**Chalice Mining Limited**
**ACN 116 648 956**

# Notice of General Meeting

**A General Meeting of the Company will be held as follows:**

**Time and date:** 10.00am (AWST) on Friday, 3 December 2021

**Location:** Deloitte, Level 9, Tower 2, Brookfield Place, 123 St Georges Terrace, Perth, Western Australia

The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from a suitably qualified professional adviser prior to voting.

**If you have any questions in relation to this Notice of General Meeting, please do not hesitate to call the Shareholder Information Line on 1300 396 564 (callers within Australia) or +61 3 9415 4087 (callers outside Australia) Monday to Friday 8.30am to 5.30pm (Melbourne time).**

**Shareholders are urged to attend or vote by lodging a Proxy Form**

# Important information

## ASIC and ASX

A final copy of this Notice of Meeting and Explanatory Memorandum has been lodged with ASIC and ASX. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this document.

## Purpose of this document

The main purpose of this document is to:

(a) explain the terms of the proposed Demerger, In-specie Distribution and IPO (together, the **Transaction**), and the manner in which the Transaction (or parts of the Transaction) will be implemented (if approved); and

(b) to provide such information as is prescribed or otherwise material to the decision of Shareholders whether or not to approve the Resolution required to give effect to the Transaction.

This document includes a statement of all the information known to Chalice that is material to Shareholders in deciding how to vote on the Resolution, as required by section 256C(4) of the Corporations Act.

## Legal requirements

Pursuant to ASIC "Regulatory Guide 188: Disclosure in reconstructions" an invitation to vote at a reconstruction or capital reduction meeting on the issue or transfer of securities constitutes an offer for the purposes of Chapter 6D of the Corporations Act and, unless an exemption applies under sections 708–8A of the Corporations Act, a prospectus must accompany an offer of securities in a reconstruction or capital reduction.

Chalice has obtained relief from ASIC from:

(a) parts 6D.2 and 6D.3 of the Corporations Act to undertake the In-Specie Distribution (as more particularly described in Section 3.1), which will comprise:

(i) a capital component, being a reduction of issued share capital (the **Capital Reduction**); and

(ii) an income component, being a dividend (**Demerger Dividend**),

without issuing a prospectus;[1] and

(b) sections 707(3) and 707(5) of the Corporations Act, for any on-sale of Falcon Metals Shares transferred to Shareholders under the In-specie Distribution.

In accordance with the terms of ASIC's relief, Chalice confirms this Notice is in substantially the same form as the draft notice of meeting provided to ASIC on 28 October 2021.

[1] The Demerger Dividend is by way of the distribution of Falcon Metals Shares only. There is no additional cash component payable to Eligible Shareholders on distribution.

There is no information known to Chalice that is material to the decision by a Shareholder on how to vote on the Resolution other than as disclosed in this Notice and Explanatory Memorandum and information that Chalice has previously disclosed to Shareholders. Shareholders should note that this Notice and Explanatory Memorandum is not a prospectus lodged under Chapter 6D of the Corporations Act.

## Forward looking statements

Some of the statements appearing in this document may be in the nature of forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and similar expressions are intended to identify forward-looking statements. Indications of guidance on future production, resources, reserves, sales, capital expenditure, earnings and financial position and performance are also forward-looking statements.

You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties, many of which are outside Chalice's control. Those risks and uncertainties include factors and risks specific to Chalice and Falcon Metals such as (without limitation) the status of exploration and mining applications and licences and the risks associated with the non-grant or expiry of those applications and licences, liquidity risk, risks associated with the exploration or developmental stage of projects, funding risks, operational risks, changes to Government fiscal, monetary and regulatory policies, the impact of actions of Governments, the potential difficulties in enforcing agreements, protecting assets, increases in costs of transportation and shipping of international operations, alterations to resource estimates and the imprecise nature of resource and reserve statements, any circumstances adversely affecting areas in which Chalice operates, fluctuations in the production, volume and price of commodities, any imposition of significant obligations under environmental regulations, fluctuations in exchange rates, the fluctuating industry and commodity cycles, the impact of inflation on operating and development costs, taxation, regulatory issues and changes in law and accounting policies, the adverse impact of wars, terrorism, political, economic or natural disasters, the impact of changes to interest rates, loss of key personnel and delays in obtaining or inability to obtain any necessary Government and regulatory approvals, insurance and occupational health and safety. For more information on the risk factors facing Falcon Metals, see Schedule 4.

Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement and such deviations are both normal and to be expected.

None of Chalice, Falcon Metals, any of their respective officers or any person named in this document or involved in the preparation of this document make any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, and you are cautioned not to place undue reliance on those statements.

Chalice does not undertake to, and does not intend to, update or revise any forward-looking statements, or publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Notice, except where required by law.

The forward-looking statements in this document reflect views held only as at the date of this document.

## No financial product advice

This document does not constitute financial product, taxation or investment advice nor a recommendation in respect of Falcon Metals Shares. It has been prepared without taking into account the objectives, financial situation or needs of Shareholders or other persons. Before deciding how to vote or act, Shareholders should consider the appropriateness of the information, having regard to their

own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their circumstances.

Neither Chalice nor Falcon Metals is licensed to provide financial product advice.

## Restrictions on advertising

Pursuant to section 734(2) of the Corporations Act, if an offer, or intended offer, of securities needs a disclosure document, a person must not:

(a) advertise the offer or intended offer; or

(b) publish a statement that:

(i) directly or indirectly refers to the offer or intended offer; or

(ii) is reasonably likely to induce people to apply for the securities.

Section 734(7)(b) of the Corporations Act provides that an advertisement or publication does not contravene section 734(2) of the Corporations Act if it consists solely of a notice or report of a general meeting of the body.

In making this Notice, Chalice is relying on the exception in section 734(7)(b) of the Corporations Act in respect of the IPO and Prospectus.

## Cooling-off rights

No cooling-off rights apply in respect of the acquisition of Falcon Metals Shares under the In-specie Distribution (whether the regime is provided for by law or otherwise).

## No internet site is part of this document

No internet site is part of this Notice and Explanatory Memorandum. Chalice maintains an internet site (www.chalicemining.com). Any reference in this document to this internet site is a textual reference only and does not form part of this document.

## Defined terms

Capitalised terms in this Notice and Explanatory Memorandum are defined either in Schedule 1 or where the relevant term is first used.

## Enquiries

Shareholders are requested to contact the Shareholder Information Line on 1300 396 564 (callers within Australia) or +61 3 9415 4087 (callers outside Australia) Monday to Friday 8.30am to 5.30pm (Melbourne time) if they have any queries in respect of the matters set out in this Notice and Explanatory Memorandum.

**Chalice Mining Limited**
**ACN 116 648 956**
**(Company)**

# Notice of General Meeting

Notice is hereby given that a general meeting of Shareholders of Chalice Mining Limited (ACN 116 648 956) will be held at Deloitte, Level 9, Tower 2, Brookfield Place, 123 St Georges Terrace, Perth, Western Australia on Friday, 3 December 2021 at 10.00am (AWST) (**Meeting**).

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders at 4:00pm (AWST) on Wednesday, 1 December 2021.

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form, form part of the Notice.

Terms and abbreviations used in the Notice are defined in Schedule 1.

## Agenda

### Resolution – Approval of capital reduction and in-specie distribution of shares

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*'That, pursuant to and in accordance with sections 256B and 256C of the Corporations Act and for all other purposes, Shareholders approve:*

*(a) the issued share capital of Chalice be reduced by an amount equal to the In-specie Shares less a Demerger Dividend (if any); and*

*(b) the reduction of capital and the Demerger Dividend (if any) be satisfied by Chalice making a pro rata in-specie distribution of shares to all eligible holders of Chalice Shares at the In-specie Record Date,*

*on the terms and conditions set out in the Explanatory Memorandum.'*

**BY ORDER OF THE BOARD**

**Jamie Armes**
Company Secretary
Chalice Mining Limited
Dated: 2 November 2021

**Chalice Mining Limited**
**ACN 116 648 956**
**(Company)**

# Explanatory Memorandum

## 1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 10.00am (AWST) on Friday, 3 December 2021 at Deloitte, Level 9, Tower 2, Brookfield Place, 123 St Georges Terrace, Perth, Western Australia.

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolution will be voted.

The Explanatory Memorandum includes information about the following to assist Shareholders in deciding how to vote on the Resolution:

| | |
|---|---|
| Section 2 | Voting and attendance information |
| Section 3 | Background to the Transaction |
| Section 4 | Resolution – Approval of capital reduction and in-specie distribution of shares |
| Schedule 1 | Definitions |
| Schedule 2 | Chalice financial information |
| Schedule 3 | Falcon Metals financial information |
| Schedule 4 | Key risk factors facing Falcon Metals |
| Schedule 5 | Tenement schedule |
| Schedule 6 | Current corporate structure |
| Schedule 7 | Corporate structure on completion of Transaction |
| Schedule 8 | Independent Geologist's Report |

A Proxy Form is located at the end of the Explanatory Memorandum.

## 2. Voting and attendance information

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolution.

## 2.1 Impact of COVID-19 on the Meeting

The health and safety of members and personnel, and other stakeholders, is the highest priority and Chalice is acutely aware of the current circumstances resulting from COVID-19.

Based on the best information available to the Board at the time of the Notice, the Board considers it will be in a position to hold an 'in-person' meeting to provide Shareholders with a reasonable opportunity to participate in and vote at the Meeting, while complying with the COVID-19 restrictions regarding gatherings. Chalice, however, strongly encourages Shareholders to submit proxies prior to the Meeting.

If the situation in relation to COVID-19 were to change in a way that affected the position above, Chalice will provide a further update ahead of the Meeting by releasing an ASX announcement.

## 2.2 Voting in person

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

## 2.3 Voting by proxy

Shareholders are encouraged to vote by voting online or by completing a Proxy Form.

Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Proxy Forms can be lodged:

| | |
|---|---|
| **Online**: | at **www.investorvote.com.au** |
| **By mail:** | Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia |
| **By fax:** | 1800 783 447 (within Australia)<br><br>+61 3 9473 2555 (outside Australia) |
| **By mobile:** | Scan the QR Code on your Proxy Form and follow the prompts |
| **Custodian voting:** | For Intermediary Online subscribers only (custodians) please visit **www.intermediaryonline.com** to submit your voting intentions. |

In order for your proxy to be valid, your Proxy Form (and any power of attorney under which it is signed) must be received by 10:00am (AWST) on Wednesday, 1 December 2021. Proxies received after this time will be invalid.

Please note that:

(a) a member of Chalice entitled to attend and vote at the Meeting is entitled to appoint a proxy;

(b) a proxy need not be a member of Chalice; and

(c) a member of Chalice entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but

where the proportion or number is not specified, each proxy may exercise half of the votes.

**The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms**.

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 only vote on a poll;

(c) if the proxy is the Chair 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 Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

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 Chalice's members;

(b) the appointed proxy is not the chair of the meeting;

(c) at the meeting, a poll is duly demanded on the resolution; and

(d) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the Chair 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.

## 2.4 Voting by a corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

## 2.5 Chair's voting intentions

The Chair intends to exercise all available proxies in favour of the Resolution, unless the Shareholder has expressly indicated a different voting intention.

# 3. Background to the Transaction

## 3.1 Summary

On 12 July 2021, Chalice announced its intention to seek Shareholder approval for the demerger of its Australian gold assets (**Demerger**), comprising the:

(a) Pyramid Hill Project;

(b) Viking Project; and

(c) Mt Jackson Project,

(together, the **Spin-Out Projects**).

Falcon Metals Ltd (**Falcon Metals**), a newly incorporated wholly-owned subsidiary of Chalice, is intended to:

(a) hold the interests in the Spin-Out Projects via two subsidiaries, being:

(i) Falcon Gold Resources Pty Ltd (**Falcon Gold**), which will hold the tenements comprising the Pyramid Hill Project; and

(ii) Falcon Metals (WA) Pty Ltd (**Falcon WA**), which will hold the tenements comprising the Viking Project and Mt Jackson Project;

(b) undertake an IPO; and

(c) seek admission to the Official List.

Chalice intends to undertake the Demerger by transferring the Spin-Out Projects to Falcon Gold and Falcon WA and distributing the Falcon Metals Shares held by Chalice to Chalice Shareholders by way of a pro rata in-specie distribution, on the basis of 1 Falcon Metals Share for approximately every 3.025 Chalice Shares held on the In-specie Record Date (**In-specie Distribution**). Each Chalice Shareholder's name will be entered on the register of members of Falcon Metals with each Chalice Shareholder having deemed to have consented to becoming a Falcon Metals Shareholder and being bound by its constitution.

The number of Chalice Shares on issue may increase prior to the In-specie Record Date which will reduce the ratio of Falcon Metals Shares to be issued per Chalice Share under the In-specie Distribution. Accordingly, any exercise of Options or Performance Rights in Chalice prior to the In-specie Record Date may lower the ratio of In-specie Shares distributed per Chalice Share. Any fractions of entitlement will be rounded down to the next whole number. If it eventuates that due to rounding there are any residual Falcon Shares which would continue to be held in Chalice after the In-specie Distribution, an additional Falcon Share will be issued to each Eligible Shareholder starting with the smallest Chalice Shareholding as at the In-specie Record Date, until there are no longer residual Falcon Shares held by Chalice.

Eligible Shareholders will receive a direct ownership interest in Falcon Metals, whilst maintaining their ownership interest in Chalice.

In connection with the Demerger, Falcon Metals intends to undertake an initial public offering of Falcon Metals Shares and lodge a prospectus under section 710 of the Corporations Act for the issue of a minimum of 30,000,000 Falcon Metals Shares and a maximum of 60,000,000 Falcon Metals Shares at a price of $0.50 per Falcon Metals Share to raise a minimum of $15,000,000 and a maximum of $30,000,000 (before costs) (**IPO**). It is intended that the IPO will comprise:

(a) a priority pro rata rights offer to existing Eligible Shareholders (**Priority Offer**); and

(b) an offer of any shortfall from the Priority Offer to existing Eligible Shareholders and the general public (**Shortfall Offer**).

The Transaction will result in two distinct legal entities:

(a) Chalice, with a focus on the exploration and development of the Julimar Project; and

(b) Falcon Metals, with a focus on the exploration and development of the Spin-Out Projects.

## 3.2 Background to Chalice

Chalice was incorporated on 13 October 2005 and was admitted to the Official List on 24 March 2006. The primary activities of Chalice are the exploration and development of its Julimar Project.

Chalice was founded and led by industry veteran and major shareholder Tim Goyder and is now led by Managing Director & Chief Executive Officer Alex Dorsch. Chalice is well-funded, with a cash and investments balance of approximately AUD$86 million (as at 30 September 2021).

Chalice is a globally recognised exploration specialist with a major greenfield PGE-Ni-Cu-Co-Au discovery at its Julimar Project in Western Australia. Chalice is also credited with the discovery of the new West Yilgarn Ni-Cu-PGE Province in WA.

The 100% owned Julimar Project is located ~70km north-east of Perth on private farmland and State Forest. The Julimar Project has direct access to major highway, rail, power and port infrastructure in Western Australia; one of the world's most attractive mining jurisdictions. The Julimar Project covers the ~26km long, largely unexplored Julimar Intrusive Complex, which is host to the major Gonneville PGE-Ni-Cu-Co-Au discovery and is fast emerging as a very large, strategic deposit of critical, 'green metals' in a world-class jurisdiction.

Drilling at the ~1.9km x 0.9km Gonneville Intrusion, at the southern-end of the Julimar Intrusive Complex has outlined an exceptional scale mineral system, with a range of mineralisation styles. Chalice is targeting completion of a maiden Mineral Resource Estimate for Gonneville in mid Q4 2021.

## 3.3 Overview of the Transaction

### (a) Key steps in the Transaction

The Transaction comprises the following key steps:

(i) Chalice Shareholder approval being obtained for the In-specie Distribution (the subject of the Resolution);

(ii) Falcon Metals lodging a full form prospectus in accordance with section 710 of the Corporations Act for the IPO;

(iii) Falcon Metals raising a minimum of $15,000,000 under the IPO (or such other amount as determined by the Falcon Metals Directors to satisfy the "assets test" under Listing Rule 1.3);

(iv) completion of the transfer of the Spin-Out Projects to Falcon Gold and Falcon WA, including obtaining all necessary and incidental Government, regulatory and third party consents for the transfer of the Spin-Out Projects;

(v) ASX providing Falcon Metals with a list of conditions which, once satisfied, will result in ASX admitting Falcon Metals to the Official List;

(vi) Chalice distributing its Falcon Metals Shares on an in-specie basis to Eligible Shareholders;

(vii) Falcon Metals issuing the IPO shares; and

(viii) Falcon Metals being admitted to the Official List.

(b) **Indicative timetable**

| **Event** | **Date** |
|---|---|
| Lodgement of Prospectus with ASIC | 3 November 2021 |
| Priority Offer Record Date | 9 November 2021 |
| Opening date for Priority Offer and Shortfall Offer (unless the Exposure Period for the Prospectus is extended) | 11 November 2021 |
| Closing date of Priority Offer | 1 December 2021 |
| Closing date of Shortfall Offer | 3 December 2021 |
| General Meeting to approve the In-specie Distribution | 3 December 2021 |
| Completion of transfer of Spin-Out Projects | 6 December 2021 |
| Effective date of In-specie Distribution | 6 December 2021 |
| Last day for Chalice Share trading cum In-specie Distribution | 7 December 2021 |
| In-specie Record Date | 9 December 2021 |
| In-specie Distribution of Falcon Metals Shares to Eligible Shareholders<br>Despatch of holding statements for Falcon Metals Shares distributed under the In-specie Distribution | 15 December 2021 |
| Issue of Falcon Metals Shares under IPO<br>Despatch of holding statements for Falcon Metals Shares issued under IPO | 15 December 2021 |
| Falcon Metals Shares commence trading on ASX | 22 December 2021 |

**Note**: The dates shown in the table above are indicative only and may vary subject to the Corporations Act, the Listing Rules, and other applicable laws.

(c) **Rationale for the Transaction**

The Transaction is being proposed by the Board for the following reasons:

(i) to allow Chalice to focus its efforts on its flagship asset, the Julimar Project, where current activities are focused on advancing studies for an initial mining development at Gonneville on private farmland and defining the full extent of mineralisation along the ~26km long Julimar Intrusive Complex;

(ii) given the focus of Chalice on the Julimar Project and new West Yilgarn Ni-Cu-PGE Province, the Board considers that Chalice is not able to reasonably prioritise resources to optimise the exploration potential of the Spin-Out Projects;

(iii) the Board considers that the value of the Spin-Out Projects is not being fully reflected in the Chalice Share price and separation of the Spin-Out Projects into a standalone company with specific commodity and management focus will enable a more transparent market value to be placed on the Spin-Out Projects;

(iv) to enable Chalice and Falcon Metals to undertake more targeted marketing to investors as both companies will have a clear and more easily understood investment proposition; and

(v) to give Chalice Shareholders the opportunity to participate in the growth of the Spin-Out Projects through a separate entity that will have sufficient resources to further develop the assets and optimise their potential value.

(d) **Advantages and disadvantages of the Transaction**

(i) **Advantages**

(A) Each of the Chalice Board and the Falcon Metals Board will be able to focus on, and prioritise, the development of their respective businesses.

Chalice Shareholders may elect to retain exposure to either one or both companies as dictated by their investment preferences and objectives on the basis that:

(1) all Eligible Shareholders will have an interest in Falcon Metals following the pro rata In-specie Distribution (assuming the Resolution is passed) and thereby the opportunity to retain this interest to benefit from the advancement of the Spin-Out Projects; and

(2) all Chalice Shareholders will retain their current percentage ownership interest in the capital of Chalice.

(B) The Transaction provides Chalice Shareholders with an interest in two companies – Chalice and Falcon Metals. The Chalice Board believes a separate entity focused on the Spin-Out Projects presents a better prospect of delivering greater value to Chalice Shareholders.

(C) The Board sees considerable underlying value in the Spin-Out Projects that is not being valued by the market and, therefore, a dedicated fully funded vehicle may realise appropriate value for Chalice Shareholders.

(D) The Transaction will allow each of Chalice and Falcon Metals to seek investment from investors and financiers including those with a specialist gold focus who do not wish to have exposure to other metals, and those with a focus on critical 'green metals' that do not want to have exposure to gold.

(ii) **Disadvantages**

(A) Chalice will incur costs associated with the Transaction including, but not limited to legal, accounting, and advisory fees incurred in the preparation of documentation required to give effect to the Transaction and tax advice obtained in relation to any taxation consequences of the Transaction. These costs will be reimbursed by Falcon Metals upon completion of the Transaction, but will be borne by Chalice if the Transaction does not complete. See Section 3.4(l) for additional details regarding the estimated costs of the Transaction.

(B) Chalice Shareholders may incur additional transaction costs if they wish to dispose of their Falcon Metals Shares (e.g. brokerage costs).

(C) Following completion of the Transaction, Falcon Metals will be a separately listed entity on the ASX, which will incur its own administrative and corporate costs including ASX listing fees, lease costs, office expenses and associated administrative expenses.

(D) Some Chalice Shareholders (the Ineligible Shareholders) will not be eligible to receive Falcon Shares pursuant to the In Specie Distribution. Such holders will participate indirectly in the In Specie Distribution through the Sale Facility process described in Section 3.3(e)(ii). The Ineligible Shareholders are not expected to constitute a material portion of the Chalice Share Register.

(E) There are a number of potential disadvantages arising from Falcon Metals seeking further funding. These include, but are not limited to:

(1) dilution of Chalice Shareholders' interest in Falcon Metals via the IPO; and

(2) uncertainty regarding Falcon Metals' ability to raise required funding in the future.

(F) Assuming completion of the Transaction, there will be two separate companies that will incur ongoing administrative costs and require funding which in some instances may lead to duplication.

(G) A significant amount of time will be spent in the coming months by the Board and Company management to give effect to the Transaction.

(e) **Effect of the Transaction on Chalice Shareholders**

(i) **What will you receive?**

If the In-specie Distribution is implemented, Eligible Shareholders will receive 1 Falcon Metals Share for approximately every 3.025 Chalice Shares held by them at the In-specie Record Date based on the number of Chalice Shares currently on issue. Any fractions of entitlement will be rounded down to the next whole number. If it eventuates that due to rounding there are any residual Falcon Shares which would continue to be held in Chalice after the In-specie Distribution, an additional Falcon Share will be issued to each Eligible Shareholder starting with the smallest Chalice Shareholding as at the In-specie Record Date, until there are no longer residual Falcon Shares held by Chalice.

Due to the Options and Performance Rights on issue in Chalice as at the date of this Notice, in addition to any future issue of Chalice Shares before the In-specie Record Date, it is not clear at the date of this Notice how many Chalice Shares will be on issue at the In-specie Record Date and therefore what the final ratio for the In-specie Distribution will be. However, 117,000,000 Falcon Metals are proposed to be distributed pursuant to the In-specie Distribution (**In-specie Shares**).

On the assumptions that:

(A) all Options and Performance Rights in which Timothy Goyder holds a relevant interest are exercised and converted into Shares before the In-Specie Record Date (see Section 4.1 for additional information);

(B) no other Options or Performance Rights are exercised and converted into Shares before the In-Specie Record Date; and

(C) no other Chalice Shares are issued before the In-Specie Record Date,

Eligible Shareholders will receive 1 Falcon Metals Share for approximately every 3.025 Chalice Shares held by them at the In-specie Record Date.

On the assumptions that:

(A) all existing Options are exercised and all existing Performance Rights on issue are exercised and converted into Shares before the In-Specie Record Date; and

(B) no other Chalice Shares are issued prior to the In-specie Record Date,

Eligible Shareholders will receive 1 Falcon Metals Share for approximately every 3.088 Chalice Shares held by them at the In-specie Record Date.

Chalice Shareholders are not required to contribute any payment for the In-specie Shares which they are entitled to receive under the In-specie Distribution.

(ii) **What about overseas Chalice Shareholders?**

Chalice has considered the geographical breakdown of its member register and determined that it is unreasonable in the circumstances to extend the In-specie

Distribution and the Priority Offer to Chalice Shareholders whose address is shown in the members register as outside of Australia and New Zealand (**Ineligible Shareholders**) on the basis of:

(A) the limited number of Ineligible Shareholders;

(B) the number and value of securities Ineligible Shareholders would be offered; and

(C) the cost of complying with legal or regulatory requirements in those places.

The In-specie Shares to which an Ineligible Shareholder is entitled under the In-specie Distribution will not be issued to such Ineligible Shareholder and, instead, will be sold by a nominee of Chalice on behalf of the Ineligible Shareholder as soon as practicable following the relevant record date (**Sale Facility**). The nominee will be directed to sell those In-specie Shares on market and account to the Ineligible Shareholder for the proceeds of sale less any costs or expenses in connection with the sale (**Sale Facility Proceeds**).

Ineligible Shareholders are cautioned that the Sale Facility Proceeds to be distributed may be more or less than the notional dollar value of the In-specie Shares, as security prices may vary from time to time (assuming a liquid market is available).

(i) **What is the impact on your Chalice Shareholding?**

The number of Chalice Shares you hold will not change as a result of the Transaction. The rights attaching to your Chalice Shares will also not alter.

If the Transaction is completed, the value of your Chalice Shares may be less than the value held prior to the Transaction being completed due to the removal of the Spin-Out Projects from Chalice's asset portfolio. The size of any decrease will be dependent on the value ascribed by the market to the Spin-Out Projects.

(ii) **Do you have to do anything to receive your In-specie Shares?**

You must hold Chalice Shares on the In-specie Record Date in order to receive your entitlement under in the In-specie Distribution. If the In-specie Distribution completes, you will automatically receive the In-specie Shares you are entitled to receive (unless you are an Ineligible Shareholder, in which case you will receive the Sale Facility Proceeds in accordance with Section 3.3(e)(ii) above), even if you vote against the Resolution or do not vote on it.

(iii) **Can I acquire more Falcon Metals Shares under the IPO?**

Yes.

The IPO is comprised of the "Priority Offer" and the "Shortfall Offer".

Under the Priority Offer, Eligible Shareholders will be entitled to apply for approximately 1 Falcon Share for every 5.882 Chalice Shares held on the Priority Offer Record Date.

Any entitlements under the Priority Offer which are not validly applied for will form the Shortfall Offer. Eligible Shareholders are also entitled to apply for Falcon Shares in addition to their entitlement under the Priority Offer by applying for Falcon Share under the Shortfall Offer. The Shortfall Offer will also be made available to the general public.

(iv) **Will I be able to trade my Falcon Metals Shares?**

If the Resolution is approved by Chalice Shareholders and the Transaction is completed, Chalice Shareholders who hold Falcon Metals Shares will be able to sell their Falcon Metals Shares in the future following the admission of Falcon Metals to the Official List.

(v) **What are the taxation implications of the Transaction?**

A general guide to the taxation implications of the Transaction is set out in Section 3.3(h) below. The description is expressed in terms of the Transaction and is not intended to provide taxation advice in respect of particular circumstances of any Chalice Shareholder. Chalice Shareholders should obtain professional advice as to the taxation implications of the Transaction in their specific circumstances.

It is also noted that from a tax perspective, Chalice is seeking a class ruling from the ATO to confirm that Demerger Relief for income tax purposes will be available (see Section 3.3(h)(i) below for further details).

(vi) **What is the effect on Options and Performance Rights?**

If the Transaction completes, under Listing Rule 7.22.3, the terms of the Chalice Options will be reorganised such that the exercise price of each Option will be reduced by the amount returned as capital in relation to each Share.

The exact value of the reduction to the exercise price will be dependent on the value ascribed to the Spin-Out Projects. This will be ascertained when Chalice receives the class ruling from the ATO (see Section 3.3(h)(i) below for further details). Chalice will announce the adjustment to the exercise price of the Chalice Options upon receipt of the class ruling.

The Transaction will have no effect on the terms of the Performance Rights of Chalice currently on issue. See Section 4.1 for additional information.

(f) **Demerger Implementation Deed**

To give effect to the Transaction, Chalice, Falcon Metals, Falcon Gold and Falcon WA entered into a demerger implementation deed on 29 October 2021 (**DID**). The effect of the DID is that the Spin-Out Projects will be transferred from Chalice to Falcon Gold and Falcon WA and the In-specie Distribution will be undertaken.

The In-Specie Distribution will only proceed if the conditions precedent to the DID are satisfied or waived (together, the **Conditions Precedent**). The material outstanding Conditions Precedent are summarised below:

(i) **Chalice Shareholder approval:** Chalice having obtained Chalice Shareholders' approval of the Resolution;

(ii) **IPO**: Falcon Metals having received valid applications for an amount not less than the Minimum Subscription under the IPO;

(iii) **ASX escrow:** Falcon Metals having obtained a waiver from the ASX in relation to the escrow restrictions in Appendix 9B of the Listing Rules that may otherwise apply to the In-specie Shares;

(iv) **Conditional admission**: ASX granting Falcon Metals conditional approval for its admission to the Official List on conditions satisfactory to the Company;

(v) **Third party consents**: Falcon and Chalice having received all relevant necessary third party consents pursuant to agreements to which they are a party, including waivers of any applicable change of control or pre-emptive right provisions granted in favour of third parties (if necessary); and

(vi) **ATO Class Ruling**: Chalice receiving a favourable draft class ruling or other ATO confirmation (to the satisfaction of Chalice).

The Conditions Precedent must be satisfied (or, where agreed between Chalice and Falcon Metals and legally permitted, waived) by no later than 31 March 2022 (or such other date agreed to between Chalice and Falcon Metals) (**Cut-Off Date**).

Should the Conditions Precedent be satisfied (or, where agreed between Chalice and Falcon Metals and legally permitted, waived), the In-Specie Distribution will be conducted on a pro rata basis (consisting of the Capital Reduction amount and the Demerger Dividend (if any)). Chalice Shareholders will receive in-specie their pro-rata distribution of Falcon Metals Shares at nil cost in proportion to the number of Chalice Shares held by them at the In-specie Record Date. Chalice Shareholders will thereby retain direct ownership of Chalice and will also receive direct ownership of Falcon Metals.

Chalice or Falcon Metals may terminate the DID prior to completion of the Demerger in the following circumstances:

(i) by mutual written agreement;

(ii) if the Demerger is not effected by the Cut-Off Date; or

(iii) if one party commits a material breach of the terms of the DID and fails to remedy that breach within 20 business days after the giving of notice by any other party to remedy the breach, that other party may terminate the DID by giving no less than 10 business days' notice to the other party.

The DID otherwise contains terms and conditions (including standard representations, warranties and indemnities) considered standard for an agreement of this nature.

(g) **Corporate structure**

In the event the Resolution is passed, Chalice proceeds with the Demerger, the restructure of Chalice will occur as follows:

(i) **Current structure**

See Schedule 6 for a diagram of Chalice's corporate structure prior to the Demerger.

(ii) **Structure on completion of Transaction**

See Schedule 7 for a diagram of Chalice's corporate structure following the Demerger.

(h) **Tax considerations**

The Australian tax and duty comments contained in this Section 3.3(h) are based on the Australian taxation laws (together with established interpretations and practices in respect of those laws) applicable as at the date of this Notice. Prior to completion of the Transaction, the Australian taxation laws (or their interpretation or practice) may change. The precise implications of the Demerger (and subsequent ownership or disposal of the Falcon Metals Shares) will also depend upon each investor's specific circumstances. Accordingly, investors should seek their own professional advice on the taxation implications of the Demerger and ownership of Falcon Metals Shares, taking into account their specific circumstances.

The Australian taxation and duty comments contained in this Section 3.3(h) are general in nature and are not intended to be an authoritative or complete statement of all potential tax implications for any investors participating in the Demerger. Moreover, the comments contained in this Section 3.3(h) have been prepared presuming that Chalice and Falcon Metals are Australian tax resident companies for Australian income tax purposes on the basis that both entities are incorporated in Australia. Should this presumption be incorrect, or successfully challenged by a tax authority, the comments below may also be incorrect or not suitable for an investor's purposes.

The below tax summary only addresses the position of a Chalice Shareholder who:

(i) participates in the Demerger;

(ii) holds their Chalice Shares on capital account, i.e. not on revenue account or as trading stock;

(iii) is not subject to the Taxation of Financial Arrangement (**TOFA**) provisions in Division 230 of the *Income Tax Assessment Act 1997* (Cth);

(iv) did not acquire their Chalice Shares under an employee incentive plan; and

(v) is an individual, complying superannuation entities and certain companies, trusts or partnerships (e.g. the comments do not cover investors who are insurance companies or banks).

As this Section 3.3(h) only contains Australian tax and duty comments, Chalice Shareholders (particularly those that are non-Australian tax residents) are advised to seek appropriate advice regarding the non-Australian tax and duty implications of the Transaction having regard to their country of tax residency and individual circumstances.

The comments in this Section 3.3(h) do not address the tax implications of participating in the IPO. The general Australian tax implications of participating in the IPO are addressed in the Prospectus. Chalice Shareholders are advised to seek appropriate advice regarding the tax and duty implications of participating in the IPO having regard to their individual circumstances.

Deloitte Tax Services Pty Ltd, a registered tax agent, has provided the tax comments below. Deloitte Tax Services Pty Ltd is not licensed under Chapter 7 of the Corporations Act to provide financial product advice. Taxation issues, such as (but not limited to)

those covered by this Section 3.3(h) are only one of the matters an investor needs to consider when making a decision about a financial product. Investors should consider taking advice from someone who holds an Australian financial services licence before making such a decision.

Chalice, Falcon Metals, the directors and proposed directors of each company and the advisers of each company do not accept any responsibility for the individual taxation implications arising from the Demerger, IPO and related transactions.

(i) **Class ruling**

Chalice has applied to the ATO for a class ruling confirming certain income tax implications of the Demerger for Chalice Shareholders.

Chalice understands that the ATO will not issue a class ruling in a final binding form until after the Demerger is complete. As Chalice considers the Demerger would not be value-accretive for Chalice Shareholders in the absence of Demerger Relief, receipt of a draft class ruling (or other appropriate guidance) to the satisfaction of Chalice from the ATO is one of the Conditions Precedent to the implementation of the Demerger.

The comments below (apart from Section 3.3(h)(iv)) assume a favourable class ruling is obtained. In the unlikely event that the ATO rules in the final class ruling that Demerger Relief is not available, the tax outcomes will differ (see Section 3.3(h)(iv) below for further details if Demerger Relief is not available).

(ii) **Australian taxation implications for Australian tax resident Chalice Shareholders**

(A) **Demerger Dividend**

For Australian tax resident Chalice Shareholders, the Demerger Dividend should not be assessable income.

(B) **Capital Reduction**

Where Demerger Relief is available, Australian tax resident shareholders who hold their Chalice Shares on capital account are able to choose to apply income tax roll-over relief.

For such Chalice Shareholders, they can disregard any capital gain made under CGT event G1 in respect of the capital component of the In-specie Distribution received under the Demerger.

Chalice expects to determine the capital component by reference to the allocation required by the principles set out in a class ruling from the ATO. The Demerger Dividend should therefore be that amount by which the market value of the Falcon Metals Shares arising from the In-specie Distribution exceeds the Capital Reduction amount.

For tax resident shareholders that do not choose to obtain roll-over relief, any capital gain made under CGT event G1 from the Demerger (i.e. if the Capital Reduction amount received is greater than the cost base of their Chalice Shares) cannot be disregarded. Chalice

Shareholders in this scenario may be eligible to apply the CGT discount to any capital gain made under CGT event G1, however, Chalice Shareholders will need to seek specific tax advice having regard to their specific facts and circumstances in order to assess their eligibility for the CGT discount. It is noted that no capital loss should be recognised as a result of CGT event G1 happening. The way a shareholder prepares its income tax return should generally be sufficient evidence of the making of a choice to obtain Demerger Relief. No formal election is generally required.

Regardless of whether Demerger Relief is chosen by an Australian tax resident Chalice Shareholder, Chalice Shareholders will be required to apportion the total of the cost bases of their Chalice Shares just before the Demerger amongst those Chalice Shares and the corresponding In-specie Shares received under the Demerger. This apportionment must be done on a reasonable basis, having regard to the market values of Chalice Shares and Falcon Metals Shares just after the Demerger, or an anticipated reasonable approximation of those market values. It is expected that the ATO class ruling will set-out the market values / percentages that can be used for this cost base apportionment process.

The In-specie Shares received under the Demerger will be acquired for CGT purposes on the date the shares are distributed in-specie. However, irrespective of whether Demerger Relief is chosen, for the purpose of determining entitlement to a discount capital gain in relation to a subsequent CGT event that happens to the In-specie Shares, they will be taken to have been acquired when the original Chalice Shares were acquired.

(iii) **Australian taxation implications for non-Australian tax resident Chalice Shareholders**

(A) **Demerger Dividend**

For non-tax resident Chalice Shareholders, the Demerger Dividend should neither be assessable income in Australia nor subject to dividend withholding tax.

(B) **Capital Reduction**

For non-Australian tax resident Chalice Shareholders that do not hold their Chalice Shares through a permanent establishment in Australia and hold their Chalice Shares on capital account, CGT consequences should arise only if:

(1) the non-Australian tax resident Chalice Shareholder has an associate-inclusive interest of at least 10% in Chalice, either at the time of disposal or throughout a 12 month period that began no earlier than 24 months before the event (referred to as a "non-portfolio interest" in Chalice); and

(2) Chalice is considered "land rich" for Australian income tax purposes (i.e. greater than 50% of the market value of the

company's underlying assets is attributable to Australian real property or certain interests in relation to Australian minerals).

Relevant non-Australian tax resident Chalice Shareholders will need to determine if the above requirements are met at the time of disposal of their shares. Non-Australian tax resident Chalice Shareholders who hold (or have held) a non-portfolio interest (10% or more of the Chalice Shares on an associate inclusive basis), should obtain independent professional advice as to the tax implications of the Capital Reduction. Also, non-Australian tax resident investors who hold their Chalice Shares on revenue account (or deemed revenue account) should seek separate independent professional advice.

(iv) **Demerger Relief is not available**

Chalice does not expect the ATO to rule that Demerger Relief is unavailable or that the related dividend tax integrity rules (e.g. section 45B of the *Income Tax Assessment Act 1936* (Cth)) apply.

However, in the unlikely event that the ATO rules in the final class ruling that Demerger Relief is not available, Australian tax resident Chalice Shareholders should:

(A) be required to include the Demerger Dividend in their assessable income;

(B) make a capital gain under CGT event G1 to the extent (if any) that the Capital Reduction amount received exceeds the cost base of their shares;

(C) have a first element tax cost base and reduced cost base in their In-specie Shares equal to their market value on the Demerger implementation date; and

(D) be taken to have acquired their In-specie Shares on the Demerger implementation date for the purposes of determining eligibility for the CGT discount.

If the ATO rules in the final class ruling that the dividend tax integrity measures apply (e.g. section 45B of the *Income Tax Assessment Act 1936* (Cth)), the Capital Reduction amount should be treated as an unfranked dividend in the hands of Chalice Shareholders. Relevant withholding tax (e.g. foreign resident dividend withholding tax) should then be applicable to the unfranked dividend at a rate of 30% of the dividend's gross amount (with the rate subject to reduction under the application of relevant double tax agreements).

(v) **Taxation implications for Chalice**

Where Demerger Relief is available, the Demerger should not have any adverse income tax implications for Chalice.

If the ATO rules that Demerger Relief is not available, Chalice would make a capital gain on its distribution of the In-specie Shares.

(vi) **Sale Facility**

The Australian income tax implications of the Demerger outlined above should apply equally to Ineligible Shareholders whose In-specie Shares are sold by the nominee on the ASX under the Sale Facility (described in Section 3.3(e)(ii) above).

Under the Sale Facility, Ineligible Shareholders should be regarded for CGT purposes as having disposed of their In-specie Shares under CGT event A1 (disposal of a CGT asset). The disposal proceeds should equal the proceeds received under the Sale Facility (adjusted for any applicable withholding tax).

Assuming Demerger Relief is available, for the purpose of determining whether a capital gain or capital loss arises:

(A) the cost base of the In-specie Shares will be as outlined as above; and

(B) for the purpose of determining whether the In-specie Shares are held for 12 months or more for the purpose of the CGT discount, Chalice Shareholders will be treated as having acquired the corresponding In-specie Shares on the same date as their Chalice Shares.

No Australian income tax consequences should arise for Ineligible Shareholders who are non-Australian tax residents unless they hold (or have held) a non-portfolio interest or their shares are held via an Australian permanent establishment.

(vii) **GST**

No GST should be payable in relation to the Demerger. However, the eligibility for Chalice Shareholders to claim full or partial input tax credits in relation to GST incurred on adviser fees and other costs relating to their participation in the Demerger will depend on the individual circumstances of each Chalice Shareholder.

(viii) **Stamp duty**

No stamp duty should be payable in any Australian State or Territory by Chalice Shareholders in relation to their participation in the Demerger.

(ix) **Foreign resident CGT withholding declaration**

Chalice warrants that it has, at all times, from the date of this Notice up to and including the date on which the In-specie Shares are distributed, been an Australian tax resident for Australian income tax purposes.

On the basis of the above declaration, and given that Chalice is a company incorporated in Australia, foreign resident CGT withholding should not apply to the acquisition of In-specie Shares by Chalice Shareholders under the Demerger.

For completeness, it is also noted that In-specie Shares sold by the nominee on ASX under the Sale Facility should not be subject to foreign resident CGT

withholding given there is a specific exemption from this form of withholding for shares sold on ASX.

(x) **Holding In-specie Shares after the Demerger**

The Australian income tax consequences for holding In-specie Shares should generally be the same as holding Chalice Shares. The below comments are general in nature and do not necessarily address all possible tax implications of holding In-specie Shares. Chalice Shareholders are advised to obtain independent tax advice having regard to their individual circumstances.

(A) **Dividends**

For Australian tax resident Chalice Shareholders:

(1) they should generally be required to include dividends in respect of In-specie Shares in their assessable income for the income year in which the dividends are received;

(2) dividends may be franked. Subject to the "holding period" and "qualified person" rules, Chalice Shareholders should include any franking credits in their assessable income and then be entitled to a tax offset equal to the franking credits;

(3) an individual or complying superannuation fund Chalice Shareholder may be entitled to receive a tax refund if the franking credits exceed the total income tax payable in a particular income year;

(4) a company Chalice Shareholder is not entitled to a refund of excess franking credits. Where excess franking credits exist, a company Chalice Shareholder should be entitled to have the surplus credits converted into carry forward tax losses;

(5) Chalice Shareholders that are trusts (other than trustees of complying superannuation entities or trusts treated as companies for tax purposes) or partnerships, should include any franking credits in determining the net income of the trust or partnership. The relevant beneficiary or partner may then be entitled to a corresponding tax offset, subject to certain requirements being satisfied; and

(6) for trusts or partnerships, including limited partnerships, the rules surrounding the taxation of dividends are complex and advice should be sought to confirm the appropriate taxation considerations and treatment.

For non-Australian tax resident Chalice Shareholders:

(1) no dividend withholding tax for franked dividends should arise;

(2) for unfranked dividends, dividend withholding tax should arise. The dividend withholding tax rate is 30%, subject to reduction

under relevant double tax agreements between Australia and the country of residence of the Chalice Shareholder; and

(3) it is recommended that non-Australian tax resident Chalice Shareholders consider the tax implications of receiving dividends in respect of shares paid in Australia under their local tax regimes, including if a credit is available for any dividend withholding tax.

Following the Demerger, it is expected that Falcon Metals Shareholders will be given the opportunity to quote their TFN, TFN exemption or ABN in respect of their In-specie Shares. Chalice Shareholders need not quote a TFN, TFN exemption or ABN in respect of their In-specie Shares. However, if they do not, then withholding tax may be required to be deducted from any dividends paid by Falcon Metals at the highest marginal tax rate plus the Medicare Levy (currently 47%).

(B) **Sale of In-specie Shares**

Australian tax resident Chalice Shareholders will make a capital gain or loss depending on whether the sale proceeds from the sale of their shares is more or less than the cost base / reduced cost base of the shares sold. Assuming Demerger Relief is available, for the purpose of determining the CGT consequences from a sale of the In-specie Shares:

(1) the cost base / reduced cost base of the In-specie Shares will be as outlined above;

(2) for the purpose of determining whether the shares are held for 12 months or more for the purpose of the CGT discount, Shareholders will be treated as having acquired the corresponding In-specie Shares on the same date as their Chalice Shares; and

(3) any capital gain or capital loss on the disposal of In-specie Shares deemed to have been acquired before 4 October 1985 will be disregarded.

Non-Australian tax resident Chalice Shareholders who hold their In-specie Shares on capital account should not generally be subject to the Australian CGT regime upon disposal of their In-specie Shares except in limited circumstances, for example, where the In-specie Shares relate to a business carried on by the foreign resident through a permanent establishment in Australia or where the In-specie Shares are “indirect Australian real property interests”. The In-specie Shares should be indirect Australian real property interests to the extent that, broadly, the following two requirements are satisfied:

(1) Falcon Metals is considered “land rich” for Australian income tax purposes (i.e. greater than 50% of the market value of Falcon Metals' underlying assets is principally derived from Australian real property or certain interests in relation to Australian minerals); and

(2) the non-resident Chalice Shareholder has an associate-inclusive interest of at least 10% in Falcon Metals (either at the time of disposal or throughout a 12-month period that began no earlier than 24 months before the disposal).

