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2017

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

The Annual General Meeting of the Company will be held at the office of Chalice Gold Mines Limited, 28 November 2017 at 12.00 pm (WST)

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Chalice Gold Mines Limited (“**Chalice**” or “**the Company**”) to which this Notice of Meeting relates will be held at 12.00 pm (WST) on Tuesday, 28 November 2017 at the office of Chalice Gold Mines Limited, Level 2, 1292 Hay Street, West Perth, Western Australia.

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

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

To vote by proxy, please complete and sign the proxy form enclosed and either send it:

- (a) by post to Chalice Gold Mines Limited, GPO Box 2890, Perth, WA, 6001; or
- (b) by facsimile (within Australia) (08) 9322 5800 and (outside Australia) +61 8 9322 5800,

so that it is received **no later than 12.00 pm (WST) on Sunday, 26 November 2017**, being not less than 48 hours prior to the commencement of the meeting. Proxy forms received later than this time will be invalid. Where the proxy form is executed under power of attorney, the power of attorney must be lodged in the same way as the proxy form.

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

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

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

BODIES CORPORATE – CORPORATE REPRESENTATION

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

VOTING ENTITLEMENTS

The Board has determined that, for the purpose of voting at the meeting, Shareholders are those persons who are the registered holders of the Company's shares at 4.00pm (WST) on Friday, 24 November 2017. As at 1 October 2017 there were 261,210,294 Shares outstanding. Subject to the disclosure set-out herein, each holder of Shares is entitled to one vote per Share.

MAJOR SHAREHOLDERS

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

- Mr Tim Goyder, a director of Chalice, owns approximately 44.8 million Shares, representing 17.16% of the issued and outstanding Shares of the Company; and
- Franklin Resources Inc. and its affiliates own approximately 31.1 million Shares, representing 11.91% of the issued and outstanding Shares of the Company.

ENQUIRIES

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

The Company Secretary
Richard Hacker/Catherine Huynh
Phone: (+61 8) 9322 3960
Fax: (+61 8) 9322 5800
Email: rhacker@chalicegold.com or chuynh@chalicegold.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the Annual General Meeting (“**Meeting**”) of the Shareholders of Chalice Gold Mines Limited (the **Company**) will be held at the office of Chalice Gold Mines Limited, Level 2, 1292 Hay Street, West Perth, Western Australia on Tuesday, 28 November 2017 at 12.00 pm (WST).

AGENDA

FINANCIAL REPORT

To receive and consider the Company’s Annual Report for the year ended 30 June 2017, which includes the Financial Report, the Directors’ Report and the Auditor’s Report.

RESOLUTION 1 - REMUNERATION REPORT

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

“That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 30 June 2017.”

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

Voting Exclusion Statement

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

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

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

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

RESOLUTION 2 – RE-ELECTION OF MR ANTHONY KIERNAN AS A DIRECTOR

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

“To elect as a Director, Mr Anthony Kiernan, who retires by rotation in accordance with clause 14.4(a) of the Company’s Constitution and ASX Listing Rule 14.4 and, being eligible, offers himself for re-election”.

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

RESOLUTION 3 – ISSUE OF PERFORMANCE RIGHTS TO MR TIM GOYDER

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

*“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given to issue up to 1,217,989 Performance Rights (and the issue of Shares following vesting of the Performance Rights) to the Managing Director of the Company, Mr Tim Goyder, for no cash consideration, in accordance with the Company’s Employee Long Term Incentive Plan (“**Plan**”) and on the terms set out in the Explanatory Statement.”*

Voting Exclusion Statement

The Company will disregard any vote cast on Resolution 3 by Mr Tim Goyder (and his nominee) and by any other director of the Company who is eligible to participate in the Plan and any of their respective associates.

However the Company need not disregard a vote if:

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

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

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

RESOLUTION 4 – RENEWED APPROVAL OF THE EMPLOYEE LONG TERM INCENTIVE PLAN

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

"That for the purposes of ASX Listing Rule 7.2, exception 9(b) and for all other purposes, Shareholders approve the Company's existing Employee Long Term Incentive Plan ("Plan"), the terms and conditions of which are summarised in the Explanatory Statement, and the grant of Performance Rights under the Plan and the issue of Shares upon the vesting of such Performance Rights as required."

Voting Exclusion Statement

The Company will disregard any vote cast on Resolution 4 by any Director (except one who is ineligible to participate in any employee incentive scheme of the Company) or any of their respective associates.

