



CHALICE GOLD MINES LIMITED

ANNUAL INFORMATION FORM

September 28, 2017

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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	2.204662
t	1,000	2,204.62

Definitions

“2016 AGM”	The Annual General Meeting of Chalice held on November 21, 2016.
“A\$”	Australian dollar.
“AIF”	this Annual Information Form dated September 28, 2017.
“AM”	the morning of a day.
“Ardeen Project”	Located in Ontario, Canada and was acquired by the Chalice Gold Mines Limited on February 4, 2014. The Ardeen Project was sold to Kesselrun Resources Limited in July 2016 in consideration for 2,040,000 common shares in Kesselrun.
“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.
“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.
“Cameron Gold Project”	An advanced gold exploration project located in the southern part of western Ontario, approximately 80 km south-east of the

	town of Kenora that was acquired by Chalice Gold Mines on 4 February 2014 and was sold on June 10, 2016 to First Mining Finance Corp.
“Cameron Gold Deposit”	The Cameron Gold Deposit is located within the Cameron Gold Project and is located within one mining lease that covers an area of approximately 979 hectares.
“Cameron Technical Report”	The technical report dated December 22, 2015 relating to the Cameron Gold Project.
“Chalice Annual Financial Report”	the Company’s annual financial report for the year ended June 30, 2017.
“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.
“Consideration Shares”	the 32,260,836 common shares in First Mining received by the Company as consideration for the sale of the Cameron Gold Project.
“Constitution”	the constitution of Chalice.
“Corporations Act”	<i>Corporations Act 2001 (Australia)</i> , as amended.
“Croteau Est”	A project that is located near Chibougamau in Quebec, Canada owned by Northern Superior.
“Dogpaw Gold Deposit”	Located within the Cameron Gold Project and comprised of a total area of 16.5 km ² .
“Doray Minerals Limited”	Doray Minerals Limited (ASX: DRM).
“Dubenski Gold Deposit”	Two contiguous mining leases covering 377 ha within the Cameron Gold Project.
“East Cadillac Technical Report”	The independently prepared technical report entitled “Technical Report and Minerals Resource Estimate: East Cadillac Gold Project, Val-d’Or, Quebec” dated February 12, 2017 and prepared by John Langton and Abderrazak Ladidi.
“Eligible Persons”	persons eligible to participate in the Option Plan.
“First Mining”	First Mining Finance Corp. (TSX: FF)
“Gnaweeda Gold Project”	a project in Australia that is not considered material to the Company.

“Globex”	Globex Mining Enterprises Inc.
“GeoCrystal”	GeoCrystal Limited.
“Kinebik Project”	a contiguous block of 356 claims totalling 18,730 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)
“KMP”	Key management personnel
“Latitude Hill Project”	A project located in the west Musgrave Province of Western Australia, covering an area of 1,007 km ² and owned by Traka Resources Limited. The project consists of five tenements.
“LTIP”	an employee long term incentive plan approved by Shareholders at the 2014 AGM.
“Meteoric Resources NL”	Meteoric Resources NL (ASX: MEI)
“Mogoraib North”	an exploration license comprising approximately 548 km ² in Eritrea.
“MHJV”	the Mogoraib North and Hurum joint venture that was owned 60 percent by Chalice and 40 per cent by ENAMCO (including a 10 per cent free carried interest).
“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”	a sum of : <ul style="list-style-type: none"> (a) gross proceeds of sale from the sale of mineral produced and/or stockpiled upon the surface; and (b) the allowable deductions incurred in production of minerals from which the gross proceeds of sale were derived.

“NI 43-101”	National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i> of the Canadian Securities Administrators
“NI 71-102”	National Instrument 71-102 – <i>Continuous Disclosure and Other Exemptions Relating to Foreign Issuers</i> of the Canadian Securities Administrators
“Northern Superior”	Northern Superior Resources Inc. (TSX-V: SUP).
“Option Plan”	an employee and consultant stock option plan approved by Shareholders on November 28, 2013.
“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.
“Rainy River Project”	An exploration project located in the western-most part of northern Ontario, immediately north of Canada’s border with the United States and was acquired by Chalice Gold Mines on February 4, 2014. The Rainy River Project was subsequently sold in July 2016.
“Red Hill”	Red Hill Iron Limited.
“Richmont Mines”	Richmont Mines Inc
“SEDAR”	Canada’s System for Electronic Documents Analysis and Retrieval maintained by the Canadian Securities Administrators.
“SFECO”	China SFECO Group, a subsidiary of Shanghai Construction Group Co. Ltd.
“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.
“Traka”	Traka Resources Limited.
“TSX”	Toronto Stock Exchange.
“TSX-V”	TSX Venture Exchange.
“Unmarketable parcels”	Those shares with a market value of less than A\$500.
“Uranium Equities”	Uranium Equities Limited.
“US\$”	United States or US 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. The Warrego North project comprises an area covering 74.53 km ² .
“Webb Diamond project”	a diamond exploration project located in Western Australia, owned 78% by GeoCrystal Limited
“West Pilbara Gold project”	A project located in Western Australia, comprising of 12 tenements, covering an area of 1,390 km ² and owned by Red Hill Iron Limited.
“Zara Mining SC”	Zara Mining Share Company, a company incorporated in Eritrea and which was owned 60 per cent by Chalice and 40 per cent by ENAMCO
“Zara Project”	a project consists of six contiguous granted licenses granted to Zara Mining SC covering an area totalling 575 km ² situated in northern Eritrea, approximately 160 km northwest of Eritrea’s capital, Asmara and was owned 60 per cent by Chalice and 40 per cent by ENAMCO.

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, 2017. Where material changes have occurred subsequent to June 30, 2017 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 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 estimation of mineral reserve and mineral resources at the East Cadillac Gold Project, the realization of mineral reserve estimates; the likelihood of exploration success including results of future geophysical surveys, drilling at the East Cadillac Gold Project, the Latitude Hill Project, the Warrego North Project and the West Pilbara Project and other exploration activities; the timing and costs of future exploration activities on the Company’s exploration projects; the potential to define future mineral resources and, if successful at any of the Company’s exploration projects, the potential viability of any mineral resource so defined; planned expenditures and budgets and the execution thereof; the timing and availability of drill results; potential sites for additional drilling, the future share price performance of First Mining Finance Corp and Ausgold Limited, that general business and economic conditions will not change in a materially adverse manner; 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, or 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 exploration activities; changes in exploration programs based upon 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; 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. 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.

<u>Calendar Year Ended</u>	<u>C\$ per A\$¹</u>			
	<u>High</u>	<u>Low</u>	<u>Average Rate</u>	<u>End Rate</u>
June 30, 2017	1.0331	0.9648	1.0000	0.9974
June 30, 2016	1.0112	0.9180	0.9654	0.9670
June 30, 2015	1.0204	0.9420	0.9770	0.9458

On September 26, 2017, the exchange rate provided by the Bank of Canada was C\$0.9754 = A\$1.00.

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

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.

<u>Calendar Year Ended</u>	<u>C\$ per US\$²</u>			
	<u>High</u>	<u>Low</u>	<u>Average Rate</u>	<u>End Rate</u>
June 30, 2017	1.3743	1.2775	1.3268	1.2991
June 30, 2016	1.4589	1.2544	1.3261	1.3009
June 30, 2015	1.2783	1.064	1.1723	1.2354

On September 26, 2016, the noon rate provided by the Bank of Canada was C\$1.2370 = 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 Project, is based on technical report entitled "Technical report & Mineral Resource Estimate: East Cadillac Gold Project, Val-d'Or, Quebec" dated February 12, 2017 and prepared by John Langton and Abderrazak Ladidi 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 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 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 and the CIM Definition Standards.

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 Gold Project Technical Report.

The information in this report that relates to exploration results other than that drawn from the technical reports disclosed above 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 National Instrument 43-101 – 'Standards of Disclosure for Mineral Projects'. The Qualified Person has verified the data disclosed in this AIF, including sampling, analytical and test data underlying the information contained in this AIF.