Relevant non-Australian tax resident Chalice Shareholders will need to determine if the above requirements are met at the time of disposal of their In-specie Shares. Non-Australian resident investors who hold shares on revenue account should seek separate independent professional advice.

Non-resident CGT withholding rules can apply to the disposal of certain taxable Australian property, whereby, a 12.5% non-final withholding tax may be applied. However, the rules should not apply to the disposal of an In-specie Share on the ASX (in accordance with a specific exemption).

## 3.4 Additional information relating to Falcon Metals

### (a) Plans for Falcon Metals following completion of the Transaction

If the Transaction is implemented, Falcon Metals proposes to undertake exploration across the Spin-Out Projects, with the intention of following up targets identified by previous sampling and drilling programs completed by Chalice.

Details of the tenements which comprise the Spin-Out Projects, together with any encumbrances (if any) are set out in Schedule 5. Further details with respect to each of the Spin-Out Projects is set out below and included in the Independent Geologist's Report at Schedule 8.

### (b) Summary of Spin-Out Projects

#### (i) General

The Spin-Out Projects to be demerged out of Chalice into Falcon Metals comprise the Pyramid Hill Project in Victoria and the Viking Project and Mt Jackson Project in Western Australia. Falcon Metals' primary focus will initially be on the Pyramid Hill Project in the Bendigo region of Victoria.

The rights and obligations of Chalice summarised below will be transferred to Falcon Metals as part of the Demerger. Accordingly, references to "Chalice" will become references to "Falcon Metals" on completion of the Demerger.

#### (ii) Pyramid Hill Project

The 100% owned Pyramid Hill Project was initially staked in late 2017 and now covers an area of >5,000km² in the Bendigo region of Victoria. The Pyramid Hill Project comprises three key districts; Muckleford, Mt William and Percydale which collectively cover areas of the Bendigo, Melbourne and Stawell structural zones. All three districts are highly prospective for high-grade orogenic gold deposits with the Bendigo zone alone having produced over 60Moz of gold since the 1850s.

Most of the Chalice tenements are covered by Cenozoic Murray Basin sediments of variable thickness (maximum 150m where drilled) which overlie the prospective Castlemaine Group sedimentary basement, the host

succession to all significant primary gold deposits in the Central Victorian goldfields. Prior to the onset of Chalice's exploration activities in 2018, there had been little to no effective exploration for gold over the exploration licence areas.

Since 2018, Chalice has completed 1,120 aircore holes for 117,080 m and 21 diamond holes for 7,300m. Given the large tenement package and limited effective drilling prior to Chalice, the Pyramid Hill Project remains at an early stage of exploration.

Falcon Metals intends to build on the exploration strategy adopted by Chalice, which is a systematic value-add approach, aimed at testing for potential large-scale gold systems. This involves:

(A) screening the thin cover (<150 m) areas with wide-spaced reconnaissance sampling and aircore drilling;

(B) infill sampling and drilling whilst vectoring towards the larger, more promising targets; and

(C) drilling-out appropriate prospects to effectively evaluate their potential to be economic gold deposits.

Recent drilling has intersected significant gold mineralisation which supports the interpretation that Chalice's reconnaissance activities have provided effective drill targets for concealed basement gold mineralisation.

The next stage of the Pyramid Hill Project will be drilling the current high priority prospects (Karri, Ironbark, Banksia and Wandoo) whilst continuing reconnaissance exploration activities across the greater project area.

The majority of the project area is situated on privately owned farmland and exploration access is therefore subject to existing and potential new land access agreements with the local landowners, we well as seasonal cropping constraints.

(iii) **Viking Project**

The Viking Gold Project is located ~35km southeast of Norseman, Western Australia and comprises two exploration licences (E63/1963 – granted, E63/1994 – application) totalling 308km². Chalice is currently progressing the exploration licence application towards grant.

Chalice is earning into E63/1963 held by Metal Hawk Limited, whereby Chalice has a commitment to spend a minimum $200,000 within two years as part of a $1,000,000 earn-in for an initial 51% interest in the project. On achieving a 51% interest, Chalice has the right but not the obligation to earn a further 19% interest (70% interest in total) by funding an additional $1,750,000 of expenditure over 30 months. Upon earning an interest, a joint venture will be formed to fund ongoing exploration on a pro-rata basis.

Situated in the northern foreland region of the Albany-Fraser Orogen (AFO) and directly south of the world-class Kalgoorlie Terrane, the Viking Project is prospective for orogenic-style gold mineralisation. The Viking Project includes several historical high-grade oxide gold drill intersections that have seen only limited follow-up exploration.

Mineralised prospects have been identified at Beaker 1, Beaker 2, Beaker 3, and Beaker 4, and these will be the focus for follow-up exploration drilling which

will target down dip and potential down-plunge extensions to the existing oxide gold drill intersections.

(iv) **Mt Jackson Project**

The Mt Jackson Project is located in an underexplored part of the prospective Southern Cross region of Western Australia. The Mt Jackson Project consists of one granted exploration licence (E77/2577), which is 100% owned by Chalice. It is prospective for orogenic-style gold mineralisation, given the presence of an interpreted juncture between two regional-scale faults at the northern termination of the Southern Cross Greenstone Belt.

Falcon Metals plans to conduct initial aircore drilling targeting the interpreted greenstone (mafic/ultramafic) stratigraphy that displays low-level but coincidental gold + arsenic + antimony surface geochemical anomalism. The target is yet to be tested by any drilling.

(c) **Proposed use of funds**

The following table shows the intended use of funds raised under the IPO in the two-year period following admission of Falcon Metals to the Official List:

| **Use of funds - Year 1** | **Minimum Subscription** | | **Maximum Subscription** | |
|---|---|---|---|---|
| | **$** | **%** | **$** | **%** |
| Exploration and development expenditure on the Spin-out Projects: | | | | |
| - Pyramid Hill | $3,375,000 | 22.50% | $3,700,000 | 12.33% |
| - Viking Gold | $500,000 | 3.33% | $1,000,000 | 3.33% |
| - Mt Jackson | $50,000 | 0.33% | $75,000 | 0.25% |
| Working capital | $1,000,000 | 6.67% | $2,900,000 | 9.67% |
| Corporate costs | $900,000 | 6.00% | $1,000,000 | 3.33% |
| Costs of the IPO | $1,000,000 | 6.67% | $1,450,000 | 4.84% |
| **Total Funds allocated - Year 1** | **$6,825,000** | **45.50%** | **$10,125,000** | **33.75%** |

| Use of funds - Year 2 | Minimum Subscription | | Maximum Subscription | |
|---|---|---|---|---|
| | $ | % | $ | % |
| Exploration and development expenditure on the Spin-out Projects: | | | | |
| - Pyramid Hill | $4,450,000 | 29.67% | $11,650,000 | 38.83% |
| - Viking Gold | $1,450,000 | 9.67% | $1,500,000 | 5.00% |
| - Mt Jackson | $175,000 | 1.16% | $175,000 | 0.58% |
| Working capital | $1,100,000 | 7.33% | $5,450,000 | 18.17% |
| Corporate costs | $1,000,000 | 6.67% | $1,100,000 | 3.67% |
| **Total Funds allocated - Year 2** | **$8,175,000** | **54.50%** | **$19,875,000** | **66.25%** |
| **Total Funds Allocated** | **$15,000,000** | **100%** | **$30,000,000** | **100%** |

**Note:** Working capital includes the general costs associated with the management and operation of the business including administration expenses, rent and other associated costs. Working capital also includes surplus funds. The Falcon Metals Directors will allocate surplus funds at their discretion in the event Falcon Metals raises more than the Minimum Subscription under the IPO.

(d) **Risk factors**

On successful completion of the Transaction, Shareholders will become shareholders in Falcon Metals and should be aware of the general and specific risk factors which may affect Falcon Metals and the value of its securities. These risk factors are set out in Schedule 4.

(e) **Proposed capital structure**

The indicative capital structure of Falcon Metals on completion of the Transaction will be as follows:

| Security | Minimum Subscription | % | Maximum Subscription | % |
|---|---|---|---|---|
| Existing share on issue | 1 | - | 1 | - |
| In-specie Shares[(1)] | 116,999,999 | 79.59% | 116,999,999 | 66.10% |
| Shares offered under the IPO[(2)] | 30,000,000 | 20.41% | 60,000,000 | 33.90% |
| **Total Falcon Metals Shares on completion of the Transaction** | **147,000,000** | **100%** | 177,000,000 | **100%** |
| Options to be issued[(3)] | 11,682,000 | - | 11,682,000 | - |

**Notes:**

1. This number is based on the share capital of Chalice as at the date of this Notice, which results in a ratio for the In-Specie Distribution of 1 Falcon Metals Share for approximately every 3.025 Chalice Shares held on the In-specie Record Date. The number of Chalice Shares on issue may increase prior to the In-specie Record Date which will affect the ratio of number of Falcon Metals Shares to be distributed per Chalice Share under the In-specie Distribution.

2. Comprising the IPO of a minimum of 30,000,000 Falcon Metals Shares and a maximum of 60,000,000 Falcon Metals Shares at $0.50 per Falcon Metals Share, to raise a minimum of $15,000,000 and a maximum of $30,000,000 (before costs).

3. Unquoted options issued on the terms and conditions in Section 3.4(k). 9,027,000 to be issued to Directors and 2,655,000 to be issued to key management personnel and employees.

Shareholders should note that this structure is indicative only. Chalice and Falcon Metals retain discretion to amend the structure (including, for example, issuing more or less shares or other forms of securities such as options).

(f) **Falcon Metals substantial shareholders**

Falcon Metals is presently a wholly-owned subsidiary of Chalice and therefore Chalice holds 100% of the issued capital of Falcon Metals.

Upon admission to the Official List and successful implementation of the Transaction, the following persons are expected to have an interest in 5% or more of the Falcon Metals Shares on issue:

| Falcon Metals substantial shareholder | Number of Falcon Metals Shares[(1)] | % of Falcon Metals Shares[(2)] |
|---|---|---|
| Timothy Goyder | 13,411,050 | 7.58 |

**Notes:**

1. As at the date of this Notice, Timothy Goyder holds a relevant interest in 250,000 Options and 735,294 Performance Rights. As previously announced, Mr Goyder will retire as a Director of the Company at the annual general meeting to be held on 24 November 2021. The Chalice Board intends to exercise their discretion under the terms of issue of the Performance Rights and the Company's Employee Securities Incentive Plan to permit the 735,294 Performance Rights to vest with effect from the later of the date of Mr Goyder's retirement, and the Company not being in a "black-out" period under its securities trading policy. It is also intended that Mr Goyder will exercise all of the Options in which he holds a relevant interest before the In-specie Record Date.

   As at the date of this Notice, Mr Goyder has indicated that he intends to subscribe for 500,000 Falcon Metals Shares under the Priority Offer in addition to the approximately 12,911,054 Falcon Metals Shares he will be issued pursuant to the In-specie Distribution (assuming a demerger ratio of 1 Falcon Metals Share for approximately every 3.025 Chalice Shares held on the In-specie Record Date).

2. Based on the Maximum Subscription.

(g) **Board and key management personnel**

The Falcon Metals Board currently comprises Alex Dorsch, Chris MacKinnon and Richard Hacker, each as Non-Executive Directors. Upon ASX granting conditional approval for the admission of Falcon Metals to the official list of the ASX on conditions satisfactory to Falcon Metals:

(i) Chris MacKinnon and Richard Hacker will resign as Directors;

(ii) Tim Markwell's appointment as Managing Director and Chief Executive Officer will become effective; and

(iii) Mark Bennett's appointment as Non-Executive Chairman will become effective.

See below for the biographies of the Board of Falcon Metals upon ASX granting conditional approval for the admission of Falcon Metals to the official list of the ASX on conditions satisfactory to Falcon Metals.

(i) **Tim Markwell - Managing Director and Chief Executive Officer**

BSc Geology (Honours), GradDipAppFin

Tim is a geologist, fund manager and mining executive with over 25 years' experience in gold and base metal exploration. Tim has been the Investment Manager of the African Lion funds at Lion Selection Group for over 14 years. Lion Selection is a highly-regarded and successful ASX-listed investment company focused on junior mining companies.

During his time at Lion Selection, Tim also had various board roles including as Non-Executive Director and acting CEO of Celamin Holdings Ltd (ASX: CNL), and Non-Executive Director of both Predictive Discovery Ltd (ASX: PDI) and Anax Metals Ltd (ASX: ANX). Prior to Lion Selection, Tim worked in senior technical roles at BHP Ltd (ASX: BHP) and Golder Associates, as well a resource analyst role at broker DJ Carmichael.

(ii) **Mark Bennett - Non-Executive Chairman (Independent)**

BSc (Mining Geology), PhD MAIG AusIMM GSL

Dr Mark Bennett has been appointed as Non-Executive Chair of Falcon Metals. Mark is a highly-experienced geologist and mining executive with over 30 years' experience in gold and base metal exploration. He was the founding Managing Director and CEO of Sirius Resources Ltd, where he was awarded the Association of Mining and Exploration Companies (AMEC) "Prospector of the Year Award" for the world-class Nova-Bollinger nickel-copper discovery in 2013. He went on to lead the company until its ~$1.8 billion merger with IGO Ltd (ASX: IGO).

Mark is a two-times winner of the AMEC award, having previously been recognised for the Thunderbox gold and Waterloo nickel discoveries in 2002 during his time as a key member of the senior leadership team of LionOre Mining International. In addition to his technical exploration expertise, Mark is experienced in corporate affairs, equity capital markets, investor relations and

community engagement and led Sirius from pre-discovery to the construction stage, until the completion of its merger with IGO.

Mark is currently the Executive Chairman of S2 Resources Ltd (ASX: S2R) and Non-Executive Director of Todd River Resources Ltd (ASX: TRT).

(iii) **Alex Dorsch - Non-Executive Director (Independent)**

BEng (Mechanical) (Honours First Class) and BFin

Alex was appointed Managing Director of Chalice in November 2018, having joined the company in late 2017. Alex has lead Chalice through an exceptional recent growth period and was recognised as New/Emerging Leader of the Year in 2020 in the MiningNews awards. Alex has diverse experience in a variety of leadership roles across the resources sector, as a management consultant, engineer, project manager, and corporate adviser. Prior to joining Chalice, he was working as a specialist consultant with the global management consultancy McKinsey & Company. He commenced his engineering career with resources giant BHP in Adelaide, and then spent over six years as an engineer in oil and gas exploration.

(iv) **Andrea Betti - Company Secretary**

BCom, GradDip Corporate Governance, GradDip Applied Finance and Investment and Masters of Business Administration

Andrea is an accounting and corporate governance professional with over 20 years' experience in accounting, corporate governance, finance and corporate banking. She has acted as Chief Financial Officer and Company Secretary for companies in the private and public listed sectors, as well as senior executive roles in the banking and finance industry. Andrea is a member of Chartered Accountants Australia and New Zealand and an associate member of the Governance Institute of Australia. She is currently a director of a corporate advisory company based in Perth that provides corporate and other advisory services to public listed companies.

(h) **Proposed interests of Falcon Metals Directors and management in Falcon Metals securities**

| | **Shares[(1)]** | **%[(2)]** | **Options[(3)]** |
|---|---|---|---|
| Tim Markwell | 1,552 | 0.00 | 3,540,000 |
| Mark Bennett | 75,086 | 0.04 | 3,540,000 |
| Alex Dorsch | 2,446,725 | 1.38 | 1,770,000 |
| Andrea Betti | Nil | Nil | 177,000 |

**Notes:**

1. These Shares represent the anticipated Falcon Metals Shares that will be issued pursuant to the In-specie Distribution as at the date of this Notice, and the Falcon Metals Shares to be issued under the Priority Offer. As at the date of this Notice, the Falcon Metals Directors who are also Chalice Shareholders (and entitled to participate in the In-specie Distribution

and Priority Offer), Alex Dorsch, Tim Markwell and Mark Bennett have indicated they intend to take up their full entitlement under the Priority Offer.

2. Based on the Maximum Subscription.

3. Unquoted options exercisable at $0.75 each. Terms and conditions of the Options are set out in Section 3.4(k).

(i) **Proposed remuneration of Falcon Metals Directors**

The proposed total remuneration package for each of the Falcon Metals Directors as at the date of this Notice is set out below:

| Falcon Metals Director | Remuneration (inclusive of superannuation) |
|---|---|
| Tim Markwell (Managing Director) | $297,000 |
| Mark Bennett (Non-Executive Chairman) | $90,000 |
| Alex Dorsch (Non-Executive Director) | $55,000 |

(j) **Rights attaching to Falcon Metals Shares**

A summary of the rights that will attach to the Falcon Metals Shares is set out below. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Falcon Metals Shareholders. Full details of the rights attaching to the Falcon Metals Shares are set out in Falcon Metals' constitution, a copy of which is available on request.

(i) **General Meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of Falcon Metals.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Falcon Metals constitution.

(ii) **Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

(A) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(B) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(C) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the

same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(iii) **Dividend Rights**

Subject to the rights of persons (if any) entitled to shares with special rights to dividends, the directors may declare a dividend in accordance with the Corporations Act and may authorise the payment or crediting by Falcon Metals to the shareholders of such a dividend. The directors may from time to time pay to shareholders any interim dividend that they may determine. Subject to the rights of any preference shareholders and to the rights of the holders of any shares credited or raised under any special arrangement as to the dividend, the dividend as declared shall be payable proportionately according to the amounts paid up or credited as paid up, on the shares, and otherwise in accordance with Part 2H.5 of the Corporations Act. Interest may not be paid by Falcon Metals in respect of any dividend, whether final or interim.

(iv) **Winding-Up**

If Falcon Metals is wound up, the liquidator may, with the authority of a special resolution of Falcon Metals, divide among the shareholders in kind the whole or any part of the property of Falcon Metals, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution of Falcon Metals, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(v) **Transfer of Shares**

Generally, shares in Falcon Metals are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(vi) **Variation of Rights**

Pursuant to section 246B of the Corporations Act, Falcon Metals may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not Falcon Metals is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(k) **Terms and conditions of Falcon Metals Options**

The Falcon Metals Options will be issued on the following terms and conditions:

(i) (**Entitlement**): Each Option entitles the holder to subscribe for one fully paid ordinary share (**Share**) upon exercise of the Option.

(ii) (**Exercise Price, Vesting Conditions and Expiry Date**): The Options have the following exercise price, vesting conditions and expiry dates:

| Class | Percentage of Options | Exercise Price | Vesting condition | Expiry Date |
|---|---|---|---|---|
| Class A | 25% | 150% of the IPO price | 1.5 years after the admission of Falcon Metals to the Official List of ASX | 3 years from date of issue |
| Class B | 25% | 150% of the IPO price | 2 years after the admission of Falcon Metals to the Official List of ASX | 3 years from date of issue |
| Class C | 25% | 150% of the IPO price | 1.5 years after the admission of Falcon Metals to the Official List of ASX | 4 years from date of issue |
| Class D | 25% | 150% of the IPO price | 3 years after the admission of Falcon Metals to the Official List of ASX | 4 years from date of issue |

In each case, the Options will only vest if the relevant person continues to be hold the position of Director, employee or consultant (as applicable) of Falcon Metals at all times until the relevant Vesting Condition is satisfied.

(iii) (**Expiry Date**): The Options expire at 5:00pm on the Expiry Date specified in paragraph (ii). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(iv) (**Exercise Period**): The Options are exercisable at any time and from time to time after the relevant Vesting Condition has been satisfied until the Expiry Date.

(v) (**Quotation of the Options**): Falcon Metals will not apply for quotation of the Options on any securities exchange.

(vi) (**Transferability**): The Options are not transferable, except with the prior written approval of Falcon Metals and subject to compliance with the Corporations Act.

(vii) (**Notice of Exercise**): The Options may be exercised by notice in writing to Falcon Metals in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to Falcon Metals.

Any Notice of Exercise of an Option received by Falcon Metals will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(viii) (**Timing of issue of Shares on exercise**): Within five (5) Business Days after the Exercise Date Falcon Metals will, subject to paragraph below:

(A) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by Falcon Metals;

(B) if required and able, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and

(C) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(ix) (**Restrictions on transfer of Shares**): If Falcon Metals is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Falcon Metals Shares issued on exercise of the Options may not be traded until 12 months after their issue unless Falcon Metals, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(x) (**Cashless exercise of Options**): The holder of Options may elect not to be required to provide payment of the Exercise Price for the number of Options specified in a Notice of Exercise but that on exercise of those Options Falcon Metals will transfer or allot to the holder that number of Shares equal in value to the positive difference between the then Market Value of the Shares at the time of exercise and the Exercise Price that would otherwise be payable to exercise those Options (with the number of Shares rounded down to the nearest whole Share).

**Market Value** means, at any given date, the volume weighted average price per Share traded on the ASX over the five (5) trading days immediately preceding that given date.

(xi) (**Shares issued on exercise**): Shares issued on exercise of the Options will rank equally with the then Shares of Falcon Metals.

(xii) (**Takeovers prohibition**):

(i) the issue of Shares on exercise of the Options is subject to and conditional upon the issue of the relevant Shares not resulting in any person being in breach of section 606(1) of the Corporations Act; and

(ii) Falcon Metals will not be required to seek the approval of its members for the purposes of item 7 of section 611 of the Corporations Act to permit the issue of any Shares on exercise of the Options.

(xiii) (**Reconstruction of capital**): If at any time the issued capital of Falcon Metals is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(xiv) (**Participation in new issues**): There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(xv) (**Entitlement to dividends**): The Options do not confer any entitlement to a dividend, whether fixed or at the discretion of the directors, during the currency of the Options without exercising the Options.

(xvi) (**Entitlement to capital return**): The Options do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise, and similarly do not confer any right to participate in the surplus profit or assets of Falcon Metals upon a winding up, in each case, during the currency of the Options without exercising the Options.

(xvii) (**Adjustments for reorganisation**): If there is any reorganisation of the issued share capital of Falcon Metals, the rights of the Option holder will be varied in accordance with the Listing Rules.

(xviii) (**Adjustment for bonus issues of Shares**): If Falcon Metals makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

(A) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and

(B) no change will be made to the Exercise Price.

(xix) (**Voting rights**): The Options do not confer any right to vote at meetings of members of Falcon Metals, except as required by law, during the currency of the Options without first exercising the Options.

(xx) (**Constitution**): Upon the issue of Shares on exercise of the Options, the holder agrees to be bound by Falcon Metals' constitution.

(l) **Costs of the Transaction**

The total approximate expenses of the Transaction are:

| | **A$ (minimum subscription)** | **A$ (maximum subscription)** |
|---|---|---|
| **Demerger Costs** | | |
| Legal fees | 72,000 | 72,000 |
| ASIC/ASX | 6,000 | 6,000 |
| Tax advice | 170,000 | 170,000 |
| Co Sec/Accounting/admin | 20,000 | 20,000 |
| Contingency | 32,000 | 32,000 |
| **Total Demerger costs** | **$300,000** | **$300,000** |
| **IPO Costs** | | |
| Legal fees | 88,000 | 88,000 |
| Stamp duty | 50,000 | 50,000 |
| HR/recruitment | 110,000 | 110,000 |
| Accounting/Co Sec/Admin | 71,000 | 71,000 |
| Investigating accountant | 10,000 | 10,000 |
| Independent geologist | 50,000 | 50,000 |
| Branding/website/IT | 13,000 | 13,000 |
| ASIC/ASX Lodgement and other fees | 7,000 | 7,000 |
| ASX Quotation Fees | 139,000 | 150,000 |
| Lead Mangers | 413,000 | 825,000 |
| Contingency fees | 49,000 | 76,000 |
| **IPO Costs** | **$1,000,000** | **$1,450,000** |
| **Total Transaction costs** | **$1,300,000** | **$1,750,000** |

Chalice will incur some of the above costs prior to completion of the Transaction, including, but not limited to legal, accounting, and advisory fees incurred in the preparation of documentation required to give effect to the Transaction and tax advice obtained in relation to any taxation consequences of the Transaction. The IPO costs will be reimbursed by Falcon Metals upon completion of the Transaction, but will be borne by Chalice if the Transaction does not complete. The demerger costs of approximately $300,000 included in the above will be borne by Chalice and will not be reimbursed by Falcon.

## 3.5 Additional information relating to Chalice

### (a) Plans for Chalice following completion of the Transaction

Chalice is rapidly advancing the Julimar Project towards a maiden mineral resource estimate and to scoping study stage, whilst also exploring several projects for new major 'green metal' discoveries within the new West Yilgarn Ni-Cu-PGE Province (South West, Barrabarra and Narryer) and elsewhere in WA (Hawkstone, Auralia and Holt Rock).

Chalice's Julimar Project strategy remains focused on the high-grade mineralisation at Gonneville (as the potential site for an initial mine development) as well as the exploration potential of the ~26km long Julimar Intrusive Complex.

### (b) Capital structure of Chalice

There will be no change to the capital structure of Chalice as a result of the Transaction.

The capital structure of Chalice as at the date of this Notice is:

| Security type | Number[(1)] |
|---|---|
| Shares[(2)] | 352,938,180 |
| Options[(3), (4)] | 1,550,000 |
| Performance Rights[(4), (5)] | 6,758,584 |

**Notes:**

1. The number of Shares, Options and Performance Rights on issue in Chalice will not change as a result of the Transaction. The rights attaching to Shares will not be affected by the Transaction. In accordance with Listing Rule 7.22.3, the terms of the Options will be reorganised such that the exercise price of each Option will be reduced by the same amount as the capital amount returned in relation to each Share.
2. The rights attaching to Shares will not be affected by the Transaction. Full details of the rights attaching to the Shares are in the Constitution, a copy of which may be obtained by contacting the Company's office during normal business hours.
3. 1,550,000 Options, comprising:
   (a) 1,000,000 Options exercisable at $0.21 each and expiring on 30 November 2021; and
   (b) 550,000 Options exercisable at $2.20 each and expiring on 30 June 2023.

   As at the date of this Notice, Timothy Goyder holds a relevant interest in 250,000 Options and 735,294 Performance Rights. As previously announced, Mr Goyder will retire as a Director of the Company at the annual general meeting to be held on 24 November 2021. The Chalice Board intends to exercise their discretion under the terms of issue of the Performance Rights and the Company's Employee Securities Incentive Plan to permit the 735,294 Performance Rights to vest with effect from the later of the date of Mr Goyder's retirement, and the Company not being in a "black-out" period under its securities trading policy. It is also intended that Mr Goyder will exercise all of the Options in which he holds a relevant interest before the In-specie Record Date.

4. Chalice is seeking Shareholder approval at its annual general meeting to be held on 24 November 2021 for the issue of 65,531 Performance Rights to Alex Dorsch (or his nominees) and 150,000 Options to Stephen McIntosh (or his nominees). These securities are not on issue as at the date of this Notice and therefore are not included in the above table.

(c) **Financial effect of the Transaction on Chalice**

A pro-forma statement of financial position of Chalice is contained in Schedule 2, which shows the financial impact of the Transaction on Chalice. Furthermore, Chalice, being an ASX listed entity, is subject to the continuous disclosure requirements set out in Chapter 3 of the Listing Rules. As such, Chalice is required to lodge quarterly reports detailing Chalice's current cash position. Any use of funds by Chalice will be detailed in these quarterly reports and any significant transactions will be disclosed to Shareholders.

(d) **Board of Chalice**

Chalice's Board comprises:

(i) Alex Dorsch - Managing Director and Chief Executive Officer;

(ii) Timothy Goyder - Non-Executive Chairman (due to retire from the Chalice Board at Chalice's annual general meeting on 24 November 2021);

(iii) Derek La Ferla - Non-Executive Director (due to transition to the role of Non-Executive Chairman following Chalice's annual general meeting on 24 November 2021);

(iv) Morgan Ball - Non-Executive Director;

(v) Garret Dixon - Non-Executive Director;

(vi) Stephen McIntosh - Non-Executive Director;

(vii) Stephen Quin - Non-Executive Director (due to retire from the Chalice Board at Chalice's annual general meeting on 24 November 2021); and

(viii) Linda Kenyon - Non-Executive Director.

There are no proposed changes to Chalice's Board in connection with the Transaction.

(e) **Chalice directors' interests**

The table below sets out the number of securities in Chalice held by the Directors as at the date of this Notice:

| Director | Shares | % | Options | Performance Rights |
|---|---|---|---|---|
| Alex Dorsch | 4,887,770 | 1.38% | 1,000,000 | 1,354,483 |
| Timothy Goyder | 38,070,475 | 10.79% | 250,000 | 735,294 |
| Derek La Ferla | Nil | Nil | Nil | Nil |
| Morgan Ball | 382,763 | 0.11% | Nil | Nil |
| Garret Dixon | Nil | Nil | 150,000 | Nil |
| Stephen McIntosh | 7,000 | Nil | Nil | Nil |
| Stephen Quin | 120,851 | 0.03% | 150,000 | Nil |
| Linda Kenyon | Nil | Nil | Nil | Nil |

The table below sets out the number of Falcon Metals Shares the Directors are likely to have an interest in if the Transaction is implemented:

| Director | In-specie Shares[(1)] | Entitlement to Priority Offer Shares | Intended participation in Priority Offer[(2)] | %[(3)] |
|---|---|---|---|---|
| Alex Dorsch[(4)] | 1,615,798 | 830,927 | 830,927 | 1.38% |
| Timothy Goyder[(5)] | 12,911,050 | 6,472,034 | 500,000 | 7.58% |
| Derek La Ferla | Nil | Nil | Nil | Nil |
| Morgan Ball | 126,532 | 65,069 | 32,535 | 0.09% |
| Garret Dixon | Nil | Nil | Nil | Nil |
| Stephen McIntosh[(4)] | 2,320 | 1,190 | 1,190 | 0.01% |
| Stephen Quin | 39,950 | 20,544 | Nil | 0.02% |
| Linda Kenyon | Nil | Nil | Nil | Nil |

**Notes:**

1. These Falcon Metals Shares represent the anticipated Falcon Metals Shares that will be issued pursuant to the In-specie Distribution as at the date of this Notice.
2. As at the date of this Notice, each of Messrs Alex Dorsch, Timothy Goyder, Morgan Ball, and Stephen McIntosh have indicated they intend to take up part or all of their of their entitlement under the Priority Offer as set out in the table above.
3. Based on the Maximum Subscription and the intended participation in the Priority Offer as set out in the table above.
4. Chalice is seeking Shareholder approval at its annual general meeting to be held on 24 November 2021 for the issue of 65,531 Performance Rights to Alex Dorsch (or his nominees) and 150,000 Options to Stephen McIntosh (or his nominees). These securities are not on issue as at the date of this Notice and are separate to the Transaction and therefore are not included in the above table.
5. As at the date of this Notice, Timothy Goyder holds a relevant interest in 250,000 Options and 735,294 Performance Rights. As previously announced, Mr Goyder will retire as a Director of the Company at the annual general meeting to be held on 24 November 2021. The Chalice Board intends to exercise their discretion under the terms of issue of the Performance Rights and the Company's Employee Securities Incentive Plan to permit the 735,294 Performance Rights to vest with effect from the later of the date of Mr Goyder's retirement, and the Company not being in a "black-out" period under its securities trading policy. It is also intended that Mr Goyder will exercise all of the Options in which he holds a relevant interest before the In-specie Record Date.

(f) **Disclosure to ASX**

As an entity with Shares quoted on the Official List of the ASX, Chalice is a disclosing entity and therefore subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to Chalice may be obtained for a fee from, or inspected at, an office of ASIC or can be accessed at either the ASX announcements platform or Chalice's website.

(g) **Market price of Chalice Shares**

The highest and lowest closing market sale prices of Chalice's Shares on ASX during the 12 months immediately preceding the date of this Notice, and the respective dates of those sales were:

Highest: $9.34 on 3 June 2021.

Lowest: $2.63 on 2 November 2020.

The latest available market sale price of the Shares on ASX prior to the date of this Notice was $6.40 per Share on 2 November 2021.

## 4. Resolution – Approval of capital reduction and in-specie distribution of shares

### 4.1 General

The background to the proposed In-specie Distribution and Demerger is summarised in Section 3.3 above.

The Resolution seeks the approval of Chalice Shareholders to reduce the capital of Chalice by an amount equivalent to the market value of the In-Specie Shares less the Demerger Dividend (if any) by a pro rata in-specie distribution of Falcon Metals Shares to all Eligible Shareholders at the In-specie Record Date.

As at 2 November 2021, being the latest practicable date before finalising this Notice (**Latest Practicable Date**):

(a) Chalice has 352,938,180 Shares, 1,550,000 Options and 6,758,584 Performance Rights on issue; and

(b) Timothy Goyder holds a relevant interest in 250,000 Options and 735,294 Performance Rights on issue.

As previously announced, Mr Goyder will retire as a Director of the Company at the annual general meeting to be held on 24 November 2021. The Chalice Board intends to exercise their discretion under the terms of issue of the Performance Rights and the Company's Employee Securities Incentive Plan to permit the 735,294 Performance Rights to vest with effect from the later of the date of Mr Goyder's retirement, and the Company not being in a "black-out" period under its securities trading policy. It is also intended that Mr Goyder will exercise all of the Options in which he holds a relevant interest before the In-specie Record Date.

Accordingly, 117,000,000 Shares are proposed to be distributed pursuant to the In-specie Distribution, on the basis of 1 Falcon Metals Share for approximately every 3.025 Chalice Shares held on the In-specie Record Date. This ratio has been calculated on the assumption that all of Mr Goyder's Performance Rights and Options are exercised and converted into Chalice Shares before the In-specie Record Date, and that no other Chalice Shares are issued (including on exercise and conversion of any of the other Options or Performance Rights on issue).

Due to the outstanding Options and Performance Rights on issue in Chalice (other than those of which Mr Goyder holds a relevant interest in), and the potential future issue of Shares by Chalice before the In-specie Record Date, it is not clear at the date of this Notice how many Chalice Shares will be on issue at the In-specie Record Date and therefore what the final ratio for the In-specie Distribution will be. Any additional exercises of Options, vesting and exercise of Performance Rights or further issue of Chalice Shares will lower the ratio of In-specie Shares distributed per Chalice Share. In the unlikely event all Options and Performance Rights vest and are exercised and no other Shares are issued, the ratio will be 1 Falcon Metals Share for every 3.088 Chalice Shares held.

Any fractions of entitlement will be rounded down to the next whole number. If it eventuates that due to rounding there are any residual Falcon Shares which would continue to be held in Chalice after the In-specie Distribution, an additional Falcon Share will be issued to each Eligible Shareholder starting with the smallest Chalice Shareholding as at the In-specie Record Date, until there are no longer residual Falcon Shares held by Chalice.

If the Resolution is passed, and subject to satisfaction or waiver of the remaining Conditions Precedent, Chalice will be able to implement the Transaction.

If the Resolution is not passed, Chalice will not be able to implement the Transaction. The Spin-Out Projects will remain held by Chalice (or its wholly-owned subsidiaries) and the In-Specie Distribution and IPO of Falcon Metals will not proceed.

## 4.2 Sections 256B and 256C of the Corporations Act

Section 256B of the Corporations Act provides that a company may reduce its share capital in a way that is not otherwise authorised by law if the reduction:

(a) is fair and reasonable to the company's shareholders as a whole;

(b) does not materially prejudice the company's ability to pay its creditors; and

(c) is approved by shareholders under section 256C.

In accordance with section 256B(2) of the Corporations Act, the In-specie Distribution is an "equal reduction".

Section 256C(1) of the Corporations Act provides that if the reduction is an "equal reduction", it must be approved by a resolution passed at a general meeting of the company.

The Board believes that the In-specie Distribution and Demerger is fair and reasonable to Chalice's Shareholders as a whole and does not materially prejudice Chalice's ability to pay its creditors. This is because:

(a) each Shareholder is treated equally and in the same manner as the terms of the capital reduction are the same for each Shareholder;

(b) the In-specie Distribution is on a pro rata basis, and the proportionate ownership interest of each Chalice Shareholder in Chalice and Falcon Metals remains the same before and after the Demerger (but prior to completion of IPO); and

(c) the Board considers that the Demerger will not result in Chalice being insolvent at the time or after the In-specie Distribution.

## 4.3 Listing Rules and Waivers

(a) **Listing Rule 7.17**

Listing Rule 7.17 provides that if an entity offers its members an entitlement to securities in another entity, it must meet the following requirements:

(i) the offer must be pro rata or made in another way that, in ASX's opinion, is fair in all the circumstances;

(ii) the record date to determine entitlements must be at least four (4) business days after the disclosure document for the offer is given to ASX; and

(iii) there must be no restriction on the number of securities which a member must hold before the entitlement accrues.

(b) **Specific information required by Listing Rule 7.20**

The following information is provided in accordance with Listing Rule 7.20:

(i) There will be no change to the capital structure of Chalice as a result of the Transaction.

(ii) Any fractions of entitlement will be rounded down to the next whole number. If it eventuates that due to rounding there are any residual Falcon Shares which would continue to be held in Chalice after the In-specie Distribution, an additional Falcon Share will be issued to each Eligible Shareholder starting with the smallest Chalice Shareholding as at the In-specie Record Date, until there are no longer residual Falcon Shares held by Chalice.

(iii) In accordance with Listing Rule 7.22.3, the terms of Chalice's Options on issue will be reorganised such that the exercise price of each Option will be reduced by the same amount as the capital amount returned in relation to each Chalice Share.

(c) **Listing Rules 11.1, 11.2 and 11.4**

Listing Rule 11.1 provides that if an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, the entity must give ASX information regarding the proposed transaction, the change, and its effect on future potential earnings.

ASX has the power to require a company to obtain shareholder approval (Listing Rule 11.1.2) and/or to re-comply with the Listing Rule admission requirements (Listing Rule 11.1.3) in relation to a proposed transaction that involves a significant change to the nature or scale of Chalice's activities.

Listing Rule 11.2 requires a company to obtain shareholder approval in relation to a proposed transaction that involves a disposal of its main undertaking.

Listing Rule 11.4(a) provides that a listed entity must not dispose of a major asset if, at the time of disposal, it is aware that the person acquiring the assets intends to offer or issue securities with a view to becoming listed. ASX has adopted 25% as an appropriate "benchmark" for determining whether or not an asset is a major asset. Listing Rule 11.4.1(a) provides an exception to Listing Rule 11.4(a); namely, if all the securities in the spin-out vehicle are offered, issued or transferred pro rata to the holders of ordinary securities in the listed entity or in any other way that, in ASX's opinion, is fair and reasonable in all circumstances.

Chalice sought ASX in-principle advice as to the application of Listing Rules 11.1, 11.2 and 11.4 on the proposed Transaction.

On 10 September 2021, and based solely on the information provided to ASX, ASX confirmed that:

(i) Listing Rules 11.1.2, 11.1.3 and 11.2 do not apply to the Transaction; and

(ii) the Transaction is fair and reasonable in all of the circumstances for the purposes of Listing Rule 11.4.1(a).

(d) **Listing Rule 9.1**

Listing Rule 9.1 provides that where an entity issues restricted securities, or has them on issue, unless ASX agrees that the requirement should not apply in a particular case, the entity must apply the restrictions in Appendix 9B or such other restrictions as ASX, in its discretion, decides.

Where a listed entity spins out a major asset and the spin-out vehicle will be listed on ASX and is not one that is excluded from escrow by Listing Rule 9.2, a strict application of the Listing Rules would require a fresh application of escrow restrictions to the spin-out vehicle as a new listing.

ASX Guidance Note 11 states that, in the case of a standard spin-out (i.e. a pro rata distribution of securities in the spin-out vehicle to holders of securities in the listed entity by way of an in-specie distribution or similar transaction, as is contemplated in this Transaction), ASX recognises that the spin-out vehicle is effectively the successor of the listed entity in relation to the assets being spun out and so a fresh application of escrow restrictions is not appropriate.

Chalice sought a waiver of Listing Rule 9.1 on the basis that the Transaction is a standard spin-out and therefore ASX should exercise its discretion not to apply escrow to Shareholders who will receive Falcon Metals Shares as part of the In-specie Distribution.

On 2 November 2021, ASX confirmed that the In-specie Shares to be distributed in-specie to Shareholders will not be subject to the escrow restrictions set out in Appendix 9B to the Listing Rules.

## 4.4 Additional information

Other than as disclosed in this Notice, there is no information material to the making of a decision by a Shareholder on whether or not to approve the Resolution being information that is known to any of the Directors and which has not been previously disclosed to Shareholders in Chalice).

The Resolution is an ordinary resolution.

The Board recommends that Shareholders vote in favour of the Resolution.

# Schedule 1 Definitions

In the Notice, words importing the singular include the plural and vice versa.

| | |
|---|---|
| **$ or A$** | means Australian Dollars. |
| **ABN** | means Australian business number. |
| **ASIC** | means the Australian Securities and Investments Commission. |
| **ASX** | means the ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited. |
| **ATO** | means the Australian Taxation Office. |
| **AWST** | means Western Standard Time as observed in Perth, Western Australia. |
| **Board** | means the board of Directors of Chalice. |
| **Business Day** | means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day. |
| **Capital Reduction** | means the capital component of the In-specie Distribution, being a reduction of the issued share capital of Chalice. |
| **CGM** | means CGM (WA) Pty Ltd (ACN 610 789 252). |
| **CGT** | means capital gains tax. |
| **Chair** | means the person appointed to chair the Meeting of Chalice convened by the Notice. |
| **Chalice Share or Share** | means a fully paid ordinary share in the capital of Chalice. |
| **Chalice Shareholder or Shareholder** | means the holder of a Chalice Share. |
| **Chalice or Company** | means Chalice Mining Limited (ACN 116 648 956). |
| **Conditions Precedent** | has the meaning in Section 3.3(f). |
| **Constitution** | means the constitution of Chalice as at the date of the Meeting. |
| **Corporations Act** | means the *Corporations Act 2001* (Cth), as amended. |
| **Demerger** | means the transfer of the Spin-Out Projects to Falcon Gold and Falcon WA or, in reference to taxation matters, the In-specie Distribution (as the context requires). |
| **Demerger Dividend** | means the income component of the In-specie Distribution, being a dividend by Chalice. |

| | |
|---|---|
| **Demerger Relief** | means a confirmation from the ATO that (as the context requires):<br>(a) the relevant shareholders of an entity conducting a demerger may be eligible to choose to receive capital gains tax roll-over under Division 125 of the *Income Tax Assessment Act 1997* (Cth) in respect of the proposed Demerger; and/or<br>(b) the Commissioner for Taxation will not make a determination under subsection 45A(2), paragraph 45B(3)(a) or paragraph 45B(3)(b) of the *Income Tax Assessment Act 1936* (Cth) in respect of the entity's shareholders participating in the Demerger. |
| **DID** | means the demerger implementation deed dated 29 October 2021 between Chalice, CGM, Falcon Metals, Falcon Gold and Falcon WA. |
| **Director** | means a director of Chalice. |
| **Eligible Shareholder or Eligible Chalice Shareholders** | means a person registered as the holder of Chalice Shares on either or both the In-specie Record Date and Priority Offer Record Date (as the context requires), whose registered address is in Australia or New Zealand. |
| **Equity Security** | has the same meaning as in the Listing Rules. |
| **Explanatory Memorandum** | means the explanatory memorandum which forms part of the Notice. |
| **Exposure Period** | means the period of seven days after the date of lodgement of the Prospectus, which period may be extended by the ASIC by not more than seven days pursuant to section 727(3) of the Corporations Act. |
| **Falcon Gold** | means Falcon Gold Resources Pty Ltd (ACN 613 162 879). |
| **Falcon Metals** | means Falcon Metals Ltd (ACN 651 893 097). |
| **Falcon Metals Options** | means the 11,682,000 options in Falcon Metals anticipated to be on issue at the time of admission to the ASX. |
| **Falcon Metals Directors** | means the directors appointed to the Board of Falcon Metals as set out in Section 3.4(g). |
| **Falcon Metals Shareholder** | means a holder of ordinary fully paid shares in Falcon Metals. |
| **Falcon Metals Shares** | means the shares to be issued in Falcon Metals under either or both the In-specie Distribution or IPO (as the context requires). |
| **Falcon WA** | means Falcon Metals (WA) Pty Ltd (ACN 652 821 246). |
| **G1** | means CGT event G1, *Capital payment for shares* in accordance with section 104-135 of the *Income Tax Assessment Act 1997* (Cth). |
| **General Meeting or Meeting** | means the meeting convened by the Notice. |

| | |
|---|---|
| **GST** | Goods and services tax. |
| **Ineligible Shareholders** | means a person registered as the holder of Chalice Shares on either or both the In-specie Record Date and Priority Offer Record Date (as the context requires), whose registered address is not in Australia or New Zealand. |
| **In-specie Distribution** | means the distribution of In-Specie Shares to Eligible Shareholders, on the basis of 1 Falcon Metals Share for approximately every 3.025 Chalice Shares held on the In-specie Record Date, as more particularly described in Section 3.1. |
| **In-specie Record Date** | means 5:00pm (AWST) on 9 December 2021. |
| **In-specie Shares** | means the Falcon Metals Shares held by Chalice on the In-specie Record Date. |
| **IPO** | means the initial public offering of a minimum of 30,000,000 shares and a maximum of 60,000,000 Falcon Metals Shares at a price of $0.50 per Falcon Metals Share to raise a minimum of $15,000,000 and a maximum of $30,000,000 (before costs). |
| **Julimar Intrusive Complex** | is a geological sequence interpreted from geophysics to comprise mafic and ultramafic intrusions located approximately 80km northeast of Perth. |
| **Julimar Project** | means Chalice's 100% owned Julimar Nickel-Copper-PGE Project. |
| **JV Terms** | has the meaning in Schedule 4 at 1.1(l). |
| **Listing Rules** | means the listing rules of ASX. |
| **Maximum Subscription** | means the issue of 60,000,000 Falcon Metals Shares under the IPO, to raise approximately $30,000,000 (before costs). |
| **Metal Hawk** | means Metal Hawk Limited (ACN 630 453 664). |
| **Metal Hawk Agreement** | means the binding terms sheet dated 23 August 2019 between CGM and Metal Hawk. |
| **Minimum Subscription** | means the issue of 30,000,000 Falcon Metals Shares under the IPO, to raise approximately $15,000,000 (before costs). |
| **Mt Jackson Project** | means the project described in Section 3.4(b)(ii), being one of three projects subject to the Demerger. |
| **Notice or Notice of Meeting** | means this notice of meeting including the Explanatory Memorandum and the Proxy Form. |
| **Offers or Offer** | means either or both the Priority Offer and the Shortfall Offer (as the context requires). |
| **Official List** | means the official list of ASX. |

| | |
|---|---|
| **Option** | means an option, giving the holder the right, but not an obligation, to acquire a Chalice Share or Falcon Metals Share (as applicable) at a predetermined price and at a specified time in the future. |
| **Performance Right** | means a right to receive a given number of Chalice Shares or Falcon Metals Shares (as applicable) if and when a nominated performance milestone is achieved. |
| **Priority Offer** | means a priority pro rata rights offer to existing Eligible Shareholders to subscribe for Falcon Metals Shares pursuant to the IPO. |
| **Priority Offer Record Date** | means 5:00pm (AWST) on 9 November 2021. |
| **Prospectus** | means the prospectus to be issued in relation the IPO. |
| **Proxy Form** | means the proxy form attached to or accompanying this Notice. |
| **Pyramid Hill Project** | means the project described in Section 3.4(b)(i), being one of three projects subject to the Demerger. |
| **Resolution** | means the resolution referred to in the Notice. |
| **Sale Facility** | has the meaning in Section 3.3(e)(ii). |
| **Sale Facility Proceeds** | has the meaning in Section 3.3(e)(ii). |
| **Schedule** | means a schedule to the Notice. |
| **Section** | means a section of the Explanatory Memorandum. |
| **Shortfall Offer** | means, in relation to the IPO, an offer of Falcon Metals Shares to Eligible Shareholders and the general public to the extent of any shortfall under the Priority Offer. |
| **Spin-Out Projects** | means the Pyramid Hill Project, Mt Jackson Project, and the Viking Project. |
| **Tenements** | means the tenements comprising the Spin-Out Projects. |
| **Transaction** | means collectively the Demerger, In-Specie Distribution and IPO. |
| **Viking Project** | means the project described in Section 3.4(b)(iii), being one of three projects subject to the Demerger. |

# Schedule 2 Chalice financial information

## 1. Financial information for Chalice post Transaction

The financial information contained in this Schedule 2 has been prepared by the Company in connection with the Transaction.