However the Company need not disregard a vote if:

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

Further, members of Key Management Personnel and their closely related parties may not vote (and the Company will disregard any such votes) as a proxy on Resolution 4 if the appointment does not specify how the proxy is to vote, unless the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if Resolution 4 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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

By order of the Board



RICHARD HACKER/CATHERINE HUYNH
Company Secretary

2 October 2017

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting of Chalice Gold Mines Limited (“**Chalice**” or “**the Company**”) to be held at the office of Chalice Gold Mines Limited, Level 2, 1292 Hay Street, West Perth, Western Australia on Tuesday, 28 November 2017 at 12.00 pm (WST).

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

Resolution 1	Approval of the Remuneration Report
Resolution 2	Re-election of Mr Anthony Kiernan as a Director
Resolution 3	Issue of Performance Rights to Mr Tim Goyder
Resolution 4	Renewed Approval of the Employee Long Term Incentive Plan

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

FINANCIAL STATEMENT AND REPORTS

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

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

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

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

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

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

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

EXEMPTIONS FROM CERTAIN TSX REQUIREMENTS

The Company is an “Eligible Interlisted Issuer” and an “Eligible International Interlisted Issuer,” as such terms are defined in the TSX Company Manual (the “Manual”). As an Eligible International Interlisted Issuer, the Company has applied for and received an exemption, pursuant to section 401.1 of the Manual from sections 461.1, 461.2, 461.3 and 461.4 thereof, which relate, respectively, to annual election of directors, to voting on each individual director, to a majority voting policy and to the issuance of a news release disclosing 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 Manual to enable the Company to rely on this exemption in future years.

As an Eligible Interlisted Issuer, the Company has applied for and received an exemption pursuant to section 602.1 of the Manual from section 613 thereof, which relates to security based compensation arrangements. The Company has relied on this exemption and intends to rely on this exemption for grants of Options under the ESOP and grants of Performance rights under the LTIP.

DESIGNATED FOREIGN ISSUER STATUS

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

RESOLUTION 1 – REMUNERATION REPORT

A resolution for adoption of the Remuneration Report is required to be considered and voted on in accordance with section 250R(2) of the Corporations Act. The Remuneration Report details the Company’s policy on the remuneration of the Company’s Key Management Personnel, being its non-executive Directors, executive Directors, the Managing Director and senior executives and is set out in the Company’s 2017 Annual Report. In accordance with section 250R(3), the vote on the adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

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

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

The Company’s Remuneration Report did not receive a Strike at the 2016 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2018 annual general meeting, this may result in the re-election of the Board.

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

Proxy voting restrictions

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

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

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

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

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

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

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

Recommendation

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

RESOLUTION 2 – RE-ELECTION OF MR ANTHONY KIERNAN AS A DIRECTOR

Under clause 14.4(a) of the Company's Constitution, one-third (or the number closest to one-third) of the Directors (other than the Managing Director) are required to retire by rotation each year.

Mr Kiernan, previously a practising lawyer, is a corporate advisor with extensive experience in the administration and operation of listed public companies. He is the Chairman of Pilbara Minerals Limited and Venturex Resources, both listed on ASX. During the past three years, Mr Kiernan was previously a director of ASX listed BC Iron Limited (2006 – 2016) and Danakali Limited (2013 – 2017). Mr Kiernan was appointed Chairman on 10 October 2014 and has been a director since 2007 (10 years).

Mr Kiernan is a member of the Audit and Risk Committee and Chairman of the Remuneration Committee. Mr Kiernan is not an independent director, however the Board believe that Mr Kiernan is the most appropriate person for the position as Chair because of his seniority and expertise. The Board has appointed Mr Stephen Quin as the Senior Independent Director and to act as lead when any conflicts of interest arise.

Mr Kiernan was first appointed as a director of the Company on 15 February 2007 and was last elected by Shareholders at the 2015 annual general meeting. In accordance with clause 14.4(a) of the Constitution and the ASX Listing Rules, Mr Kiernan retires and, being eligible, has offered himself for re-election as a Director in accordance with clause 14.4(c) of the Constitution.

Recommendation

The Board unanimously recommends that Shareholders vote **in favour** of Resolution 2.

RESOLUTION 3 – ISSUE OF PERFORMANCE RIGHTS TO MR TIM GOYDER

Background

Shareholder approval is sought for the issue of up to but not exceeding 1,217,989 Performance Rights to Mr Tim Goyder, the Managing Director of the Company, or his nominee, under the terms of the Company's Employee Long Term Incentive Plan ("Plan").