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

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*, Chalice will be a “designated foreign issuer” (“**NI 71-102**”) (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.

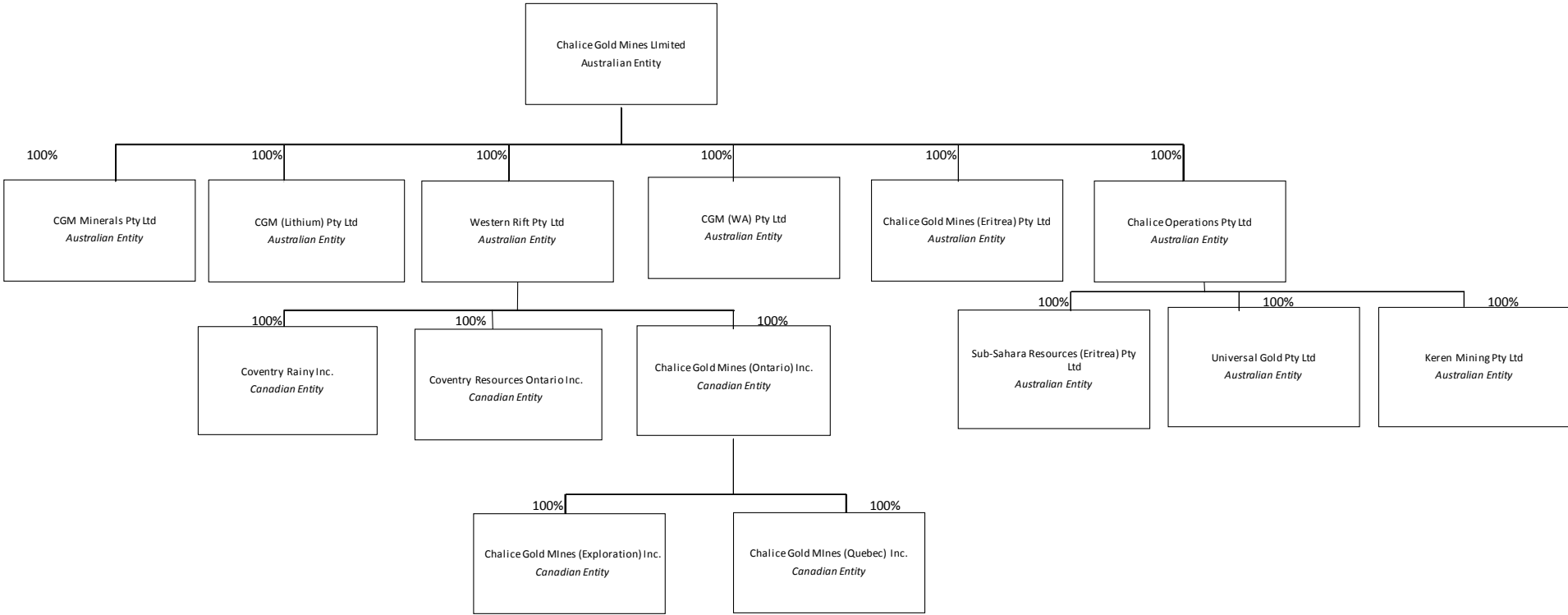
CORPORATE STRUCTURE

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 and on November 26, 2010 it was listed on the TSX.

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



BUSINESS OF THE COMPANY

Overview

Based in Perth, Western Australia, Chalice is an exploration company focused on the exploration of its existing mineral interests, and on the assessment of resource projects for potential acquisition.

Chalice's vision is to grow a multi-asset resource company by exploring and developing high quality mineral resource assets. To deliver this vision the Company is pursuing the following business strategy:

- Securing a strategic exploration footprint across prolific gold and base metal mineral belts, preferably in lower risk jurisdictions.
- Adopting a mid-tier scale global exploration effort seeking to avoid where possible dilution to shareholders of the Company or project level.
- Targeting acquisition of advanced mineral resource project, or where Chalice's strong balance sheet may provide a funding solution to the development of the asset(s).

Chalice's exploration strategy has focused on acquiring exposure to projects, either through direct ownership or joint venture, hosted in terrains with attractive metal endowment that also have geological features consistent with hosting Tier 1 deposits. During 2016 and 2017, Chalice entered into a number of option, earn-in and joint venture agreements including the East Cadillac Gold Project in the strongly endowed Abitibi gold district in Quebec, Canada; the Warrego North Iron Oxide Copper Gold project in the Tennant Creek gold ± copper mineral field of the Northern Territory, the Latitude Hill nickel project and the gold and base metals districts of the West Pilbara in Western Australia.

Looking forward, the Board has approved a substantial A\$7.5 million budget, including >22,000m drilling, planned on five high-potential gold and base metals projects across five projects in Canada and Australia for the financial year 2018.

Chalice will continue to review opportunities to secure prospective land holdings in favourable geological settings.

RECENT DEVELOPMENTS

Significant changes since fiscal year ended June 30, 2017

On July 27, 2017, the Board resolved to issue a total of 4,929,291 performance rights to directors (subject to shareholder approval), executives and employees under the terms and conditions of the Company's long term incentive plan.

Three Year History

Fiscal Year Ended June 30, 2017

In June 2017, Chalice subscribed to 40 million fully paid ordinary shares in ASX listed Ausgold Limited (ASX: AUD) ("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 (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.

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 Gold Project Technical report on March 6, 2017.

In November 2016, the Company entered into a binding option agreement and farm-in terms sheet with TSX listed Richmond Mines to acquire a 70% interest in the Chimo Gold Project. Under the terms of the agreement (refer to below project overview for further details) 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 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 (refer project overview below for further details).

In September 2016, the Company and ASX listed Traka Resources Limited 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. Refer to project overview below for further details.

In September 2016, the Company and ASX listed Red Hill Iron 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 July 2016, the Company commenced a discretionary on-market share buy-back. Total shares acquired under the share buy-back was 21,500,508 ordinary shares for a total cost of A\$3.8 million. The share buy-back was completed in July 2017.

Fiscal Year Ended June 30, 2016

In June 2016, Chalice entered into a farm-in agreement with Meteoric Resources NL owner of the Warrego North copper-gold project. The farm-in agreement gives Chalice the right to earn up to a 70% interest by sole funding A\$800,000 in exploration expenditures. Chalice may earn an initial 51% by sole funding A\$400,000. Chalice is required to drill at least one diamond drill hole of at least 300m within 12 months before it can withdraw.

During June 2016, the Company staked a contiguous block of 303 claims totalling 16,930 ha and extending over a 30km strike length of the Casa Berardi fault in the northern Abitibi terrane located in Quebec, Canada.

On June 28, 2016, the Company entered into an agreement to sell its 51% interest in the Ardeen Gold Project to Kesselrun Resources Limited. In consideration, Kesselrun Resources Limited agreed to issue the Company 2,040,000 common shares. In addition, Chalice has also been granted NSR royalties over certain mining claims ranging between 0.12% and 1% subject to certain buy-back clauses. The shares issued by Kesselrun Resources Limited are subject to a statutory hold period of four months plus further provision restricting the sale of shares to not more than approximately one tenth of the initial total per month over the following ten months except where the sale is in a single block to a purchaser acceptable to Kesselrun Resources Limited. The sale completed in July 2016.

The Company appointed experienced Australian mining executive Mr. Morgan Ball as a non-executive director of the Company on June 24, 2016. Mr. Ball, who is a Chartered Accountant with more than 25 years of Australian and international experience in the resources, logistics and finance industries was most recently the Managing Director and prior to that, Finance Director of ASX listed BC Iron Limited. He is currently Chief Financial Officer of Saracen Resources Limited.

On June 16, 2016, the Company announced an on-market share buy-back facility of up to 28,271,080 ordinary shares as part of a capital management plan over the next 12 months.

