Managing Director” means the Managing Director of Chalice.

“Meeting” or **“Annual General Meeting”** means the meeting of Shareholders called by the Notice of Meeting.

“Notice” or **“Notice of Meeting”** means this notice of meeting including the Explanatory Statement.

“Office” means Level 2, 1292 Hay Street, West Perth, WA 6005, Australia.

“Option” means an option to acquire a Share.

“Performance Right” means a right granted under the Plan to acquire a Share on the terms set out in the Plan subject to the satisfaction of certain performance conditions.

“Plan” means the Company's Employee Long Term Incentive Plan.

“Proxy Form” means the proxy form enclosed with the Notice of Meeting.

“Remuneration Committee” means the remuneration committee of the Company.

“Remuneration Report” means the remuneration report of the Company for the financial year ended 30 June 2018 (unless otherwise stated) as set out in the Directors' Report contained in the 2018 Annual Report to Shareholders.

“Resolution” means a resolution to be considered by the Shareholders at the Meeting.

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

“Shareholder” means a holder of a Share.

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

“TSX” means the Toronto Stock Exchange.

“VWAP” means volume weighted average share price.

“WST” means Western Standard Time.



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ABN 47 116 648 956

CHN

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

Lodge your vote:



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www.investorvote.com.au



By Mail:

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GPO Box 242 Melbourne
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Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

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For all enquiries call:

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

Proxy Form

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Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I999999999

PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 11:30am (WST) Sunday, 25 November 2018

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

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

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

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



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Chalice Gold Mines Limited hereby appoint

☐ the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Chalice Gold Mines Limited to be held at Cassia Room, Level 1 Function Floor, The Westin Perth, 480 Hay Street, Perth, Western Australia on Tuesday, 27 November 2018 at 11:30am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 3 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 3 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 3 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

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

		For	Against	Abstain
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Mr Tim Goyder as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Performance Rights to Mr Tim Goyder	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of Share Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Equal Capital Reduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name	Contact Daytime Telephone	Date
<input type="text"/>	<input type="text"/>	<input type="text"/>