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

Mr Goyder commenced as Managing Director on 10 October 2014, and prior to this appointment, Mr Goyder was the Executive Chairman of the Company. Further information on Mr Goyder appears at the end of this section of the Explanatory Statement.

Remuneration arrangements

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

- (a) an annual fixed salary of \$390,000 per annum inclusive of superannuation; and
- (b) by way of incentive arrangements, Mr Goyder may participate in incentive plans that may be in place from time to time subject to the Board's discretion and any Shareholder approvals required.

Summary

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

- (a) on or about 28 November 2017, Mr Goyder will be issued 1,217,989 Performance Rights;
- (b) the number of Performance Rights to be issued was calculated by reference to 50% of Mr Goyder's annual fixed salary and the Company's 30 day VWAP at 30 June 2017;
- (c) on 30 June 2020, being the Measurement Date as defined below, the Remuneration Committee will evaluate the performance of the Company against the criteria set out in the table below to determine the percentage of Performance Rights that will vest, if any; and
- (d) Mr Goyder is entitled to an annual issue of Performance Rights on 1 July each year, subject to future Shareholder approval.

Plan

The Company last established the Plan to provide its executives (including executives and Directors) with long term incentives designed to create a link between the delivery of value to Shareholders, financial performance and the rewarding and retaining of executives. Under the Plan, which was approved by Shareholders on 26 November 2014 (and is also the subject of Resolution 4), the Board has discretion to grant Performance

Rights to any person it determines eligible upon the terms of the Plan. Any issue to Directors would additionally require a separate Shareholder approval under the ASX Listing Rules.

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

Proposed number of Performance Rights to be issued

Approval is being sought for the 2017/2018 annual grant of 1,217,989 Performance Rights to Mr Goyder (or his nominee). Any future annual issues of Performance Rights to be issued to Mr Goyder will require separate Shareholder approval.

Following the issue of the Performance Rights, there is a test or measuring date (which in this case is 30 June 2020) ("Measurement Date"). At that date the Board will assess the extent to which the performance conditions or hurdles are met and the extent to which the Performance Rights vest.

If Resolution 3 is approved, Mr Goyder will be invited to apply for, and if application is made, will be issued 1,217,989 Performance Rights.

Performance conditions and vesting period

The Performance Rights will not vest (and the underlying Shares will not be issued) unless the performance conditions set by the Board have been satisfied. For the 2017/2018 annual grant of Performance Rights, the Remuneration Committee recommended that up to 50% of the Performance Rights vest on achievement of Total Shareholder Return ("TSR") and up to 50% vest based on achieving key business objectives.

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

Overall Performance Condition	Specific Performance Conditions	Percentage of granted Performance Rights that will vest if Performance Conditions are met
Strategic objectives	<p>A. 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>B. 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%
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 (i.e. the Measurement Date). The Performance Rights will vest depending on the Company's percentile ranking within the comparator group on the relevant Measurement Date as follows:</p> <ul style="list-style-type: none">• below 50th percentile• between 50th and 75th percentile	0% pro rata 16.5 % - 50%

Overall Performance Condition	Specific Performance Conditions	Percentage of granted Performance Rights that will vest if Performance Conditions are met
	<ul style="list-style-type: none"> • at or above 75th percentile 	50%

The Measurement Date for the Performance Rights is 30 June 2020, being approximately 3 years from the date of grant.

For the 2017/2018 grant of Performance Rights, relative TSR performance will be assessed against an appropriate group of ASX and TSX listed companies as determined by the Remuneration Committee.

ASX Listing Rule 10.14

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

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

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

Information required by ASX Listing Rule 10.15

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

- (a) the Performance Rights will be issued under the Plan to Mr Goyder, who is a Director;
- (b) the maximum number of Performance Rights (and hence the maximum number of Shares on vesting of the Performance Rights) which may be issued to Mr Goyder for the period 1 July 2017 to 30 June 2018 is 1,217,989;
- (c) the price payable on the issue or grant of each Performance Right is nil;
- (d) since the Plan was last re-approved by Shareholders at the Company's 2014 annual general meeting, there have been 13,116,854 Performance Rights issued under the Plan of which 5,874,388 have been forfeited or lapsed. Since the Company's 2016 annual general meeting 1,200,738 Performance Rights were issued to Mr Tim Goyder, being a person referred to in ASX Listing Rule 10.14;
- (e) executive Directors, executives and employees of the Company are entitled to participate in the Plan. Mr Goyder is the only person referred to in ASX Listing Rule 10.14 who is currently entitled to participate in the Plan;
- (f) a voting exclusion statement is included in the Notice;
- (g) no loans will be made by the Company in connection with the issue of Performance Rights to Mr Goyder; and
- (h) the Performance Rights will be issued to Mr Goyder as soon as practicable following the date of the Meeting and in any event no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).