The sale of the Cameron Gold Project to First Mining Finance Corp ("First Mining") for consideration of 32,260,836 common shares of First Mining (the "Consideration Shares") was completed on June 10, 2016. In

addition to common shares in First Mining, Chalice retained a 1% NSR royalty over certain exploration licences within the Cameron Gold Project which are not encumbered by pre-existing royalties.

The Consideration Shares are subject to a statutory resale restriction in Canada until October 2016. In addition, Chalice agreed to restrict the sale of the Consideration Shares to not more than approximately one eighth of the total shares per month over the eight months following ending of the escrow period unless the sale is in a single block to a purchaser acceptable to First Mining.

On April 19, 2016, the Company entered into an agreement with Doray Minerals Limited to sell the Company's 12% interest, and associated rights, in the Gnaweeda Project for 400,000 ordinary shares in Doray Minerals Limited. The sale was completed in July 2016.

In January 2016, the Company received deferred consideration of US\$2 million from SFECO following first gold pour from the Zara Project. The US\$2 million represented the final tranche for the sale of Chalice's interest in the Zara Project.

Following a strategic review of the Company's exploration assets, in December 2015, Chalice withdrew from the farm-in joint venture with Northern Superior without earning an interest in the Croteau Est. project. Pursuant to the joint venture agreement, the Company met its minimum commitment to spend C\$500,000.

In November 2015, the Company updated the mineral resource estimate for the Cameron Gold Project, which was based on an extensive re-logging program of 771 existing diamond drill holes, assay results from approximately 30,000 new samples were collected from existing core, and the construction of a new geological model. The Cameron Technical Report was lodged on December 22, 2015 and, as noted above, the Cameron Gold Project was sold to First Mining in June 2016.

Fiscal Year Ended June 30, 2015

On April 22, 2015, Chalice signed a joint venture agreement with Northern Superior, giving Chalice the right to earn a 65% interest in the Croteau Est property in Quebec. Under the agreement, Chalice can earn a 65% interest in the property by spending C\$4 million on exploration over three years, with a minimum exploration commitment of C\$500,000 in the first 12 months. Upon earning a 65% interest, the joint venture becomes a contributing joint venture which is subject to a standard dilution calculation.

During the fiscal year, under the Company's on-market share buy-back facility, the Company acquired 3,000,000 shares at an average price of A\$0.10 per share for a total of approximately A\$300,000, taking the number of shares acquired since inception of the facility to a total of 13,036,591 shares. The share buy-back facility ceased in March 2015.

On March 10, 2015, Chalice exercised its right to buy-back two thirds or 2% of the existing 3% Net Smelter Return Royalty relating to the Cameron Gold Project, for C\$2 million.

In January 2015, due to sub-economic drilling results at Mogoraib North Chalice exited the MHJV in Eritrea.

On October 13, 2014, the board and senior management team was restructured, whereby William Bent stepped down as Managing Director and Tim Goyder was appointed as Managing Director and CEO (previously held the position of Executive Chairman). Anthony Kiernan replaced Mr. Goyder as Chairman of the Company and Douglas Jones stepped down from the Board as an Executive Director.

In October 2014, Chalice commenced buy-back of ordinary shares from holders of unmarketable parcels, which was completed in December 2014. 1,780,917 ordinary shares were acquired and cancelled at a price of A\$0.115 per share. At time of completion, the buy-back resulted in the number of shareholders being reduced from 3,740 to 1,976.

On July 28, 2014, Chalice filed an updated 43-101 Technical Report on the Cameron Gold Project in Canada. The report was prepared in accordance with NI 43-101 and the revised mineral resource estimate updated and

replaced the previously reported mineral resources announced by the previous project owners Coventry Resources Inc. for the Cameron, Dubenski and Dogpaw gold deposit.

OVERVIEW OF PROJECTS

EAST CADILLAC GOLD PROJECT, QUEBEC (“ECG”)

The below information provides a summary of information that can be found in the independently prepared East Cadillac Technical Report. This report has been prepared in accordance with NI 43-101 and has been filed on SEDAR.

Project description, location and access

In October 2016, Chalice signed an option agreement with Globex to acquire its interest in the 1,454 hectare Nordeau Project consisting of 37 claims owned 100% by Globex and 17 claims in which Globex held a 60% interest. On November 2016, Chalice entered into a further option agreement to acquire a 70% interest in 73 claims comprising the Chimo Gold Project from Richmond. The Chimo gold claims, which are contiguous with the Nordeau Project claims, cover 2,593 hectares. To further consolidate the Company's land position, Chalice staked additional claims in the immediate vicinity of the Nordeau and Chimo project claims.

Chalice's land holdings, herein, now referred to as the East Cadillac Gold Project are in western Quebec, covering parts of Vauquelin, Villebon, Pershing and Denain townships, some 50kms east-southeast of the City of Val-d'Or, and comprise a significant contiguous land position along the easternmost part of the Larder, Lake-Cadillac fault zone, a prolific regional structural break that hosts numerous historic and active gold mines.

The property is accessible from paved Highway 117, the main route between Val-d'Or and Mont-Laurier, Quebec. There is sufficient space, and access to surface rights, for exploration work and for any eventual mining operations, tailings storage, waste disposal, and processing plants.

The ECG Project includes two option and earn in arrangements and 100% Chalice owned claims. Chalice can earn a 70% interest in the Chimo Property by making total option payments of C\$200,000 to Richmond Mines and funding exploration expenditures of C\$3.1 million over a period of four years. Upon meeting these requirements and exercising the option, Chalice shall then grant a 1% NSR royalty to Richmond on claims with no pre-existing royalties. Chalice has the right to withdraw without earning an interest at any time.

Chalice may acquire a 100% interest (except in certain claims where Globex has a 60% interest) in the Nordeau Property by making annual option payments totalling C\$590,000 over four years to Globex and undertaking exploration expenditures of C\$2.5 million, also over a four-year period. Upon exercising the option Chalice, will grant a 3% gross metal royalty to Globex (there are currently no existing royalties in relation to the property and no government royalties). Chalice has the right to withdraw without earning an interest at any time.

All claims comprising the property are currently in good standing.

History

The East Cadillac Gold Project and surrounding area has been the subject of exploration activities since the mid-1940's when gold bearing lenses were found on the nearby Chimo property. Numerous new gold-bearing structures were discovered during the 1950's and 1960's, by companies investigating the potential for iron ore in the sedimentary iron formations. A detailed listing of type and amount of exploration and development completed on the property can be found in the East Cadillac Technical Report.

Geological Setting, Mineralization and Deposit Types

The ECG Project is located a few kilometres northwest of the Grenville tectonic front, in the south-eastern part of the prolific Archean Abitibi Greenstone Belt of the Superior Orogenic Province. The volcano-sedimentary units

underlying the area around the ECG Project occupy the south limb of a regional the east-west trending antiform; the LaMotte-Vassan Anticline (Imreh, 1984).

Geological units in the Val-d'Or area are subdivided into two lithostratigraphic assemblages: the Abitibi Supergroup and the Pontiac Supergroup to the south. The Abitibi Supergroup comprises, from oldest to youngest, volcanic rocks of the Kinojevis Group, sedimentary rocks of the Garden Island Group, and mainly volcanic rocks of the Malartic Group. The Pontiac Supergroup consists of the volcano-sedimentary Trivio Group, ultramafic and mafic volcanic Villebon Group and the sedimentary Pontiac Group.

Most of the ECG Project is underlain by rocks of the Trivio Structural Complex, a kilometres-wide deformation corridor interpreted as the eastern extension of the Cadillac Tectonic Zone. The sedimentary rocks of the Trivio Group that underlie the Property range from 200 to 800 m in the apparent thickness, and comprise a rhythmic sequence of proximal turbidites.