The financial information for Chalice includes:

(a) the historical balance sheet for Chalice as at 30 June 2021 (**Chalice Historical Balance Sheet**); and

(b) the pro forma historical balance sheet for Chalice as at 30 June 2021 (**Chalice Pro Forma Historical Balance Sheet**).

The Chalice Historical Balance Sheet and Chalice Pro Forma Historical Balance Sheet together form the "Chalice Financial Information".

The Chalice Financial Information presented in this section should be read in conjunction with the risk factors in Schedule 4 and other information in this Notice of Meeting. Investors should note that past results are not a guarantee of future performance.

All amounts disclosed in this section are presented in Australian dollars.

### 1.2 Basis of preparation and presentation of the Chalice Financial Information

The Chalice Directors are responsible for the preparation and presentation of the Chalice Financial Information. The Chalice Financial Information included in this Notice of Meeting is intended to provide potential investors with information to assist them in understanding the historical financial position of Chalice.

The Chalice Financial Information is presented in an abbreviated form and does not include all of the presentation, disclosures, statements, and comparative information as required by Australian Accounting Standards (**AAS**) applicable to general purpose financial reports prepared in accordance with the Corporations Act.

### 1.3 Preparation of Chalice Historical Balance Sheet

The Chalice Historical Balance Sheet has been prepared in accordance with the recognition and measurement principles prescribed in AAS issued by the Australian Accounting Standards Board (**AASB**), which is consistent with Internal Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**).

In preparing the Chalice Historical Balance Sheet, the accounting policies of Chalice have been applied. The Chalice Historical Balance Sheet has been derived from the Company's financial statements for the financial year ended 30 June 2021 which were audited by HLB Mann Judd in accordance with the Australian Auditing Standards. The financial information below also sets out the unaudited Consolidated Pro-Forma Statement of Financial Position as at 30 June 2021 and on the basis the proposed transaction was effective on 30 June 2021.

## 1.4 Chalice Historical Balance Sheet and Chalice Pro Forma Historical Balance Sheet as at 30 June 2021

| | Chalice Consolidated at 30 June 2021 | Demerger/ pre-IPO costs Adjustments | Pro Forma Statement of Financial Position – Demerger/ pre-IPO | Successful IPO adjustments | Pro Forma Statement of Financial Position – post successful IPO |
|---|---|---|---|---|---|
| | ($) | ($) | ($) | ($) | ($) |
| **ASSETS** | | | | | |
| **CURRENT ASSETS** | | | | | |
| Cash and cash equivalents[ii],[iii] | **99,884,000** | (1,240,000) | **98,644,000** | 1,000,000 | **99,644,000** |
| Trade and other receivables[iv] | **1,684,000** | 60,000 | **1,744,000** | (60,000) | **1,684,000** |
| Biological Assets | **329,000** | - | **329,000** | - | **329,000** |
| Income Tax Receivable | **1,094,000** | - | **1,094,000** | - | **1,094,000** |
| Financial Assets | **15,570,000** | - | **15,570,000** | - | **15,570,000** |
| **TOTAL CURRENT ASSETS** | **118,561,000** | (1,180,000) | **117,381,000** | 940,000 | **118,321,000** |
| **NON-CURRENT ASSETS** | | | | | |
| Financial Assets[iv] | **300,000** | (60,000) | **240,000** | - | **240,000** |
| Right of use assets | **252,000** | - | **252,000** | - | **252,000** |
| Property, plant and equipment | **43,551,000** | - | **43,551,000** | - | **43,551,000** |
| **TOTAL NON-CURRENT ASSETS** | **44,103,000** | (60,000) | **44,043,000** | - | **44,043,000** |
| **TOTAL ASSETS** | **162,664,000** | (1,240,000) | **161,424,000** | 940,000 | **162,364,000** |
| **LIABILITIES** | | | | | |
| **CURRENT LIABILITIES** | | | | | |
| Trade and Other Payables | **10,577,000** | - | **10,577,000** | - | **10,577,000** |
| Lease liabilities | **2,063,000** | - | **2,063,000** | - | **2,063,000** |
| Employee Benefits | **137,000** | - | **137,000** | - | **137,000** |
| Liabilities directly associated with assets held for sale | **409,000** | - | **409,000** | - | **409,000** |
| **TOTAL CURRENT LIABILITIES** | **13,186,000** | - | **13,186,000** | - | **13,186,000** |
| **NON-CURRENT LIABILITIES** | | | | | |
| Lease liabilities | **212,000** | - | **212,000** | - | **212,000** |
| Other Liabilities | **42,000** | - | **42,000** | - | **42,000** |
| **TOTAL NON-CURRENT LIABILITIES** | **254,000** | - | **254,000** | - | **254,000** |
| **TOTAL LIABILITIES** | **13,440,000** | - | **13,440,000** | - | **13,440,000** |
| **NET ASSETS** | **149,224,000** | (1,240,000) | **147,984,000** | 940,000 | **148,924,000** |
| **TOTAL EQUITY**[ii],[iii] | **149,224,000** | (1,240,000) | **147,984,000** | 940,000 | **148,924,000** |

## 1.5 Notes to Chalice Pro Forma Historical Balance Sheet

**Basis for preparation**

The Chalice Pro Forma Historical Balance Sheet as at 30 June 2021 set out above is provided for illustrative purposes only and is prepared on the assumption that the Transaction was implemented as at 30 June 2021. The Pro Forma Historical Balance Sheet does not illustrate the financial position that may be contained in future financial statements of Chalice following the Transaction.

The Chalice Pro Forma Historical Balance Sheet has been prepared solely for inclusion in this Notice of Meeting and has been derived from the Historical Balance Sheet of Chalice as at 30 June 2021, adjusted for the effects of the pro forma adjustments described below.

The Chalice Pro Forma Historical Balance Sheet has been prepared in accordance with the recognition and measurement, but not all of the disclosure requirements, of the AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact of certain transactions contemplated to occur as part of the Transaction as if they occurred as at 30 June 2021. The Chalice Financial Information has been prepared on a historical cost basis.

In preparing the Chalice Pro Forma Historical Balance Sheet, no adjustments have been made for potential changes in cost or operating structure resulting from the Transaction.

**Impact of the Transaction on accounting**

Accounting for demerger transactions is addressed in the AASB Interpretation 17 'Distributions of Non-cash Assets to Owners'. That interpretation requires that any obligations for distributions made by a company to its shareholders should be recognised once declared and, where required, approved by the shareholders. Furthermore, the distribution payable must be measured at the fair value of the assets to be distributed.

The distribution payable is charged to equity. In this regard, the fair value of the distribution payable will be allocated between share capital (**Capital Reduction**) and demerger reserve (**Demerger Distribution**). The value of the Capital Reduction will be determined by reference to the tax allocation which is expected to be supported by an ATO ruling. The amount recorded in demerger reserve, the Demerger Distribution, will be the difference between the distribution payable and the Capital Reduction amount.

On the In-Specie Record Date, Chalice will recognise a distribution payable based on the fair value of Falcon Metals. This liability will be settled through the transfer of the Falcon Metals Shares. At that time, the difference between the historic cost of the net assets distributed and the fair value of the distribution payables will be recognised in Chalice's income statement.

**Pro Forma adjustments**

The Pro Forma adjustments are as follows:

(i) Transaction

Chalice is distributing 117,000,000 shares in Falcon Metals, representing a 100% interest in Falcon Metals via an in-specie distribution. The capital reduction and

demerger distribution will be recognised as part of the implementation of the Transaction.

The actual measurement of the distribution payable will be based on the fair value of Falcon Metals Shares as at the date of settlement.

(ii) Transaction costs

The costs related to the Transaction, incurred by Chalice, have been estimated at $300,000 for the demerger and $625,000 for IPO costs (based on the maximum subscription, excluding lead manager fees) expected to be paid prior to the completion of IPO transaction. The IPO related costs incurred by Chalice, shall only be reimbursed by Falcon Metals upon the successful completion of the IPO.

(iii) Exploration Costs

Pursuant to the DID, the costs attributable to the Spin-Out Projects from 1 July 2021 up to the date of completion of the IPO transaction is estimated to be $315,000. These costs are expensed (incurred) by Chalice and shall be reimbursed by Falcon Metals upon the successful completion of the IPO.

(iv) Financial Assets

This relates to the government bonds of $60,000 attached to the tenements being acquired by Falcon Metals as paid by Chalice which shall be reimbursed to Chalice by Falcon Metals upon the successful completion of the IPO.

(v) Falcon Metals incorporation

Falcon Metals was incorporated on 12 July 2021 with $1 in issued capital. Falcon Metals has been deemed to be part of the Chalice consolidated group as if it existed and related incorporation transactions occurred as at 30 June 2021.

The pro forma cash and cash equivalents in the Pro Forma Financial Information takes into account the transactions above, however, does not include the impact of net operating costs, or any options exercised since 30 June 2021 to the date of this Notice of Meeting (excluding the Transaction costs and exploration costs recognised in the pro forma adjustments above).

# Schedule 3 Falcon Metals financial information

## 1. Financial information for Falcon Metals

The financial information contained in this Schedule 3 has been prepared by Chalice in relation to Falcon Metals in connection with the Transaction.

The financial information for Falcon Metals includes:

(a) the historical balance sheet of Falcon Metals as at 30 September 2021 (**Falcon Metals Historical Balance Sheet**);

(b) the pro forma historical balance sheet as at 30 September 2021 (**Falcon Metals Pro Forma Historical Balance Sheet**).

The Falcon Metals Historical Balance Sheet and the Falcon Metals Pro Forma Historical Balance Sheet together form the “Falcon Metals Financial Information".

The Falcon Metals Financial Information presented in this section should be read in conjunction with the risk factors set out in Schedule 4 and other information in this Notice of Meeting. Investors should note that past results are not a guarantee of future performance.

All amounts disclosed in this section are presented in Australian dollars.

### 1.2 Basis of preparation and presentation of the Falcon Metals Financial Information

The Directors of Chalice are responsible for the preparation and presentation of the Falcon Metals Financial Information. The Falcon Metals Financial Information included in this Notice of Meeting is intended to provide potential investors with information to assist them in understanding the historical financial position of Falcon Metals.

The Falcon Metals Financial Information is presented in an abbreviated form and does not include all of the presentation, disclosures, statements and comparative information as required by AAS applicable to general purpose financial reports prepared in accordance with the Corporations Act.

### 1.3 Falcon Metals Historical Balance Sheet

The Falcon Metals Historical Balance Sheet has been prepared in accordance with the recognition and measurement principles prescribed in AAS issued by the AASB, which is consistent with IFRS and interpretations issued by the IASB.

In preparing the Falcon Metals Historical Balance Sheet, the accounting policies of Falcon Metals have been applied which are consistent with those applied by Chalice.

The Falcon Metals Historical Balance Sheet has been derived from the Company’s financial statements for the period ended 30 September 2021 which were reviewed by HLB Mann Judd in accordance with the Australian Auditing Standards.

## 1.4 Falcon Metals Historical Balance Sheet and Falcon Metals Pro Forma Historical Balance Sheets

**At Minimum Subscription - $15,000,000**

| | Falcon Metals as at 30 Sept 2021 | Demerger Adjustments | Pro Forma Statement of Financial Position - Demerger | Minimum IPO Pro Forma Adjustment | Pro Forma Statement of Financial Position - IPO |
|---|---|---|---|---|---|
| | ($) | ($) | ($) | ($) | ($) |
| **ASSETS** | | | | | |
| **CURRENT ASSETS** | | | | | |
| Cash and cash equivalents[ii][iii][iv] | - | - | - | 13,620,000 | **13,620,000** |
| Other Assets | 1 | (1) | - | - | **-** |
| **TOTAL CURRENT ASSETS** | **1** | (1) | **-** | 13,620,000 | **13,620,000** |
| | | | | | |
| **CURRENT ASSETS** | | | | | |
| Financial Assets[ii] | **-** | 60,000 | **60,000** | - | **60,000** |
| **TOTAL NON-CURRENT ASSETS** | **-** | 60,000 | **60,000** | - | **60,000** |
| **TOTAL ASSETS** | **1** | 59,999 | **60,000** | 13,620,000 | **13,680,000** |
| | | | | | |
| **LIABILITIES** | | | | | |
| **CURRENT LIABILITIES** | | | | | |
| Trade and other payables[ii] | **5,000** | 60,000 | **65,000** | (65,000) | **-** |
| **TOTAL CURRENT LIABILITIES** | **5,000** | 60,000 | **65,000** | (65,000) | **-** |
| **TOTAL LIABILITIES** | **5,000** | 60,000 | **65,000** | (65,000) | **-** |
| | | | | | |
| **NET ASSETS** | **(4,999)** | (1) | **(5,000)** | 13,685,000 | **13,680,000** |
| | | | | | |
| **EQUITY** | | | | | |
| Contributed equity[iv] | **1** | 58,499,999 | **58,500,000** | 15,000,000 | **73,500,000** |
| Share issue costs[iii] | **-** | - | **-** | (413,000) | **(413,000)** |
| Reserves[v] | **-** | - | **-** | - | **-** |
| Retained losses[iii] | **(5,000)** | (58,500,000) | **(58,505,000)** | (902,000) | **(59,407,000)** |
| **TOTAL EQUITY** | **(4,999)** | (1) | **(5,000)** | 13,685,000 | **13,680,000** |

**At Maximum Subscription - $30,000,000**

| | Falcon Metals as at 30 Sept 2021 ($) | Demerger Adjustments ($) | Pro Forma Statement of Financial Position - Demerger ($) | Maximum IPO Pro Forma Adjustment ($) | Pro Forma Statement of Financial Position - IPO ($) |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **CURRENT ASSETS** | | | | | |
| Cash and cash equivalents[ii][iii][iv] | - | - | **-** | 28,170,000 | **28,170,000** |
| Other Assets | 1 | (1) | **-** | - | **-** |
| **TOTAL CURRENT ASSETS** | **1** | (1) | **-** | 28,170,000 | **28,170,000** |
| **CURRENT ASSETS** | | | | | |
| Financial assets[ii] | **-** | 60,000 | **60,000** | - | **60,000** |
| **TOTAL NON-CURRENT ASSETS** | **-** | 60,000 | **60,000** | - | **60,000** |
| **TOTAL ASSETS** | **1** | 59,999 | **60,000** | 28,170,000 | **28,230,000** |
| **LIABILITIES** | | | | | |
| **CURRENT LIABILITIES** | | | | | |
| Trade and other payables[ii] | **5,000** | 60,000 | **65,000** | (65,000) | **-** |
| **TOTAL CURRENT LIABILITIES** | **5,000** | 60,000 | **65,000** | (65,000) | **-** |
| **TOTAL LIABILITIES** | **5,000** | 60,000 | **65,000** | (65,000) | **-** |
| **NET ASSETS** | **(4,999)** | (1) | **$(5,000)** | 28,235,000 | **28,230,000** |
| **EQUITY** | | | | | |
| Contributed equity[iv] | **1** | 58,499,999 | **58,500,000** | 30,000,000 | **88,500,000** |
| Share issue costs[iii] | **-** | - | **-** | (825,000) | **(825,000)** |
| Reserves[v] | **-** | - | **-** | - | **-** |
| Retained losses[iii] | **(5,000)** | (58,500,000) | **(58,505,000)** | (940,000) | **(59,445,000)** |
| **TOTAL EQUITY** | **(4,999)** | (1) | **(5,000)** | 28,235,000 | **28,230,000** |

## 1.5 Notes to Falcon Metals Pro Forma Historical Balance Sheets

(a) Basis of preparation Falcon Metals was incorporated on 12 July 2021. Falcon Metals has been dormant since incorporation. The Falcon Metals Pro Forma Historical Balance sheet as at 30 September 2021 set out above are provided for illustrative purposes only and are prepared on the assumption that the transfer of Falcon Gold Resources Pty Ltd and the Spin-Out Projects under the DID was implemented on 30 September 2021. It does not illustrate the financial position that may be contained in future financial statements of Falcon Metals as a result of the Transaction. The Falcon Metals Pro Forma Historical Balance Sheets have been prepared solely for inclusion in this Notice of Meeting and has been derived from the Falcon Metals Historical Balance Sheet and Falcon Gold Resources Pty Ltd Historical Balance Sheet as at 30 September 2021, adjusted for the effects of the pro forma adjustments described below. The Falcon Metals Pro Forma Historical Balance Sheets have been prepared in accordance with the recognition and measurement, but not all of the disclosure requirements, of the AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact of certain

transactions contemplated to occur as part of the Transactions as if occurred as at 30 September 2021. The Falcon Metals Financial Information has also been prepared on a historical cost basis. In preparing the Falcon Metals Pro Forma Historical Financial Information, no adjustments have been made for potential changes in cost or operating structure resulting from the Transaction.

(b) Proforma adjustments

The Pro Forma adjustments for the purpose of preparing the Falcon Metals Pro Forma Financial Information as at 30 September 2021 are as follows:

(i) Acquisition accounting

The acquisition of the Spin-Out Projects is accounted for as an asset acquisition under AASB 2 Share-based Payment and expensed. Under AASB 2, the transaction is measured at the fair value. As such the deemed fair value of the acquisition is with reference to the number of shares being issued to Chalice shareholders multiplied by the fair value of the shares being the IPO price.

(ii) Financial assets

Government bonds of $60,000 attached to the tenements being acquired by Falcon Metals have been paid by Chalice and will be repaid by Falcon Metals upon successful completion of the IPO.

(iii) Transaction costs and exploration costs

Pursuant to the DID, from 1 July 2021, any exploration costs and costs associated with the IPO incurred by Chalice on behalf of Falcon, shall be reimbursed by Falcon Metals upon successful completion of the IPO.

The following table outlines the estimated costs to be reimbursed to Chalice and those estimated costs incurred by Falcon Metals on completion of the IPO.

| | **Minimum IPO $** | **Maximum IPO $** |
|---|---|---|
| Chalice reimbursement: | | |
| - Exploration costs | 315,000 | 315,000 |
| - IPO related costs (including ASX listing fees) | 587,000 | 625,000 |
| IPO costs: | | |
| - Lead Manager fees[(1)] | 413,000 | 825,000 |
| **Total** | **1,315,000** | **1,765,000** |

[(1)] Lead manager fees represents 2% of gross proceeds raised and 3% on broker introduced proceeds raised.

(iv) IPO

Completion of $15,000,000 (minimum) or $30,000,000 (maximum) IPO capital raising before costs.

(v) Share-based payments 11,682,000 Incentive Options to be issued prior to admission for nil cash consideration, valued using Black-Scholes option pricing model and utilising the following inputs:

| | Class A | Class B | Class C | Class D |
|---|---|---|---|---|
| Number of options | 2,920,500 | 2,920,500 | 2,920,500 | 2,920,500 |
| Grant Date share price | $0.50 | $0.50 | $0.50 | $0.50 |
| Exercise Price | $0.75 | $0.75 | $0.75 | $0.75 |
| Expected volatility | 80% | 80% | 80% | 80% |
| Option Life | 3 years | 3 years | 4 years | 4 years |
| Vesting (after IPO) | 1.5 years | 2 years | 1.5 years | 2 years |
| Risk Free Rate | 0.66% | 0.66% | 0.66% | 0.66% |
| Fair value per option | $0.2085 | $0.2085 | $0.2472 | $0.2472 |

The above Options will only vest if the relevant person continues to be hold the position of Director, employee or consultant (as applicable) of Falcon Metals at all times until the relevant Vesting Condition is satisfied.

The fair value of the Options will be expensed over the vesting period.

The pro forma cash and cash equivalents in the Falcon Metals Pro Forma Financial Information takes into account the transactions above, however, does not include the impact of net operating costs since 30 September 2021 to the date of this Notice of Meeting (excluding the costs of the Transaction as this have been recognised in pro forma adjustment above).

The completion of the In-Specie Distribution is subject to and will not proceed unless all of the Conditions Precedent have been satisfied or waived. Chalice has sought a ruling from the ATO in respect of the grant of Demerger Relief in respect of the intended distribution of Falcon Metals Shares to Eligible Shareholders.

# Schedule 4 Key risk factors facing Falcon Metals

The business, assets and operations of Falcon Metals will be subject to certain risk factors that have the potential to influence its operating and financial performance in the future. These risks can impact on the value of an investment in its securities and include those highlighted below.

The risk factors set out below ought not to be taken as exhaustive of the risks faced by Falcon Metals or by investors in Falcon Metals. The below factors, and others not specifically referred to below, may in the future materially affect the financial performance of Falcon Metals and the value of the Falcon Metals Shares. Therefore, the Falcon Metals Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares.

## 1.1 Risks specific to Falcon Metals

### (a) Limited operating history

Falcon Metals was incorporated on 12 July 2021 and therefore has limited operational and financial history on which to evaluate its business and prospects. The prospects of Falcon Metals must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stages of their development, particularly in the mineral exploration sector, which has a high level of inherent risk and uncertainty. No assurance can be given that Falcon Metals will achieve commercial viability through the successful exploration on, or mining development of, its projects. Until Falcon Metals is able to realise value from projects, it is likely to incur operational losses.

### (b) Conditionality of the Offers

The Offers are conditional on the successful implementation of the Demerger. To implement the Demerger, Chalice proposes to undertake the In-specie Distribution to Eligible Chalice Shareholders for which Chalice must obtain Shareholder approval. Unless Chalice Shareholder approval for the In-specie Distribution is received, Falcon Metals will not be able to acquire the Spin-Out Projects and the Offers will not proceed. The Demerger is also subject to a number of other conditions precedent (described in Section 3.3(f)) which, if not satisfied or waived, will prevent the Demerger from completing and Falcon Metals will not be able to proceed with the Offers.

The obligation of Falcon Metals to issue the shares under the Offers is also conditional on ASX granting approval for admission of Falcon Metals to the Official List. If this condition is not satisfied, Falcon Metals will not proceed with the Offers. Failure to complete the Offers may have a material adverse effect on Falcon Metals' financial position.

### (c) Grant and renewal of permits

Falcon Metals' exploration activities are dependent upon the maintenance (including renewal) of the tenements in which Falcon Metals has or acquires an interest. Maintenance of Falcon Metals' tenements is dependent on, among other things, its ability to meet the licence conditions imposed by relevant authorities including minimum annual expenditure requirements which, in turn, is dependent on it being sufficiently funded to meet those expenditure requirements. Although Falcon Metals has no reason to think that the tenements in which it currently has an interest will not be renewed, there

is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed by the relevant granting authority.

Falcon Metals also has tenement applications. There can be no guarantee that the tenement applications will be granted, or if they are granted, that they will be granted in their entirety. If the tenement applications are not granted, Falcon Metals will not acquire an interest in these tenements. The tenement applications therefore should not be considered as assets or projects of Falcon Metals.

(d) **Land access**

Falcon Metals will be required to negotiate access arrangements and pay compensation to land owners, local authorities, traditional land users and others who may have an interest in the area covered by a mining tenement. Falcon Metals' ability to resolve access and compensation issues will have an impact on the future success and financial performance of Falcon Metals' operations. If Falcon Metals is unable to resolve such compensation claims on economic terms, this could have a material adverse effect on the business, results or operations and financial condition of Falcon Metals and any delays or costs in respect of conflicting third-party rights, obtaining necessary consents, or compensation obligations, may adversely impact Falcon Metals' ability to carry out exploration or mining activities within the affected areas. Access to land for exploration purposes can be affected by land ownership, nature reserves and national parks, government regulation and environmental restrictions.

Access is critical for exploration and development to succeed and the ability to be able to negotiate satisfactory commercial arrangements with landowners, farmers and occupiers is often essential.

Falcon Metals has sufficient access to the Tenements to expend its funds in accordance with the expenditure program in Section 3.4(c) of this Notice.

(e) **Funding**

Falcon Metals has no operating revenue and is unlikely to generate any operating revenue unless and until its projects are successfully developed and production commences. Exploration and development involve significant financial risk and capital investment. Even in circumstances where the Maximum Subscription is raised, Falcon Metals may require further capital to achieve its ultimate strategy of transitioning from explorer to producer. Also, it is possible further capital may be required at an earlier stage if any risks, including those described in this Schedule 4, materialise, or equally new business opportunities materialise.

Additional equity financing, if available, may be dilutive to Falcon Metals shareholders and/or occur at prices lower than the market price. Debt financing, if available, may involve restrictions on financing and operating activities. If Falcon Metals is unable to obtain additional financing as needed it may be required to reduce the scope of its exploration operations.

(f) **Minimum expenditure requirements**

In order to maintain an interest in the tenements in which Falcon Metals is involved, Falcon Metals is committed to meet the conditions under which the tenements were granted and the obligations of Falcon Metals are subject to minimum expenditure commitments required by Australian mining legislation. The extent of work performed

on each tenement may vary depending upon the results of the exploration programme which will determine the prospectivity of the relevant area of interest. As at the date of this Notice, Falcon Metals is not in breach of its minimum expenditure commitments. There is a risk that if Falcon Metals fails to satisfy these minimum expenditure requirements at the time of expiry, Falcon Metals may be required to relinquish part or all of its interests in these licences. Accordingly, whilst there is no guarantee that the Australian authorities will grant Falcon Metals an extension of the licences, Falcon Metals is not aware of any reason why the tenements would not be renewed upon expiry.

(g) **Resource estimates and targets**

Resource estimates are expressions of judgment based on knowledge, experience, and industry practice. Estimates that were valid when made may change significantly when new information becomes available.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should Falcon Metals encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect Falcon Metals' operations.

(h) **Title**

All of the licences in which Falcon Metals has or may earn an interest in will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each tenement or licence is at the discretion of the relevant government authorities in Australia.

If a licence is not granted or renewed, Falcon Metals may suffer significant damage through the loss of the opportunity to develop and discover mineral deposits on that licence.

(i) **Exploration costs**

The exploration costs of Falcon Metals are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect Falcon Metals' viability.

(j) **Native title risk**

Access to land for exploration purposes can be adversely affected by land ownership, including private (freehold) land, pastoral lease and native title land or claims under the *Native Title Act 1993* (Cth) (**NTA**) (or similar legislation in the jurisdiction where Falcon Metals operates). The effect of the NTA is that existing and new tenements held by Falcon Metals may be affected by native title claims and procedures.

There is a risk that a determination could be made that native title exists in relation to land the subject of a tenement held or to be held by Falcon Metals which may affect the operation of Falcon Metals' business and development activities. In the event that it is determined that native title does exist or a native title claim has been registered, Falcon

Metals may need to comply with procedures under the NTA in order to carry out its operations or to be granted any additional rights required. Such procedures may take considerable time, involve the negotiation of significant agreements, may involve access rights, and require the payment of compensation to those persons holding or claiming native title in the land the subject of a tenement. The involvement in the administration and determination of native title issues may have a material adverse impact on the position of Falcon Metals in terms of cash flows, financial performance, business development, and the Share price.

(k) **Farm-in or joint venture risk**

Falcon Metals is earning into E63/1963 held by Metal Hawk, whereby Falcon Metals has assumed the commitment to spend a minimum $200,000 within two years as part of a A$1,000,000 earn-in for an initial 51% interest in the project. On achieving a 51% interest, Falcon Metals will have the right but not the obligation to earn a further 19% (70% total) by funding an additional A$1,750,000 of expenditure over 30 months. Upon completion of the earn-in period, a joint venture will be formed to fund ongoing exploration on the project on a pro-rata basis.

Falcon Metals may be adversely affected by the financial failure, withdrawal or default of its joint venture partner. This may have an adverse effect on the operations and performance of Falcon Metals.

(l) **Joint venture risk**

Pursuant to the Metal Hawk Agreement, upon completing the stage 1 earn-in and/or the stage 2 earn-in (as applicable), Falcon WA and Metal Hawk will form a joint venture, which, until such time as a formal joint venture agreement has been entered into, will be governed by the key joint venture terms set out in the Metal Hawk Agreement (**JV Terms**). While the JV Terms set out key operating provisions for a joint venture agreement, the JV Terms are not comprehensive and do not purport to cover all of the requirements normally contained in a joint venture agreement. Until such time as a formal joint venture agreement can be negotiated between the parties, there is a heightened risk that disputes may arise between the parties which may have adverse financial impacts on Falcon Metals or cause delays in the development of the projects.

While Falcon Metals intends to negotiate a formal joint venture agreement with Metal Hawk, there is no guarantee that Falcon Metals will be able to negotiate a formal joint venture agreement on terms favourable to Falcon Metals, or at all.

As with any joint venture, the JV Terms and any subsequent joint venture agreement are subject to various counterparty risks including failure by the joint venture counterparty, to act in the best interests of the joint venture. Any failure by Metal Hawk to act in the best interests of the joint venture may or may not give Falcon Metals contractual remedies, however, even if such remedies are available, they may be costly and time consuming to pursue.

(m) **Potential acquisitions and investments**

Falcon Metals may pursue and assess other new business opportunities in the resource sector. These new business opportunities may take the form of direct project acquisitions, investments, joint ventures, farm-ins, acquisition of tenements and permits, and/or direct equity participation. Such transactions (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited

due diligence or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on Falcon Metals. If an acquisition is undertaken, the directors of Falcon Metals will need to reassess at that time, the funding allocated to current projects and new projects, which may result in Falcon Metals reallocating funds from other projects and/or raising additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new acquisition and business activities will remain.

(n) **Heritage and sociological risk**

Some of the tenements that Falcon Metals proposes to explore and potentially mine may be of significance from a heritage or sociological perspective, including Native Title issues. Some sites of significance may be identified within the tenements and Falcon Metals may be hindered by legal and cultural restrictions on exploring or mining those tenements. The NTA recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on Falcon Metals' operations and future plans.

(o) **Taxation losses**

Falcon Metals and its subsidiaries will have nil carry forward tax losses immediately following completion of the Offers. Carry forward tax losses will remain with Falcon Metals income tax consolidated group. The ability of Falcon Metals to obtain the benefit of future carry forward tax losses will depend on future tax profitability and may be adversely affected by changes in business activities, levels of taxable income, profitability relating to the use of the tax losses, and major changes in ownership. Changes in taxation laws (or their interpretation) in Australia could materially affect Falcon Metals financial performance and impact on its ability to obtain the benefit of future carry forward tax losses. The quantum and availability of future carry forward tax losses for post-Offer periods will be determined by Falcon Metals on a go-forward basis in compliance with relevant tax laws.

(p) **Conflicts of interest**

Certain directors of Falcon Metals are also directors and officers of other companies engaged in mineral exploration and development and mineral property acquisitions. Accordingly, mineral exploration opportunities or prospects of which these directors become aware may not necessarily be made available to Falcon Metals in the first instance. Although these directors have been advised of their fiduciary duties to the situations that could arise in which their obligations to, or interests in, Falcon Metals, there exists actual and potential conflicts of interest among these persons.

## 1.2 Risks relating to the industry generally

(a) **Exploration**

The mineral tenements of Falcon Metals are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of Falcon Metals may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of Falcon Metals.

The success of Falcon Metals will also depend upon Falcon Metals having access to sufficient development capital, being able to maintain title to its tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the tenements, a reduction in the case reserves of Falcon Metals and possible relinquishment of the tenements.

(b) **Development and operational**

By its very nature, the development of a mining facility contains significant risks with no guarantee of success. The ultimate economic development of a mineral deposit is dependent on many factors, including the ability to access adequate capital for project development, obtaining regulatory consents and approvals necessary for the conduct of development and production, securing access to equipment, materials and infrastructure, securing access to competent operation management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Further, once established, mining operations can be impacted by a number of factors, including geological and weather conditions causing delays and interference to operations, access to necessary funding, metallurgical issues, mechanical failure of plant and equipment, shortages or increases in price of consumables and plant and equipment, environmental hazards, fires, explosions and other accidents.

Similarly, all production costs, particularly labour, fuel and power, are a key risk and have the potential to adversely affect Falcon Metals' profitability. If Falcon Metals develops mining operations and these are subject to cost over-runs and/or higher than anticipated operating costs, this would adversely affect Falcon Metals' profitability, the value of Falcon Metals' projects and in turn, the value of its shares.

(c) **Metallurgy**

Metal and/or mineral recoveries are dependent upon the metallurgical process that is required to liberate economic minerals and produce a saleable product and by nature contain elements of significant risk such as:

(i) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;

(ii) developing an economic process route to produce a metal and/or concentrate; and

(iii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

(d) **Environmental risk**

The operations and proposed activities of Falcon Metals are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, Falcon Metals' activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is Falcon Metals' intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on Falcon Metals' ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on Falcon Metals for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making Falcon Metals' operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(e) **Competition risk**

The industry in which Falcon Metals will be involved is subject to domestic and global competition. Although Falcon Metals will undertake all reasonable due diligence in its business decisions and operations, Falcon Metals will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of Falcon Metals' projects and business.

In particular, Falcon Metals' ability to undertake exploration and mining activities is dependent upon its ability to source and acquire appropriate mining equipment and personnel. Equipment and personnel are not always readily available and the market for mining equipment and personnel experiences fluctuations in supply and demand. Increases in worldwide mining activities may create cost pressures for services and skilled personnel in the resources industry, which may affect the ability to purchase or hire equipment, supplies, and services and to recruit skilled personnel in relation to the projects. In addition, the availability of drilling rigs and other equipment and services is affected by the level and location of drilling activity around the world. An increase in drilling activity in Australia may reduce the availability of equipment and services to Falcon Metals. In addition, an increased demand for mineral commodities may significantly increase the demand for many mining and processing inputs, which has resulted in shortages, as well as longer lead times for delivery and increases in pricing, of mining equipment and metallurgical plant, strategic spares and critical consumables. The reduced availability of equipment, services and skilled personnel may delay the

planned exploration, development, and production activities at the projects. A shortage of skilled labour in the Australian mining industry could result in Falcon Metals having insufficient employees or contractors to operate its business, which could adversely affect Falcon Metals' business, results of operations and financial condition.

(f) **Commodity and currency price risk**

It is anticipated that any future revenues derived from mining will primarily be derived from the sale of gold and other metals. Consequently, any future earnings are likely to be closely related to the price of gold and other mined commodities.

Commodity prices fluctuate and are affected by numerous factors beyond the control of Falcon Metals. These factors include world demand for metals, forward selling by producers and production cost levels in major metal- producing regions.

Commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on Falcon Metals' exploration, development, and production activities, as well as on its ability to fund those activities.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of Falcon Metals are and will be taken into account in Australian currency. As a result, Falcon Metals is exposed to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets, which could have a material effect on Falcon Metals' operations, financial position (including revenue and profitability) and performance. Falcon Metals may undertake measures, where deemed necessary by the board of Falcon Metals, to mitigate such risks.

(g) **Regulatory risks**

Falcon Metals' exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. Falcon Metals requires permits from regulatory authorities to authorise Falcon Metals' operations. These permits relate to exploration, development, production, and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that Falcon Metals will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict Falcon Metals from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties, or other liabilities. In extreme cases, failure could result in suspension of Falcon Metals' activities or forfeiture of one or more of Falcon Metals' tenements.

(h) **Occupational health and safety**

Site safety and occupational health and safety outcomes are a critical element in the reputation of Falcon Metals and its ability to retain and be awarded new contracts in the resources industry. While Falcon Metals has a strong commitment to achieving a safe performance on site and will adopt industry appropriate workplace health and safety polices, a serious site safety incident could impact upon the reputation and financial outcomes for Falcon Metals. Additionally, laws and regulations as well as the requirements of customers may become more complex and stringent or the subject of increasingly strict interpretation and/or enforcement. Failure to comply with applicable regulations or requirements may result in significant liabilities, to suspended operations and increased costs. Industrial accidents may occur in relation to the performance of Falcon Metals' services. Such accidents, particularly where a fatality or serious injury occurs, or a series of such accidents occurs, may have operational and financial implications for Falcon Metals which may negatively impact on the financial performance and growth prospects for Falcon Metals.

## 1.3 General risks

(a) **Securities investments**

There are risks associated with any securities investment. The prices at which the securities of Falcon Metals trade may fluctuate in response to a number of factors. Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the securities of Falcon Metals regardless of its operational performance.

(b) **Share market conditions**

Share market conditions may affect the value of Falcon Metals' quoted securities regardless of Falcon Metals' operating performance. Share market conditions are affected by many factors such as:

(i) general economic outlook;

(ii) introduction of tax reform or other new legislation;

(iii) interest rates and inflation rates;

(iv) changes in investor sentiment toward particular market sectors;

(v) the demand for, and supply of, capital; and

(vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither Falcon Metals nor the directors of Falcon Metals warrant the future performance of Falcon Metals or any return on an investment in Falcon Metals.

(c) **Force majeure**

Falcon Metals' projects now or in the future may be adversely affected by risks outside the control of Falcon Metals including labour unrest, subversive activities or sabotage, fires, floods, explosions, or other catastrophes.

(d) **Government and legal risk**

Changes in government, monetary policies, taxation, and other laws can have a significant impact on Falcon Metals' assets, operations and ultimately the financial performance of Falcon Metals and its shares. Such changes are likely to be beyond the control of Falcon Metals and may affect industry profitability as well as Falcon Metals' capacity to explore and mine.

Falcon Metals is not aware of any reviews or changes that would affect the Spin-Out Projects. However, changes in community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect Falcon Metals' development plans or its rights and obligations in respect of its projects. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by Falcon Metals.

(e) **Litigation risks**

Falcon Metals is exposed to possible litigation risks including, without limitation, intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, Falcon Metals may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on Falcon Metals' operations, financial performance, and financial position. Falcon Metals is not currently engaged in any litigation.

(f) **General economic and political risks**

Changes in the general economic and political climate in Australia and on a global basis may impact on economic growth, interest rates, the rate of inflation, taxation and tariff laws, domestic security which may affect the value and viability of any activities that may be conducted by Falcon Metals.

(g) **Reliance on key personnel**

Falcon Metals is reliant on technical consultants and other resource industry specialists engaged on a consultancy basis to provide analyses and recommendations on, and carry out, exploration activities in respect of its projects. The availability of suitable technical consultants and resource industry specialists may be limited and there may be delays in securing equipment and personnel required to carry out Falcon Metals' planned activities. This may result in cost and time overruns which may have a material adverse effect on Falcon Metals.

(h) **Insurance**

Insurance against all risks associated with Falcon Metals' business is not always available or affordable. Falcon Metals maintains insurance where it is considered appropriate for its needs however it will not be insured against all risks either because

appropriate cover is not available or because the directors of Falcon Metals consider the required premiums to be excessive having regard to the benefits that would accrue.

(i) **Unforeseen expenditure risks**

Expenditure may need to be incurred which has not been taken into account in the preparation of this Notice. Although Falcon Metals is not aware of any such additional expenditure requirements, if such expenditure is subsequently required or incurred, this may adversely impact budgeted expenditure proposals by Falcon Metals.

(j) **Coronavirus disease**

The ongoing COVID-19 pandemic has had a significant impact on the global economy and the ability of businesses, individuals, and governments to operate. Given the ongoing and dynamic nature of the circumstances, it is difficult to predict the impact of the pandemic on Falcon Metals' business (or on the operations of other businesses on which it relies), and there is no guarantee that Falcon Metals' efforts to address the adverse impacts of COVID-19 will be effective. The impact to date has included periods of significant volatility in financial, commodities and other markets. This volatility, if it continues could have an adverse impact on Falcon Metals' people, communities, suppliers or otherwise on its business, financial condition and results of operations. The pandemic may lead to delays or restrictions regarding land access, availability of equipment and Falcon Metals' ability to freely move people and equipment to and from Falcon Metals' exploration projects, leading to delays and cost increases. There continues to be considerable uncertainty as to the duration and further impact of COVID-19, including (but not limited to) government, regulatory or health authority actions, work stoppages, lockdowns, quarantines, and travel restrictions. The impact of some or all of these factors could cause significant disruption to Falcon Metals' operations and financial performance.

(k) **Climate change risks**

Climate change is a risk Falcon Metals has considered, particularly related to its operations in the mining industry. The climate change risks particularly attributable to Falcon Metals include:

(i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. Falcon Metals may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact Falcon Metals and its profitability. While Falcon Metals will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that Falcon Metals will not be impacted by these occurrences; and

(ii) climate change may cause certain physical and environmental risks that cannot be predicted by Falcon Metals, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which Falcon Metals operates.

(l) **Taxation in respect of securities (including shares)**

The acquisition and disposal of securities (including shares) will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in Falcon Metals are urged to obtain independent financial advice about the consequences of acquiring securities (including shares) from a taxation and duty point of view and generally.

To the maximum extent permitted by law, Falcon Metals, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation and duty consequences of applying for shares under the Offers.

(m) **Application of and changes in taxation law**

The application of and changes in relevant taxation laws (including income tax, goods and services taxes (or equivalent) and stamp duties), or changes in the way taxation laws are interpreted, may impact Falcon Metals' and/or its subsidiaries' tax / duty liabilities and financial performance or the tax/duty treatment of a shareholder's investment. An interpretation or application of tax laws or regulations by a relevant tax authority that is contrary to Falcon Metals' view of those laws may increase the amount of tax/duty paid or payable by Falcon Metals or its subsidiaries. Both the level and basis of tax may change. Any changes to the current rate of company income tax (in Australia or overseas) and/or any changes in tax rules and tax arrangements (again in Australia or overseas) may have an adverse impact on Falcon Metals' financial performance, may increase the amount of tax paid or payable by Falcon Metals or its subsidiaries, may also impact shareholder returns and could also have an adverse impact on the level of dividend franking / conduit foreign income and shareholder returns.