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

Recommendation

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

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

Earlier History of Mr Goyder

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

RESOLUTION 4 – RENEWED APPROVAL OF EMPLOYEE LONG TERM INCENTIVE PLAN

Background

Resolution 4 seeks the renewed approval of Shareholders for the Company's Employee Long Term Incentive Plan ("("Plan") and for the issue of Performance Rights (and Shares on their vesting) under the Plan. The Plan was approved by Shareholders at the Company's 2011 and 2014 Annual General Meeting. Under the ASX Listing Rules, a refreshed approval by Shareholders is required every 3 years.

The Board introduced the Plan to provide its employees (including the Managing Director and other Executive Directors) with long term incentives designed to create a link between the delivery of value to Shareholders, financial performance and the rewarding and retaining of executives. Under the Plan, the Board has discretion to grant Performance Rights to any person it determines eligible in accordance with the terms of the Plan.

ASX Listing Rule 7.1 provides that a listed company may not issue equity securities equal to more than 15% of that company's issued share capital in any 12 months without obtaining shareholder approval. An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9) which provides that issues under an employee incentive plan (such as the Plan) are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1.

Shareholder approval is therefore sought for the grant of Performance Rights and issue of Shares to eligible participants under the Plan for the purposes of Exception 9 of ASX Listing Rule 7.2. If approval is given, Performance Rights granted under the Plan and Shares issued subsequent to the vesting of those Performance Rights will not be included in the 15% calculations for the next three year period.

The Plan is available to both full-time and part-time employees (including the Managing Director and other Executive Directors). Since the Plan was last approved by Shareholders on 26 November 2014, 13,116,854 Performance Rights have been issued under the Plan.

Any issue of Performance Rights to a Director or related party of the Company under the Plan will require separate Shareholder approval.

Summary of the Plan

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 grant Performance Rights under the Plan to employees (including the Managing Director and other Executive Directors) or an approved nominee to achieve the objectives outlined above.

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

Rules

Performance Rights granted under the Plan 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 Plan (and the terms and conditions to be attached to the Plan) are summarised as follows:

- (a) **Eligible Participants:** All full-time employees and part-time employees (including the Executive Directors and the Managing Director) of the Company are eligible participants under the Plan. As noted above, Shareholder approval is required before any Director or related party of the Company can participate in the Plan.
- (b) **Limits on Entitlements:** The maximum number of Shares that is issuable under the Plan, when combined with the number of Shares issued during the previous five years pursuant to the Plan or any other employee incentive scheme of the Company (including the ESOP) 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;
- (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% of the total number of issued Shares. As of the date hereof, the total number of issued Shares was 261,210,294.

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

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

(e) **Vesting:** The Performance Rights granted under the Plan 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 ("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 Plan, upon the total and permanent disability, redundancy or death of a participant, as defined in the Plan, 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) 6 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 ASX Listing Rules and the Corporations Act, decide that the calculation of the number of Shares should not be reduced on a pro-rata basis because the participant's employment was reduced as a result of the total and permanent disability, redundancy or death, or bring forward the date on which the Shares will vest in the participant.

(h) **Restriction on dealing with Shares:** Shares issued to a participant under the Plan 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 these circumstances.

(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 reorganisation 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 ASX 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 Plan:** The Board may at any time and from time to time by resolution alter the Plan. However, any amendment to the Plan is subject to any restrictions or procedural requirements relating to the amendment or the rules of an employee incentive scheme imposed by the ASX Listing Rules or applicable securities laws.
- (p) **Suspension or Termination:** The Board may suspend or terminate the Plan at any time, without notice, but the suspension or termination will not affect any existing grants of Performance Rights already made.

A copy of the complete rules of the Plan is available upon request by contacting the Company Secretary, Richard Hacker or Catherine Huynh on (08) 9322 3960.

Recommendation

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

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 4.

GLOSSARY

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

"Annual Report" means the Financial Report, the Directors' Report and the Auditor's Report, in respect to the year ended 30 June 2017.

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

"ASX Listing Rules" means the Listing Rules of ASX.