Gold mineralization in the area from Rouyn to Val d'Or has a strong affinity for areas near the Cadillac Fault or subsidiary structures. This is evident at the Chimo Mine and the Nordeau west deposit where gold occurs with quartz and arsenopyrite in longitudinal shear zones in metamorphosed volcanic rocks and in bands of semi-massive arsenopyrite and pyrrhotite associated with banded magnetite iron formation (Sauve et al., 1987).

Gold mineralization on the ECG Project is categorised into two types of epigenetic gold occurrences: (1) gold mineralization in silicified lodes with disseminated to semi-massive sulphides spatially related to sedimentary banded iron formations and (2) structurally controlled gold mineralization in altered and sheared zones with quartz or quartz and carbonated veins parallel to the schistosity and shear zones. Both types of mineralization occur as free gold associated with sulphide minerals ranging from 1% to 5% when in quartz veins to as much as 20% to 50% when in association with magnetite iron formations.

Further detail on the geological setting, mineralization and deposit types can be found in the East Cadillac Technical Report.

Exploration and Drilling Activities

The Company has conducted a detailed airborne aeromagnetic survey, a soil Mobile Metal Ion ("MMI") and rock-chip sampling/spectral sampling program (on a 400m x 400m and 200m x 200m grid) and a LIDAR (Light Detection and Ranging) survey over the entire ECG project to assist in understanding the broad controls on gold mineralization and identifying favourable lithological and/or structural targets.

In addition, as a result of limited historical IP survey data, a substantial Dipole-Dipole Induced Polarization ("IP") has commenced across the 16km strike length of the Larder Lake-Cadillac fault to further assist in defining drill targets for the upcoming 2017–2018 drilling campaign.

The Company also completed a four hole diamond drill hole program for 1,005m at the Nordeau West target to test for a continuation of the mineralised structures hosting the Nordeau West gold deposit and the historical Chimo gold deposit. High-grade gold was intersected within broad zones of low-grade gold in the key 5N and 5M structures showing that these two trends have a pronounced gold endowment.

Future Exploration Program

The Company has a 7,700m diamond drill program in H2 2017 to test multiple targets, including extensions of the existing high-grade gold mineral resource at Nordeau West and along the prospective Larder-Lake Cadillac Fault corridor controlled by Chalice.

Sample Preparation, Analyses and Data Verification

Form information regarding the sample preparation, analysis and data verification procedures, please refer to the East Cadillac Technical Report in Sections 11 and 12.

Mineral Processing and Metallurgical Testing

Other than testing for magnetic concentration of iron rich material from the iron formations in the 1960's, there was no report of mineral processing or mineralogical examination performed on gold samples from the ECG Property. It can be reasonably assumed, however, that any mineralized material extracted from the Property would react similarly to the ore that was treated successfully for nearly 15 years at the nearby former Chimo Mine mill.

Mineral Resource Estimates - Nordeau West

In March 2017, the Company updated the mineral resource estimate for the Nordeau West Deposit and filed the East Cadillac Technical Report.

The ECG Project includes indicated mineral resources of **225,000t @ 4.17g/t gold for 30,200oz gold and an inferred mineral resource of 1,112,000t @ 4.09g/t gold for 146,300oz gold** at the Nordeau gold deposit.

The mineral resource estimate is summarised below:

Table 1. Nordeau West mineral resource estimates

JORC Category	Cut-Off (g/t Au)	Tonnes (t)	Grade (g/t Au)	Contained Gold (oz Au)
Indicated	2.75	225,000	4.17	30,200
Inferred	2.75	1,112,000	4.09	146,300

- 1. Mineral resources are not mineral reserves and do not have demonstrated economic viability. These mineral resource estimates include inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorised as mineral reserves. There is also no certainty that these Inferred mineral resources will be converted to the Measured and Indicated categories through further drilling, or into mineral reserves, once economic considerations are applied. All figures are rounded to reflect the relative accuracy of the estimate and therefore numbers may not appear to add precisely.*
- 2. The independent mineral resource estimates for the Nordeau West deposit was prepared by MRB & Associates, ("MRB") of Val d'Or, Quebec and is reported and classified in accordance with National Instrument NI 43-101.*
- 3. The mineral resources in this news release were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.*

Key assumptions, parameters, and methods used to estimate the mineral resource

Assumptions

A gold price of US\$1,250/oz and a corresponding exchange rate of CDN\$/US\$ of 1.1 was utilized in the Au cut-off grade calculations of 2.75 g/t for a potentially economic underground mining operation. A mining cost of \$115/t and process cost of \$30/t was used to constrain the resource estimate. No considerations were made for mining dilution, process recovery, smelter payable, or gold refining.

Geological Interpretation

The Nordeau West deposit is a structurally-controlled gold deposit located in Larder Lake-Cadillac fault, a first-order structural zone which hosts in excess of 100 million oz Au in the Archaean Abitibi sub-Province of the Superior Craton. The Nordeau West deposit occurs as a series of two main mineralised domains comprising quartz vein/shear-hosted deposit localized within predominantly mafic volcanic/intrusive rock-types (Piche Volcanics) near the contact with iron formation sediments. Gold mineralization occurs in association with quartz

and quartz-carbonate veins parallel to the schistosity and carbonate-sericite-sulphide alteration in ductile shear zones.

Sampling Techniques

Drill holes are mostly orientated sub-perpendicular to the interpreted strike of the deposit. Diamond drill core was either cut by core saw or mechanical splitter. Drill core completed since 2006 was cut by core saw core saw with half submitted for assay and the remaining half core preserved in core trays. Samples are mostly 1m in length and sampled to contain geologically consistent intervals.

Drill Techniques

Drill holes were collared with mud-rotary to start of bedrock which is usually 10-20m down-hole from surface. Drilling techniques used at Nordeau West were either NQ diameter or smaller diamond drill coring.

Sample Preparation and Analyses

In the more recent drilling programs, from 2004 onwards, that comprise 25 of 121 drillholes used in the mineral resource estimation gold, was assayed by fire assay/atomic absorption (AAS) and samples with visible gold by metallic screen/fire assay/AAS techniques. Details of sample preparation and analyses have not been recorded in historic work reports for drilling completed pre-2006.

Validation and Classification

The resultant gold block model was validated by visually comparing the estimated block grades with the capped-composite grades in cross section and plan views.

Classification for the Nordeau West mineral resource estimate is based on continuity of mineralization and grade using drill hole spacing and quality, variography and estimation statistics. The mineral resources have been classified as indicated and inferred.

Estimation Methodology

Estimation was carried out using inverse distance squared algorithm into a 3-D Gemcom block model with X-Y-Z (i.e. east-west, north-south, vertical) block dimensions of 5.0m x 2.5m x 5.0m. Variable grade capping by mineralized domain was accomplished at Au values ranging from 2.5 g/t to 187.90 g/t. A bulk density of 2.90 t/m³ was used for all tonnage calculations. Grade interpolation was completed using two passes based on two search ellipse ranges. The search ellipse dimensions for the Indicated category were 50m x 35m x 15m from a block centroid, with a minimum 2 drill holes and maximum of 24 samples; the area of influence of the Inferred category is 100m x 70m x 20m from a block centroid with a minimum of 1 drill holes and maximum of 24 samples. Indicated Resource grade estimates were calculated by applying Ellipse 1 first, followed by a second interpolation using Ellipse 2 and only updating only previously unestimated blocks. A second series of grade interpolations were completed for Inferred Resource grade estimates using two search ellipse searches. A total of 17,824 grade blocks are categorized as Indicated Resources (25%) and 52,416 grade blocks are categorized as Inferred Resources (75%) from a total of 70,240 estimated grade blocks.

Cut-off grades

Reporting of the mineral resources uses a gold cut-off grade of 2.75g/t gold to reflect potential underground mining methods and reasonable prospects for economic extraction.

Metallurgy

No metallurgical assumptions have been used in the resource models

Environmental liabilities

No environmental permits are currently assigned to the ECG property for exploitation purposes. Environmental permit(s) may be required at a later date to fulfil environmental requirements with the goal of returning the land to a use whose value is at least equal to its previous value and to ensure the long term ecological and environmental stability of the land and its watershed; however no environmental liabilities were inherited with any of the claims on the Property, and there are no environmental requirements to maintain any of the claims in good standing at this time.

