



REGISTERED OFFICE  
Level 2/1292 Hay Street  
West Perth, Western Australia 6005

GPO Box 2890  
Perth, Western Australia 6001

T: +618 9322 3960  
F: +618 9322 5800

E: [info@chalicegold.com](mailto:info@chalicegold.com)  
W: [www.chalicegold.com](http://www.chalicegold.com)

25 June 2015

Australian Securities Exchange Limited  
Level 40 Central Park  
152-158 St Georges Terrace  
PERTH WA 6000

Dear Sir

**Proposed issue of performance rights**

Chalice Gold Mines Limited (ASX: CHN, TSX: CXN) advises that the Board has resolved to issue a total of 5,448,380 performance rights to directors and executives of the Company under the terms of the Chalice Long term Incentive Plan.

The issue of all performance rights to directors, as set out below, is subject to shareholder approval at the Company's 2015 AGM. 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 with the final quantum to be determined on the measurement date of 30 June 2017.

Please refer to the **Annexure A** for details of the proposed performance/vesting conditions.

The Company provides the following information in relation to the proposed issue:

Class	Unlisted Performance Rights
<b>Number proposed to be issued to Directors (subject to shareholder approval)</b>	1,664,707
<b>Number proposed to be issued to executives and staff</b>	3,783,673
<b>Principle terms</b>	The unlisted performance rights will be issued under the terms of the Company's Long term Incentive Plan with vesting conditions to be based on share price, achieving key business objectives and service periods ( <b>see Annexure A</b> )
<b>Issue price</b>	Nil

Yours faithfully

Leanne Stevens  
Company Secretary

## ANNEXURE A – PERFORMANCE RIGHTS PROPOSED VESTING CONDITIONS

The performance rights shown above will not vest (and the underlying shares will not be issued) unless the performance conditions set by the Board (as outlined below) have been satisfied. For the proposed 2015/2016 annual grant of performance rights, a maximum of 50% is to be based on achieving share price hurdles and the remaining 50% is to be based on achieving key business objectives.

In addition to the measurement period of 1 July 2015 to 30 June 2017, a 12 month service period must also be completed by each person, meaning that performance rights will not vest or convert into shares until 30 June 2018 at the earliest.

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	<p><b>Undertake a significant acquisition:</b> acquire one or more assets in addition to the Cameron Gold Project with potential to generate an IRR of at least 20% using consensus commodity prices and board approved cost assumptions.</p> <p><b>AND/OR</b></p> <hr/> <p><b>Value generation at existing assets through:</b></p> <ul style="list-style-type: none"> <li>• Making a significant new discovery which shows the potential to be economic based on consensus commodity prices and board approved cost assumptions; or</li> <li>• substantially increasing the Company's resource base; or</li> <li>• 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</li> <li>• the sale of an asset(s) at a significant profit.</li> </ul> <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%
Share price objectives	Below 15 cents	0%
If the 30 Day VWAP as at the measurement date is:	15 cents	16.5%
	Between 15 cents and 30 cents	Pro rata between 16.5% and 50%
	Above 30 cents	50%