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

"Board of Directors" or **"Board"** means the board of Directors.

"Chairman" means the chair appointed for the Annual General Meeting.

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

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

"Constitution" means the constitution of the Company.

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

"Director" means a director of the Company.

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

"Eligible Director" means each of Messrs Anthony Kiernan, Stephen Quin and Morgan Ball.

"ESOP" means the Company's Employee Share Option Plan.

"Explanatory Statement" means this explanatory statement.

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

"IRR" means internal rate of return.

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

"Managing Director" means the managing director of Chalice.

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

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

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

"Option" means an option to acquire a Share.

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

"Plan" means the Company's Employee Long Term Incentive Plan.

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

"Remuneration Committee" means the remuneration committee of the Company.

"Remuneration Report" means the remuneration report of the Company for the financial year ended 30 June 2017 (unless otherwise stated) as set out in the Directors' Report contained in the 2017 Annual Report to Shareholders.

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

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

"Shareholder" means a holder of a Share.

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

"TSX" means the Toronto Stock Exchange.

"VWAP" means volume weighted average share price.

"WST" means Western Standard Time.

CHALICE GOLD MINES LIMITED
ACN 116 648 956

**PROXY FORM
APPOINTMENT OF PROXY**

I/we

being a Shareholder of Chalice Gold Mines Limited entitled to attend and vote at the Annual General Meeting hereby appoint

**the Chairman of the
Meeting OR**

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directors have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Chalice Gold Mines Limited to be held at 12.00 pm (WST) on Tuesday, 28 November 2017 at Chalice Gold Mines Limited, Level 2, 1292 Hay Street, West Perth, Western Australia and at any adjournment or postponement of that meeting.

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

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

Voting on Business of the Annual General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Approval of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Anthony Kiernan as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Performance Rights to Mr Tim Goyder	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Renewed Approval of the Employee Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

Signed this _____ day of _____ 2017

By:

Individuals and joint holders

Signature
Signature
Signature

Companies (affix common seal if appropriate)

Director
Director/Company Secretary
Sole Director and Sole Company Secretary

Instructions for Completing ‘Appointment of Proxy’ Form

1. A Shareholder entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder’s voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a Shareholder of the Company.
3. Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

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

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the Company’s share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a company secretary, a sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a “Certificate of Appointment of Corporate Representative” should be produced prior to admission. A form of the certificate is either included in the Notice of Annual General Meeting or may be obtained from the Company’s share registry.

4. Completion of a proxy form will not prevent individual Shareholders from attending the meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy’s authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the meeting.
5. Please complete and sign the proxy form enclosed and either:

- (a) send the proxy form by post to Chalice Gold Mines Limited, GPO Box 2890, Perth, Western Australia, 6001;
or
- (b) send the proxy form by facsimile to the Company on facsimile number (+61 8) 9322 5800,

so that it is received **no later than 12.00 pm (WST) on Sunday, 26 November 2017**, being not less than 48 hours prior to the commencement of the meeting. **Proxy forms received later than this time will be invalid.**

Appointment of Corporate Representative**Section 250D of the Corporations Act 2001 (Cwlth)**

This is to certify that by a resolution of the directors of:

..... (*Insert name of company*)

(**Company**), the Company has appointed:

....., (*Insert name of corporate representative*),

in accordance with the provisions of section 250D of the *Corporations Act 2001* (Cth), to act as the body corporate representative of that company at the Annual General Meeting of Chalice Gold Mines Limited to be held at 12.00 pm (WST) on Tuesday, 28 November 2017 and at any adjournment of that meeting.

DATED 2017

Executed by the Company)
)

in accordance with its constituent documents

.....

Signed by authorised representative

.....

Signed by authorised representative

.....

Name of authorised representative (print)

.....

Name of authorised representative (print)

.....

Position of authorised representative (print)

.....

Position of authorised representative (print)

INSTRUCTIONS FOR COMPLETION

Under Australian law, an appointment of a body corporate representative will only be valid if the Certificate of Appointment is completed precisely and accurately.

Please follow the following instructions to complete the Certificate of Appointment:

1. Execute the certificate following the procedure required by your company's constitution or other constituent documents.
2. Print the name and position (e.g. director) of each company officer who signs this certificate on behalf of the company.
3. Insert the date of execution where indicated.
4. Send or deliver the certificate to the registered office of Chalice Gold Mines Limited or fax the certificate to the registered office at (+61 8) 9322 5800.



CHALICE GOLD MINES LIMITED
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West Perth WA 6005

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