Permits

Permits are required for some exploration programmes (e.g. diamond drilling), and potentially for their associated environment-alteration undertakings (e.g. watercourse alteration, water-crossing, clear-cutting) as well. The appropriate Permit Applications for these activities are submitted by the Company to the appropriate government departments in a timely fashion, allowing for a four to six week processing period.

Other relevant factors

As at the date of this AIF, to the best of the Company's knowledge, there are no significant factors, risks or legal issues that may affect access, title, or the right or ability to perform work on the project.

KINEBIK GOLD PROJECT, QUEBEC

The 100%-owned Kinebik Gold Project covers an area of 187km², including a 30km strike of the Casa Berardi fault, which hosts Hecla Mining Company's (NYSE:HL) Casa Berardi multi-million ounce gold mine and numerous other gold occurrences.

MMI soil sampling has identified three geochemical anomalies with moderate to strong Au-Ag-W responses situated close to the Casa Berardi fault. These anomalies which will be prioritised with a dipole-dipole 3D 'Orevison' IP survey and diamond drilling of priority targets.

WARREGO NORTH, NORTHERN TERRITORY, AUSTRALIA

The Warrego North Project is located approximately 20km 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, Australia. Warrego was the largest deposit mined in the area with historical production of 1.3 million oz of gold and 90,000 tonnes of copper from 5 million tonnes of ore at 8g/t gold and 2% copper in a classic iron oxide copper gold ("IOCG") geological setting.

The Company's first of two diamond drill holes drilled during the year at Warrego North, WND17-001, targeted a coincidental magnetic-gravity and IP chargeability anomaly and intersected chalcopyrite in magnetite ironstones grading 8m @ 1.74% copper and 0.42g/t gold between 249-257m down-hole depth. Pervasive chlorite-sericite alteration indicates the potential for an extensive hydrothermal system, which is a characteristic of IOCG deposits.

The Company is encouraged by the results of its maiden drilling program, and has completed a detailed 3D IP survey subsequent to June 30, 2017. The results from this survey were used to assist in planning immediate follow-up drilling for extensions to the mineralization discovered in hole WND17-001 and a second, stronger, chargeability anomaly located about 300m north of WND17-001. Drilling commenced subsequent to year-end.

Chalice has the right to earn up to a 70% interest in the Warrego North Project by sole funding \$800,000 in exploration expenditure. Chalice may earn an initial 51% by funding the first A\$400,000 in exploration expenditure which includes an obligation to drill at least one diamond drill hole, of at least 300m, in 12 months before Chalice can withdraw (obligation now met), with the balance of A\$400,000 (at the Company's election) to be spent to earn the remaining 19% interest.

LATITUDE HILL PROJECT, WESTERN AUSTRALIA

The 990km² Latitude Hill Project was acquired to provide Chalice with a counter-cyclical investment opportunity in an under-explored region that is prospective for massive and disseminated nickel-copper-platinum group metals sulphide deposits similar to the Nova-Bollinger nickel-copper sulphide deposit in the Albany-Fraser Orogen in Western Australia.

A high quality 'Spectrem' Airborne Electromagnetic (EM) survey completed in 2012 by Anglo American, when they were in joint venture in the area with Traka, identified seven priority conductors that were not subsequently followed up. None of these priority conductors have been subject to ground-based exploration.

During the year, all five tenements were progressed to grant. A program of moving-loop EM (“MLEM”) commenced in late June to survey six of the seven Spectrem airborne EM conductors. The MLEM survey identified interpreted bedrock conductors at each of the survey areas and has validated targets for follow-up drill testing.

The project is subject to a farm-in and joint venture with Traka Resources Limited (ASX: TKL). Chalice must incur A\$1 million on exploration expenditure within the first 12 months from the grant of the tenements. Chalice has the right, after meeting the minimum commitment, to earn a 51% interest by expenditure of A\$5 million (including the minimum commitment) within 3 years of commencement. If Chalice earns a 51% interest, the Company must advise Traka whether it wishes to increase its interest to 70%. Traka then has 14 days to notify Chalice if it wishes to maintain its interest at 49% by proportionally contributing to all future expenditures. If Traka does not wish to maintain the 49% interest Chalice has the right, but not the obligation, to expend a further A\$5 million in an additional three years to increase its interest to 70%. If Chalice earns a 70% interest (or retains the initial 51% interest if Traka executes its right to maintain its 49% interest) both parties will contribute proportionally to all expenditures going forward.

WEST PILBARA PROJECT, WESTERN AUSTRALIA

The 1,390km² West Pilbara Project is located approximately 160km south-southwest of Karratha and has contiguous coverage of 90km of strike of prospective geology along the contact between the Ashburton and Hamersley Basins, referred to as the Paraburdoo Hinge Zone and is defined by regional fault/shear zones.

The region is under-explored for both gold and base metals and the south-west boundary of the property is approximately 8km from Northern Star Resources’ (ASX: NST) multi-million-ounce Paulsens gold mine.

During the year, a program of field reconnaissance and rock-chip sampling was undertaken across all high priority gold and base metal targets including Wyloo West, Dereks Bore, Kens Bore, G1 and Red Hill Copper prospects. A total of 130 rock-chip samples were collected from nine prospects with maximum values recorded of up to 12.3g/t Au and 29% Cu.

Based on the results of these field programs three prospects (Wyloo West, Dereks Bore and Red Hill) have recently been surveyed by gradient array IP geophysics to cover identified targets which include either elevated Au and Cu rock chip sampling, anomalous soil geochemistry or historic Au drill intersections. Any new drill targets defined from the IP surveying will be included with the planned drilling programs at Ken’s Bore, G1, and Wyloo East with drilling scheduled to commence in H2 2017.

The project is subject to a farm-in and joint venture with Red Hill Iron Limited (ASX: RHI). Chalice can earn up to 70% interest in the West Pilbara Project by \$3 million of exploration expenditures, with a minimum commitment of A\$500,000 within the first 12 months. Chalice may spend A\$1 million within two years (including the minimum commitment) to earn 51% at which point Red Hill have a one-off right to contribute to its 49% pro rata interest. If Red Hill elects not to contribute, Chalice has the right but not the obligation to then spend another A\$2 million to earn a further 19% within no set time period, or withdraw and retain no interest.

YILGARN GOLD PROJECTS, WESTERN AUSTRALIA

Chalice has compiled historical exploration results for its 100% owned tenements in Southern Cross, Eastern Goldfields and Sandstone regions and is currently reviewing field programs to commence testing of priority targets in the first half of 2018.

WEBB DIAMOND PROJECT

Chalice has a 22.95% interest in unlisted diamond explorer, GeoCrystal Ltd (“GeoCrystal”). GeoCrystal has a 78% interest in the Webb Diamond Project via a joint venture with ASX-listed explorer Meteoric Resources Ltd.

EMPLOYEES

As at the date of this AIF, the Company has an aggregate of 17 full time employees, 6 in Canada and 11 in the head office in Perth, Western Australia including the Managing Director. In addition, the Company has three non-executive directors.

The Company is dependent upon the services of key executives, including the 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 effects upon the operation of the Company. See also “*Risk Factors – Environmental Risks*”.

DIVIDEND POLICY

To date, no dividends have been paid to Shareholders. There are no restrictions in Chalice’s constituting 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 of directors of the Company 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 ordinary shares were acquired and cancelled for a total of approximately A\$3.8 million. The share buy-back facility expired on July 4, 2017.