(n) **Inability to pay dividends or make other distributions or potential for dividend not to be franked or attached conduit foreign income**

There is no guarantee that dividends will be paid on shares in the future, as this is a matter to be determined by the board of Falcon Metals in its discretion and the Falcon Metals board's decision will have regard to, amongst other things, the financial performance and position of Falcon Metals, relative to its capital expenditure and other liabilities.

Moreover, to the extent that Falcon Metals pays any dividends, Falcon Metals may not have sufficient franking credits in the future to frank dividends or sufficient conduit foreign income in the future to declare an unfranked dividend (or the unfranked portion of a partially franked dividend) to be conduit foreign income.

Alternatively, the franking system and/or the conduit foreign income system may be subject to review or reform.

The extent to which a dividend can be franked will depend on Falcon Metals' franking account balance (which is expected to be nil immediately following completion of the Offers) and its level of distributable profits. Falcon Metals' franking account balance is contingent on Falcon Metals making Australian taxable profits and will depend on the amount of Australian income tax paid by Falcon Metals on those Australian taxable profits. Falcon Metals' Australian taxable profits may fluctuate, making the payment of franked dividends unpredictable.

The extent to which an unfranked or partially franked dividend can be declared to be conduit foreign income will depend on Falcon Metals' conduit foreign income balance (which will be nil immediately following completion of the Offer) and its level of distributable profits. Falcon Metals' conduit foreign income balance will depend on whether Falcon Metals expands overseas and the level of non-Australian income tax paid by Falcon Metals on those operations. It is noted that, based on present activities, future unfranked dividends paid by Falcon Metals are unlikely to be declared to be conduit foreign income on the basis the group's operations are wholly within Australia.

The value and/or availability of franking credits and conduit foreign income to a shareholder will differ depending on the shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year will depend on the individual tax position of each shareholder. No assurances can be given by any person, including the directors of Falcon Metals, about payment of any dividend and the level of franking or conduit foreign income on any such dividend.

# Schedule 5 Tenement schedule

| Tenement | Registered holder (100%) | Status | Area (Graticular Sections) | Grant date | Expiry date | Minimum expenditure commitment (2021 - 2022 year) | Annual rent | Encumbrances / Notes |
|---|---|---|---|---|---|---|---|---|
| **Pyramid Hill Project** | | | | | | | | |
| EL006661 | Falcon Gold Resources Pty Ltd | Live | 711 | 2/03/2018 | 1/03/2023 | $821,550 | $8,093.37 | Compensation Agreement Lodgement F90011719, F90011718, F90011717, F90011716, F90011715, F90011714, F90011713, F90011712, F90011711, F90011710, F90011709, F90011708 (all registered on 30 Jan 2019)<br><br>Bond Lodgement F90014359 (12 October 2021) |

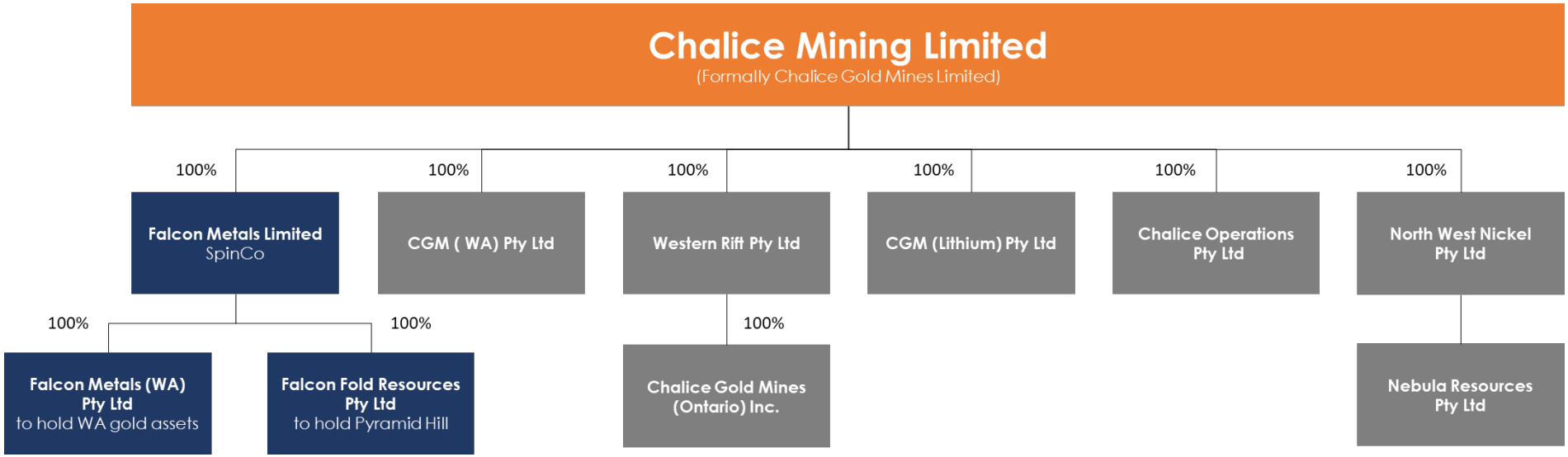
| Tenement | Registered holder (100%) | Status | Area (Graticular Sections) | Grant date | Expiry date | Minimum expenditure commitment (2021 - 2022 year) | Annual rent | Encumbrances / Notes |
|---|---|---|---|---|---|---|---|---|
| EL006737 | Falcon Gold Resources Pty Ltd | Live | 781 | 17/08/2018 | 16/08/2023 | $895,050 | $8,880.22 | Compensation Agreement Lodgement F90011730, F90011729, F90011728, F90011727, F90011726, F90011725, F90011724, F90011723, F90011722, F90011721, F90011720 (all registered on 30 Jan 2019)<br><br>Bond Lodgement F90014363 (12 October 2021) |
| EL006738 | Falcon Gold Resources Pty Ltd | Live | 905 | 17/07/2018 | 16/07/2023 | $1,025,250 | $10,229.12 | Bond Lodgement F90014365 (12 October 2021) |

| Tenement | Registered holder (100%) | Status | Area (Graticular Sections) | Grant date | Expiry date | Minimum expenditure commitment (2021 - 2022 year) | Annual rent | Encumbrances / Notes |
|---|---|---|---|---|---|---|---|---|
| EL006669 | Falcon Gold Resources Pty Ltd | Live | 683 | 3/11/2018 | 2/11/2023 | $792,150 | $7,756.14 | Bond Lodgement F90014361 (12 October 2021) |
| EL006864 | Falcon Gold Resources Pty Ltd | Live | 577 | 22/03/2019 | 21/03/2024 | $680,850 | $6,519.66 | N/A |
| EL006898 | Falcon Gold Resources Pty Ltd | Live | 85 | 20/03/2019 | 19/03/2024 | $164,250 | $1,011.67 | N/A |
| EL006901 | Falcon Gold Resources Pty Ltd | Live | 55 | 22/03/2019 | 21/03/2024 | $132,750 | $674.44 | Bond Lodgement F90014369 (12 October 2021) |
| EL006960 | Falcon Gold Resources Pty Ltd | Live | 171 | 14/08/2019 | 13/08/2024 | $254,550 | $2,023.34 | Bond Lodgement F90014371 (12 October 2021) |
| EL007121 | Falcon Gold Resources Pty Ltd | Live | 268 | 3/07/2020 | 2/07/2025 | $428,700 | $3,035.01 | N/A |
| EL007120 | Falcon Gold Resources Pty Ltd | Live | 756 | 3/07/2020 | 2/07/2025 | $871,725 | $8,543.00 | N/A |

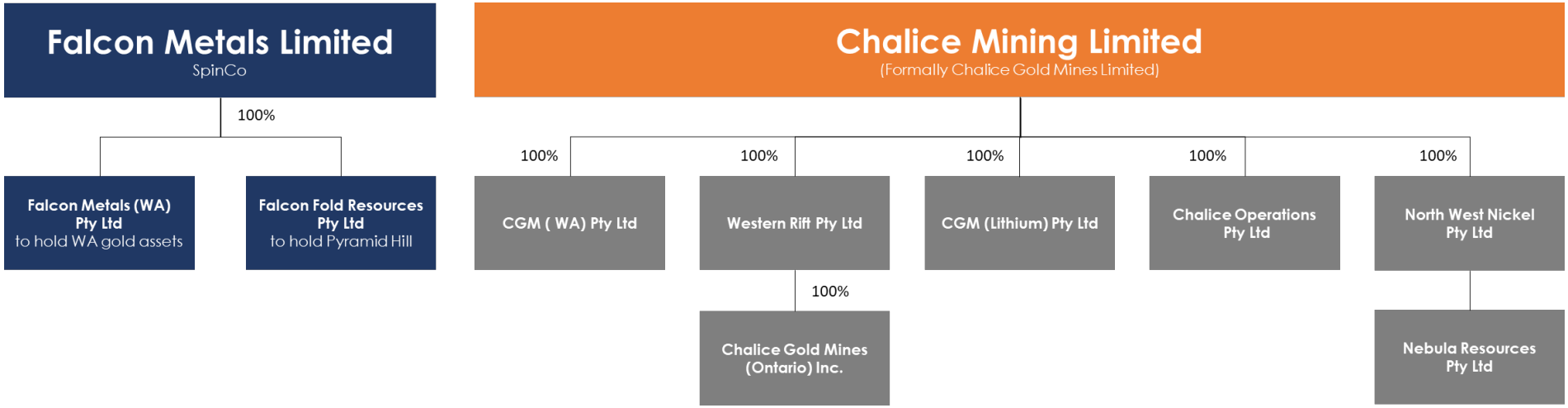
| Tenement | Registered holder (100%) | Status | Area (Graticular Sections) | Grant date | Expiry date | Minimum expenditure commitment (2021 - 2022 year) | Annual rent | Encumbrances / Notes |
|---|---|---|---|---|---|---|---|---|
| EL007040 | CGM (WA) Pty Ltd | Live | 53 | 26/03/2021 | 25/03/2026 | $22,950 | $549.61 | N/A |
| EL007322 | CGM (WA) Pty Ltd | Live | 30 | 11/05/2021 | 10/05/2026 | $19,500 | $311.10 | N/A |
| EL007320 (application) | CGM (WA) Pty Ltd | Pending | 475 | 08/09/2020 (application date) | N/A | N/A | N/A | N/A |
| EL006943 (application) | CGM (WA) Pty Ltd | Pending | 470 | 15/03/2019 (application date) | N/A | N/A | N/A | N/A |
| EL7200 (application) | CGM (WA) Pty Ltd | Pending | 947 | 23/01/2020 (application date) | N/A | N/A | N/A | N/A |

| Tenement | Registered holder (100%) | Status | Area (Blocks) | Grant date | Expiry date | Minimum expenditure commitment | Annual rent | Encumbrances / Notes |
|---|---|---|---|---|---|---|---|---|
| **Mt Jackson Project** | | | | | | | | |
| E77/2577 | CGM (WA) Pty Ltd | Live | 43 | 1/07/2019 | 30/06/2024 | $43,000 | $6,278 | N/A |
| **Viking Project** | | | | | | | | |
| E63/1963 | Metal Hawk Ltd | Live | 69 | 19/03/21 | 18/03/2026 | $69,000 | $9,384 | N/A |
| E63/1994 (application) | CGM (WA) Pty Ltd | Pending | 37 | 26 September 2019 (application date) | N/A | N/A | N/A | N/A |

## Schedule 6 Current corporate structure



## Schedule 7 Corporate structure on completion of Transaction



# Schedule 8 Independent Geologist's Report

CSA Global
Mining Industry Consultants
an ERM Group company

# INDEPENDENT TECHNICAL ASSESSMENT REPORT OF THE GOLD PROJECTS HELD BY FALCON METALS LIMITED

REPORT Nº R345.2021
**15 October 2021**

## Report prepared for

| | |
|---|---|
| Client Name | Chalice Mining Limited |
| Project Name/Job Code | CHLITR01 |
| Contact Name | Chris MacKinnon |
| Contact Title | Business Development and Legal Manager |
| Office Address | Level 3, 46 Colin Street, West Perth, WA, 6005, Australia |

## Report issued by

| | |
|---|---|
| CSA Global Office | **CSA Global Pty Ltd**<br>Level 2, 3 Ord Street<br>West Perth WA 6005<br>AUSTRALIA<br><br>T +61 8 9355 1677<br>F +61 8 9355 1977<br>E info@csaglobal.com |
| Division | Corporate |

## Report information

| | |
|---|---|
| Filename | R345.2021 CHLITR01 Falcon Metals ITAR - FINAL |
| Last Edited | 15/10/2021 4:45:00 PM |
| Report Status | Final |

## Author and Reviewer Signatures

| | | |
|---|---|---|
| Coordinating Author | Trivindren Naidoo<br>MSc (Exploration Geology), Grad.Cert (Mineral Economics), MAusIMM, FGSSA | Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. |
| Peer Reviewer | Sam Ulrich<br>BSC (Hons), GDipAppFin, MAusIMM, MAIG, FFin | Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. |
| CSA Global Authorisation | Graham Jeffress<br>BSc (Hons) Applied Geology, RPGeo (Mineral Exploration), FAIG, FAusIMM, FSEG, MGSA | Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. |

# Executive Summary

Falcon Metals Limited ("Falcon" or the "Company") holds three gold projects in Australia that will be spun out of Chalice Mining Limited (Chalice). The projects to be spun out of Chalice into Falcon comprise the Pyramid Hill project in Victoria and the Viking and Mt Jackson projects in Western Australia.

Falcon's primary focus will be on the Pyramid Hill project in the Bendigo region of Victoria.

## Pyramid Hill

The 100%-owned Pyramid Hill Gold Project was initially staked in late 2017 and now covers an area of >5,000 km² in the Bendigo region of Victoria. The project comprises three key districts; Muckleford, Mt William and Percydale which collectively cover areas of the Bendigo, Melbourne and Stawell structural zones respectively. All three districts are highly prospective for high-grade orogenic gold deposits with the Bendigo zone alone having produced over 60Moz of gold since the 1850's.

Most of the Chalice tenements are covered by Cenozoic Murray Basin sediments of variable thickness (maximum 150m where drilled) which overlie the prospective Castlemaine Group sedimentary basement, the host succession to all significant primary gold deposits in the Central Victorian goldfields. Prior to the onset of Chalice's exploration activities in 2018 there had been little to no effective previous exploration for gold over the exploration licence areas, presumably due to the focus in the south where transported cover is negligible and exploration is less challenging.

Since 2018, Chalice has completed 4,127 surface soil samples, 1,120 aircore holes for 117,080 m, 21 diamond holes for 7,300 m, ground gravity , ground magnetic, 2D ground seismic and airborne magnetic geophysical surveying. Given the large tenement package and limited effective drilling prior to Chalice, the project remains at an early stage of exploration.

CSA Global understands Falcon intends to build on the exploration strategy adopted by Chalice, which is a systematic value-add approach, aimed at testing for potential large-scale gold systems. This involves:

- Screening the thin cover (<150 m) areas with wide-spaced reconnaissance drilling and/or surface sampling and geophysical surveying
- Infill surface sampling and drilling vectoring towards the larger, more promising targets; and
- Drill-out best prospects to effectively evaluate their potential

Falcon is now at the stage of drilling its current high priority targets (Karri, Ironbark, Banksia and Wandoo) whilst continuing reconnaissance exploration activities across the greater project area.

## Viking

The Viking Gold Project is located ~35 km southeast of Norseman, Western Australia and comprises two exploration licences (E63/1963 – granted, E63/1994 – application) totalling 308 km². Falcon is currently progressing the exploration licence application towards grant.

Situated in the northern foreland region of the Albany-Fraser Orogen (AFO) and directly south of the world-class Kalgoorlie Terrane, the project is prospective for orogenic-style gold mineralisation. The project includes several historical high-grade oxide gold intersections, that have seen only limited follow-up exploration.

Mineralised prospects have been identified at Beaker 1, Beaker 2, Beaker 3, and Beaker 4, and these will be the focus for follow-up exploration drilling which will target down dip and potential down-plunge extensions to the currently known oxide gold mineralisation.

## Mt Jackson

The Mt Jackson project is located in an underexplored part of the prospective Southern Cross region of Western Australia. It is prospective for orogenic-style gold mineralisation, given the presence of an

interpreted juncture between two regional-scale faults at the northern termination of the Southern Cross greenstone belt.

Falcon plans initial aircore drilling targeting the interpreted greenstone (mafic/ultramafic) stratigraphy that displays low-level but coincidental gold + arsenic + antimony surface geochemical anomalism. The target remains untested by drilling.

### CSA Global Opinion

The mineral properties held by Falcon are considered to be "exploration projects" that are intrinsically speculative in nature.

The Pyramid Hill and Viking projects are at a more advanced stage of exploration, with prospective targets identified, gold mineralisation confirmed through drilling, and a working hypothesis on controls on mineralisation. CSA Global considers the projects to have sound technical merit and are sufficiently prospective to warrant further exploration and assessment of their economic potential, consistent with the proposed programs.

The Mt Jackson project is at the "grassroots exploration" stage. CSA Global considers, however, that the project has sound technical merit and to be sufficiently prospective, subject to varying degrees of exploration risk, to warrant further exploration and assessment of its economic potential, consistent with the proposed programs.

# Contents

# Figures

# Tables



# Appendices

# 1 Introduction

## 1.1 Context, Scope and Terms of Reference

CSA Global Pty Ltd (CSA Global), an ERM Group company, was requested by Falcon Metals Limited ("Falcon" or the "Company") to prepare an Independent Technical Assessment Report (ITAR) for use in a prospectus to support an initial public offering of shares (the issue of a minimum of 30,000,000 shares and a maximum of 60,000,000 shares at a price of $0.50 per share to raise a minimum of $15,000,000 and a maximum of $30,000,000 (before costs), for Falcon to enable a listing on the Australian Securities Exchange (ASX). The funds raised will be used for the purpose of exploration and evaluation of the project areas.

The gold projects held by Falcon will be spun out of Chalice Mining Limited (Chalice). The Projects to be spun out of Chalice into Falcon comprise the Pyramid Hill project in Victoria and the Viking and Mt Jackson projects in Western Australia (collectively, the "Projects") (Figure 1).

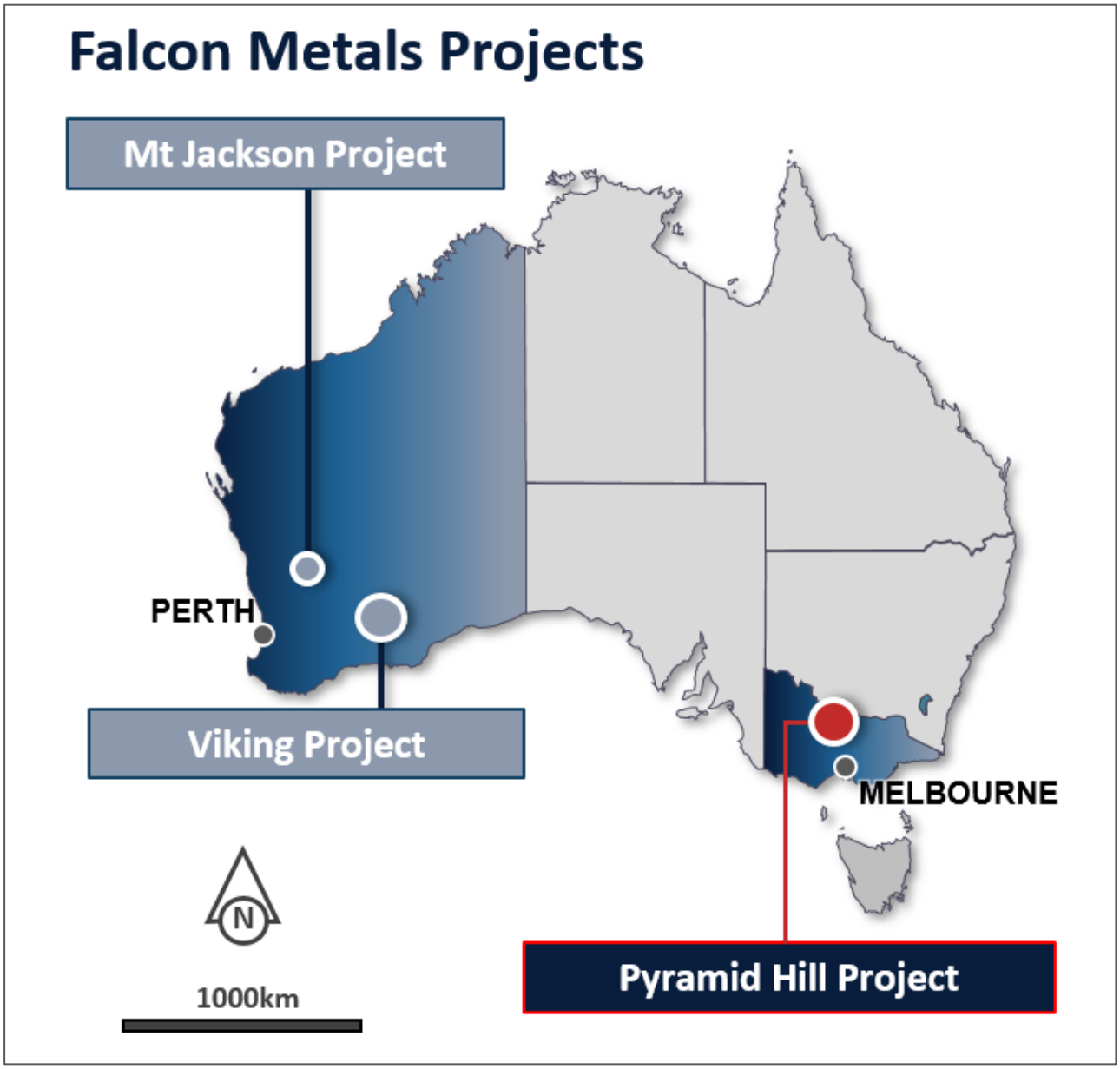



*Figure 1: Location of Falcon's gold projects*
*Source: Falcon*

The ITAR is subject to the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets ("VALMIN[1] Code"). In preparing this ITAR, CSA Global:

- Adhered to the VALMIN Code.
- Relied on the accuracy and completeness of the data provided to it by Falcon, and that Falcon made CSA Global aware of all material information in relation to the Projects.
- Relied on Falcon's representation that it will hold adequate security of tenure for exploration and assessment of the Projects to proceed.
- Required that Falcon provide an indemnity to the effect that Falcon would compensate CSA Global in respect of preparing the ITAR against any and all losses, claims, damages and liabilities to which CSA Global or its Associates may become subject under any applicable law or otherwise arising from the preparation of the ITAR to the extent that such loss, claim, damage or liability is a direct result of Falcon or any of its directors or officers knowingly providing CSA Global with any false or misleading information, or Falcon, or its directors or officers knowingly withholding material information.
- Required an indemnity that Falcon would compensate CSA Global for any liability relating to any consequential extension of workload through queries, questions, or public hearings arising from the reports.

## 1.2 Compliance with the VALMIN and JORC Codes

This ITAR has been prepared in accordance with the VALMIN Code, which is binding upon Members of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM), the JORC[2] Code and the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (ASIC) and ASX that pertain to Independent Expert Reports.

## 1.3 Principal Sources of Information and Reliance on Other Experts

CSA Global has based its review of the Projects on information made available to the principal authors by Falcon, along with technical reports prepared by consultants, government agencies and previous tenement holders, and other relevant published and unpublished data.

CSA Global has also relied upon discussions with Falcon's management for information contained within this assessment. This ITAR has been based upon information available up to and including 14 October 2021. CSA Global has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this ITAR is based. Unless otherwise stated, information and data contained in this technical report, or used in its preparation, has been provided by Falcon in the form of documentation and digital data.

Falcon was provided a final draft of this ITAR and requested to identify any material errors or omissions prior to its lodgement.

Descriptions of the mineral tenure, tenure agreements, encumbrances and environmental liabilities were provided to CSA Global by Falcon or its technical consultants. CSA Global has also relied on web-based information from the Government of Western Australia Department of Mines, Industry Regulation and Safety (DMIRS) Mineral Titles Online tenement register in respect to the Projects.

CSA Global has not independently verified the legal status or ownership of the properties or any of the underlying agreements; however, all the information appears to be of sound quality. This information should be contained within the Independent Solicitor's Report and described therein under Summary of Material Agreements, elsewhere in the prospectus.

[1] Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code), 2015 Edition, prepared by the VALMIN Committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. <http://www.valmin.org>

[2] Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition. Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC). <http://www.jorc.org>

Falcon has warranted to CSA Global that the information provided for preparation of this ITAR correctly represents all material information relevant to the Projects. Full details on the tenements are provided in the Independent Solicitor's Report elsewhere in the prospectus.

A site visit was not undertaken to the project areas. CSA Global concluded that a site visit would not be required for the purposes of this ITAR, due to the early stage of the Projects. CSA Global is of the opinion that a site visit is not likely to add materially to its understanding of the prospectivity of the tenements, based on the quality of the information available.

This ITAR contains statements attributable to third parties. These statements are made or based upon statements made in previous technical reports that are publicly available from either government sources. The authors of these reports have not consented to their statements use in this ITAR, and these statements are included in accordance with ASIC Corporations (Consent and Statements) Instrument 2016/72.

## 1.4 Authors of the Report

The ITAR has been prepared by CSA Global, a privately-owned consulting company and part of the ERM Group, that has been operating for over 30 years, with its headquarters in Perth, Western Australia.

CSA Global provides multidisciplinary services to a broad spectrum of clients across the global mining industry. Services are provided across all stages of the mining cycle from project generation to exploration, resource estimation, project evaluation, development studies, operations assistance, and corporate advice, such as valuations and independent technical documentation.

This ITAR has been prepared by a team of consultants sourced principally from CSA Global's office in Perth, Western Australia. The individuals who have provided input to the ITAR have extensive experience in the mining industry and are members in good standing of appropriate professional institutions. The Consultants preparing this ITAR are specialists in the field of geology and exploration, in particular relating to gold.

The following individuals, by virtue of their education, experience, and professional association, are considered Competent Persons, as defined in the JORC Code (2012), for this ITAR. The Competent Persons' individual areas of responsibility are presented below:

- Principal author – Mr Trivindren Naidoo (Principal Consultant Geologist with CSA Global in Perth, Western Australia) reviewed the entire report
- Peer reviewer – Mr Sam Ulrich (Principal Consultant Geologist with CSA Global in Perth, Western Australia) is responsible for the entire report
- Partner in Charge – Mr Graham Jeffress (Manager Corporate of CSA Global in Perth, Western Australia) is responsible for the entire report.

The information in this ITAR that relates to the Technical Assessment of Falcon's mineral tenure reflects information compiled and conclusions derived by CSA Global Principal Geologist, Trivindren Naidoo, MSc (Exploration Geology), GradCert (Mineral Economics), MAusIMM, FGSSA. Mr Naidoo is not a related party or employee of Falcon. He has sufficient experience relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Practitioner as defined in the 2015 Edition of the "Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets". Mr Naidoo consents to the inclusion in the ITAR of the matters based on his information in the form and context in which it appears.

Mr Naidoo is an exploration geologist with over 20 years' experience in the minerals industry, including 15 years as a consultant, specialising in project evaluations and technical reviews as well as code-compliant reporting (JORC, VALMIN, NI 43-101 and CIMVAL) and valuation. His knowledge is broad-based, and he has wide- ranging experience in the field of mineral exploration, having managed or consulted on various projects ranging from first-pass grassroots exploration to brownfields exploration and evaluation, including the assessment of operating mines. Mr Naidoo is part of CSA Global's Corporate team and has completed independent evaluations and valuations of numerous mineral assets ranging from early-stage exploration properties to projects with multiple operating mines, across various commodities and jurisdictions.

This ITAR was reviewed by CSA Global Principal Geologist, Sam Ulrich, BSc(Hons) Geology, GipAppFinInv, MAusIMM, MAIG, FFin. Mr Ulrich has over 25 years' experience in mineral exploration and corporate services. His exploration experience ranges from grassroots to near-mine resource development in Australia and Asia. Mr Ulrich is part of CSA Global's Corporate team primarily working on transactions. He provides geological due diligence, independent technical reporting for mergers and acquisitions, and company listings, as well as acting as Competent Person under the JORC Code for a range of exploration results in gold, base metals, and uranium. Mr Ulrich is a valuation expert, a VALMIN specialist, delivering technical appraisals and valuations for independent expert reports, target statements, schemes of arrangement, stamp duty assessments, asset impairments, and due diligence exercises on projects worldwide. He has extensive experience in the exploration and development of Archaean orogenic gold deposits, which combined with his mineral economics research into Australian gold mines, provides Mr Ulrich with specialist skills in applying economic/valuation criteria to exploration targeting and ranking, and the valuation of mineral assets.

This ITAR was authorised by CSA Global Partner (Asia Pacific) and Principal Consultant, Graham Jeffress, BSc(Hons) (Applied Geology), RPGeo (Mineral Exploration), FAIG, FAusIMM, FSEG, MGSA. Mr Jeffress is a geologist with over 30 years' experience in exploration geology and management in Australia, Papua New Guinea, and Indonesia. He has worked in exploration (ranging from grassroots reconnaissance through to brownfields, near-mine, and resource definition), project evaluation and mining in a variety of geological terrains, commodities, and mineralisation styles within Australia and internationally. Mr Jeffress is competent in multidisciplinary exploration, and proficient at undertaking prospect evaluation and all phases of exploration. He has completed numerous independent technical reports (IGR, CPR, QPR) and valuations of mineral assets. Mr Jeffress now coordinates and participates in CSA Global's activities providing expert technical reviews, valuations, and independent reporting services to groups desiring improved understanding of the value, risks and opportunities associated with mineral investment opportunities.

## 1.5 Independence

Neither CSA Global, nor the authors of this ITAR, has or has had previously, any material interest in Falcon or the mineral properties in which Falcon has an interest. CSA Global's relationship with Falcon is solely one of professional association between client and independent consultant.

CSA Global is an independent geological consultancy. This ITAR is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this ITAR. The fee for the preparation of this ITAR is approximately A$37,000.

No member or employee of CSA Global is, or is intended to be, a director, officer, or other direct employee of Falcon. No member or employee of CSA Global has, or has had, any shareholding in Falcon. There is no formal agreement between CSA Global and Falcon to CSA Global conducting further work for Falcon.

## 1.6 Declarations

### *1.6.1 Purpose of this Document*

This ITAR has been prepared by CSA Global at the request of, and for the sole benefit of Falcon. Its purpose is to provide an independent technical assessment of Falcon's gold projects in Australia.

The ITAR is to be included in its entirety or in summary form within a prospectus to be prepared by Falcon, in connection with an initial public offering. It is not intended to serve any purpose beyond that stated and should not be relied upon for any other purpose.

The statements and opinions contained in this ITAR are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of 14 October 2021 and could alter over time depending on exploration results, mineral prices, and other relevant market factors.

### *1.6.2 Competent Person's Statement*

The exploration results in this ITAR have been prepared and reported in accordance with the JORC Code (2012).

The information in this ITAR that relates to Technical Assessment of the Mineral Assets or Exploration Results is based on information compiled and conclusions derived by Mr Trivindren Naidoo, a Competent Person who is a Member of the AusIMM.

Mr Naidoo is employed by CSA Global and has no conflict of interest in relation to this report.

Mr Naidoo has sufficient experience that is relevant to the Technical Assessment of the Mineral Assets under consideration, the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the 2015 Edition of the "Australasian Code for the public reporting of technical assessments and Valuations of Mineral Assets", and as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Naidoo consents to the inclusion in the ITAR of the matters and the supporting information based on his information in the form and context in which it appears.

## 1.7 About this Report

This ITAR describes the prospectivity of Falcon's gold projects in Australia. These comprise the Pyramid Hill project in Victoria, and the Viking and Mt Jackson projects in Western Australia.

The geology and mineralisation for the project areas is discussed, as well as the exploration work completed, and the results obtained. A great wealth of data pertains to the work done on the Projects and an effort was made to summarise this so as to contain the size and readability of the ITAR. Maps of the areas are presented and statistics on the drilling are provided.

No valuation has been requested or completed for the Projects.

# 2 Gold Exploration Models

Falcon is exploring for gold on its three exploration properties. Models depicting the types of mineralised gold systems being targeted (orogenic) are briefly discussed in this section, with the discussion summarised from Robert et al. (2007).

Major gold deposit types are illustrated in Figure 2.

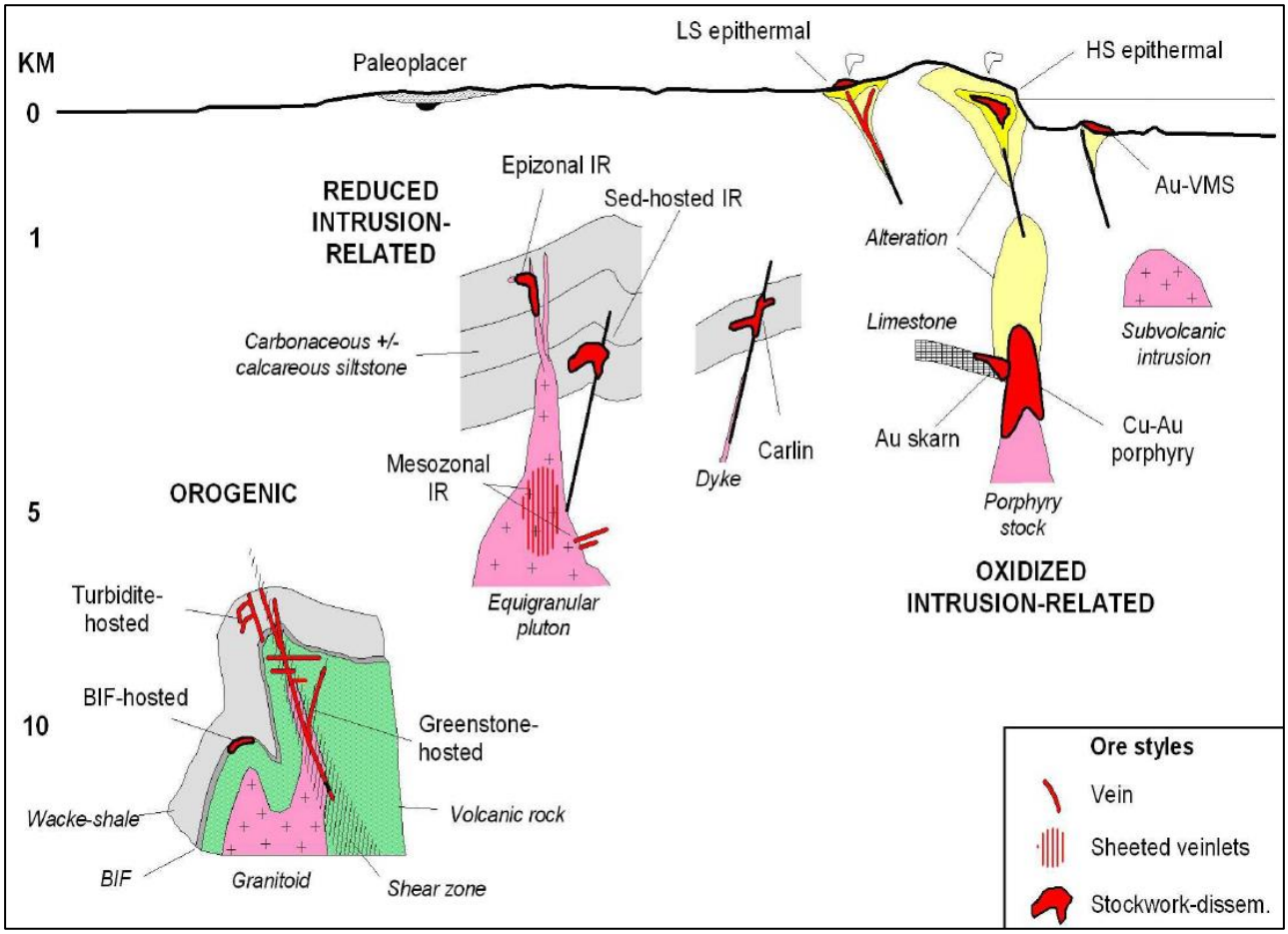



*Figure 2: Schematic cross-section showing the key geologic elements of the main gold deposit types*
*Source: Robert et al. (2007)*

## 2.1 Orogenic Gold Model

The term "orogenic" was originally introduced in recognition of the fact that quartz-carbonate vein gold deposits in greenstone and slate belts, including those in banded iron formation (BIF), have similar characteristics and have formed by similar processes. Robert et al. (2007) distinguishes between three main types of orogenic deposits based on their host-rock environment, and groups them in the orogenic "clan" of deposits (Figure 2). Key features of the ore-forming environments of each type are summarised in Table 1.

*Table 1: Key features of ore-forming environments of orogenic gold deposits*

| Orogenic deposit | Regional scale | Local scale |
|---|---|---|
| Greenstone-hosted | • Volcanic-dominated or sediment-dominated greenstone belts<br>• Crustal-scale shear zone<br>• Conglomeratic rocks | • Shear zones, especially with bends and intersections<br>• Rheological heterogeneity<br>• Iron-rich lithologies<br>• Felsic porphyry intrusions |

| Orogenic deposit | Regional scale | Local scale |
|---|---|---|
| Turbidite-hosted | • Folded turbidite sequence<br>• Granitic intrusions<br>• Crustal-scale faults<br>• Greenschist grade | • Culminations of anticlines<br>• High-angle reverse faults<br>• Cross-structures |
| BIF-hosted | • Volcanic-dominated or sediment-dominated greenstone belts containing thick iron formations<br>• Folded and metamorphosed | • Fold hinge zones<br>• Faults or shear zones intersecting iron formation<br>• Some stratiform controls |

*Source: After Robert et al. (2007)*

### *2.1.1 Greenstone-Hosted Orogenic Deposits*

Robert et al. (2007) consider greenstone-hosted orogenic deposits to be the most important of the clan. They describe the quartz-carbonate veins in these deposits as typically combining laminated veins in moderately to steeply dipping reverse shear zones with arrays of shallow-dipping extensional veins in adjacent competent and lower strain rocks (Figure 2).

In greenstone belts, the significant vein deposits are typically distributed along specific regional compressional to transpressional structures. As they are associated with regional structures, these camps are also located at the boundaries between contrasted lithologic or age domains within belts. Along these structures, the deposits commonly cluster in specific camps, localised at bends or major splay intersections, and where deposits typically occur in associated higher-order structures. The deposits occur in any type of supracrustal rocks within a greenstone belt and cover stratigraphic positions from lower mafic-ultramafic volcanic to upper clastic sedimentary stratigraphic levels. However, large deposits tend to occur stratigraphically near the unconformity at the base of conglomeratic sequences, especially if developed above underlying mafic-ultramafic volcanic rocks.

At the local scale, favourable settings for these deposits represent a combination of structural and lithologic factors. Favourable structural settings are linked mainly to the rheological heterogeneities in the host sequences. Shear zones and faults, universally present in these deposits, are developed along lithologic contacts between units of contrasting competencies and along thin incompetent lithologic units. Along these contacts and along incompetent rocks, deposits will preferentially develop at bends, and structural intersections. Competent rock units enclosed in less competent favour fracturing and veining. Common lithologic associations include iron-rich rocks such as tholeiitic basalts, differentiated dolerite sills and BIFs, and with competent porphyry stocks of intermediate to felsic composition, whether they intrude mafic-ultramafic volcanic or clastic sedimentary rocks.

### *2.1.2 Turbidite-Hosted Orogenic Deposits*

Robert et al. (2007) describe turbidite-hosted (also referred to as slate-belt hosted) vein systems as common, but note that only three deposits contain >10 Moz gold, with Bendigo and Natalka being the most important. These deposits are well understood, with classical examples of this deposit type consisting of vertically stacked saddle reefs in anticlinal fold hinges linked by fault-fill veins in reverse shear zones and associated extensional veins (Figure 2).

Turbidite-hosted orogenic gold deposits occur in thick accretionary greywacke-mudstone (slate) sequences, intruded by granitic plutons and are in proximity to major crustal boundaries. The presence of a hydrated oceanic substrate is considered favourable for the development of well-mineralised terranes.

At the local scale, the deposits are typically associated with doubly plunging, upright anticlines and high-angle reverse faults. The deposit areas typically lack significant volumes of felsic intrusions, although lamprophyre dykes may be present.

# 3 Pyramid Hill Project

## 3.1 Location and Access

The Pyramid Hill project is located in north-central Victoria and is approximately 175 km northeast of the state capital of Melbourne and proximal to the city of Bendigo (Figure 1 and Figure 3).

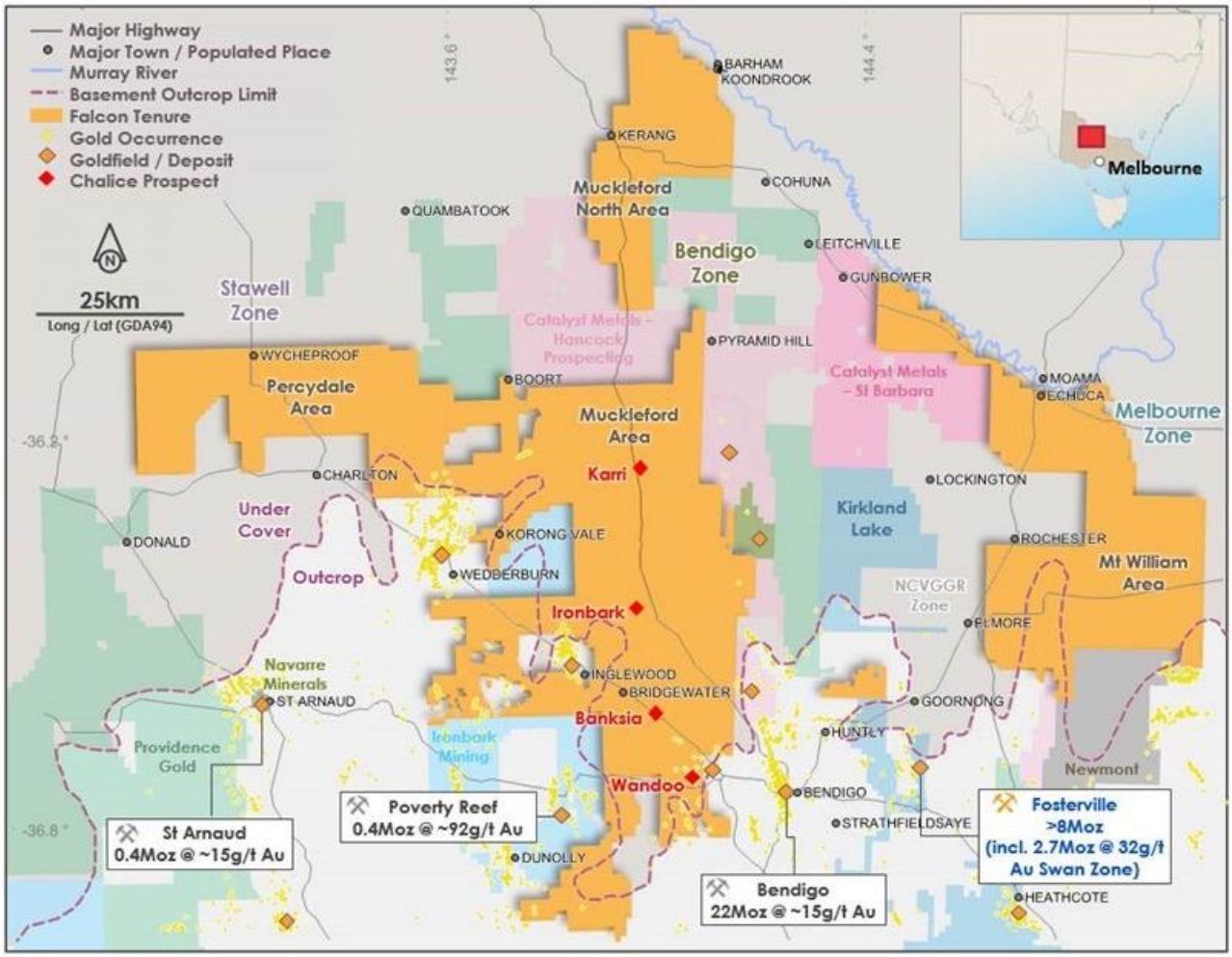



*Figure 3: Location of Falcon's Pyramid Hill gold tenure in north-central Victoria*
*Source: Falcon*

Several small regional towns including Inglewood, Serpentine, Rochester and Echuca providing service and amenity support to the exploration project.

## 3.2 Climate, Topography and Physiography

Bendigo has a relatively dry temperate climate with warm to hot summers and cool to cold winters (Table 2). Bendigo has an average of approximately 110 clear days annually.

The mean minimum temperature in January is 14.3°C and the maximum 28.7°C, although temperatures above 35°C are common. The highest temperature officially recorded was 45.4°C, during the 2009 south-eastern Australia heat wave.

The mean minimum temperature in July is 3.5°C and winter minima below 0°C are recorded 28 nights per year on average. Mean maximum winter temperatures in July are 12.1°C. Most of the city's annual rainfall of 582.1 mm falls between May and September. Snowfalls are rare; however, frosts can be a common occurrence during the winter.

*Table 2: Climate data for Bendigo Airport (1991 to 2020)*

| Month | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Record high (°C) | 45.9 | 45.4 | 39.3 | 34.3 | 26.3 | 20.7 | 19.7 | 24.2 | 32.8 | 35.5 | 41.9 | 44.8 | 45.9 |
| Average high (°C) | 30.2 | 29.6 | 26.1 | 21.3 | 16.7 | 13.4 | 12.6 | 14.2 | 17.0 | 20.8 | 24.6 | 27.4 | 21.2 |
| Average low (°C) | 14.2 | 14.4 | 11.8 | 8.0 | 5.3 | 3.6) | 2.7 | 2.8 | 4.5 | 6.6 | 9.7 | 11.9 | 8.0 |
| Record low (°C) | 3.3 | 4.0 | 2.3 | −1.3 | −4.6 | −5.3 | −5.1 | −5.0 | −5.5 | −3.5 | −0.2 | 1.9 | −5.5 |
| Average rainfall (mm) | 34.8 | 32.6 | 30.2 | 33.1 | 45.7 | 50.8 | 55.9 | 51.7 | 52.5 | 39.6 | 45.8 | 39.6 | 512.3 |
| Average rainy days | 5.9 | 5.1 | 5.3 | 6.7 | 11.2 | 12.3 | 15.3 | 13.3 | 11.7 | 8.7 | 7.8 | 6.8 | 110.1 |

*Source: Bureau of Meteorology*

Most of the district is flat to undulating, with an elevation averaging 213 m Australian Height Datum (AHD).

Bendigo provides services (including a large livestock exchange) to a large agricultural and grazing area on the Murray plains to its north.

The surrounding area, or "gold country", is quite harsh, rocky land with scrubby regrowth vegetation. The box-ironbark forest is used for timber (mainly sleepers and firewood) and beekeeping.

Sheep and cattle are grazed in the cleared areas and there are some large poultry and pig farms. Some relatively fertile areas are present along the rivers and creeks, where wheat and other crops such as canola are grown. The area produces wines from a growing viticulture industry. Salinity is a problem in many valleys but is under control. A relatively small eucalyptus oil industry operates there.

## 3.3 Ownership and Tenure

The Pyramid Hill project is 100% owned by Falcon and consists of 12 granted exploration licences and three application licences that cover a combined area of >6,500 km² (Table 3 and Figure 4). The licences granted in or before 2020 are held by Falcon Gold Resources Pty Ltd, a subsidiary of Falcon Metals. The two licences granted in 2021 and the three application licences are currently held by CGM (WA) Pty Ltd, a subsidiary of Chalice Mining and will be transferred to Falcon Gold Resources Pty Ltd 12 months after licence grant (in accordance with Victoria licence regulations). For further details, refer to the Independent Solicitor's Report in the prospectus.

*Table 3: Pyramid Hill project exploration licences*

| Tenement | Holder | Status | Grant date | Area (km²) | Expiry date |
|---|---|---|---|---|---|
| EL006661 | Falcon Gold Resources Pty Ltd | Granted | 2 Mar 2018 | 667.3 | 1 Mar 2023 |
| EL006737 | Falcon Gold Resources Pty Ltd | Granted | 17 Aug 2018 | 666.1 | 16 Aug 2023 |
| EL006738 | Falcon Gold Resources Pty Ltd | Granted | 17 Jul 2018 | 899.5 | 16 Jul 2023 |
| EL006669 | Falcon Gold Resources Pty Ltd | Granted | 3 Nov 2018 | 632.6 | 2 Nov 2023 |
| EL006898 | Falcon Gold Resources Pty Ltd | Granted | 20 Mar 2019 | 84.9 | 19 Mar 2024 |
| EL006901 | Falcon Gold Resources Pty Ltd | Granted | 22 Mar 2019 | 54.9 | 21 Mar 2024 |
| EL006864 | Falcon Gold Resources Pty Ltd | Granted | 22 Mar 2019 | 519.7 | 21 Mar 2024 |
| EL006960 | Falcon Gold Resources Pty Ltd | Granted | 14 Aug 2019 | 170.8 | 13 Aug 2024 |
| EL007120 | Falcon Gold Resources Pty Ltd | Granted | 3 Jul 2020 | 757.9 | 2 Jul 2025 |
| EL007121 | Falcon Gold Resources Pty Ltd | Granted | 3 Jul 2020 | 268.7 | 2 Jul 2025 |
| EL007040 | CGM (WA) Pty Ltd | Granted | 26 Mar 2021 | 35.6 | 25 Mar 2026 |
| EL007322 | CGM (WA) Pty Ltd | Granted | 11 May 2021 | 30 | 10 May 2026 |
| EL007320 | CGM (WA) Pty Ltd | Application | N/A | 434.2 | N/A |
| EL006943 | CGM (WA) Pty Ltd | Application | N/A | 469.8 | N/A |
| EL007200 | CGM (WA) Pty Ltd | Application | N/A | 871.9 | N/A |
| **Total area** | | | | **6,563.9** | |

*Source: Falcon*

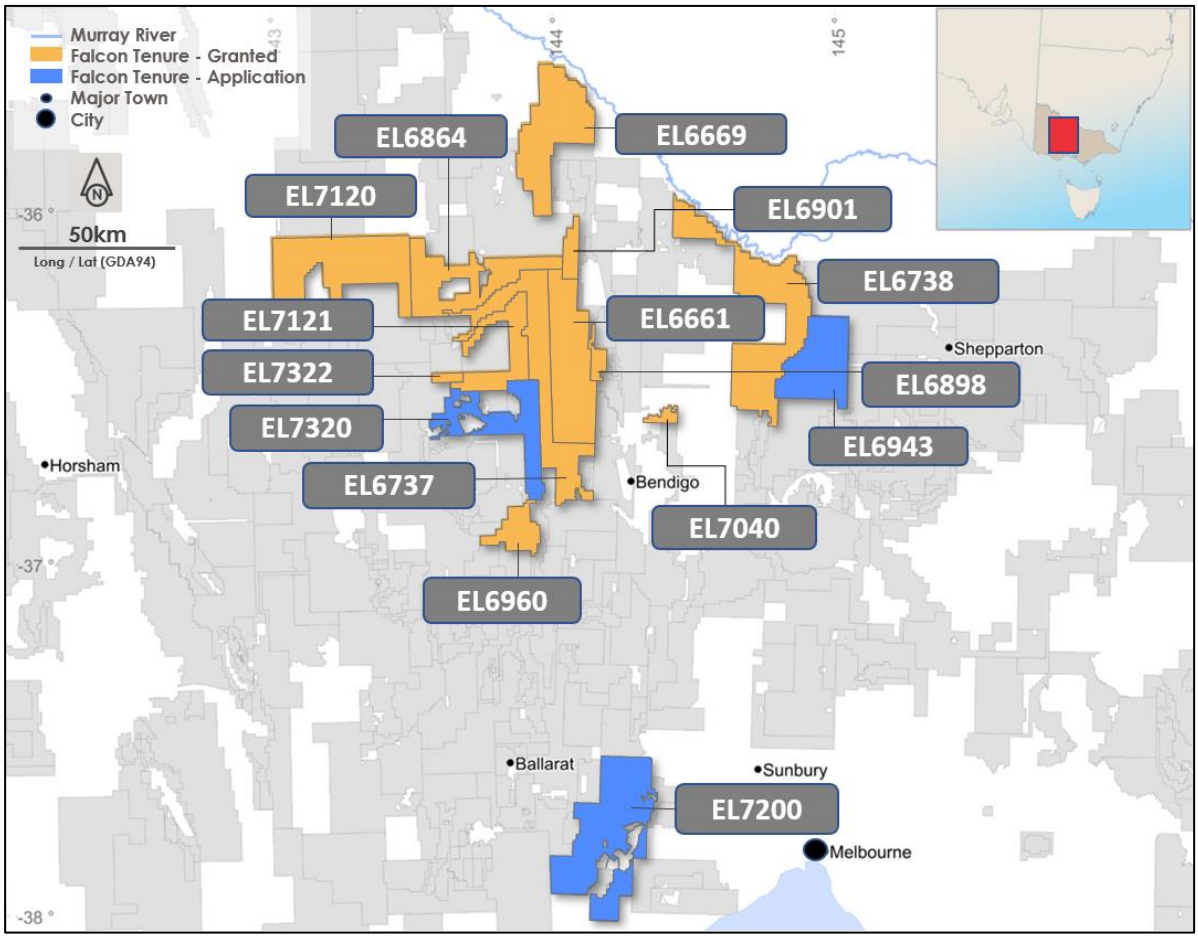



*Figure 4: Falcon's Pyramid Hill gold tenure*
*Source: Falcon*

CSA Global understands that the majority of the project area is situated on privately owned farmland and exploration access is therefore subject to land access agreements with the local landowners, and seasonal cropping constraints.

## 3.4 Geology

The project area covers parts of the Bendigo, Melbourne, and Stawell structural zones of the Lachlan Orogen which represents one of the major components of the overall Tasman Fold Belt System (Figure 5, Figure 6).

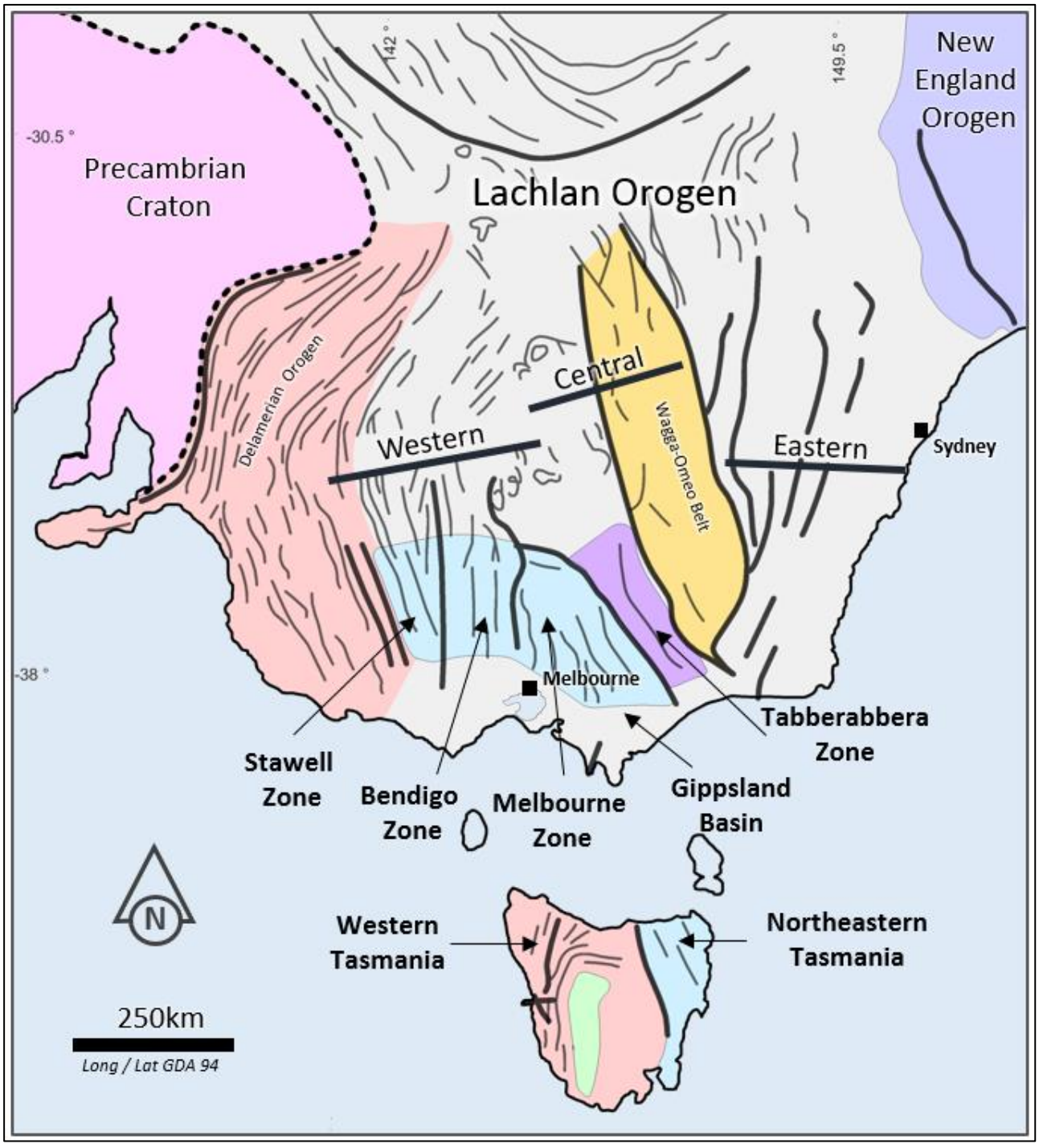



*Figure 5: Lachlan Orogen*
*Source: Modified from Bierlein et al. (2005)*

The geology of the western Lachlan Orogen has been extensively reviewed by Phillips et al. (2012), Willman (2010), Fu et al. (2009), Hough et al. (2007) and Fu et al. (2007), amongst others. The following is summarised from their work.

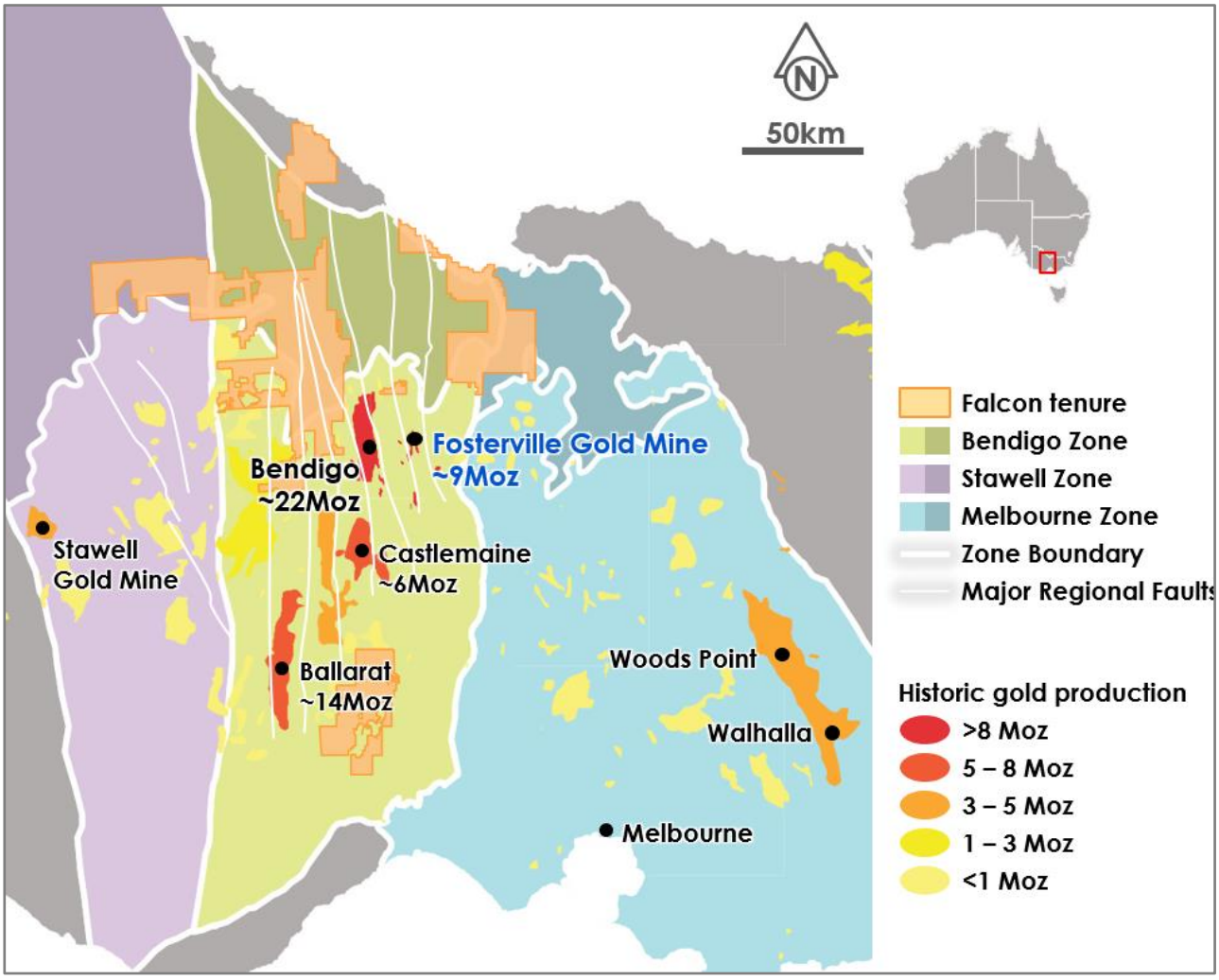



*Figure 6: Regional geological setting*
*Source: Falcon*

### *3.4.1 Regional Geology*

Phillips et al. (2012) describe eastern Australia as comprising a series of geological terranes, known as the Tasmanides, accreted to the eastern margin of Gondwanaland during the Palaeozoic. From west to east, these terranes include the Delamerian/Tyennan, Lachlan and New England orogens (Figure 5). Hough et al. (2007) describe the Lachlan Orogen as comprising three differing thrust systems – the western, central and eastern fold belts.

Phillips et al. (2012) note that the western sub-province of the Palaeozoic Lachlan Orogen in Victoria is dominated by thick Ordovician turbidite sequences (Castlemaine Group) overlying Cambrian basement volcanics. The region was subjected to multiple Cambrian to Late Devonian regional deformation events, followed by extensive post-tectonic granitic magmatism (Figure 7).

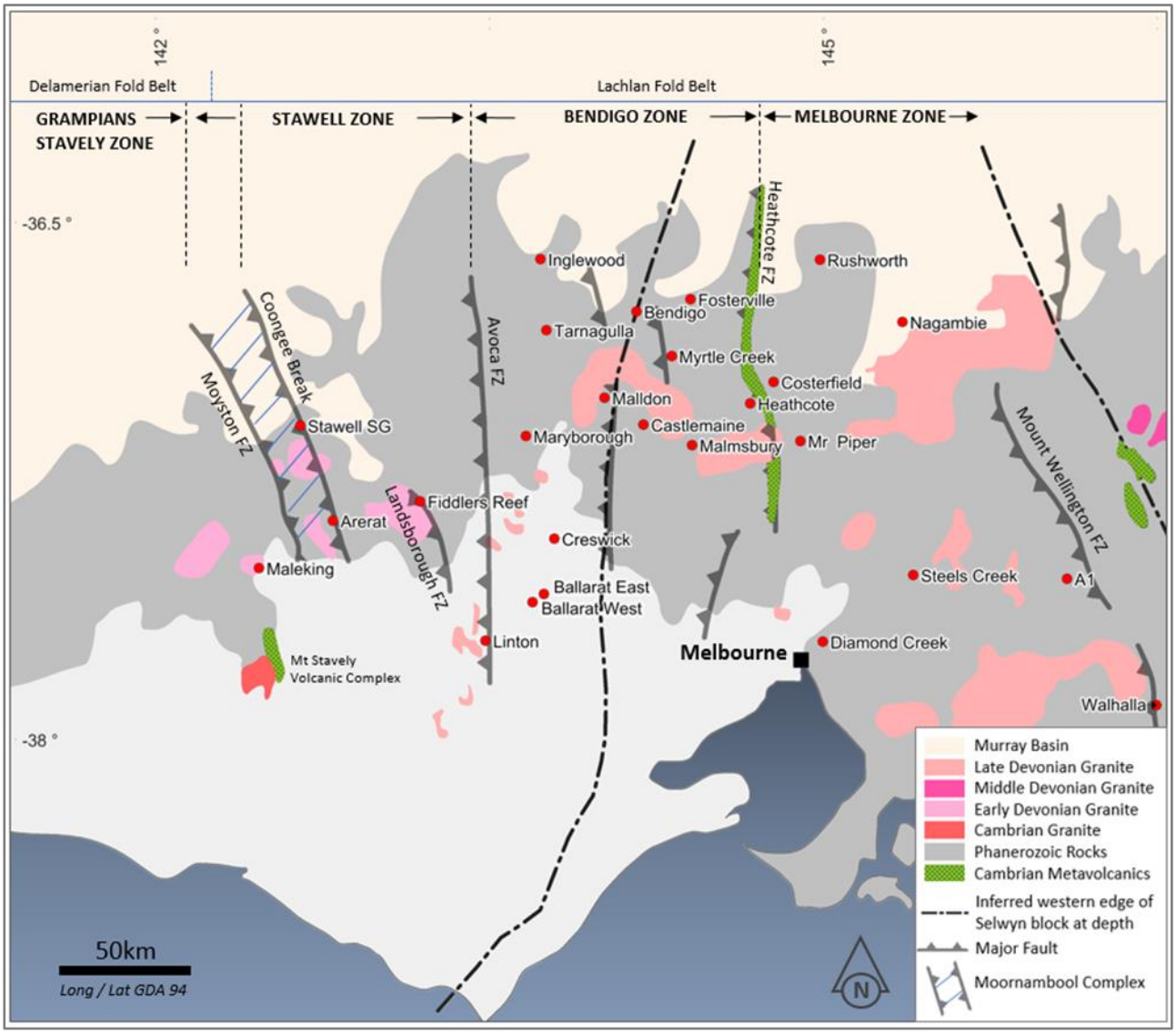



*Figure 7: Simplified geological map of central Victoria*
*Source: Modified from Fu et al. (2009)*

The Stawell Zone is separated from the Delamerian Glenelg–Stavely Zone by the Moyston Fault and is bounded by the Avoca Fault in the east (Figure 7). The Moyston Fault is a major crustal-scale fault that separates Proterozoic continental lithosphere of the Delamerian orogen from Palaeozoic crust to the east. The Stawell Zone contains Cambrian basalts overlain by late Cambrian quartz-rich turbidites (St Arnaud Group) that have been folded into upright, chevron folds with north-northwest to south-southeast axial trends. The western segment of the Stawell Zone, between the Moyston and Coongee faults, constitutes a complex, polydeformed zone that is transitional to the Cambrian Delamerian Orogen (Phillips et al., 2012).

The Bendigo Zone is bounded by steeply dipping reverse faults, the Avoca Fault in the west and the Heathcote Fault Zone to the east (Figure 7). The zone is characterised by thick Ordovician turbidite successions (Castlemaine Group), overlying Late Cambrian chert and shale and Early to Middle Cambrian volcanic/ volcaniclastic rocks. These sequences were metamorphosed to greenschist grade and deformed into simple, north-south oriented, chevron folds. The zone also hosts Late Silurian to Early Devonian granites in the northwest and widespread Middle to Late Devonian granites (Phillips et al., 2012).

The Melbourne Zone is confined between the Mount Wellington Fault in the east and the Heathcote Fault Zone in the west (Figure 7). This zone comprises a thick sequence of Lower Silurian to Middle Devonian sedimentary rocks (Murrindindi Supergroup), which overlie Upper Ordovician black shales and Cambrian

meta-volcanics. The sedimentary units have been deformed into north-south trending, chevron folds and metamorphosed to sub-greenschist grades (Phillips et al., 2012).

### *3.4.2 Regional Gold Mineralisation*

Phillips et al. (2012) describe the western Lachlan Orogen as hosting one of the world's more significant gold provinces, which has produced in excess of 2,500 tonnes of gold since the mid-1800s. It is considered a typical "orogenic" gold province and hosts a large number of goldfields, including the world-class Bendigo–Ballarat goldfields (Figure 6).

It is estimated that ~80% of historical gold production from Victoria originated from the Bendigo Zone and major gold-producing regions including the Bendigo, Ballarat, Castlemaine, Maryborough, Maldon, Creswick, Tarnagulla and Fosterville goldfields (Phillips et al., 2012).

The largest gold deposits in the Stawell Zone are the Magdala and Wonga orebodies in the Stawell goldfield, with other minor gold deposits including Linton Reef, Eagle Reef (both in the Linton goldfield), and Fiddlers Reef (Phillips et al., 2012).

Historical gold production in the Melbourne Zone was predominantly from the Woods Point and Walhalla goldfields. Other minor deposits include those at Nagambie, Costerfield, and Mount Piper (Phillips et al., 2012).

Fu et al. (2009) discuss three major types of primary gold deposits in the region that have been identified by previous workers:

- Turbidite-hosted, "orogenic" lode (or mesozonal) gold deposits of syn-metamorphic age (approximately 440 Ma) such as Bendigo and Ballarat
- Disseminated-stockwork (or epizonal) gold-antimony-arsenic mineralisation, probably formed between approximately 380 Ma and 370 Ma (e.g. Costerfield)
- Polymetallic, "intrusion-related" gold deposits that formed either between approximately 410 Ma and 400 Ma (e.g. Stawell-Wonga) or between approximately 380 Ma and 370 Ma (e.g. Malmsbury-Leven Star, Mount Piper).

The timing of the gold mineralisation events is illustrated in Figure 8.

Willman (2010) notes that orogenic gold deposits are invariably associated with quartz veins formed in and around faults in quartz-rich turbidites, and occasionally in mafic volcanic rocks. Gold mineralisation is generally within mineralised zones of strike length up to 15 km, of several kilometres width, within which are clusters of fault-controlled deposits. These mineralised clusters (the "goldfields") are separated by wide barren zones. The location of these clustered deposits is structurally controlled and influenced little by host rock composition. Some major goldfields, such as Bendigo and Castlemaine, appear to have a direct spatial and structural relationship to major crustal-scale faults.

Willman (2010) notes that Victorian gold production to 2010 was about 80 Moz, but mining had targeted only the exposed east-west corridor of Palaeozoic basement rocks, with the rest of the Palaeozoic basement buried beneath Permian and younger rocks (Figure 9). Much of the "undercover" area is considered prospective for gold but remains largely unexplored. Willman (2010) concludes that the areas of greatest exploration potential lie in the northern parts of the Stawell and Bendigo zones, where covered prospective geology is within reach of drilling.

In the northern part of the Bendigo Zone, the basement Castlemaine Group sediments are overlain by Cenozoic aged Murray Basin cover ranging from 10-200m thickness which has impeded historical and more recent exploration efforts. In some areas beneath the Murray Basin cover, Permian aged glacial sediments deposited within channels, have incised the Ordovician-Silurian basement and has variable but considerable thickness of up to an interpreted 700m. Gold mineralisation pre-dates this glacial sedimentation and hence detracts exploration over these areas. Thin Neogene basalt flows exist in areas in the southern parts of the tenement package which often outcrops or subcrops, rendering all near surface exploration methods ineffective (e.g. surface soil sampling).

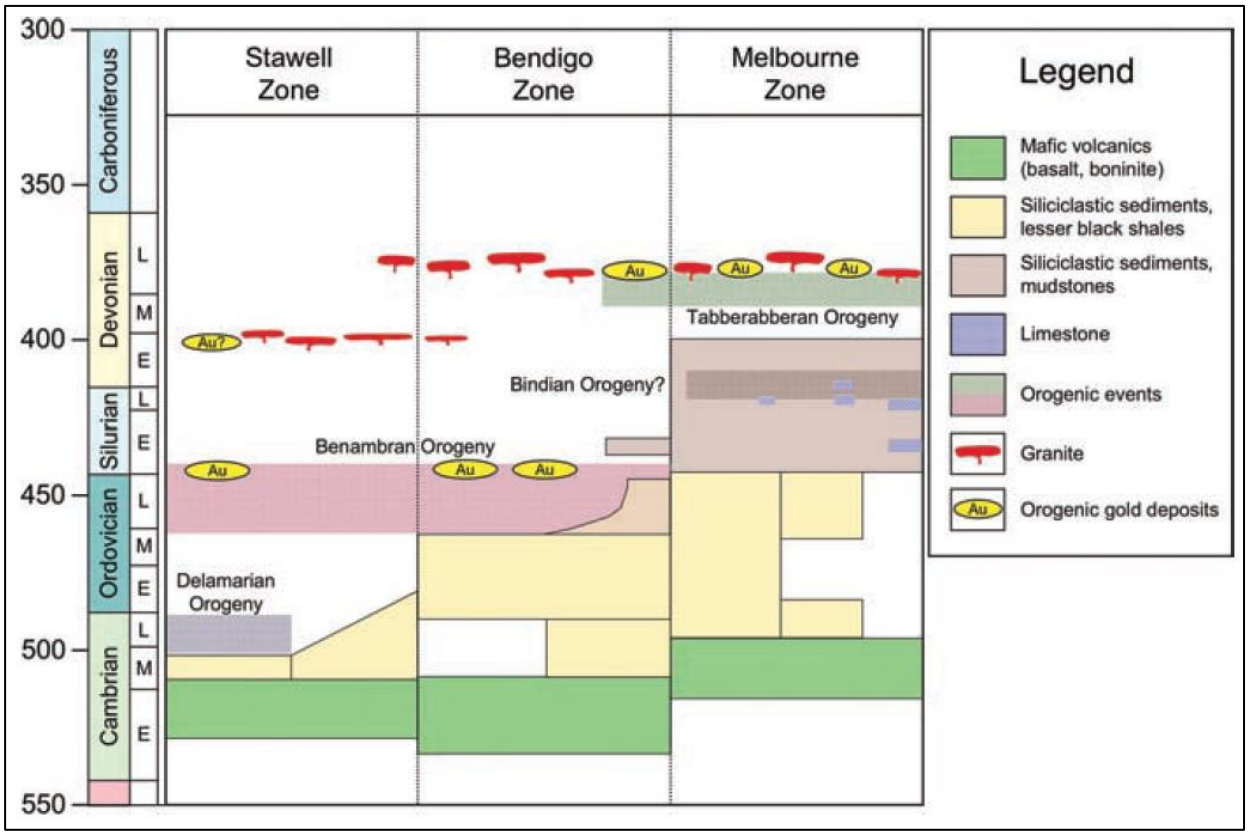



*Figure 8: Time-space diagram for the Stawell, Bendigo and Melbourne zones of the western Lachlan Orogen*
*Source: Phillips et al. (2012)*

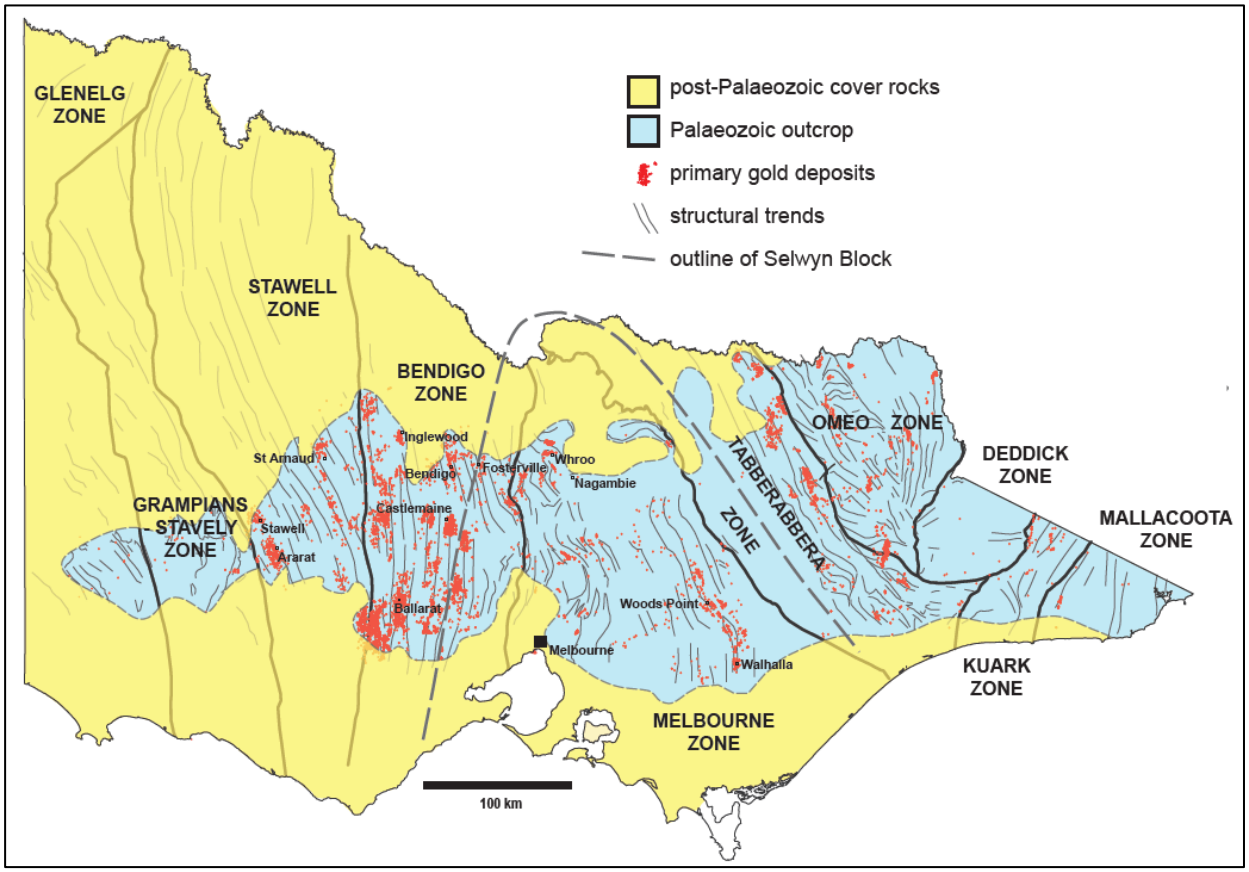



*Figure 9: Distribution of primary gold deposits in Victoria*
*Source: Willman (2010)*

### *3.4.3 Local Geology*

The basement geology within the local project area comprises dominantly Castlemaine Group sediments which have been intruded by several Devonian granitoids that are interpreted to post-date gold mineralisation (Figure 10). The Castlemaine Group sediments are overlain by Murray Basin sediments ranging in thickness from several metres to ~150 m where drilled (Figure 3). In the central portions of EL006661, a thick Permian aged glacial tillite sheet/channel has incised the Castlemaine Group basement (Figure 10). Results of recent 2D seismic surveys indicate an interpreted maximum vertical extent of ~700 m for the Permian unit.

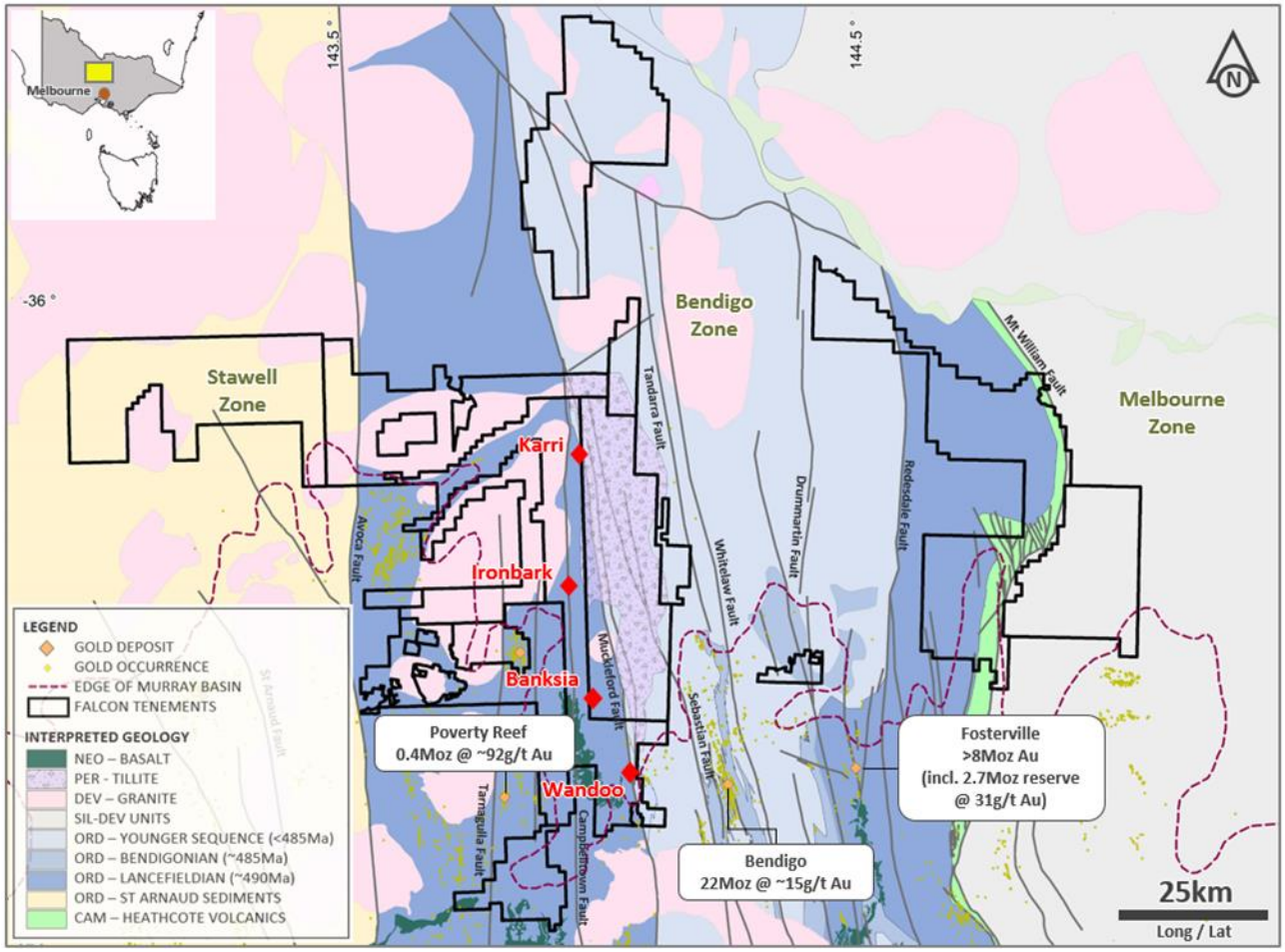



*Figure 10: Pyramid Hill project geology*
*Source: Falcon*

Geology at the Karri prospect (Figure 10) consists of Castlemaine Group sediments consisting of variably interbedded siltstone, sandstones and shales (including graphitic shale) which act as host rocks to mineralisation. Located ~2 km to the west of the gold mineralisation lies the Wedderburn Granodiorite, a Devonian granitoid interpreted to post-date mineralisation. The Castlemaine Group sediments adjacent to the Wedderburn Granodiorite have been retextured through contact metamorphism by varying degrees of hornfelsing, including cordierite spotting commonly observed in percussion drill chips and drill core. As with significant gold deposits in central Victoria, gold mineralisation has strong geochemical pathfinder signatures including arsenopyrite (As) and antimony (Sb). Gold is typically hosted in sulphide-bearing quartz veins or stringers, (pyrite, arsenopyrite) and/or disseminated arsenopyrite with no obvious indications of veining.

At the Ironbark prospect (Figure 10), gold mineralisation is associated with interpreted Devonian diorite intrusive rocks which, on the basis of cross-cutting relationships, are interpreted to be younger than the Castlemaine Group sediments. Gold mineralisation is hosted both in diorites and adjacent Castlemaine Group sediments, showing that the gold mineralisation event is younger than the diorites. Similar style gold deposits are known in the Melbourne Zone (e.g. the Morning Star and A1 gold mines) in which gold is associated with

sheeted and ladder type quartz veins in diorite-gabbro intrusions. Other gold deposits such as Cohens Reef occur in a shear zone that lies parallel to a strike extensive but narrow, diorite intrusion. The later gold mineralising event is interpreted to have exploited the same crustal-scale structures as the diorites themselves.

## 3.5 Exploration History

CGM (WA) Pty Ltd, a subsidiary of Chalice Mining, began staking the project in late 2017 with the first licence granted in March 2018. Chalice has continued pegging ground since this time and, as at early 2021, has 12 granted licences and three pending application licences. CSA Global understands ten granted licences have now been transferred to Falcon Gold Resources Pty Ltd, a wholly owned subsidiary of Falcon Metals, and the remaining two granted licences and three application licences will be transferred to Falcon 12 months after licence grant.

Exploration summaries within the licence area, where open file data has been compiled, is summarised below. A JORC Table 1 summary appears in Appendix A.

### *3.5.1 Geophysics*

Table 4 summarises the known geophysical surveys completed across the project to date.

*Table 4: Geophysical surveys completed over the Pyramid Hill project to date*

| Company | Year | Survey type | Line-km | No. of stations |
|---|---|---|---|---|
| Providence Gold | 2004 | Airborne gravity | 2,423 | |
| Chalice Mining | 2018 | Ground gravity | | 2,567 |
| Chalice Mining | 2019 | Ground magnetics | 113 | |
| Chalice Mining | 2020 | Seismic | 16.125 | |
| Chalice Mining | 2021 | Airborne magnetics | 828.9 | |

*Source: Falcon*

A significant portion of EL006661 was flown by airborne gravity gradiometry (Fugro Airborne Surveys) in 2004 for Providence Gold for a total of 2,423 line-km. The survey was successful in delineating interpreted north-northeast trending structural trends and potential fault structures defined by north-northeast trending gravity gradients.

Between August 2018 and September 2018, Atlas Geophysics, contracting to Chalice, completed 2,567 new ground gravity stations at 100 m station spacings over multiple regional roadside traverses. When merged with other gravity datasets, including the 2004 Providence survey, the program was successful in its objective of mapping large-scale fault structures located along north-northwest bearing gravity gradients (Figure 11), which facilitated initial reconnaissance aircore drill planning.

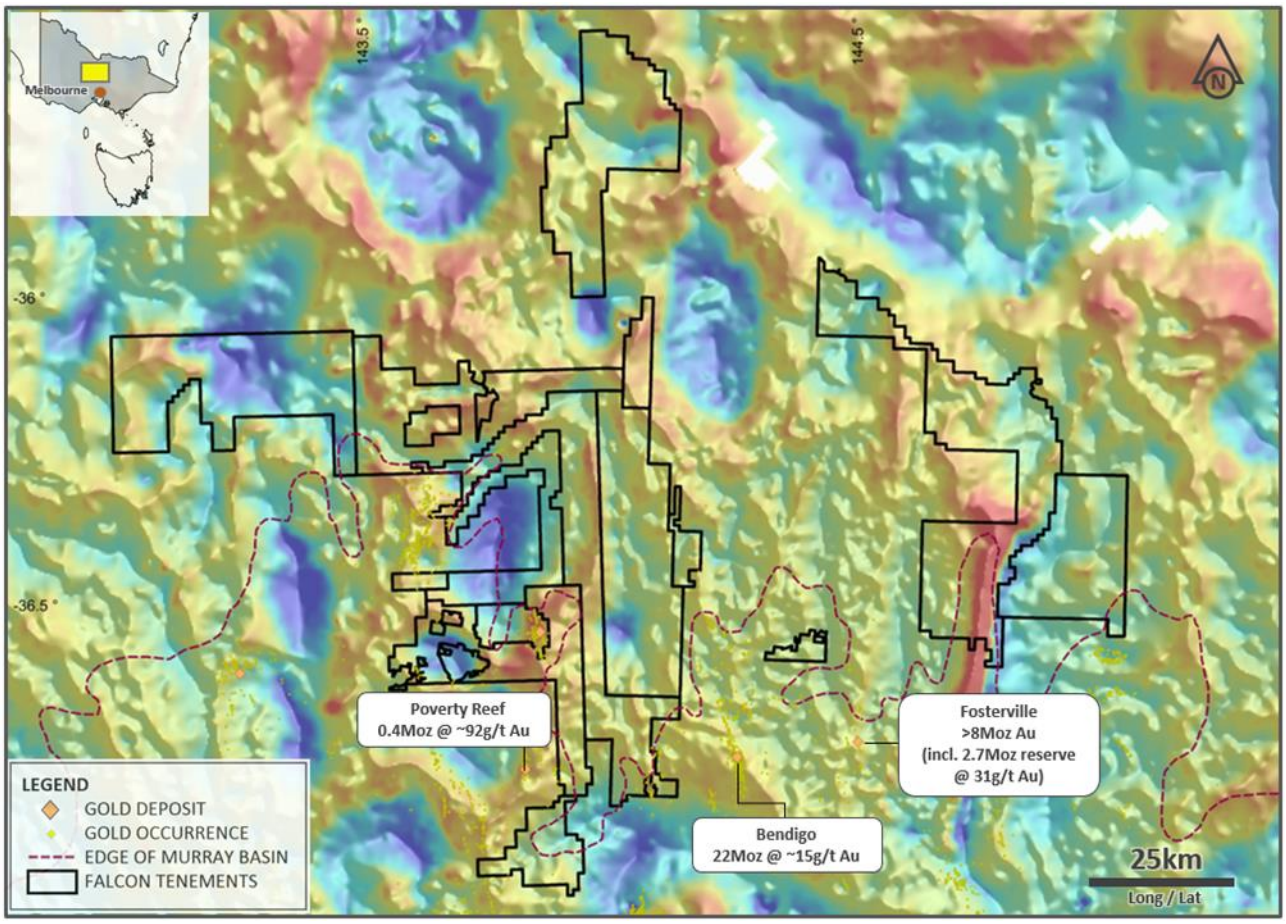



*Figure 11: Merged regional gravity for Pyramid Hill project*
*Source: Falcon*

In September 2019, Chalice completed ground magnetic surveys over the Ironbark North and Ironbark South prospects with a total of 113.2 line-km being surveyed at 25 m line spacing. The program was successful in its objective of mapping the spatial extents of the larger diorite bodies which have a known association with gold mineralisation. Regional aeromagnetic imagery is displayed in Figure 12 which collectively with the gravity datasets, provides an important tool for interpretation of Devonian granitoids and near surface drainage features.