DESCRIPTION OF SHARE CAPITAL

As of September 26, 2017 there were 261,210,294 Shares issued and outstanding. All issued Shares are fully paid. As of September 26, 2017 the Company had 2,250,000 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
October 20, 2014	October 31, 2017	0.25	500,000
November 22, 2016	June 30, 2019	0.25	500,000
November 22, 2016	November 30, 2019	0.25	1,000,000
June 19, 2017	June 30, 2020	0.25	250,000

As of September 26, 2017, the Company had 12,253,046 performance rights (each, a “Performance Right”) outstanding. Each Performance Right entitles the holder thereof to one Share. 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 has 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 of directors) 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**”) which was approved by Shareholders on November 21, 2016.

The following table sets out information as of June 30, 2017 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 Shareholders	2,000,000	0.25	14,643,383
Equity compensation plans not approved by Shareholders	250,000	0.25	-
Total	2,250,000	0.25	14,643,383

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 26, 2014 and will be put to shareholders for approval at the 2017 AGM.

The following table sets out information as of June 30, 2017 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	7,541,744	-	2,460,832
Equity compensation plans not approved by security holders	-	-	-
Total	7,541,744	-	2,460,832

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, 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 261,210,294.

- (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, 2017.

ASX	High (A\$)	Low (A\$)	Volume
2017			
June	0.170	0.150	4,423,219
May	0.175	0.145	17,603,286
April	0.177	0.150	6,331,130
March	0.185	0.160	11,660,729
February	0.180	0.160	14,544,706
January	0.170	0.150	4,156,660
2016			
December	0.165	0.150	2,830,858
November	0.160	0.145	2,038,524
October	0.165	0.145	5,062,268
September	0.175	0.155	2,195,650
August	0.21	0.150	8,464,963
July	0.195	0.17	28,242,133

TSX	High (CAD\$)	Low (CAD\$)	Volume
2017			
June	0.17	0.15	197,500
May	0.18	0.16	449,000
April	0.18	0.17	65,500
March	0.18	0.16	40,700
February	0.19	0.17	432,000

TSX	High (CAD\$)	Low (CAD\$)	Volume
January	0.17	0.14	361,600
2016			
December	0.16	0.14	760,000
November	0.16	0.14	375,900
October	0.18	0.14	445,300
September	0.18	0.15	338,900
August	0.21	0.15	1,006,800
July	0.20	0.17	1,975,000

PRIOR SALES

The following table summarizes the issuance by the Company of Shares or securities convertible into Shares in the most recent financial year to June 30, 2017.

Shares:

No shares were issued during the financial year ended June 30, 2017.

Options:

The following unlisted options were granted during the financial year ended June 30, 2017:

Date of Grant	Number	Exercise Price (A\$)	Expiry date
November 22, 2016	500,000	0.25	June 30, 2019
November 22, 2016	1,000,000	0.25	November 30, 2019
June 19, 2017	250,000	0.25	June 30, 2020

Performance Rights:

The following performance rights were granted to employees and executives during the financial year ended June 30, 2017:

Date of Grant	Number	Expiry date
July 15, 2016	2,271,452	June 30, 2020
November 22, 2016	1,200,738	June 30, 2020

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

The following performance rights were granted during the financial year ended June 30, 2017 to corporate advisors of the Company as partial consideration for services, pursuant to contractual terms and conditions between the Company and the corporate advisors:

Date of Grant	Number	Expiry date
June 19, 2017	1,000,000	June 15, 2018

ESCROWED SECURITIES

To the knowledge of the Company, there are no securities held in escrow.

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.

<u>Name of Shareholder</u>	<u>Designation of Class</u>	<u>Type of Ownership</u>	<u>Number of Shares</u>	<u>Percentage of Class as of the date hereof</u> %
Timothy Goyder	Ordinary	direct and indirect beneficial ⁽¹⁾	44,827,765	17.16
Franklin Resources Inc	Ordinary	indirect beneficial	31,107,008	11.91

(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 1,787,675 Shares and (ii) Lotaka Pty Ltd which has 685,811 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.

Under section 461.1 of the TSX Company Manual (the "Manual"), each director is required to be elected each year at the Company's annual general meeting. Because the Company is an "Eligible International Interlisted Issuer" as defined in the Manual, the Company previously applied to the TSX and received an exemption pursuant to section 401.1 of the Manual from this requirement as well as the requirements of section 461.2, 461.3 and 461.4 of the Manual, which relate, respectively, to voting on each individual director, to a majority voting policy and to the issuance of a news release disclosing detailed voting results for the election of each director.

The Company expects that it will provide the notice to the TSX required by section 401.1 of the TSX Company Manual to enable the Company to rely on this exemption in future years.

As at the date of this AIF, an aggregate 46,918,126 Shares (representing approximately 17.96 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 7,310,955 in performance rights and an interest in 2,000,000 unlisted share options.

<u>Name, province or state and country of residence and position with the Company</u>	<u>Present principal occupation if different from office held and principal occupation for the past five years</u>	<u>Appointed</u>	<u>Number of Shares owned, controlled or directed</u> ⁽¹⁾
Anthony William Kiernan ⁽²⁾⁽³⁾ Perth, Western Australia Chairman	Mr. Kiernan is a former practising solicitor and business consultant and a director of two other entities listed on ASX. Mr. Kiernan was	February 15, 2007	1,902,040

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⁾
	appointed Chairman on October 10, 2014, and previously held the position of Non- executive Director		
Timothy Rupert Barr Goyder Perth, Western Australia 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. Mr. Goyder has considerable experience as an executive and as a public and private investor.	October 25, 2005	44,827,765
Stephen Paul Quin ⁽²⁾⁽³⁾ 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.	May 3, 2010	26,321
Morgan Scott Ball ⁽²⁾⁽³⁾ Perth, Western Australia Non-executive Director	Mr. Ball is a Chartered Accountant with more than 25 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. Mr. Ball was previously Managing Director of ASX-listed BC Iron Limited.	June 24, 2016	30,000
Richard Keith Hacker Perth, Western Australia Chief Financial Officer	Mr. Hacker is Chief Financial Officer of Chalice and he is also a director of ASX Listed Uranium Equities Limited.	August 1, 2008	132,000

(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 Committee.

(3) Member of the 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.

Anthony Kiernan, LLB - Chairman

Mr. Kiernan is a former practising solicitor with substantial experience in the administration and operation of listed public companies particularly in the resources sector. He is chairman of Pilbara Minerals Limited and Venturex Resources Limited, both listed on the ASX. Mr. Kiernan was previously a director of ASX-listed BC Iron Limited and Danakali Limited.

Mr. Kiernan is not an independent non-executive director (under ASX guidelines), however the Board believes that Mr. Kiernan is the most appropriate person for the position of Chair because of his seniority and industry expertise and is capable of exercising independence. The Board has appointed Mr. Quin (see below) to act as Senior Independent Director when any conflicts arise.

Timothy Goyder – Managing Director

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 Uranium Equities Limited and Liontown Resources Limited, and a director of Strike Energy Limited. All entities being listed on the ASX.

Stephen Quin –Non-executive Director

Mr. Quin is a mining geologist with over 30 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 and has been a director of a number of Canadian list public companies.

Mr. Quin was appointed to the Board in May 2010, and is the Company's Senior Independent Director.

Morgan Ball –Non-executive Director

Mr. Ball is a Chartered Accountant with more than 25 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 was previously Managing Director of ASX Listed BC Iron Limited.

Mr. Ball is Chairman of the Audit Committee and a member of the Remuneration Committee and was appointed to the Board as an independent non-executive director on June 24, 2016.

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 Uranium Equities Limited.

Terms of Directors and Executive Officers

No directors of the Company have set terms, although three months' notice of termination is required for Mr. Goyder. 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 (other than the Managing Director) 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 2017 Annual Report.

Audit Committee

The Audit Committee of Chalice consists of:

Morgan Ball (Chair)
 Anthony Kiernan
 Stephen Quin

Each member of the Audit Committee is financially literate. Mr. Ball, who was appointed Chair of the audit committee on June 24, 2016, is a chartered accountant and each of Messrs. Kiernan and Quin has an understanding of the Company's industry and considerable "on-board" experience. During the year the Audit Committee held two meetings. A copy of the Audit Committee's charter is attached at annexure A and is available on the Company's website at www.chalicegold.com/investor-relations/governance.