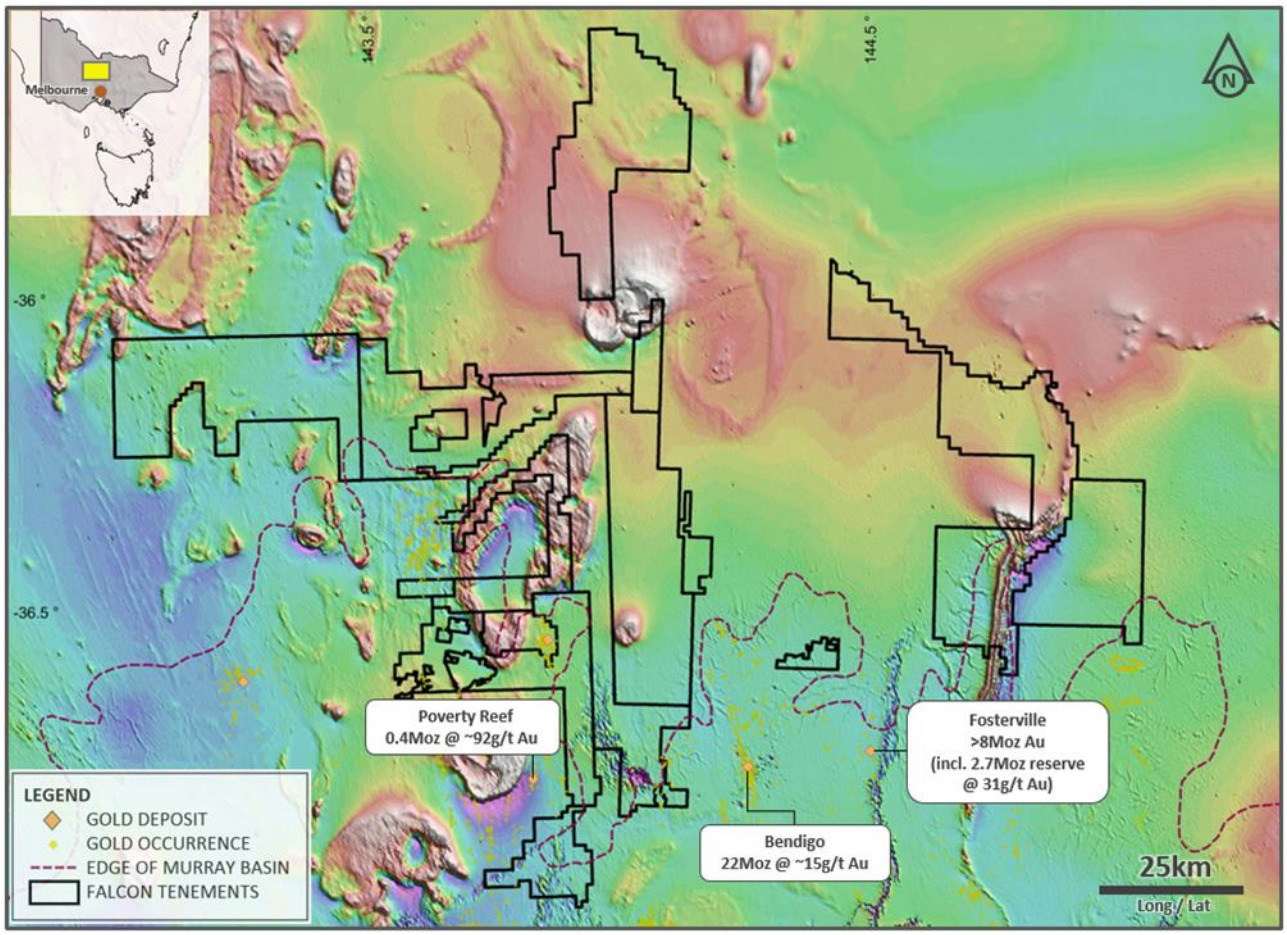



*Figure 12: Regional aeromagnetics for Pyramid Hill project*
*Source: Falcon*

In February 2020, Chalice and neighbouring company Catalyst Metals (Figure 3) completed three high-resolution two-dimensional seismic survey lines proximal to the Karri prospect. A single 16.125 km line at 5 m receiver station spacing totalling 3,142 source points was completed directly over the Karri prospect and funded by Chalice. Two lines were completed to the northeast of Karri by Catalyst Metals as part of a larger survey completed over their project area located further east for which data was supplied to Chalice at no cost. The survey was successful in mapping regional structures and domains for follow up exploration and defining the likely extents and depth of Permian tillite in the central part of EL006661, which is interpreted to extend to depths of between ~300-700m below surface.

In March 2021, Chalice completed an 828.9 line-km airborne magnetic survey over the Karri prospect. The aim of the survey was to outline geological structures for gold targeting purposes, but the survey failed to return any coherent targets due to near surface cultural and palaeo-drainage interference coupled with the subdued, low intensity magnetic signature of the Castlemaine Group sediments.

### *3.5.2 Surface Geochemistry*

The known surface geochemistry sampling completed across the project to date is summarised in Table 5 and Figure 13, with gridded gold results displayed in Figure 14.

*Table 5: Surface geochemistry summary for the Pyramid Hill project*

| Company | Year/s | Sample type | No. of samples |
|---|---|---|---|
| Golden Triangle | 1996 | Rock chip | 11 |
| Golden Triangle | 1996 | Soil | 52 |
| Golden Triangle | 1996 | Stream | 12 |
| Homestake | 1997 | Soil | 623 |
| Inglewood Gold | 1997 to 1998 | Lag | 573 |
| MLS | Unknown | Soil | 195 |
| Sovereign | Unknown | Stream | 16 |
| Strata Mining | 2000 and 2004 | Lag | 801 |
| Chalice Mining | 2018 and 2020 | Rock chip | 19 |
| Chalice Mining | 2018 to 2020 | Soil | 4,127 |

*Source: Falcon*

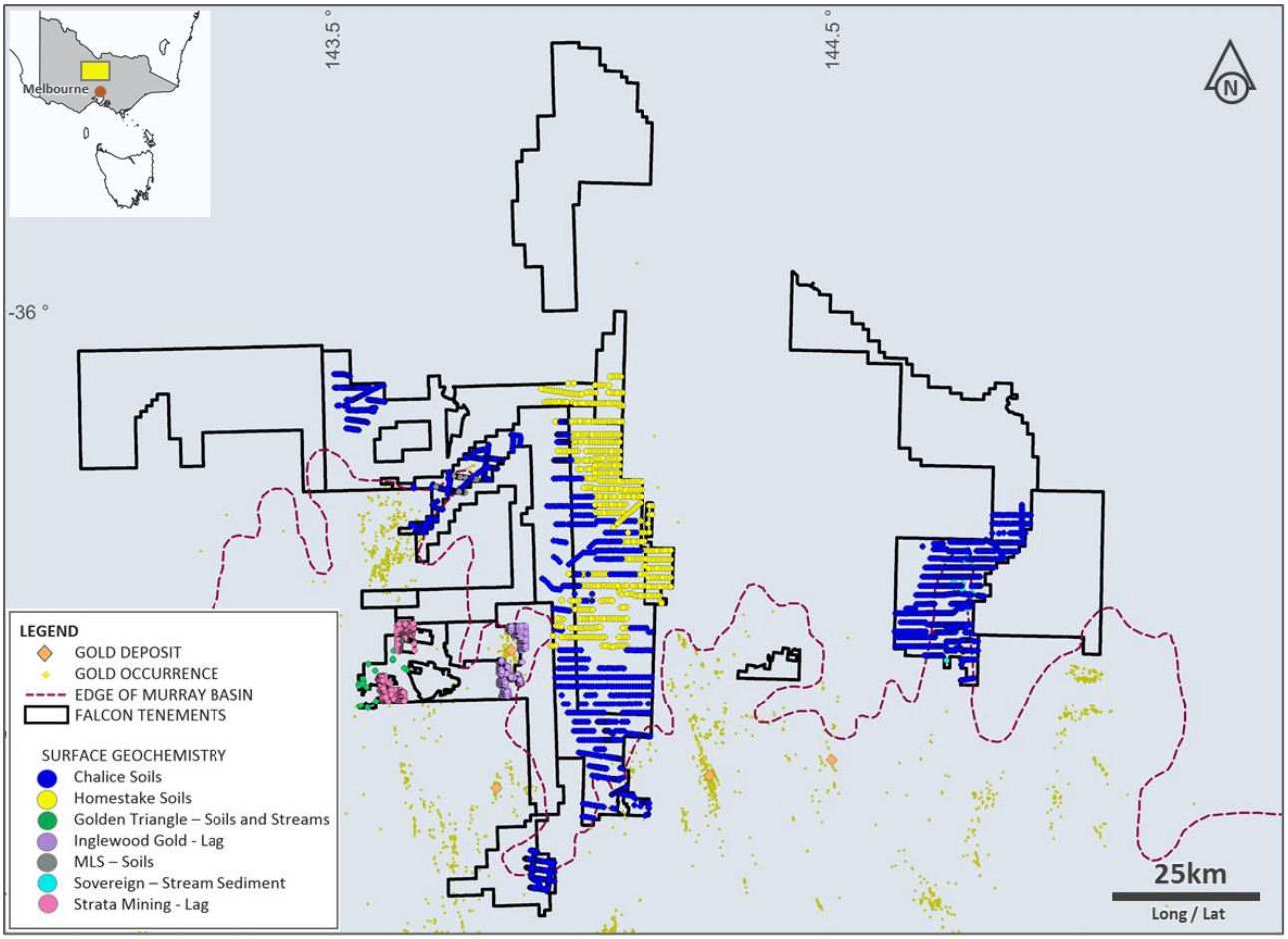



*Figure 13: Surface geochemistry compilation for Pyramid Hill project*
*Source: Falcon*

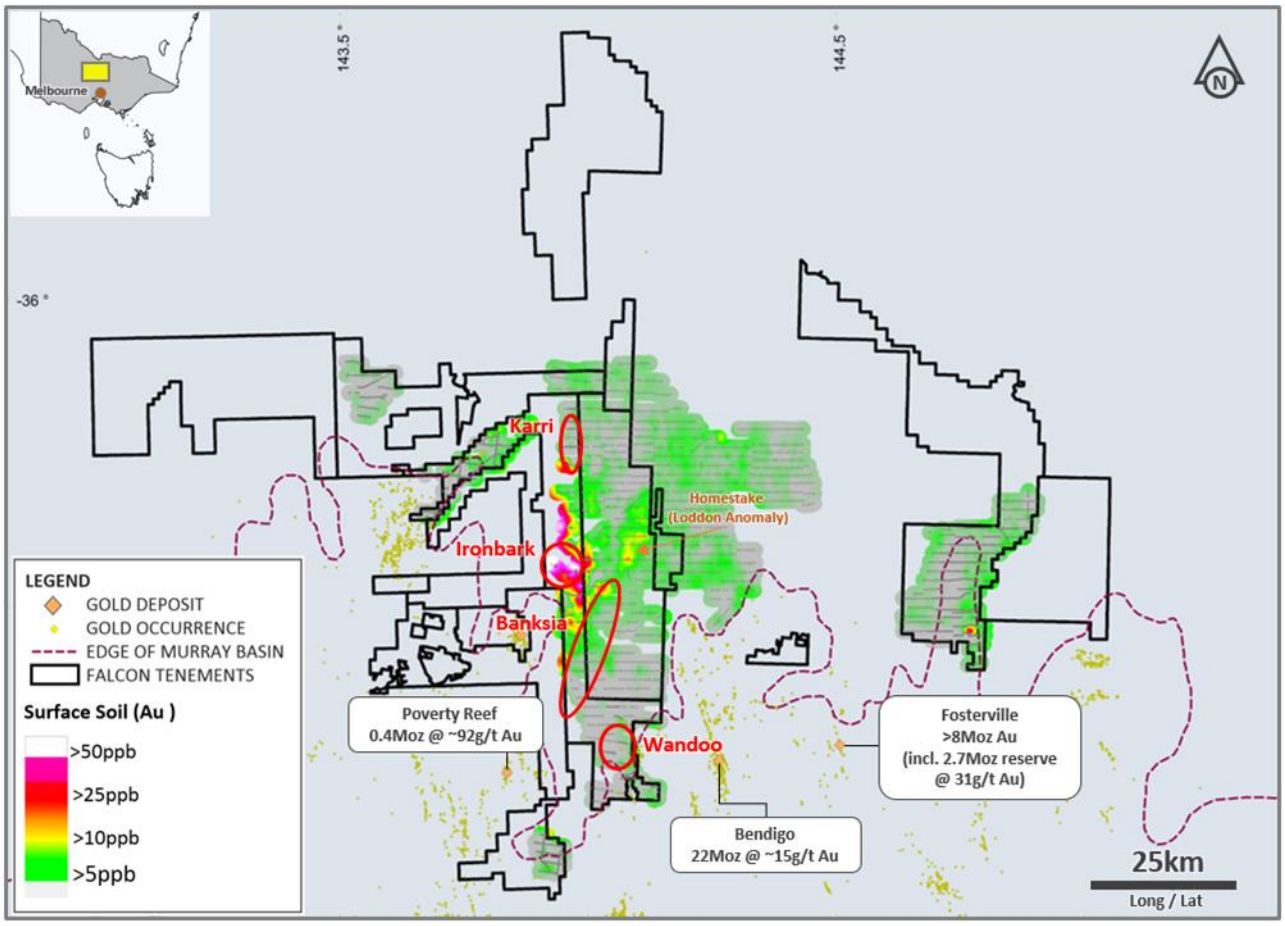



*Figure 14: Gridded gold surface geochemistry compilation for Pyramid Hill project*
*Source: Falcon*

Several phases of surface geochemical sampling have been undertaken across the project area as completed by both previous explorers and Chalice.

In 1997, Homestake completed systematic unsieved, 500 g bulk leach extractable gold (BLEG) and proprietary leach mobile metal ions (MMI) soil sampling over portions of EL006661, EL006898 and small amounts over EL006864 and EL006901 assaying for gold (BLEG and MMI), silver, nickel, cobalt and palladium (MMI only). Several low threshold gold anomalies were returned in the central portions of EL006661 defining what was collectively termed as the "Loddon" anomaly by Homestake (Figure 14). This anomaly is interpreted to be transported in origin as it overlies a significant thickness of Murray Basin and Permian cover and located over present-day drainage features.

Between 1997 and 1998, Inglewood Gold completed a 573-sample surface lag program within EL(A)007320 generating several surficial gold anomalies located approximately 4.5 km south of the Maxwells gold mine and south of the Inglewood township. The anomalies are located over areas of native vegetation and appears untested by drilling to date.

In 2000 and 2004, Strata Mining Corporation completed a surface lag program over the western part of EL(A)007320. Samples were analysed for gold via aqua regia techniques along with a selection of multi-elements with several significant results being returned defining an ~2 km long gold-in-soil anomaly. The gold-in-soil anomaly occurs immediately along strike from historical gold workings of the Wehla goldfield which includes the registered German, Petticoat, Scotchmans, Frenchmans and Black Reefs and the small-scale historical open pit Golden Gate Mine. Further geological investigation and field inspections of this area are recommended upon licence grant.

Chalice completed 4,127 soil samples across the project area that were analysed for gold and pathfinder elements by either BLEG (-1 mm for gold) or 40 g aqua regia (80 mesh or +1 mm to -5 mm) techniques (Figure

13). Chalice compared the BLEG and aqua regia techniques via an orientation survey with both aqua regia and BLEG gold samples returning comparable results. On the basis of the orientation results, the aqua regia method was the preferred technique in later Chalice sampling campaigns due to cost benefits.

A robust >20 ppb gold-in-soil anomaly was defined at the Ironbark prospect measuring ~6 km x ~6 km (Figure 14). The anomaly is coincidental with arsenic (As) and low level mercury (Hg) and is considered the best surface geochemical anomaly defined within the project area to date. Murray Basin cover varies across the prospect from several metres to a maximum of ~85 m. Recent drilling (discussed in next section of this report) has intersected significant gold mineralisation which supports the interpretation that the soil results are likely providing effective drill targets for concealed basement gold mineralisation.

### *3.5.3 Drilling*

The project area has seen multiple phases of exploration drilling targeting various commodities including mineral sands, coal, nickel, iron, gold, and groundwater. Of a total 1,345 holes captured in open file compilation, 358 were drilled for gold (Table 6 and Figure 15). Of these 358 holes drilled for gold, only 205 were effective in intersecting basement rocks prospective for gold (Figure 16), 85 of which occur within the Muckleford Area (Figure 3 and Figure 16). The historical drilling for gold returned limited results of interest.

*Table 6: Historical drilling*

| Company | Year | Drill type | Tenement/s | Commodity | No. of holes | No. of metres | Average hole depth (m) | Deepest hole (m) |
|---|---|---|---|---|---|---|---|---|
| CRA Exploration | 1982–1984 | RC and DD | EL006864 and EL006737 | Gold | 14 | 1,222 | 87.3 | 142.1 |
| Geopeko | 1993 | AC | EL006864 and EL006737 | Gold | 9 | 856 | 95.1 | 111 |
| North Mining | 1994 | RC | EL006737 | Gold | 15 | 1,431 | 95.4 | 138 |
| Metex Resources | 1995 | AC | EL006737 | Gold | 10 | 269 | 26.9 | 60 |
| Golden Triangle | 1997 | AC | EL006864 | Gold | 5 | 395 | 79 | 84 |
| Homestake Gold | 1997 | AC | EL006737 and EL006901 | Gold | 27 | 2,791 | 103.4 | 163 |
| Western Mining Corporation | 1998 | AC | EL006669 | Gold | 6 | 680 | 113.3 | 144 |
| Barrick Gold | 2004 | AC | EL(A)006943 | Gold | 48 | 4,372 | 92 | 129 |
| Leviathan Resources | 2006 | AC | EL006901 | Gold | 8 | 531 | 66.4 | 102 |
| Sovereign Minerals | 2006 | AC | EL006738 | Gold | 16 | 742 | 46.3 | 71 |
| St Barbara | 2008 | AC | EL006738 | Gold | 27 | 2,443 | 90.48 | 141 |
| Minotaur | 2012 | AC | EL006738 | Gold | 51 | 1,605 | 31.5 | 69 |
| Minotaur | 2012 | RC | EL006738 | Gold | 5 | 103 | 20.6 | 25 |
| Providence | Unknown | AC | EL006661 and EL006737 | Gold | 116 | 6,363 | 54.9 | 132 |
| Providence | Unknown | DD | EL006661 | Gold | 1 | 310 | 310 | 310 |
| **Total** | | | | | **358** | **24,113** | **67.3** | |

*Source: Falcon*

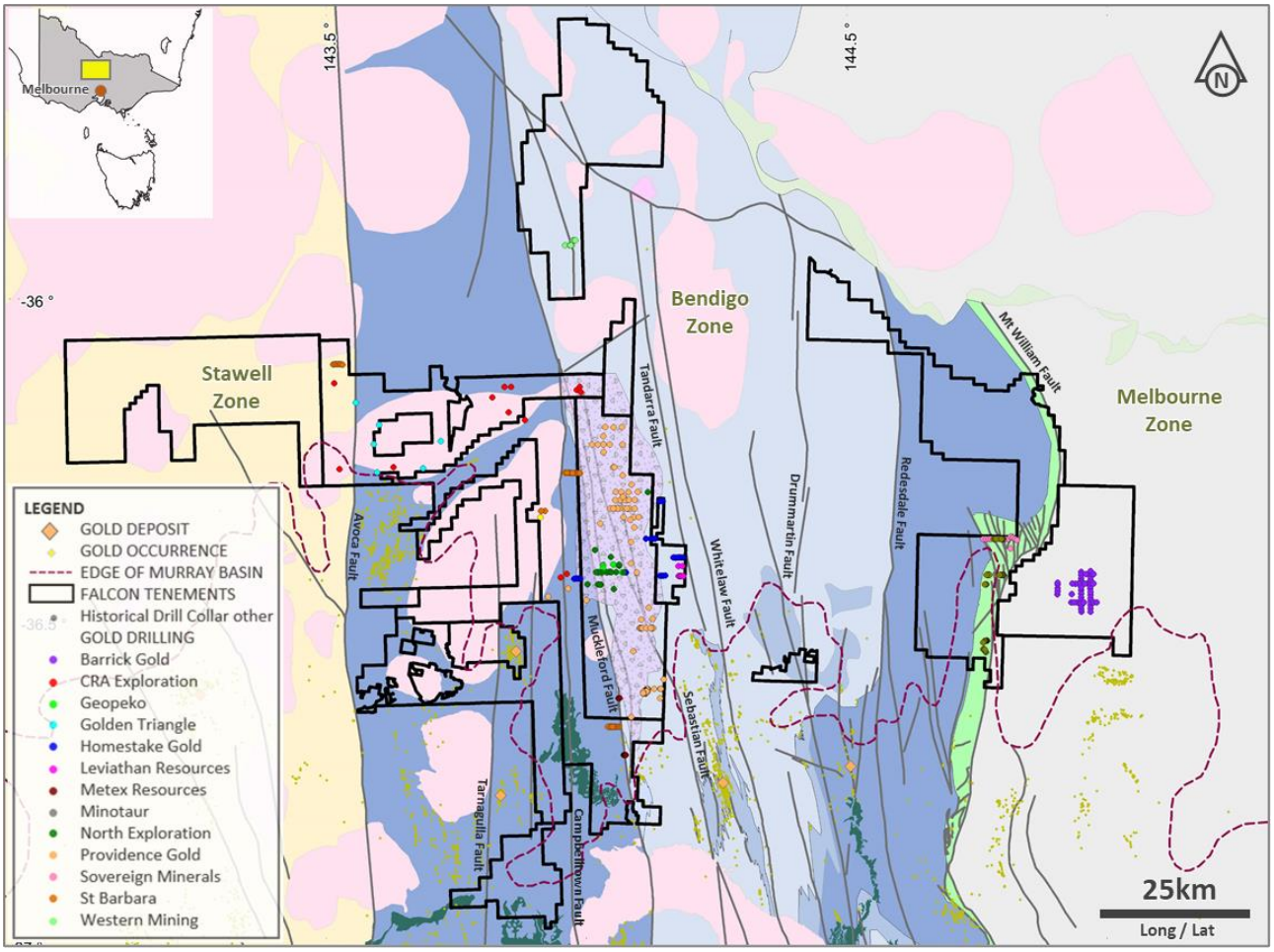



*Figure 15: Historical drilling – gold only*
*Note: Refer to Figure 10 for geology legend.*
*Source: Falcon*

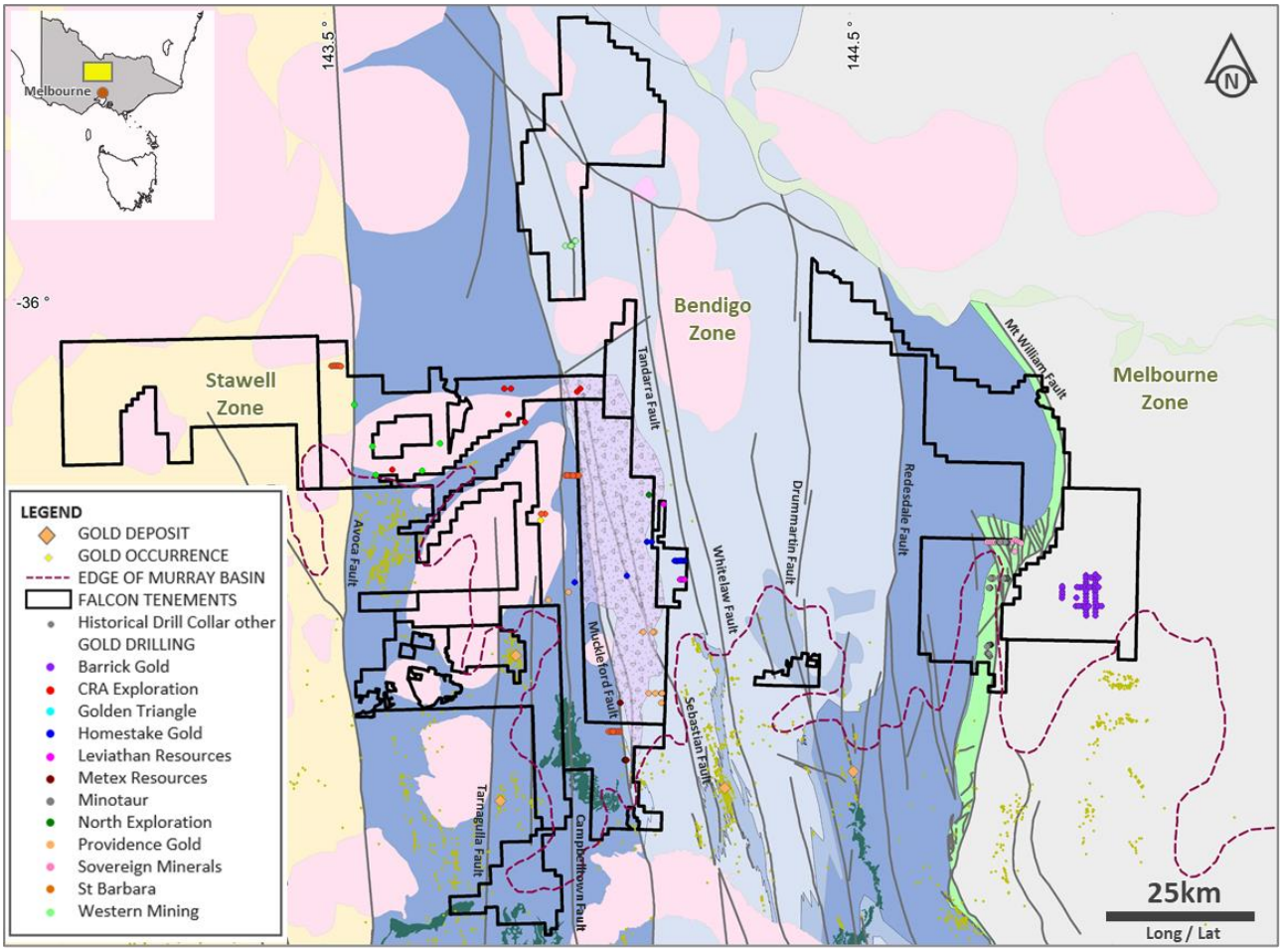



*Figure 16: Historical drilling that was effective in reaching basement (gold only)*
*Note: Refer to Figure 10 for geology legend.*
*Source: Falcon*

From 2018, Chalice completed 1,120 aircore holes for 117,080 m and 21 diamond holes for 7,300 m (Table 7 and Figure 17). Given the large tenement package and limited effective drilling prior to Chalice, the project remains in an early stage of exploration.

### *Historical Drilling*

In 2004, blade refusal aircore drilling by Barrick at the 'Stanhope' prospect at their "Costerfield" project (48 holes for 4,372 m) in the central part of EL(A)006943 returned weakly anomalous gold and arsenic at the transported Murray Basin interface. The drilling targeted a strong gravity anomaly and whilst the results were elevated, no further exploration was completed and the licence was surrendered in January 2005.

In 2008, St Barbara completed vertical aircore drilling at the "Marong Target" in the southern part of EL006737, immediately west of the Muckleford Fault. The drilling targeted a gravity high and returned elevated gold at the interface between bucky quartz veining and transported cover, however, follow-up aircore drilling by Chalice failed to repeat the result. Further aircore drilling by St Barbara in the same year at the "Serpentine Target" located appropriately 1.5 km south of the Karri prospect, returned anomalous gold in Castlemaine basement although this result was not replicated by duplicate assays.

In 2012, Minotaur completed several aircore traverses across the Heathcote Volcanics targeting volcanogenic massive sulphide (VMS) copper-lead-zinc mineralisation on Wilson Road following up anomalous nickel geochemistry identified in drilling by previous explorers. Anomalous arsenic, antimony and tellurium was intersected in association with low-level gold and provides a target for additional follow-up drilling along strike.

### *Chalice Drilling*

Chalice completed 1,120 aircore holes for 117,080 m and 21 diamond holes for 7,300 m across the Pyramid Hill project since project inception in March 2018 (Table 7 and Figure 17). Major prospect areas as outlined by gold anomalies generated to date are displayed in Figure 18. Further context on drill intercepts from this drilling is provided in Table D1, Table D2 and Table D3 in Appendix D of this report.

*Table 7: Chalice Mining drilling summary*

| Drill type | No. of holes | No. of metres | Average hole depth (m) | Deepest hole (m) |
|---|---|---|---|---|
| Aircore (AC) | 1,120 | 117,080 | 104.5 | 187 |
| Diamond (DDH) | 21 | 7,300 | 347.6 | 462.8 |
| **Total** | **1,141** | **124,380** | | |

*Source: Falcon*

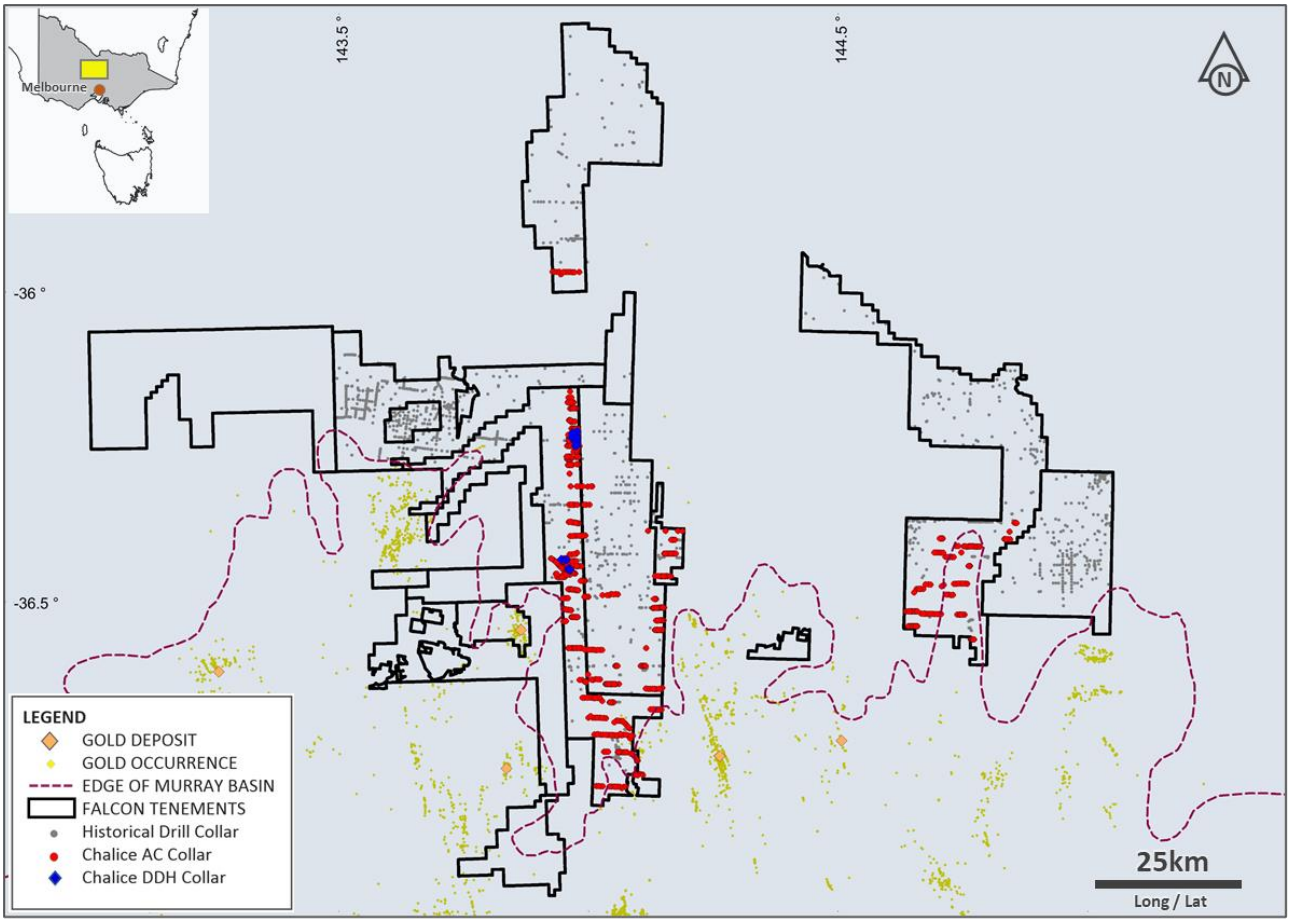



*Figure 17: Chalice drilling summary*
*Source: Falcon*

Chalice commenced phase 1 aircore drilling in November 2018, completing 432 holes (PA001–PA349 and MWAC001–MWAC082) along council roadsides within the Muckleford and Mt William areas (Figure 3 and Figure 17) which continued until June 2019. Encouraging results were returned in the Phase 1 program at the Karri and Ironbark and prospects (Figure 18), including 16 m at 0.15 g/t Au (including 1 m at 0.66 g/t Au) at the Karri prospect and 12 m at 0.22 g/t Au (including 5 m at 0.45 g/t Au) at the Ironbark prospect. Weakly anomalous transported gold up to 0.16 g/t Au was returned within the Mt William area but was considered a low priority for further follow up.

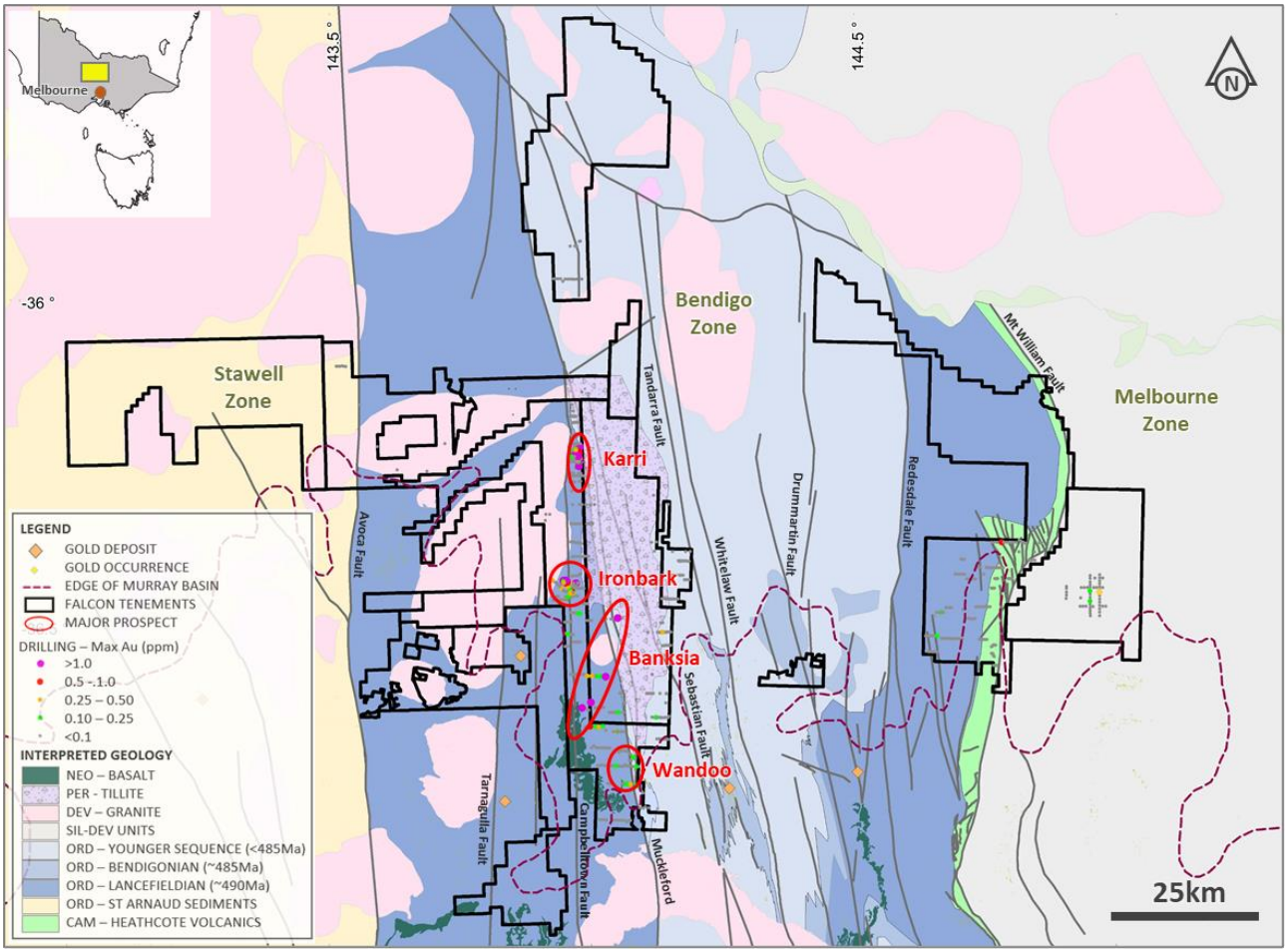



*Figure 18: Drilling results over major prospect areas*
*Source: Falcon*

A second phase of aircore drilling (phase 2) totalling 388 holes (PA350–PA737) commenced in late September 2019 and continued to late March 2020 with drilling focussed on the Karri and Ironbark prospects. Aircore drilling at Karri was infilled to approximately 250 m x 50 m drill spacing which outlined a coherent ~4 km north-south trending, >25 ppb gold trend (Figure 19). Gold mineralisation was associated with strike extensive north-south trending quartz reefs with gold displaying a strong coincidental association with arsenic. Better aircore results at Karri were 8 m at 3.45 g/t Au including 2 m at 11.5 g/t, 23 m at 0.67 g/t Au including 3 m at 3.86 g/t Au, 12 m at 0.62 g/t including 4 m at 1.35 g/t Au and 8 m at 1.64 g/t Au. Aircore drilling at Ironbark focussed on the Ironbark South and Ironbark North targets with better gold results including 8 m at 2.02 g/t Au and 4 m at 1,40 g/t Au.

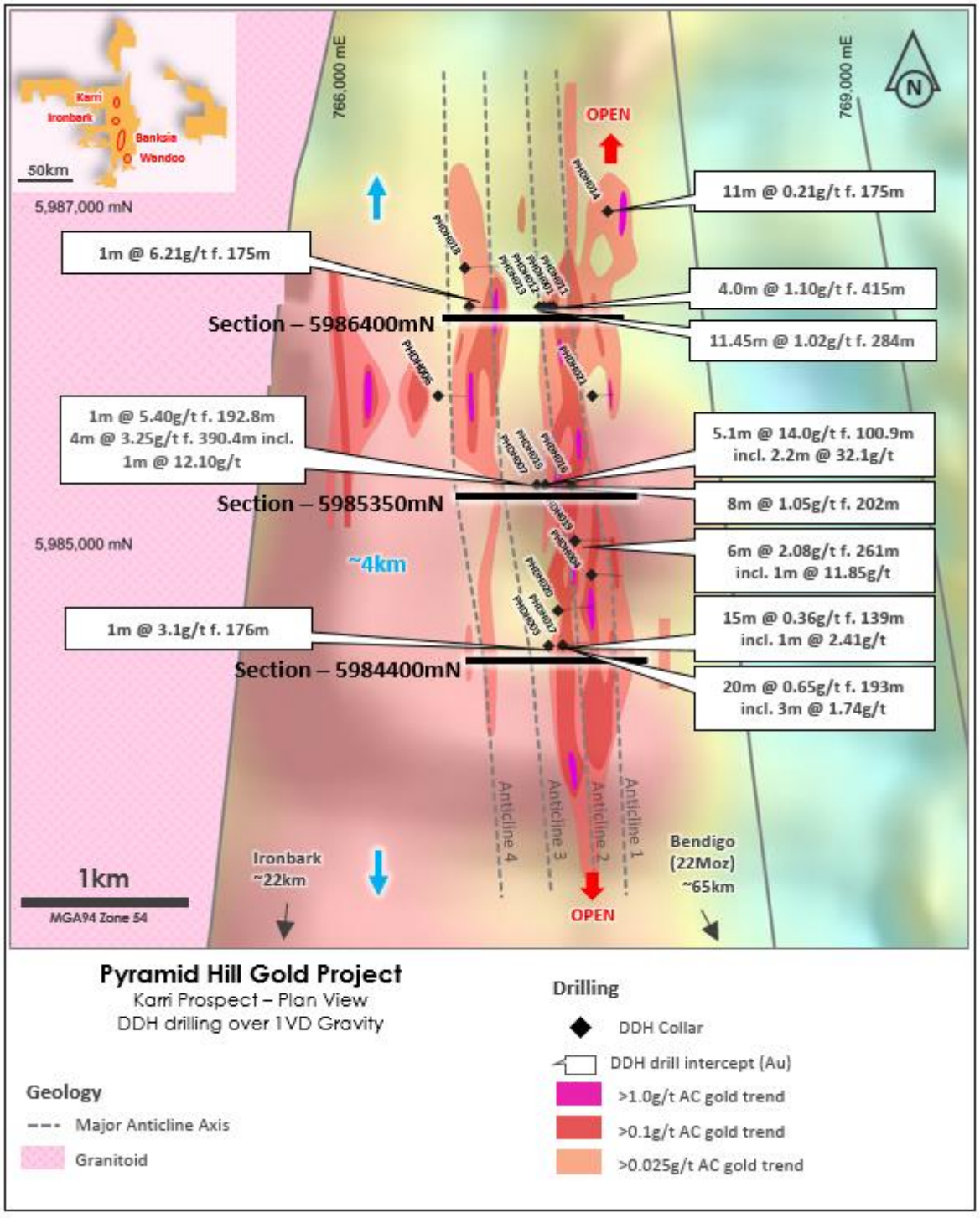



*Figure 19: Karri prospect – completed diamond drilling and significant gold results*
*Source: Falcon*

Initial (phase 1) diamond drilling commenced at the Karri (six holes – PHDH001, PHDH003–007) and Ironbark (four holes – PHDH002, PHDH008–010) prospects in late January 2020 and continued until late March 2020. The drilling at Karri was successful in delineating gold in Castlemaine Group basement, including a best result of 11.45 m at 1.02 g/t Au at the northern end of the prospect with mineralisation associated with sulphidic quartz veins and arsenopyrite (1877 ppm As). At Ironbark, best results were returned at the Ironbark North target including 5 m at 0.86 g/t Au with associated high arsenic (1984 ppm) and antimony (411 ppm) near the eastern diorite/Castlemaine Group sediment contact.

A phase 2 diamond drilling program (11 holes for 3,840 m) commenced at Karri in late September 2020 and continued until early February 2021 with further encouraging results confirming the prospectivity of the

prospect, including 5.1 m at 14.0 g/t Au central to the prospect area. A third phase of aircore drilling commenced in early January 2021 totalling 300 holes (PA738–PA1005 and MWAC083–MWAC114) and continued to late May 2021. Drilling was focussed at Ironbark and the Muckleford South and Mt William areas. Drilling was successful in establishing new prospects at Banksia and Wandoo within the Muckleford South area (Figure 18) and established a new target area at Ironbark East. Additional drilling at Mt William failed to return any significant results.

*Prospect Summaries*

A summary of all significant results returned to date is discussed in further detail below. Drill intersection tables are provided in Appendix D as reference to all results discussed.

Karri Prospect

Diamond drilling (total 17 holes for 5,843 m) at the Karri prospect (Figure 19) identified multiple gold zones in tightly folded, Castlemaine Group stratigraphy. Drilling was designed to provide broad geological coverage along the >4 km long aircore gold trend under Murray Basin cover (Figure 20, Figure 21). Significant primary gold zones have been intersected over >2.5 km of strike, with significant diamond drill intersections tabulated in Table D3 (Appendix D) and significant aircore results within the >4 km gold trend are provided in Table D1 and Table D2 (Appendix D).

Gold mineralisation is associated with zones of elevated arsenic (arsenopyrite) which occurs in both quartz sulphide veins and as sulphide stringers. Distal ferroan carbonate is located peripheral to mineralised zones within bedding and cleavage planes.

Detailed geological logging and orientated drill core was used to develop an initial three-dimensional structural and stratigraphic model to assist with defining potential plunge orientations to the mineralised gold zones (Figure 22).

Stratigraphic and structural correlation across the prospect has defined four major upright anticlinal fold hinges which show a consistent ~15° southerly plunge. Additional closer spaced diamond drilling is required to better understand the controls on gold mineralisation and confirm the geological observations to date.

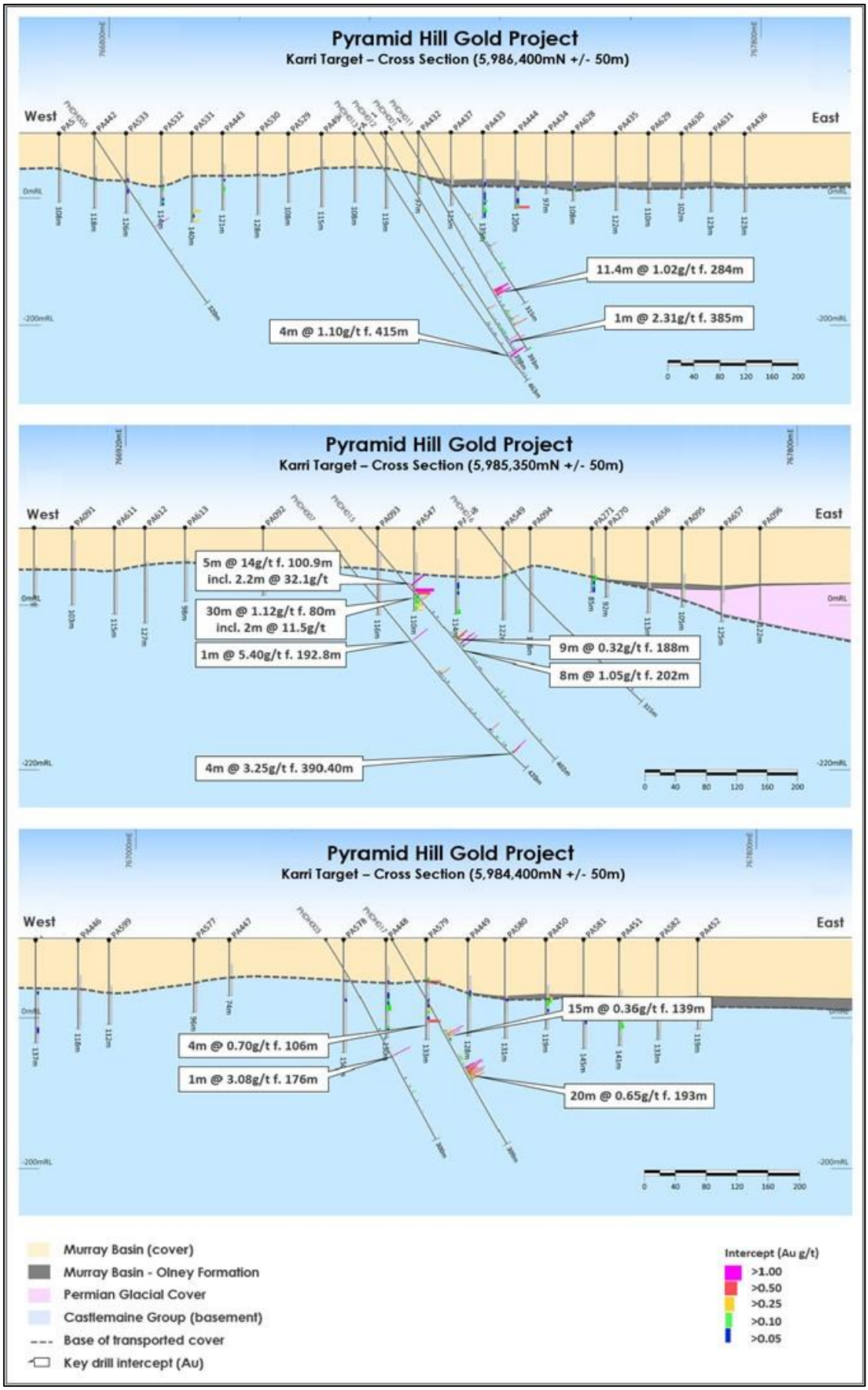



*Figure 20: Karri prospect cross sections*
*Source: Falcon*

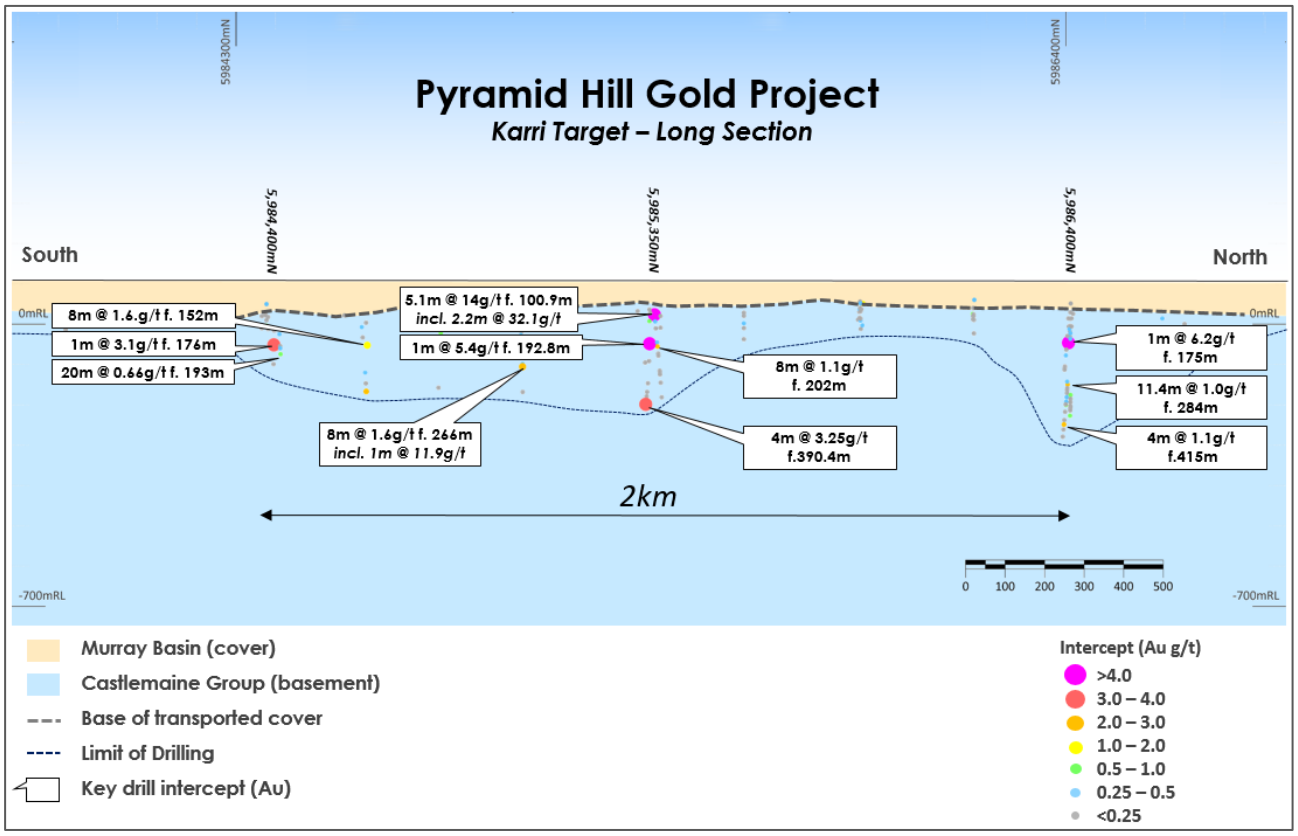



*Figure 21: Long section of Karri drilling*
*Source: Falcon*

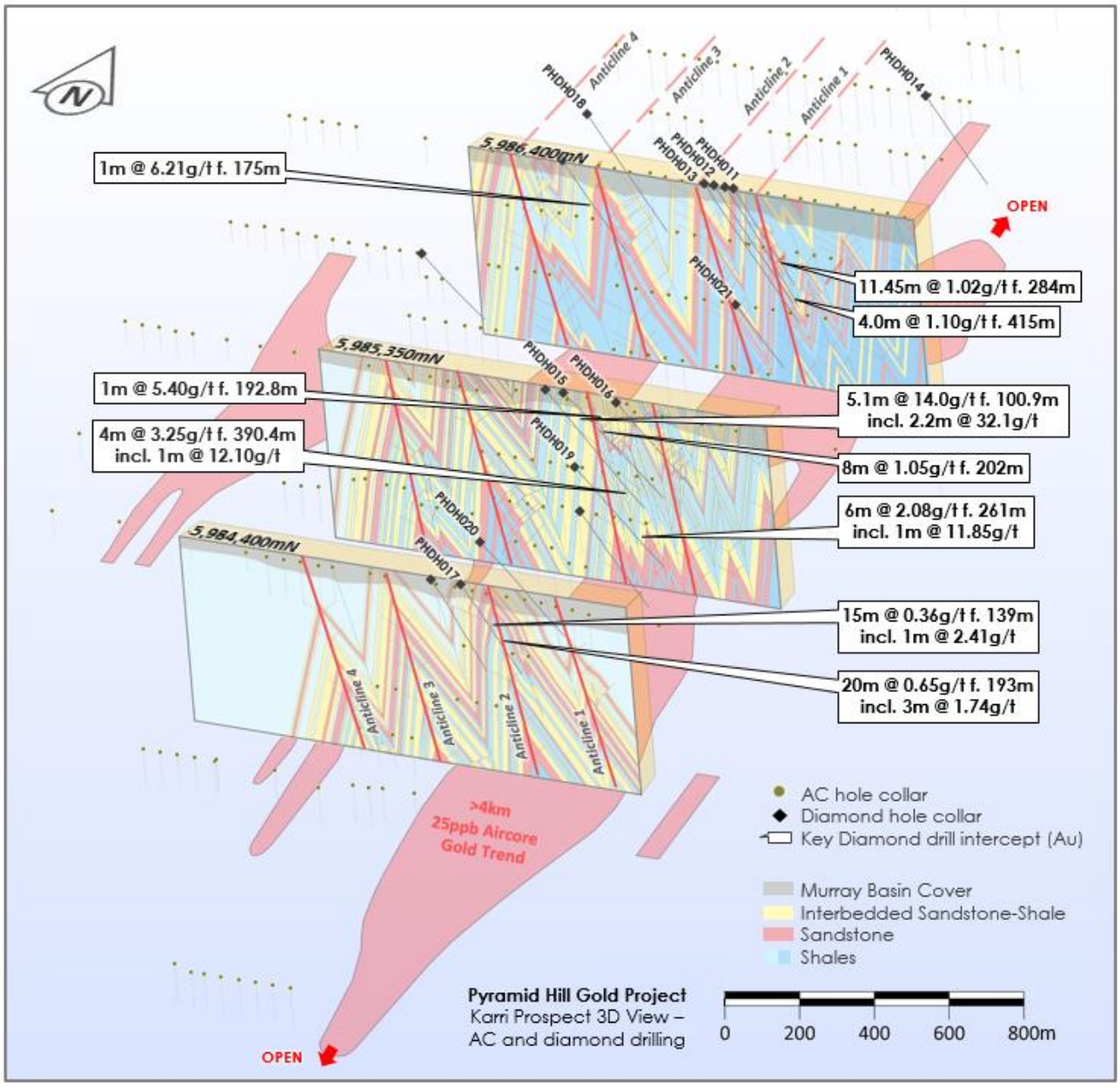



*Figure 22: Karri prospect interpretation*
*Source: Falcon*

Ironbark Prospect

At the Ironbark prospect (Figure 23) all target areas (Ironbark North, Ironbark South, Ironbark East) and significant gold results intersected to date are proximal to diorite intrusive contacts against strongly hornfelsed and/or bleached Castlemaine Group sediments. The diorites (Figure 24) have intruded into the Castlemaine Group sediments prior to the gold mineralisation event as both rock types are cut by gold-bearing structures/veins.

These geological relationships are consistent with deposits seen in the Walhalla-Woods Point Goldfields of the Melbourne Zone but have not been previously recognised in the Bendigo Zone. The diorites are interpreted to have been emplaced along the same structures as the later mineralising fluids and hence provide direct targets for exploration.

At Ironbark North, the eastern diorite contact gold intercepts are coincident with strong antimony (stibnite) and arsenic (arsenopyrite) with grades up to 1585 ppm Sb and 5280 ppm As respectively (Figure 23). The gold mineralisation is associated with quartz veining and small-scale sulphide stringers and/or disseminations

throughout the host rock. One diamond hole (PHDH009) tested the eastern contact at depth and returned strongly elevated gold, arsenic, and antimony (5 m at 0.68 g/t Au, 1984 ppm As, 411 ppm Sb).

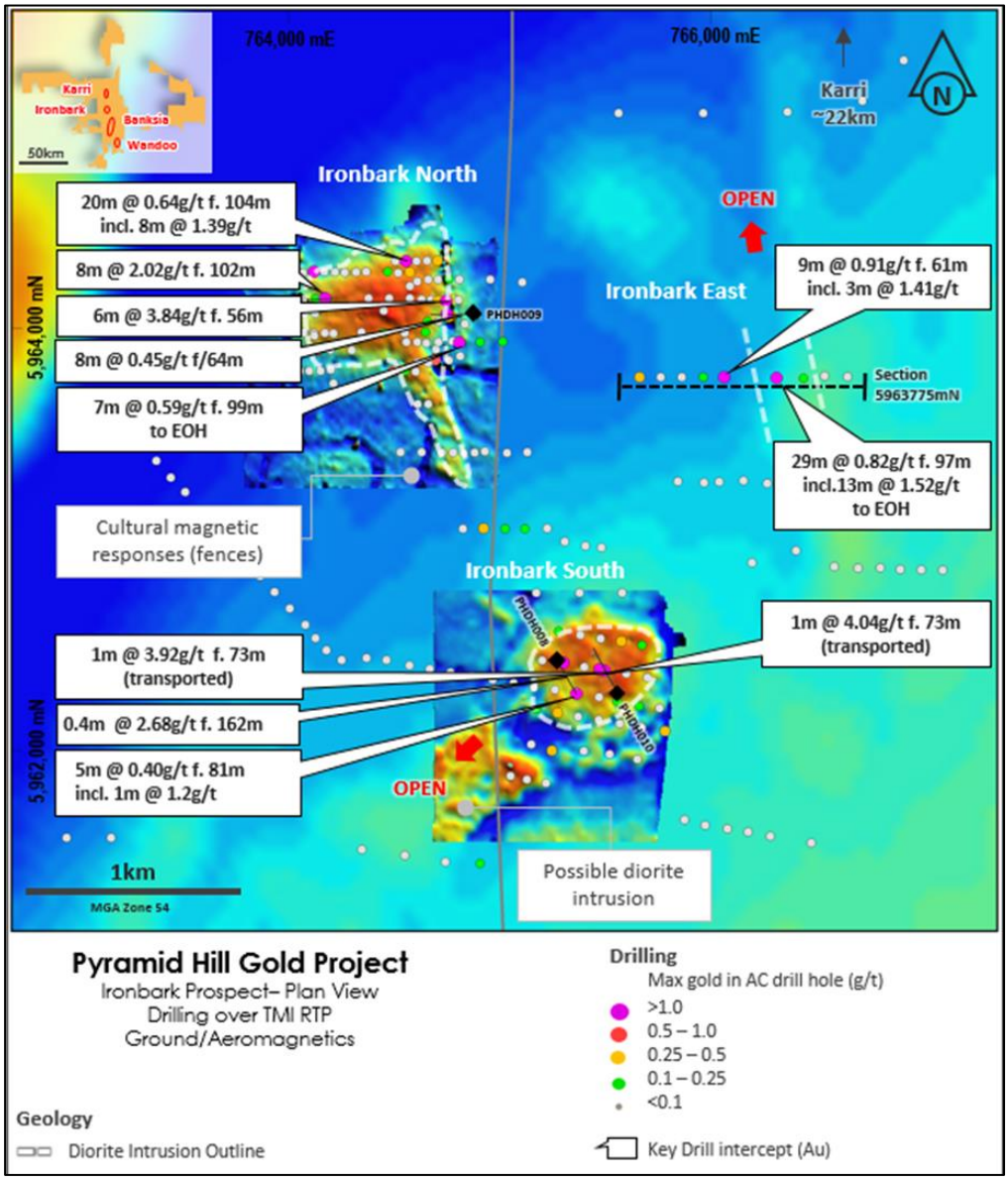



*Figure 23: Ironbark plan view*
*Source: Falcon*

Gold mineralisation at Ironbark East (Figure 23 and Figure 24) is associated with strongly bleached Castlemaine Group sandstone (PA918) and deeply weathered diorite (PA953). Gold mineralisation in PA953 (13 m at 1.52 g/t Au) is coincidental with strong arsenic (up to 2000 ppm) and remains open at the end of hole (EOH) providing a high-priority follow-up drill target.

Gold mineralisation at Ironbark South (Figure 23) is associated with quartz veining in both diorite and Castlemaine Group sediments. Transported gold with values up to 4 g/t exist at the base of the Murray Basin directly above the target area. Further aircore drilling is recommended to the southwest of the target where anomalous gold in Castlemaine Group basement occurs in association with abundant quartz veining. Significant diamond and aircore drill intersections returned at the Ironbark prospect are provided in Table D1, Table D2, and Table D3 (Appendix D).

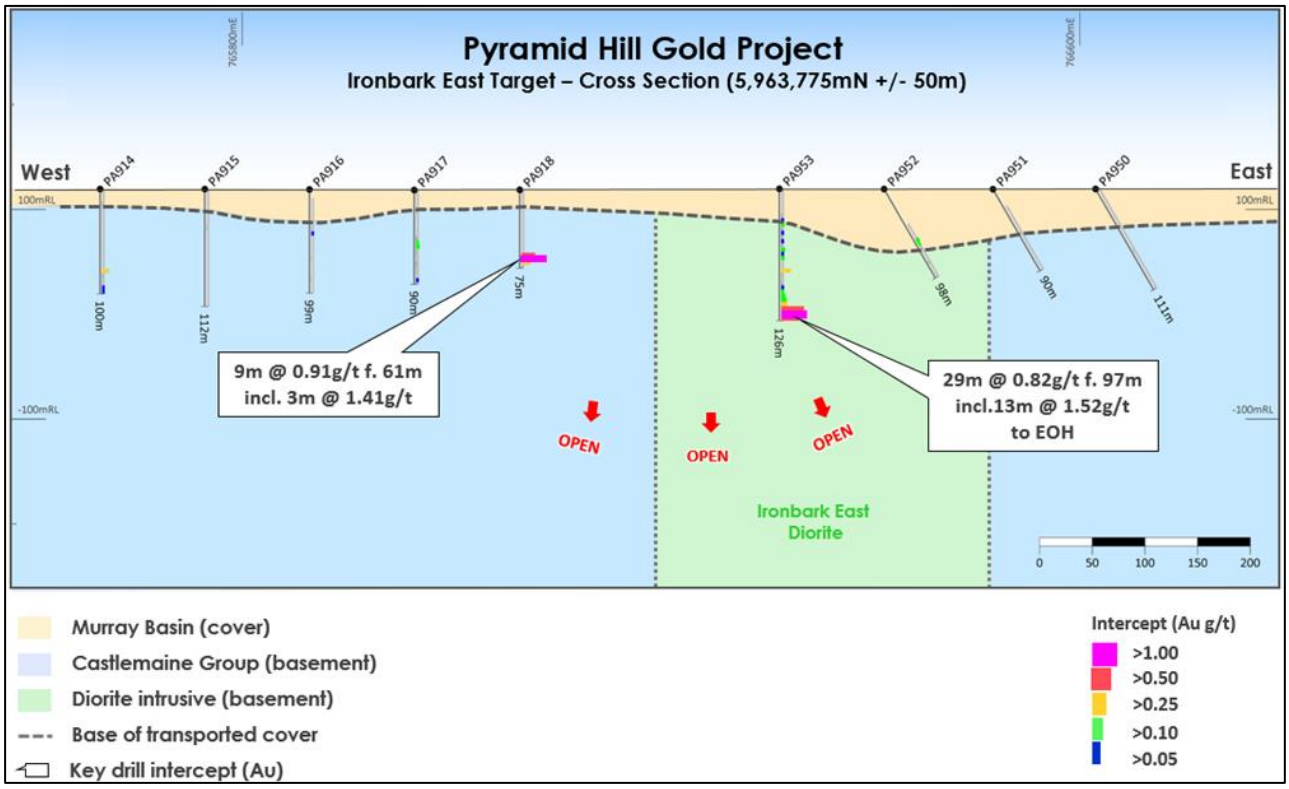



*Figure 24: Ironbark East prospect cross section*
*Source: Falcon*

Other Prospects

At the Muckleford South area, recent aircore drilling has defined two new prospect areas, Banksia and Wandoo (Figure 25).

These new prospects remain at an early stage of exploration and require considerable follow-up drilling to define the extent of gold anomalism discovered to date and vector towards potential primary source/s of the gold.

At the Banksia prospect, four very wide-spaced first-pass aircore drill lines were completed, returning significant results from both transported alluvial gravels and within Castlemaine Group basement. Gold within transported well-rounded gravels was defined over an inferred ~10 km strike length, with significant results summarised in Table D1 and Table D2 (Appendix D).

Selected intersections were re-sampled at 1 m intervals and assayed by 50 g fire assay (in addition to the original 25 g aqua regia assays). Some variability was found to exist between the aqua regia and fire assay results which is likely attributed to the re-sampling of the intervals within a nuggetty (alluvial) gold environment.

It is well documented that many historical goldfields in Victoria have a significant alluvial gold component, which commonly occurs proximal to underlying primary gold lodes. Additional infill drilling is required to establish the footprint of the alluvial gold mineralisation which may vector towards higher gold grades and a potential bedrock source of the transported gold. It is possible the transported gold is re-worked from higher palaeo-placer sources. If this is the case, then establishing the source of the gold may be difficult to determine.

Elevated gold in basement was returned in two holes – PA877 (8 m at 0.70 g/t Au, including 4 m at 1.29 g/t Au to EOH) and PA865 (4 m at 1.06 g/t Au), which is considered highly encouraging given the early-stage nature of the drilling completed to date. These intersections will be further tested with infill and extensional aircore drilling.

At the Wandoo prospect, three wide-spaced first-pass aircore drill lines have been completed with several encouraging gold and pathfinder zones intersected, including PA761 (8 m at 0.15 g/t Au) and PA762 (8 m at 0.14 g/t Au). These gold intersections are comparable to the initial aircore results at the Karri prospect at the equivalent stage of exploration, and hence justify additional follow-up exploration.

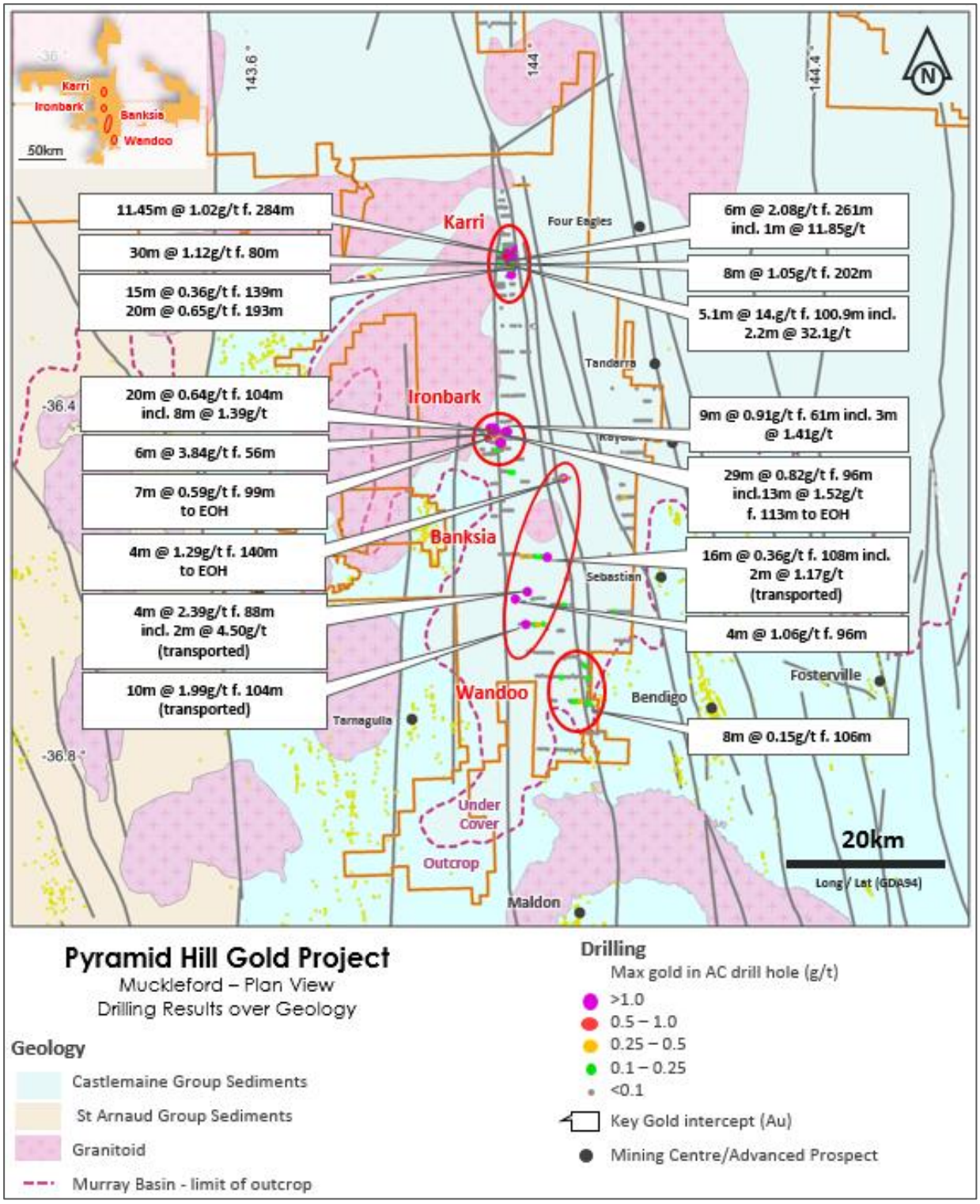



*Figure 25: Muckleford area key prospects and significant drilling results*
*Source: Falcon*

## 3.6 Proposed Exploration Strategy

CSA Global understands that Falcon intends to build on the exploration strategy adopted by Chalice, which is a systematic value-add approach, aimed at first identifying the big gold systems. This involves:

- Screening the thin cover (<150 m) areas with wide-spaced reconnaissance drilling and/or surface sampling and geophysical surveying
- Infill surface sampling and drilling vectoring towards the larger, more promising targets; and
- Drill-out best prospects to effectively evaluate their potential

Falcon is now at the stage of drilling out the best targets and reconnaissance on other regional targets.

### *3.6.1 Karri Prospect*

Falcon intends to carry out infill and extension diamond drilling to follow-up on existing encouraging gold intersections at a sufficient density to increase the geological understanding at the prospect area, establish mineralisation controls and potential vector/s towards higher-grade primary mineralisation.

### *3.6.2 Ironbark Prospect*

An infill aircore drill program is planned at the Ironbark East target as follow-up significant gold intersections near the contact of highly weathered diorite and surrounding Castlemaine Group sediments. The intervals are also associated with strongly elevated arsenic peaking at 2000 ppm providing strong pathfinder geochemical support. The diorite/sediment contacts are considered the most prospective geological corridors to explore, based on results to date at the nearby Ironbark South and Ironbark North targets. The proposed drill program will initially extend ~800 m to the north of the currently defined mineralisation testing along strike of the significant intersections returned while also testing the margins of a previously untested potential diorite body interpreted from aeromagnetic data. The aircore results will be evaluated before planning potential first-pass diamond drilling.

Additional diamond drilling at the Ironbark North target is planned to better test the eastern Diorite/Castlemaine Group sediment contact where previous encouraging intersections were returned. The gold mineralisation is coincidental with strongly elevated antimony providing strong geochemical support for the target.

Additional aircore drilling is planned immediately to the southwest of the Ironbark South target where elevated low-level gold in highly weathered Castlemaine Group sediments was returned with low threshold but elevated arsenic geochemical support. The mineralisation is associated with extensive intervals of quartz veining and bleaching of the Castlemaine Group host rocks. The planned drilling with further test this anomalism along strike with the aim of vectoring towards higher-grade mineralisation.

### *3.6.3 Banksia Prospect*

Additional infill aircore drilling is planned along strike from existing significant transported gold intercepts. The drilling aims to better establish the footprint of the transported gold while potentially vectoring towards a primary source of the gold.

Additional drilling is planned along strike from the significant primary gold intersections in Castlemaine Group basement where drilling remains wide spaced.

### *3.6.4 Wandoo Prospect*

Additional aircore drilling is planned along strike from low-threshold gold intersections in Castlemaine Group basement where current drill spacing remains wide.

# 4 Viking Project

## 4.1 Location and Access

The project is located approximately 30 km east of the regional township of Norseman within the high-grade metamorphic Albany-Fraser Province (Figure 1 and Figure 26).

Access to the project area from Kalgoorlie is via the sealed Celebration and Kambalda roads to the Coolgardie–Esperance Highway to Norseman. The preferred access into the project is east along the old Telegraph Track, 18 km south of Norseman via the Coolgardie–Esperance Highway (Figure 26).

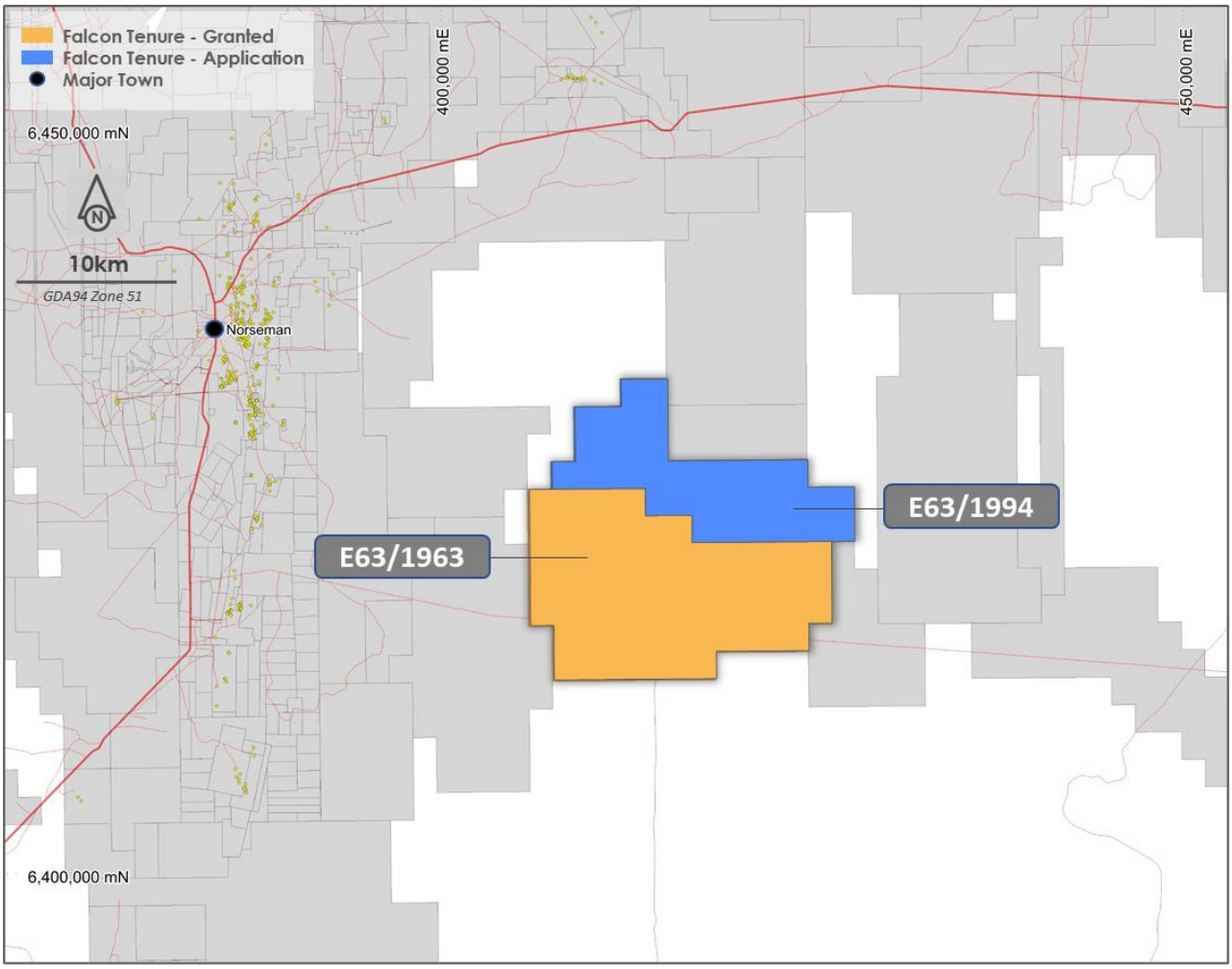



*Figure 26: Viking project location and tenements*
*Source: Falcon*

The project is situated within the Dundas Nature Reserve. While the project being within the reserve does add additional environmental hurdles, it does not impede exploration. CSA Global understands that most of the additional requirements are industry best practice, which include having a Conservation Management Plan and undertaking flora and fauna surveys.

## 4.2 Ownership and Tenure

The project consists of one granted exploration licence (E63/1963) and one licence application (E63/1994) which collectively totals 307.6 km² (Figure 26 and Table 8).

*Table 8: Viking Project exploration licences*

| Tenement | Holder | Status | Grant date | Area (km²) | Expiry date |
|---|---|---|---|---|---|
| E63/1994 | CGM (WA) Pty Ltd | Application | N/A | 107.4 | N/A |
| E62/1963 | Metal Hawk Limited | Granted | 19 Mar 2021 | 200.2 | 18 Mar 2026 |
| **Total area** | | | | **307.6** | |

*Source: Falcon*

Falcon is earning into E63/1963 held by Metal Hawk Limited, whereby Falcon has a commitment to spend a minimum A$200,000 within two years as part of a A$1,000,000 earn-in for an initial 51% interest in the project. On achieving a 51% interest, Falcon has the right but not the obligation to earn a further 19% (70% total) by funding an additional A$1,750,000 of expenditure over 30 months. Upon completion of the earn-in period, a joint venture will be formed to fund ongoing exploration on the project on a pro-rata basis. For further details, refer to the Independent Solicitor's Report in the prospectus.

## 4.3 Climate, Topography and Physiography

Norseman has a semi-arid climate with warm to hot summers and cool to cold winters (Table 9). Norseman has an average of approximately 133 clear days annually.

*Table 9: Climate data for Norseman (1897 to 2012)*

| Month | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Record high (°C) | 46 | 44.9 | 43.8 | 37 | 33.3 | 27.8 | 27.7 | 32.5 | 35.6 | 40 | 41.1 | 44.9 | **46** |
| Average high (°C) | 32.6 | 31.3 | 28.8 | 24.6 | 20.4 | 17.5 | 16.8 | 18.5 | 21.6 | 25 | 28.1 | 30.7 | **24.7** |
| Average low (°C) | 15.8 | 15.9 | 14.5 | 11.6 | 8.5 | 6.3 | 5.1 | 5.4 | 7.3 | 9.7 | 12.3 | 14.1 | **10.5** |
| Record low (°C) | 6 | 6.3 | 3.3 | 0.6 | -2.3 | -4.6 | -3.1 | -2.2 | -3 | -0.7 | 2.2 | 3.6 | **-4.6** |
| Average rainfall (mm) | 19.9 | 24.9 | 24.4 | 23.4 | 30.5 | 30.1 | 26.8 | 24.8 | 21.4 | 20.3 | 20.4 | 21.4 | **289** |
| Average rainy days | 3.5 | 3.7 | 4.5 | 5.3 | 7.3 | 8.7 | 9.4 | 8.5 | 7 | 5.3 | 4.6 | 3.9 | **71.7** |

*Source: Bureau of Meteorology*

The mean minimum temperature in January is 15.8°C and the maximum 32.6°C, although temperatures above 35°C are common. The highest temperature officially recorded was 46°C, in January 1990.

The mean minimum temperature in July is 5.1°C and winter minima below 0°C are recorded five nights per year on average. Mean maximum winter temperatures in July are 16.8°C. Most of the city's annual rainfall of 289 mm falls between May and September.

Most of the district is flat to undulating, with an elevation averaging 278 m AHD.

Norseman provides services to the mining and tourism industries in the region. It is also the starting point of the Eyre Highway, and the last major town in Western Australia before the South Australian border 720 km to the east.

## 4.4 Geology

### *4.4.1 Regional Geology*

The Viking project area occurs wholly within the Precambrian aged Albany-Fraser Orogen (AFO), which is an arcuate belt of rocks extending along the southern and south-eastern margin of the Yilgarn Craton (Figure 27 and Figure 28), which is in turn a part of the West Australian Craton. It is characterised by high-grade mafic and felsic gneiss together with granite produced in the collision of the Yilgarn and the East Antarctic cratons between 1345 Ma and 1100 Ma.

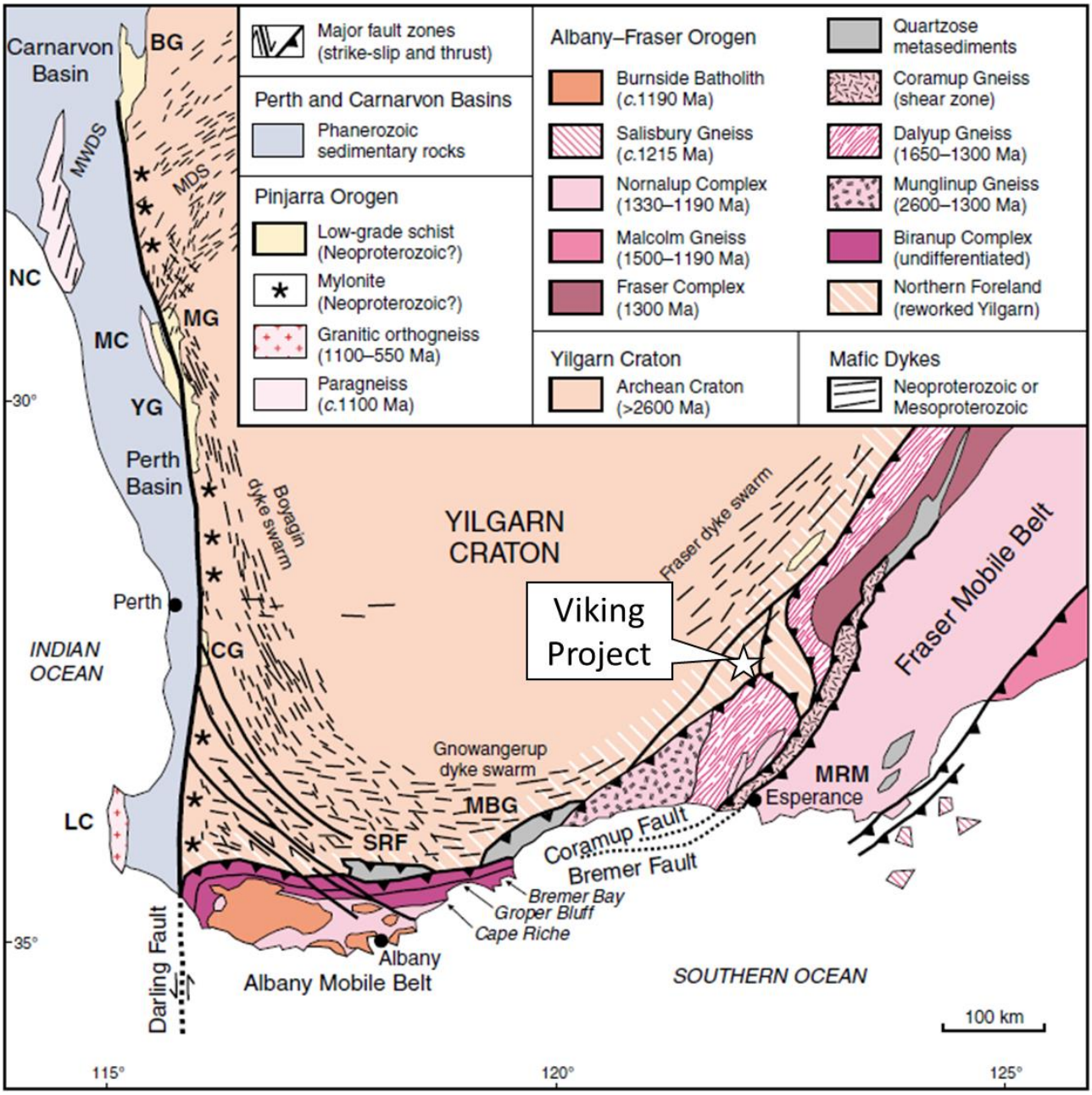



*Figure 27: Generalised regional geology of the Fraser Range Orogen*
*Source: Modified from Fitzsimmons and Buchan (2005)*

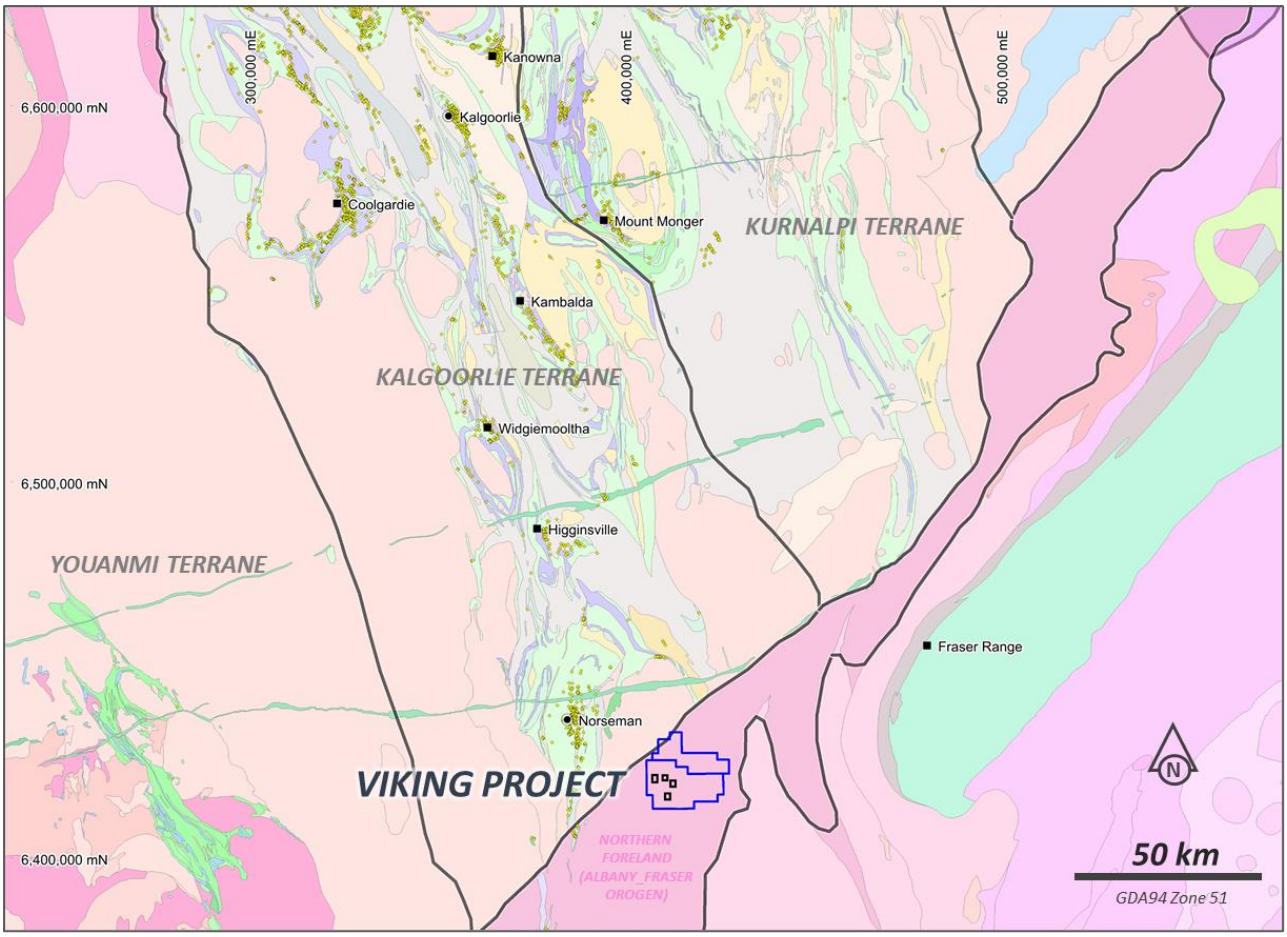



*Figure 28: Viking project regional geology*
*Source: Falcon*

The orogeny is thought to have been active during the Mesoproterozoic, with the rotation of the Mawson Craton onto the West Australian Craton, resulting in an initial stage of continental collision (c. 1,345–1,360 Ma), followed by intracratonic reactivation (c. 1,215–1,140 Ma). The resultant Albany-Fraser belt is divided into several fault-bound zones, characterised by distinct lithologies and tectonic history. Lithologies dominantly comprise gneisses of amphibolite to granulite facies with reworked Archean or Proterozoic affinities, granitoids metamorphosed to greenschist facies, and later granitic intrusions.