Audit Fees

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

	2017 A\$	2016 A\$
Audit and review of financial reports	45,000	35,000
	45,000	35,000

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:

	2017 A\$	2016 A\$
All other fees	-	1,000
	-	1,000

There were no other non-audit related fees charged in the current financial year.

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

Remuneration Committee

The Remuneration Committee of Chalice consists of:

Anthony Kiernan (Chair and Non-executive Director)
Stephen Quin (Non-executive Director)
Morgan Ball (Non-executive Director)

During the year the Remuneration Committee held one meeting.

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 a Remuneration Committee consisting of the following directors:

Anthony Kiernan	Chair of the Remuneration Committee, Non-executive Director
Stephen Quin	Independent Non-Executive Director
Morgan Ball	Independent Non-Executive Director

Both Mr. Kiernan and Mr. Quin are members 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 resources sectors.

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 Committee. In selecting remuneration consultants, the Committee would consider potential conflicts of interest and independence from the Group's key management personnel and other executives.

During the financial year ended June 30, 2017, the Remuneration Committee did not seek specific advice and recommendations from external consultants and no external consultant fees were billed for both the 2017 and 2016 financial years.

Remuneration report approval at 2016 Annual General Meeting

The Remuneration Report for the financial year ended 30 June 2016 received positive shareholder support at the 2016 Annual General Meeting ("AGM") with a vote of 99.6% in favour.

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 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	x	✓
	Base fee	✓	x
	Committee fees	✓	x
	Superannuation	✓#	✓
	Consultancy fees	✓###	x
	Other benefits (D&O Insurance)	✓	✓
	Variable remuneration	Short term incentives (STI)	x
	Share options	✓####	✓
	Performance rights	x	✓

Only applies to Australian non-executives.

Some directors are paid consultancy fees on an arm's length basis (refer below).

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 up 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 considers 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.

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 \$450,000 per year (including superannuation). The Board does not propose to seek any increase for the non-executive director pool at the upcoming 2017 Annual General Meeting.

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 capitalizations. Generally, the Company will position itself within the 50th and 75th percentile band of the comparative market data.

For the 2017 financial year, a non-executive director (excluding the Chairman) receives a fee of A\$60,000 (inclusive of superannuation, where applicable) and the Chairman receives a fee of A\$80,000 (inclusive of superannuation). Members of the Audit Committee and Remuneration Committee also receive 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.

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 share options to non-executive directors and will continue to balance the cost benefit of issuing share 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 Long Term Incentive Plan (“LTIP”).

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 to better utilise the skills offered by the Board particularly in light of the Company’s current small management team. 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 Chalce for the financial year ended June 30, 2017 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\$) ⁽³⁾	All other compensation (A\$) ⁽¹⁾⁽²⁾	Total (A\$)
Anthony Kiernan ⁽¹⁾	82,191	-	16,811	-	7,808	47,981	154,791
Stephen Quin	70,000	-	16,811	-	-	5,618	92,429
Morgan Ball ⁽¹⁾	63,926	-	14,664	-	6,073	1,781	86,444

⁽¹⁾ Mr. Kiernan provided consultancy services to the Company during the year and was paid A\$46,200 for such services.

⁽²⁾ Relates to Directors and Officers insurance premium costs paid by the Company.

⁽³⁾ Pension provided by the Company is part of a defined contribution plan in line with Australian legislation.

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, 2017.

Name	Option-based awards				Share-based awards		
	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\$)
Anthony Kiernan (Chairman)	500,000	0.25	November 30, 2019	-	-	-	-
Stephen Quin (Non-executive Director)	500,000	0.25	November 30, 2019	-	-	-	-

Name	Option-based awards				Share-based awards		
	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\$)
Morgan Ball (Non-executive Director)	500,000	0.25	June 30, 2019	-	-	-	-

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, 2017.

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 (Chairman)	16,811	-	-
Stephen Quin (Non-executive Director)	16,811	-	-
Morgan Ball (Non-executive Director)	14,664	-	-

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”)), share options and performance rights (issued under the terms of the ESOP and Long Term Incentive Plan (“LTIP”) respectively). The LTIP was approved by the Company’s shareholders at the 2014 AGM. The structure of the remuneration plan is detailed below. The Managing Director receives a fixed remuneration and does not receive any additional compensation for acting as a director.

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 within the 50th and 75th percentile band of benchmark data, but the Board has the 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, relevant comparable remuneration for similarly capitalised companies in the mining industry and independently compiled market data. Executives receive their fixed remuneration in the form of cash.

The fixed remuneration for executives is detailed further in this Report.

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. Therefore, during the financial year, no formal cash bonuses were paid to executives pursuant to the STIP. The Board reserves the right to pay discretionary cash bonuses to employees and executives to reward individual efforts and/or outstanding performance.

Variable remuneration –employee long term incentive plan (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 - 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
	Richard Hacker	764,921	June 30, 2020	June 30, 2020
	Kevin Frost	815,607	June 30, 2020	June 30, 2020

*Those to Mr Goyder are subject to shareholder approval at the Company’s 2017 AGM.

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.

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>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%

Overall Performance Condition	Specific Performance Conditions	Percentage of granted performance rights that will vest if performance conditions are met
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> <p>Below 50th Percentile</p> <p>Between 50th and 75th percentile</p> <p>At or above 75th percentile</p>	<p>0%</p> <p>Pro rata between 16.5% and 50%</p> <p>50%</p>

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 and have not yet vested:

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

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. For the 2016/2017 annual grant of performance rights, the Remuneration Committee recommended to the Board that 100% of executives 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% to be based on achieving key business objectives. 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>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%

Overall Performance Condition	Specific Performance Conditions	Percentage of granted performance rights that will vest if performance conditions are met
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 comparator companies selected were based on exploration companies where the main asset of the company was cash. 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 16.5% and 50% 50%

The test date for the performance rights are set at June 30, 2019, being 3 years from the date of grant.

Annual grant of performance rights - 2015/2016

The table below outlines the performance rights that were granted for 2015/16 financial year and have not yet vested.

Annual Award	KMP	Number of Rights	Measurement Date	Vesting Date
2015/2016	Tim Goyder	1,664,707	June 30, 2017	June 30, 2018
	Richard Hacker	1,306,837	June 30, 2017	June 30, 2018

In July 2017, the Remuneration Committee determined that, at the measurement date of 30 June 2017, performance hurdles relating to strategic objectives and share price hurdles during the measurement period of 1 July 2015 until 30 June 2017 had been partially met. Therefore, 68.9% of performance shares will vest and convert to fully-paid ordinary shares subject to eligible KMP's and employees completing an additional 12-month service period ending on June 30, 2018.

Variable remuneration – stock option plan

Equity grants to executives have previously been delivered in the form of employee share options granted under the Option Plan which was approved by shareholders at the Company's 2016 AGM. Options were issued to executives 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 believed 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 share 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 share options. This requirement may be waived at the Board's discretion.

It is the Board's preference to issue Performance Rights under the LTIP rather than share options.

Link between performance and executive remuneration

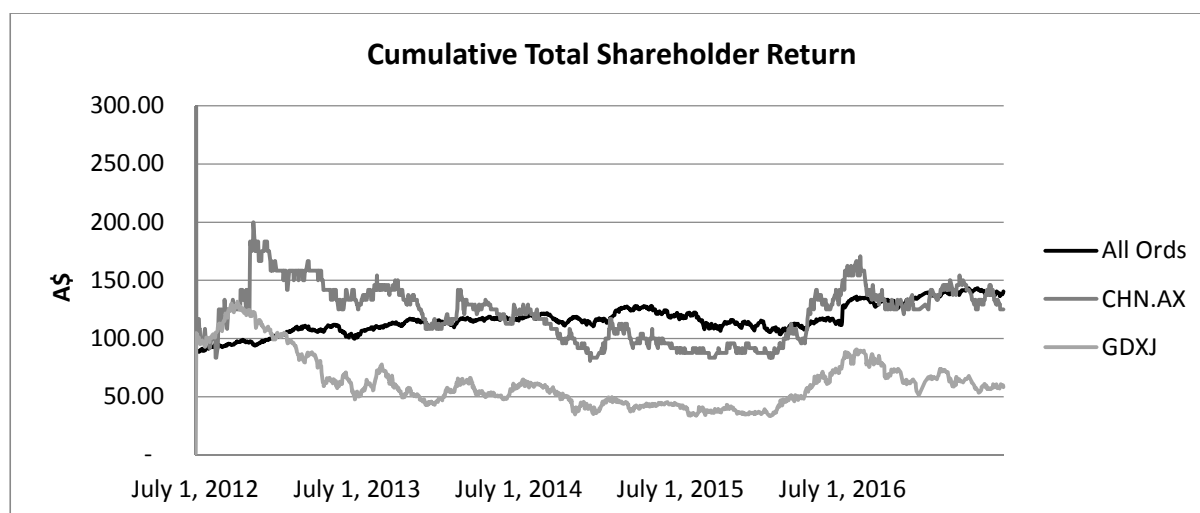
The focus of executive remuneration over the financial year was fixed remuneration and performance rights under the LTIP (i.e. growing the value of the Company as reflected through share price) which seeks to ensure that executive remuneration is appropriately aligned with the business strategy and shareholder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

The share price performance over the last 5 years is as follows:

	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Share price	\$0.16	\$0.15	\$0.11	\$0.18	\$0.15

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, 2012 to June 30, 2017. The graph illustrates the cumulative return on a A\$100 investment in Shares made in July 1, 2012 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, 2017

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, 2017 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, 2017, 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\$)		Pension value (Superannuation) (A\$)	All other compensation (A\$) ⁽²⁾	Total compensation (A\$)
					Annual incentive plans	Long-term incentive plans			
Timothy Goyder (Managing Director)	2017	356,164	94,129	-	-	-	33,836	3,930	488,059
	2016	356,164	59,229	-	-	-	33,836	5,691	454,920
	2015	333,585	-	-	-	-	31,691	4,164	369,440
Richard Hacker (Chief Financial Officer)	2017	279,357	69,949	-	-	-	26,539	3,601	379,446
	2016	279,358	62,045	-	-	-	31,289	54,146	426,838
	2015	300,807	47,985	-	-	-	29,014	7,187	384,993
Kevin Frost (General Manager – Exploration) ⁽³⁾	2017	264,999	43,657	-	-	-	25,175	1,781	335,612
	2016	88,333	-	-	-	-	8,392	963	97,688

Name and principal position	Year	Salary (A\$)	Share-based awards (A\$) ⁽¹⁾	Option-based awards (A\$) ⁽¹⁾	Non-equity incentive plan compensation (A\$)		Pension value (Superannuation) (A\$)	All other compensation (A\$) ⁽²⁾	Total compensation (A\$)
					Annual incentive plans	Long-term incentive plans			
Patrick Lengyel (Exploration Manager - Canada)	2015	-	-	-	-	-	-	-	-
	2017	189,906	35,554	-	-	-	2,563	6,126	234,149
	2016	196,936	30,803	-	-	-	2,815	6,620	237,174
Leanne Stevens (Finance Manager/Company Secretary)	2015	48,597	334	-	-	-	1,742	-	50,673
	2017	143,844	27,547	-	-	-	13,665	790	185,846
	2016	143,844	21,327	-	-	-	15,922	25,000	206,093
	2015	143,844	15,177	-	-	-	13,665	-	172,686

⁽¹⁾ The fair value of performance rights is calculated at the date of grant using a binomial option-pricing model. In valuing the 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⁾ Dr Frost was appointed General Manager – Exploration on March 1, 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, 2017.

Name	Option-based Awards				Share-based Awards		
	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\$)
Tim Goyder (Managing Director)	-	-	-	-	2,845,445	426,817	-
Kevin Frost (General Manager – Exploration)	-	-	-	-	804,058	120,609	-
Richard Hacker (Chief Financial Officer and Company Secretary)	-	-	-	-	2,060,924	309,138	-
Patrick Lengyel (Exploration Manager)	-	-	-	-	1,038,403	155,760	-
Leanne Stevens (Finance Manager/Company Secretary)	-	-	-	-	772,914	115,937	-

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, 2017.

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 (Managing Director)	-	94,129	-
Kevin Frost (General Manager – Exploration)	-	43,657	-
Richard Hacker (Chief Financial Officer and Company Secretary)	-	69,949	-
Patrick Lengyel (Exploration Manager)	-	35,554	-
Leanne Stevens (Finance Manager/Company Secretary)	-	57,490	-

Superannuation (Pension Plan) Benefits

The Company paid superannuation benefits of 9.5 per cent up to June 30, 2017, 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 (Managing Director)	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\$390,000)
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.	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, a director of Bear Lake Gold Ltd ("Bear Lake") on August 10, 2010, when a settlement agreement to which Bear Lake was a party was approved by the Ontario Superior Court of Justice. The settlement agreement provides for the settlement, release and dismissal of all claims asserted by the plaintiffs thereto against Bear Lake and the individual proposed defendants and does not in any way contain or constitute any admission of liability by Bear Lake or its officers, directors or employees.

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.

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. 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 or project acquisitions. As at the date of this AIF, the Company has approximately A\$43 million cash at bank and holds A\$7 million in investments, therefore with this strong cash position and balance sheet, the Company is able to assess future projects for possible acquisitions.

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 gold 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.

Gold Prices

The development and success of any project of the Company will be primarily dependent on the future price of gold or other 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 gold at the delivery date. Gold 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 gold, forward sales by producers, production, industrial and consumer demand, speculative activities, stability of exchange rates and political and economic conditions. The price of gold has 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 the price of gold, 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 gold prices that are adequate to make these properties economic.

Furthermore, reserve calculations and life-of-mine plans using significantly lower gold 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 gold 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 acquires 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 in the future be profitable. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the 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.

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 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.

Exchange Rate, Exchange Control and Export Restriction Risks

The Company undertakes certain transactions denominated in foreign currencies (including cash held 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 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 persons 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 18, 2017 in respect of the Company’s consolidated and parent company financial statements with accompanying notes as at and for the year ended June 30, 2017.

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

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 2017 audited annual financial statements for the year ended June 30, 2017. Such documentation as well as additional information, relating to the Company may be found on SEDAR at www.sedar.com.

ANNEXURE A – AUDIT COMMITTEE CHARTER

Composition

The Audit 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 one of whom is independent.

All members of the Audit 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 Committee members may be invited to attend meetings of the Audit Committee, if it is considered appropriate.

Role

The role of the Audit 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 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 Committee meets at least half yearly, with further meetings on an as required basis. Minutes of all meetings of the Audit 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 Committee also given by the Chair of the Audit Committee at each subsequent meeting of the full Board. Audit 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 Committee are as set out in the Audit Committee Charter – annual action points (attached).

Authority and resources

The Company is to provide the Audit 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 Committee.

The Audit 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 Committee has the power to conduct or authorise investigations into any matters within the Audit Committee's scope of responsibilities. The Audit 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 Committee is to report to the Board, at least annually, on the following matters:

- (a) assessment of whether external reporting is consistent with Audit 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 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 Committee's review of the Company's risk management framework and internal control systems;
- (h) the results of the Audit Committee's review of this Audit Committee Charter; and
- (i) comment on the Audit Committee's operation and composition.

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

AUDIT 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 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 Committee Charter
- Regularly update the Board about Audit 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 Committee function is in accordance with the Audit Committee Charter
- Review the independence of each Audit Committee member based on the Company's Policy on Assessing the Independence of Directors
- Review the Audit 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.