The AFO is interpreted to be part of the larger Australo-Antarctic, Albany-Fraser-Wilkes Orogen that was linked prior to the breakup of Gondwana (Spaggiari et al., 2009, 2011). The eastern margin of the AFO is obscured by the Eucla Basin.

The AFO is divided (Spaggiari et al., 2009) into:

- A foreland component (the Northern Foreland)
- A younger, pre-Stage I amalgamation basement component (the Kepa Kurl Booya Province, which is further divided into the fault-bound tectonic units of the Biranup Zone, Fraser Zone, and Nornalup Zone)
- The Recherche and Esperance Supersuites
- Three major basins.

The Northern Foreland is defined as the portion of the Yilgarn Craton reworked during the Albany-Fraser Orogeny, thereby reflecting its proximity to the collisional orogenic belt. It includes the dominantly granitic rocks of the Munglinup Gneiss. The Munglinup Gneiss is interpreted as a higher-grade, more strongly reworked component of the Northern Foreland, bound by major faults.

Reworking of the Yilgarn Craton in the Northern Foreland varied from moderate to high-strain ductile deformation under amphibolite to granulite facies metamorphic conditions (Munglinup Gneiss and the

southern part of the Mount Barren Group), to low to moderate-strain, brittle to semi-brittle, and greenschist to amphibolite conditions. This variation in conditions generally reflects lower strain conditions and lower metamorphic grade with increasing distance from the orogen (i.e. northwards), or the exhumation of shallower crustal levels of the Northern Foreland.

The Jerdacuttup and Cundeelee faults are two linked, major thrust faults separating Archaean rocks of the Yilgarn Craton that show very minor to no Albany-Fraser Orogeny related deformation effects, from the more strongly deformed, mixed Archaean and Proterozoic rocks of the Northern Foreland.

Myers (1990) divided the AFO into two major tectonic units: an inboard, intensely deformed component named the Biranup Complex, and an outboard component named the Nornalup Complex.

Considering new data and interpretations, the Biranup Complex was recently renamed the Kepa Kurl Booya Province (Spaggiari et al., 2009), and defined as the crystalline basement of the AFO. It includes three fault-bound geographical and structural zones: the Biranup, Fraser and Nornalup zones; each contains rocks with variable protolith ages and geological histories.

The province is prospective for both gold and nickel as validated by the recent discoveries of the Tropicana gold and Nova Nickel mines. The Tropicana deposit is associated with the deformation, subduction and reworking as part of the collision between the Yilgarn Craton and the Plumbridge Terrane while the Nova deposit is associated with mafic to ultramafic intrusions within reworked Proterozoic gneisses.

### *4.4.2 Local Geology*

The high-grade Precambrian metamorphic rocks within the project area are almost entirely obscured by Cenozoic colluvial transported cover and are interpreted to have been reworked during the AFO. Basement lithologies are interpreted to comprise dominantly of granulite facies gneisses and reworked Archean and/or Proterozoic granitoids (Figure 29), based largely on aeromagnetic interpretation (Figure 30) and limited drillhole information.

Mineralisation intersected to date is predominantly associated with moderately easterly dipping quartz veins which are at times deformed but still well preserved. The moderate easterly dip of mineralisation appears to be a consistent orientation across all prospects within the project area.

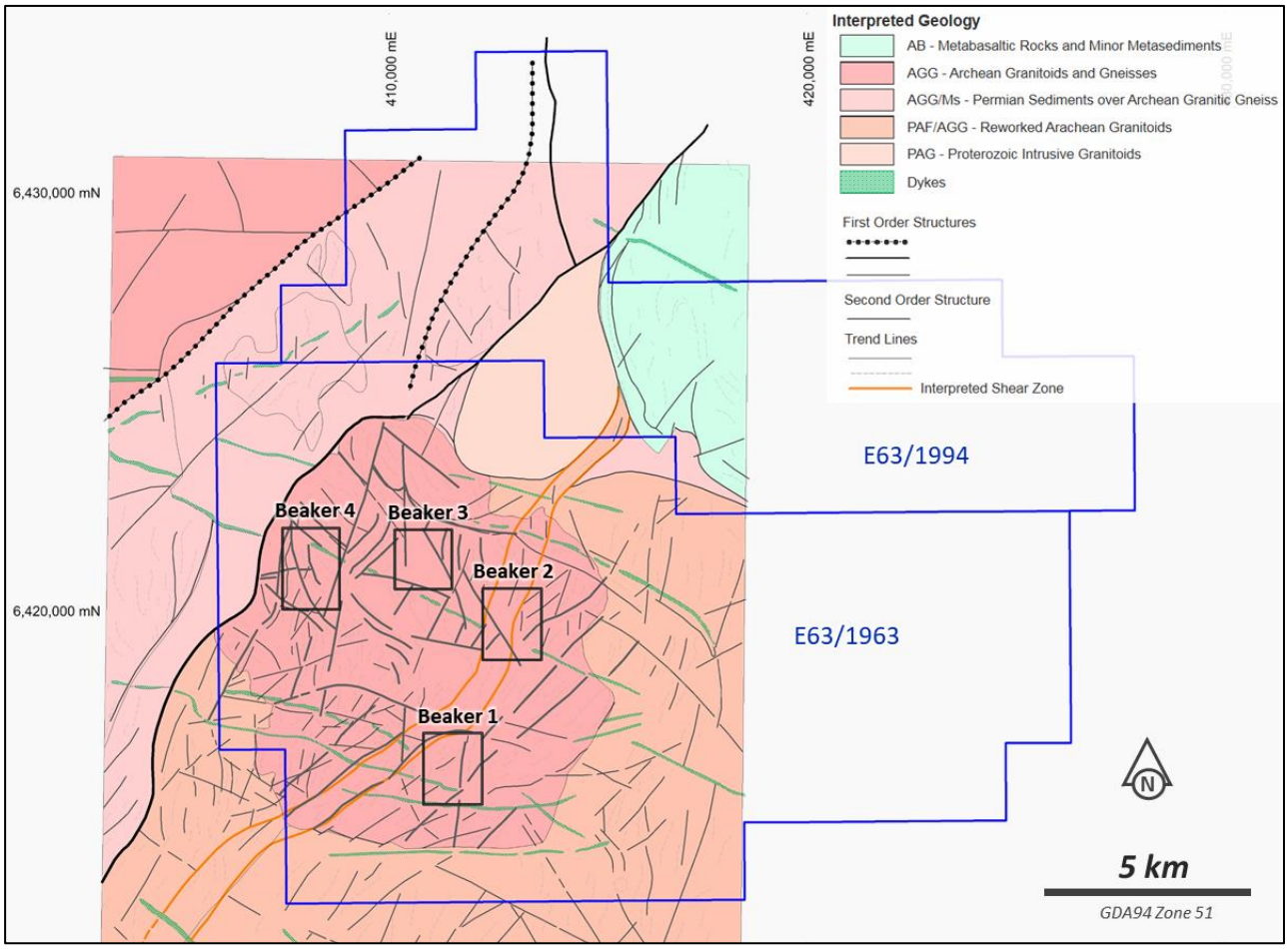



*Figure 29: Viking project regional geology and prospects*
*Source: Falcon – generated by AngloGold Ashanti*

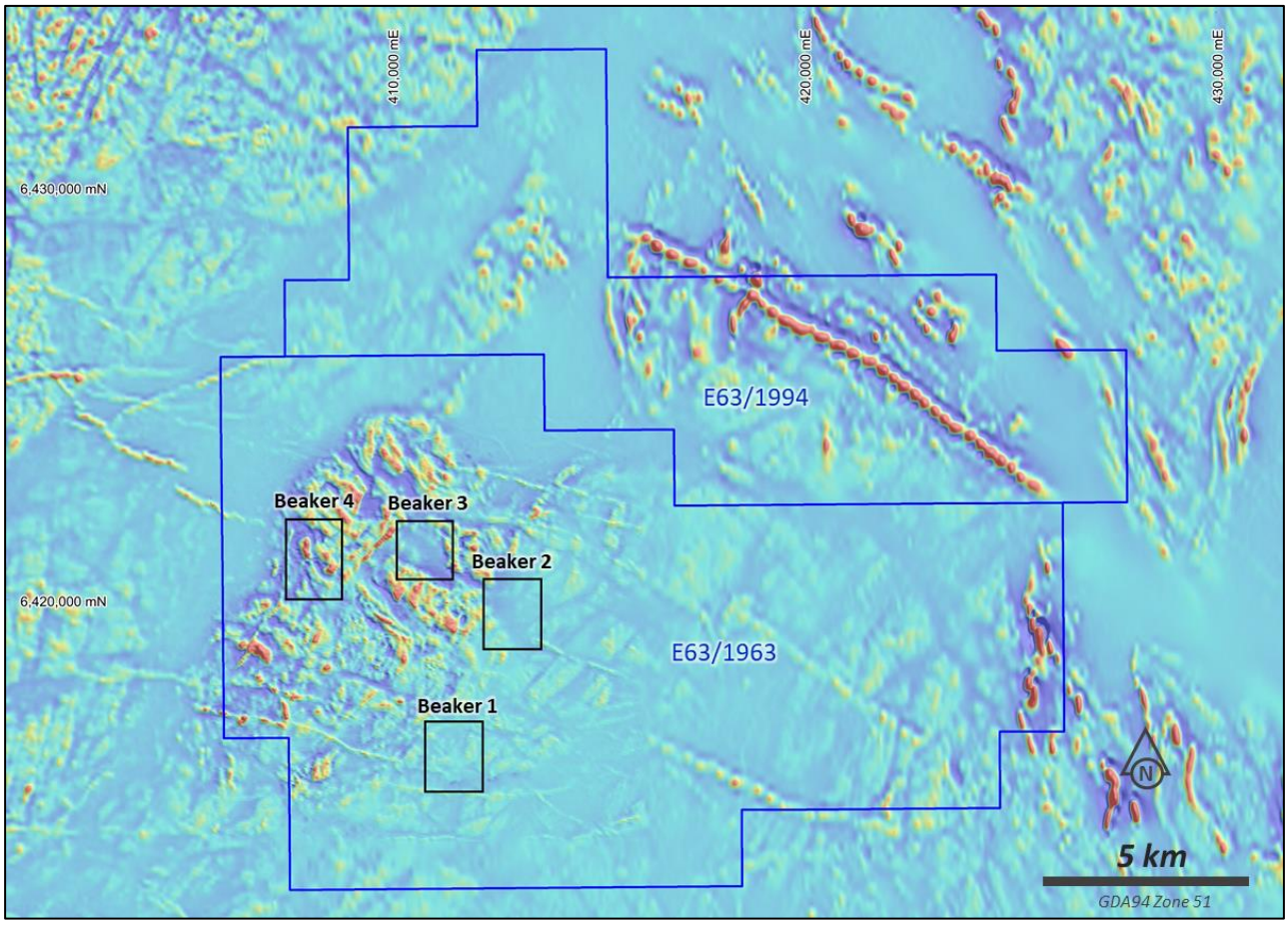



*Figure 30: Viking project aeromagnetics (1vd RTP)*
*Source: Falcon*

## 4.5 Exploration History

The project has been previously explored for gold by AngloGold Ashanti (AngloGold) and Genesis Minerals Limited (Genesis) since 2009. Prior to 2009, majority of the historical work focussed on coal exploration within palaeochannels by Western Colleries in the 1980s, in which no economic occurrences were identified.

Following the discovery of the Tropicana Gold Mine in 2005, AngloGold undertook a major regional exploration effort in the Albany-Fraser Province. As part of this exploration effort, the Viking project was acquired. AngloGold discovered gold mineralisation through surface auger sampling over the Viking area in 2011 and completed 513 aircore holes, 14 reverse circulation (RC) holes and 20 diamond holes from initial discovery to divesting the project in 2014.

Genesis then acquired the project and continued exploration activities until April 2019 when the project was surrendered. Metal Hawk applied for the licence (E63/1963) upon Genesis' surrender of the project and, prior to conducting any on-ground activities, farmed out the project to Chalice in 2020.

A significant amount of systematic surface geochemistry and drilling has been completed across the Beaker (1, 2, 3 and 4) prospects, details of which are summarised in Table 10 and Table 11 below. Significant gold mineralisation has been returned on the project with a relatively small amount of follow-up drilling completed at depth surrounding these intersections, which will be the basis for follow-up RC exploration drilling by Falcon.

### *4.5.1 Surface Geochemistry*

The known surface geochemical surveys completed across the project are summarised in Table 10.

*Table 10: Summary of surface geochemistry sampling on the Viking project*

| Company | Year/s | Sample type | No. of samples | Maximum gold (ppb) |
|---|---|---|---|---|
| AngloGold | 2009–2012 | Auger | 4,457 | 356.5 |
| | 2011–2013 | Rock chip | 23 | 13,019 |
| Genesis | 2016 | Auger | 365 | 41.9 |
| **Total no. of samples** | | | **4,845** | |

*Source: Falcon*

Gridded auger gold and rock chips results are presented in Figure 31, with the Beaker prospects defining the highest and largest surface gold anomalies. These prospects have been the focus of most drilling activities completed to date. As only gold analysis was completed on the auger samples, no other pathfinder signatures are known to correlate with the gold. Auger holes were drilled to a maximum depth of 2 m, with a single un-sieved 300–500 g sample taken from the zone of greatest carbonate reactivity.

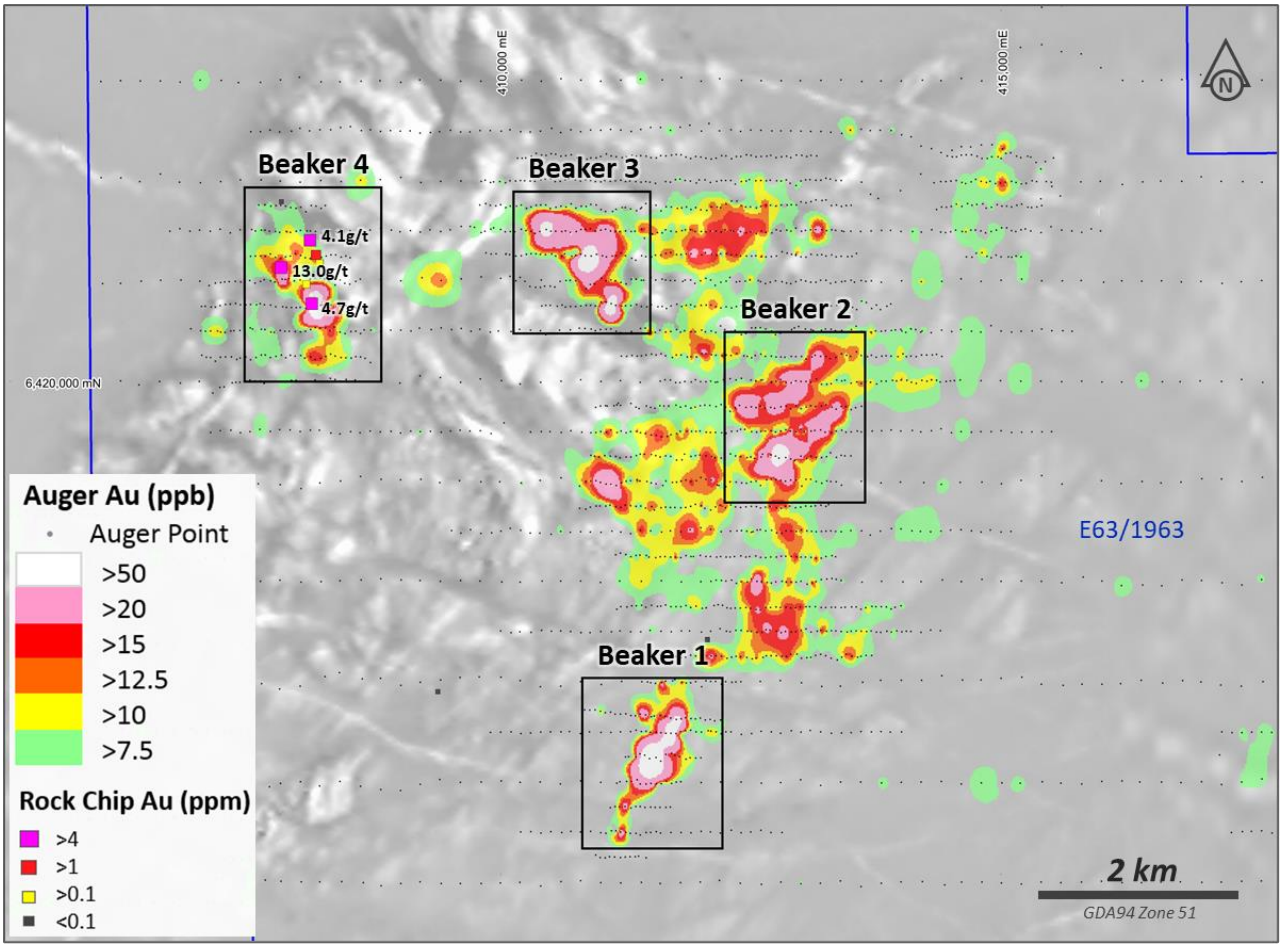



*Figure 31: Surface geochemistry results – gridded auger gold and rock chip samples*
*Source: Falcon*

Auger sampling at Beaker 1 returned a peak gold result of 179.5 ppb, with 23 values greater than 20 ppb with the 10 ppb cut-off defining a robust northeast trending anomaly measuring ~1.7 km x ~0.4 km (Figure 31).

Auger sampling at Beaker 2 returned a peak gold result of 168.2 ppb, with 34 values greater than 20 ppb with the 10 ppb cut-off defining two parallel northeast trending anomalies, each measuring ~1.5 km x ~0.5 km in size (Figure 31).

Auger sampling at Beaker 3 returned a peak gold result of 196.1 ppb, with 23 values greater than 20 ppb with the 10 ppb cut-off defining a ~1.4 km x ~0.6 km anomaly (Figure 31). A second, poorly drill tested, coherent anomaly exists ~1.3 km to the east of Beaker 3 which peaks at 24.3ppb with seven values greater than 20 ppb and at 10 ppb cut-off measures ~1.1 km x ~0.7 km. This anomaly remains unnamed.

Auger sampling at Beaker 4 returned a peak gold result of 356.5 ppb, with seven values greater than 20 ppb with the 10 ppb cut-off defining a ~1.5 km x ~0.5 km anomaly. Several rock chips returned highly elevated results peaking at 13 g/t associated with pyritic-bearing quartz veins and quartz vein float (Figure 31).

### *4.5.2 Drilling*

A total of 663 drillholes have been completed over the project since 2012, majority of which were completed by AngloGold between 2012 and 2013 with the remainder completed by Genesis between 2014 and 2017 (Table 11 and Figure 32).

*Table 11: Summary of historical drilling on Viking project*

| Company | Year | Drill type | Tenement/s | Commodity | No. of holes | No. of metres | Average hole depth (m) | Deepest hole (m) |
|---|---|---|---|---|---|---|---|---|
| AngloGold | 2012 | AC | E63/1963 | Gold | 513 | 12,329 | 24 | 63 |
| | 2013 | RC | E63/1963 | Gold | 14 | 2,208 | 157 | 180 |
| | 2012 | DDH | E63/1963 | Gold | 20 | 3,203.25 | 160 | 204.35 |
| Genesis | 2016–2017 | AC | E63/1963 | Gold | 87 | 3,290 | 38 | 75 |
| | 2014 | RC | E63/1963 | Gold | 29 | 2,475 | 85 | 148 |
| **Total** | | | | | **663** | **23,505.25** | **35** | **204.35** |

*Source: Falcon*

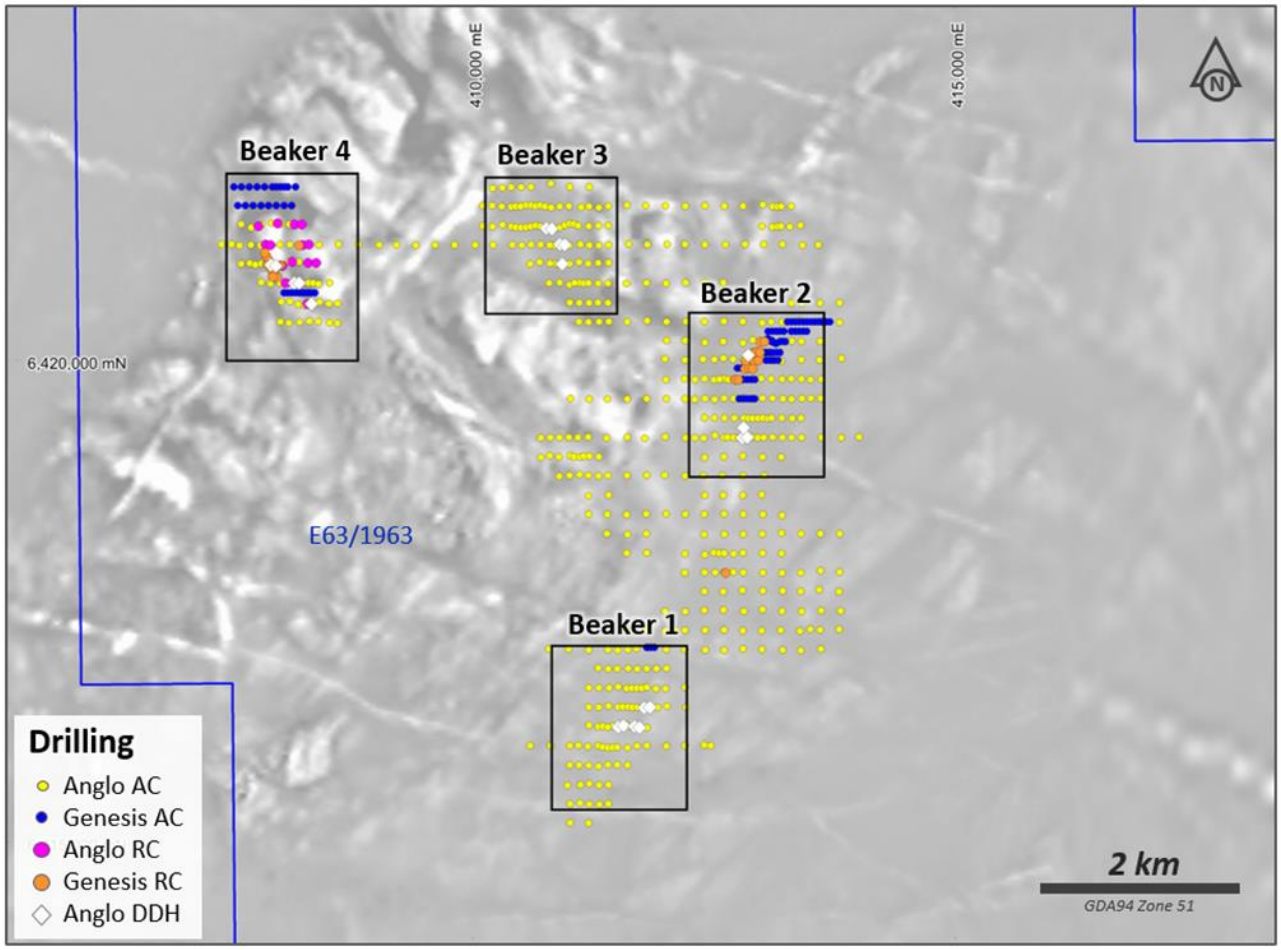



*Figure 32: Historical drilling by company and type*
*Source: Falcon*

Significant gold intercepts (>0.5 g/t with maximum internal dilution of 4 m) are summarised in Table E1 in Appendix E of this report and illustrated in Figure 33 to Figure 35.

Only gold was analysed with additional bottom of hole (BOH) multi-elements (silver, aluminium, arsenic, boron, bismuth, calcium, cadmium, cerium, cobalt, chromium, copper, iron, potassium, lanthanum, magnesium, manganese, molybdenum, sodium, nickel, phosphorous, lead, sulphur, antimony, scandium, strontium, tellurium, titanium, thallium, vanadium, tungsten, zinc) completed on the aircore drilling. A low-threshold BOH antimony association at the Beaker 1 prospect was recognised. Several other potential pathfinders were also analysed, including arsenic, bismuth and tellurium but these failed to define any obvious relationship/s with gold.

Gold mineralisation at Beaker 1 (Figure 33) is associated with a narrow, moderate easterly dipping shear zone which remains open down dip. Dominant basement lithologies consist of low-strain biotite monzogranites with minor local amphibolite bands. Prospectivity remains down dip for additional mineralisation although the shear zone would need to broaden significantly to be of economic interest. Additional RC drilling is planned down dip to test this area.

Gold mineralisation at Beaker 2 (Figure 33 and Figure 34) is associated with several significant intercepts including 5m at 44.5g/t and 4m at 15.4g/t within the saprolitic regolith zone which generally displays a flat orientation typical of secondary dispersion patterns. The intercepts closest to the fresh rock interface display a possible shallow-moderate easterly dip which remains untested at depth within the fresh rock which will be the focus for follow-up RC drilling. One diamond hole (BKD019) drilled central to the prospect but south of the significant aircore gold anomalism intersected variably folded biotite monzogranite with several high-strain, sericite-chlorite altered, late (but barren) shear zones which are interpreted to post-date mineralisation. Minor mineralisation intersected in this diamond hole is associated with a biotite-chlorite shear zone with associated quartz-pyrite veins which is considered similar to the Beaker 4 mineralisation in both structural style and alteration assemblage.

At Beaker 3 (Figure 33), several significant gold intersections occur near the fresh rock interface including 1 m at 5.1 g/t and 2 m at 1.4 g/t to EOH. Three of a total five diamond holes drilled under these intersections failed to intersect any significant mineralisation although elevated results, including 1 m at 1.4 g/t and 1 m at 0.56 g/t in the diamond holes are associated with narrow, small-scale shear zones. Basement rocks are a complicated mix of gneisses and granites of varying magmatic type.

Beaker 4 is the most advanced prospect drilled to date (Figure 33 and Figure 35). Multiple encouraging gold intersections are summarised on section 6,421,000mN (Figure 35) which are associated with a central zone of well foliated K-feldspar-biotite-quartz gneiss and banded migmatised unit which is surrounded by low-strain biotite monzogranite in the hangingwall and footwall. Migmatite banding and rock contacts are easterly dipping, parallel to the gold mineralisation which occurs in a shear zone containing east-northeast dipping laminated, folded quartz-pyrite veins. Although the mineralised veins are folded, it does not appear to affect the gross geometry of mineralisation on section and so are likely confined to within the shear itself.

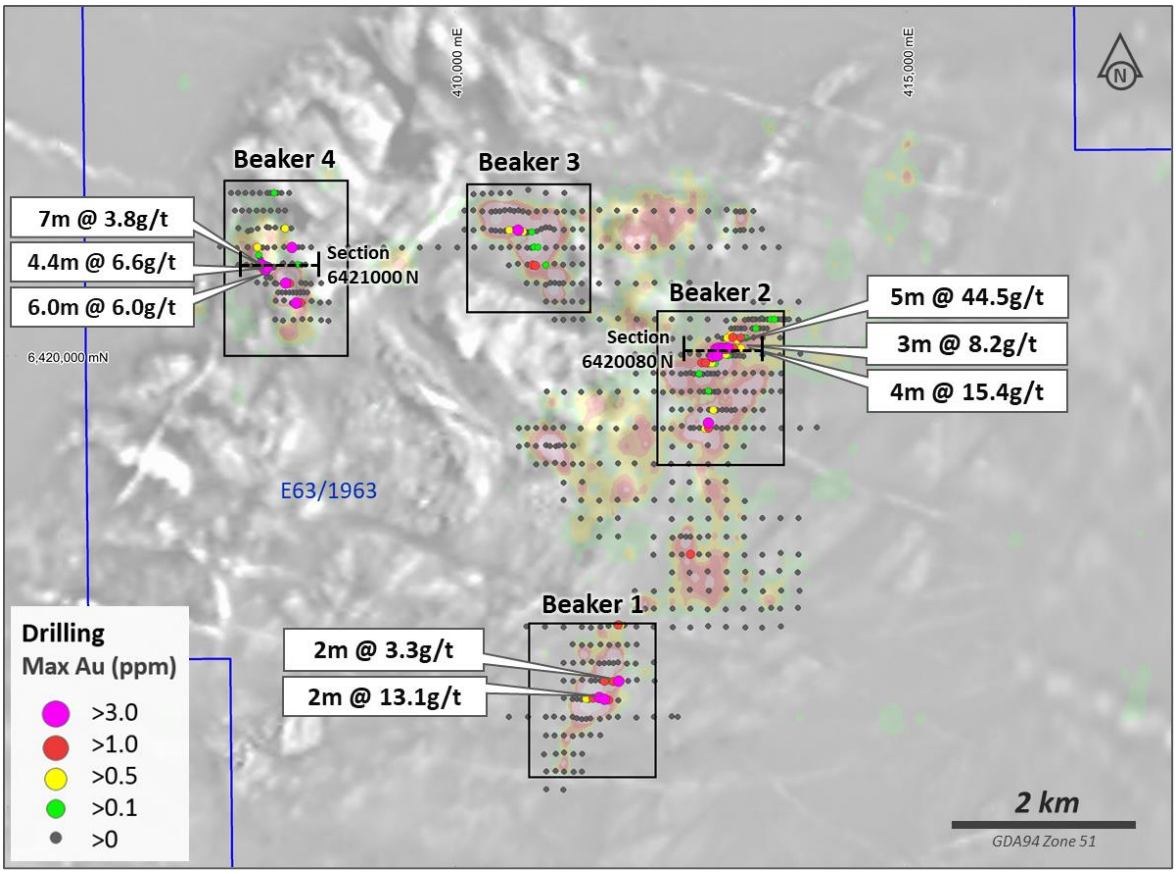



*Figure 33: Drilling results to date on the Beaker prospects*
*Source: Falcon*

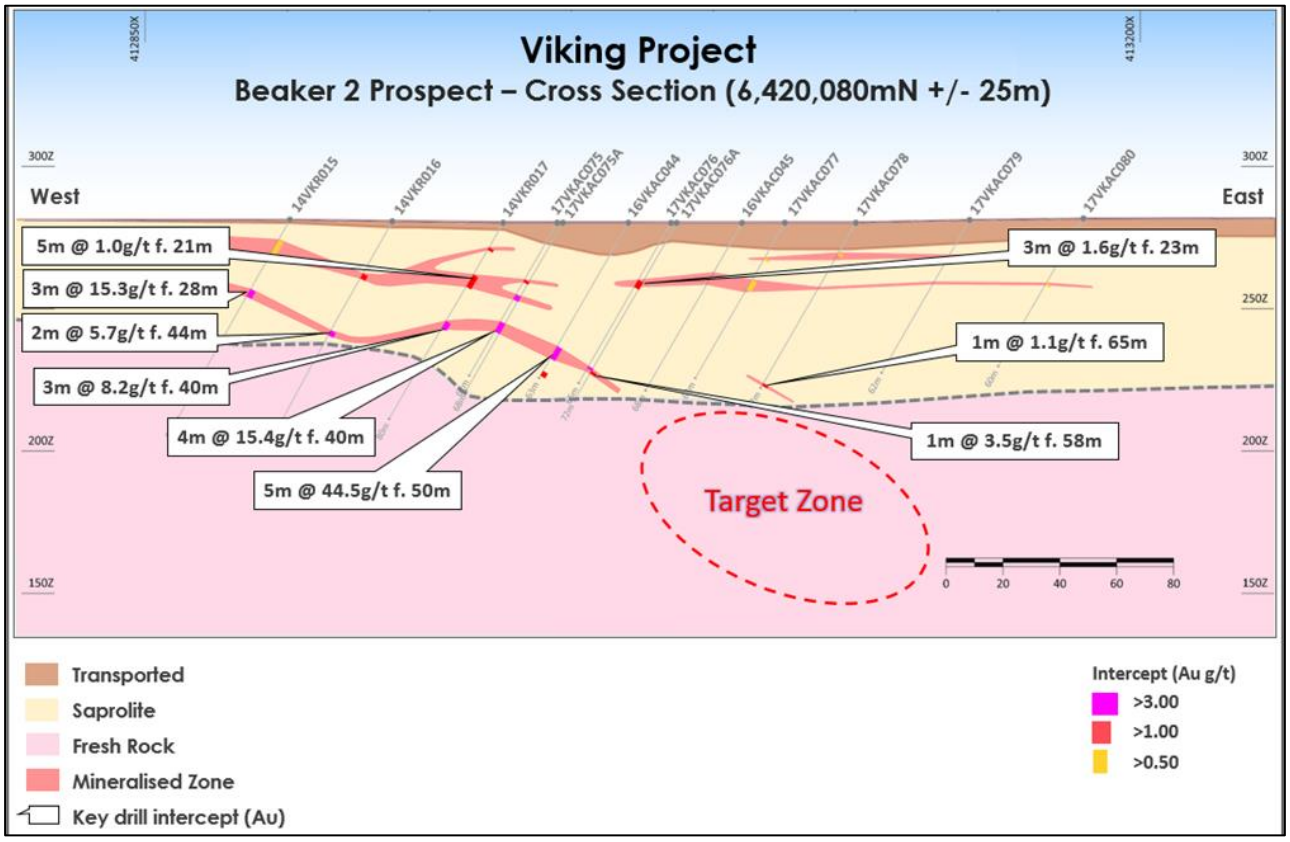



*Figure 34: Beaker 2 cross section*
*Source: Falcon*

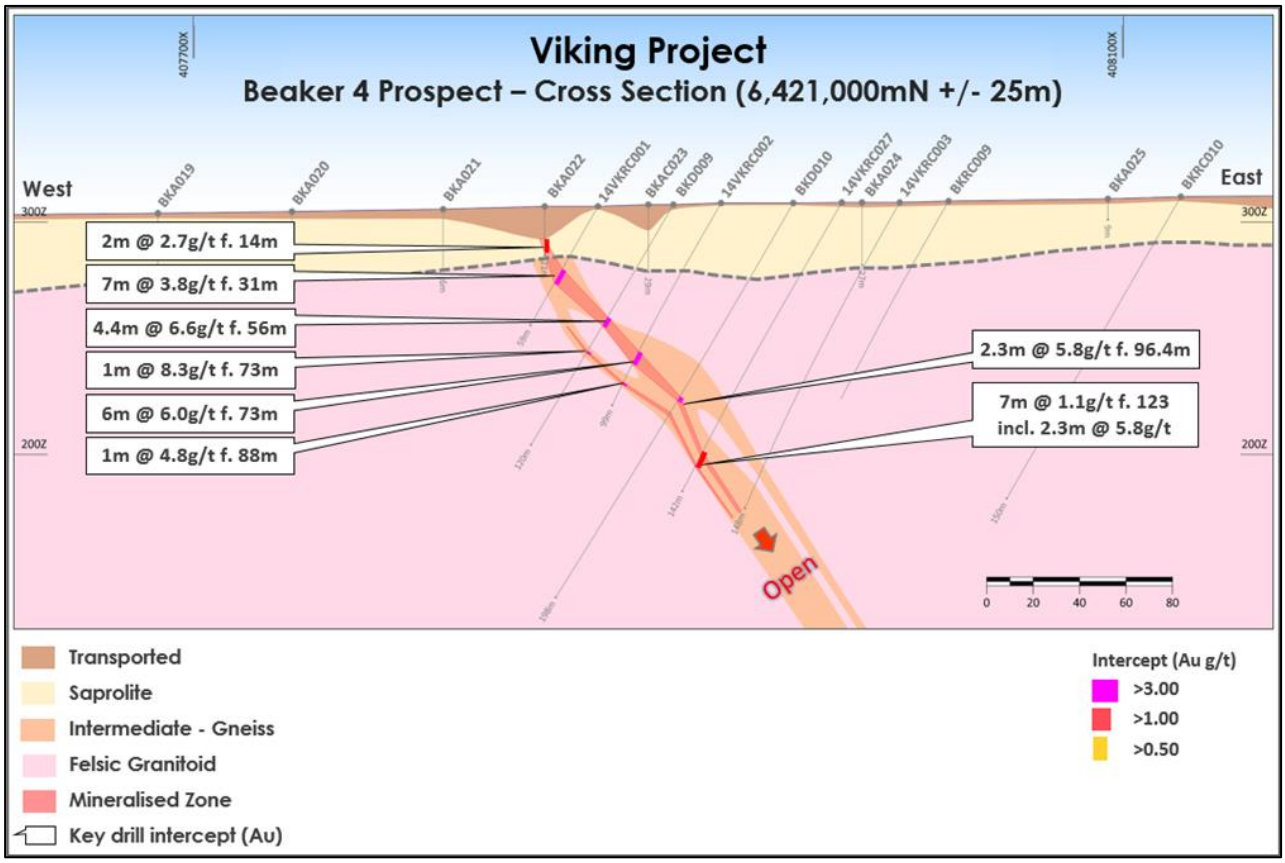



*Figure 35: Beaker 4 cross section*
*Source: Falcon*

## 4.6 Proposed Exploration Strategy

### *4.6.1 Beaker 1 Prospect*

Falcon plans to conduct RC drilling down dip of primary mineralisation as returned in historical drilling. It will be looking for potential extensions and increased widths to existing narrow-shear-controlled mineralisation and secondary structures that may host significant mineralisation.

### *4.6.2 Beaker 2 Prospect*

RC drilling targeting down dip primary mineralisation to the east of significant historical oxide intersections is planned. Additional RC drilling along strike will also test for potential plunge controls to any primary mineralisation discovered at depth.

Falcon plans to establish first order geological controls through evaluation of existing drilling and interpretation of new drilling datasets to vector towards potential high-grade mineralisation.

### *4.6.3 Beaker 3 Prospect*

RC drilling looking for new mineralisation along strike from elevated historical oxide intersections is planned.

Falcon plans to establish first order geological controls through evaluation of existing drilling and interpretation of new drilling datasets to vector towards potential high-grade mineralisation.

### *4.6.4 Beaker 4 Prospect*

No drilling is currently planned, however, additional drilling down dip and along strike could be considered as further follow-up to the moderate easterly dipping, quartz-vein hosted mineralisation that has returned several encouraging gold intersections.

# 5 Mt Jackson Project

## 5.1 Location and Access

The project is located approximately 350 km northeast of Perth (Figure 1) and 110 km north-northwest of the regional township of Southern Cross (Figure 36).

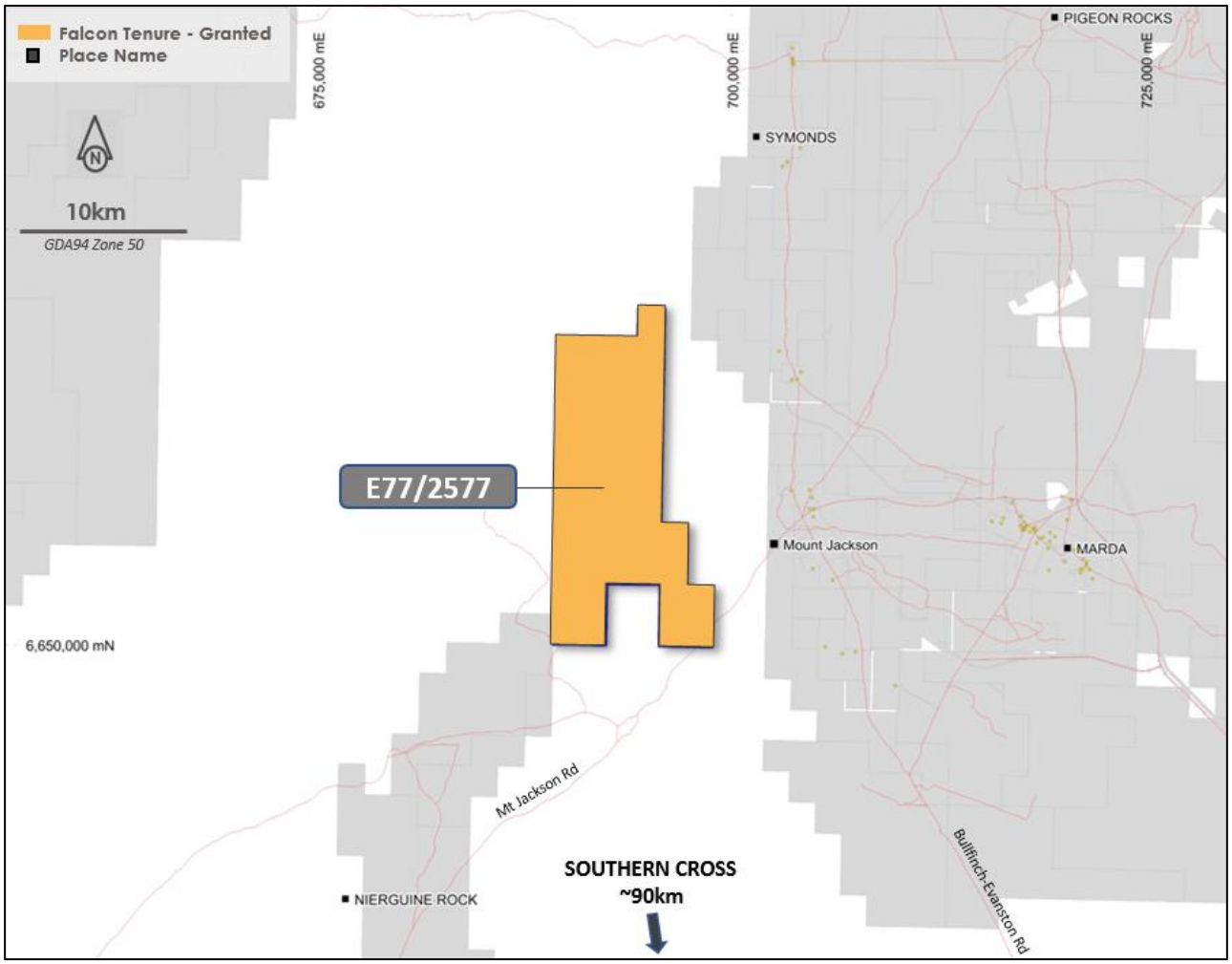



*Figure 36: Mt Jackson project tenure*
*Source: Falcon*

Access to the project area from Perth is via Great Eastern Highway to Southern Cross and then north via either the unsealed Bullfinch-Evanston or Mt Jackson roads. Little to no established tracks exist within the project tenure.

## 5.2 Ownership and Tenure

The Mt Jackson project consists of one granted exploration licence (E77/2577) 100% owned by Falcon (Table 12 and Figure 36). For further details, refer to the Independent Solicitor's Report in the prospectus.

*Table 12: Mt Jackson Project exploration licences*

| Tenement | Holder | Status | Grant date | Area (km²) | Expiry date |
|---|---|---|---|---|---|
| E77/2577 | CGM (WA) Pty Ltd | Granted | 1 Jul 2019 | 127.7 | 30 Jun 2024 |

*Source: Falcon*

## 5.3 Climate, Topography and Physiography

The region has a semi-arid climate. Summers are hot, with temperatures regularly in excess of 40°C; winters are cold, and frosts are common (Table 13).

*Table 13: Climate data for Southern Cross Airfield (1996-2021)*

| Month | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Record high (°C) | 46.3 | 46.7 | 42.6 | 39 | 34 | 28.6 | 26 | 31.1 | 34.7 | 40.3 | 44.6 | 45.7 | **46.7** |
| Average high (°C) | 34.7 | 33.7 | 30.5 | 26.3 | 21.3 | 18 | 16.7 | 18.5 | 21.9 | 26.7 | 30.1 | 33 | **26** |
| Average low (°C) | 17.8 | 17.7 | 15.5 | 11.8 | 7.3 | 4.6 | 3.7 | 3.9 | 5.5 | 9.6 | 13.2 | 15.7 | **10.5** |
| Record low (°C) | 8.5 | 7.5 | 1.8 | 1.4 | -3.4 | -5 | -4.8 | -3.8 | -3.2 | -1.7 | 0.7 | 5.8 | **-5** |
| Average rainfall (mm) | 29.1 | 27.5 | 36.1 | 22 | 27.9 | 26.7 | 35.2 | 30.1 | 19.8 | 18 | 17.5 | 15.5 | **301** |
| Average rainy days | 3.9 | 3.8 | 4.3 | 4.4 | 7.5 | 10.6 | 13.7 | 11.2 | 7 | 4.4 | 4.4 | 3.5 | **78.7** |

*Source: Bureau of Meteorology*

The mean minimum temperature in January is 17.8°C and the maximum 34.7°C, although temperatures above 40°C are common. The highest temperature officially recorded was 46.7°C, in February 2005.

The mean minimum temperature in July is 3.7°C and winter minima below 0°C are recorded 21 nights per year on average. Mean maximum winter temperatures in July are 16.7°C. Most of the town's annual rainfall of 301 mm falls between May and September. Snowfalls are rare; however, frosts can be a common occurrence during the winter.

Most of the district is flat to undulating, with an elevation averaging around 443 m AHD near the Mt Jackson tenure. The highest feature is Mount Jackson, with a peak at 614 m AHD, and the surrounding plains dropping to around between 380 m AHD and 440 m AHD.

Southern Cross is the major town and administrative centre of the Shire of Yilgarn. It is a historic gold mining town on the eastern edge of the Western Australian wheatbelt. The surrounding areas produce wheat and other cereal crops, and it is a receival site for Cooperative Bulk Handling.

## 5.4 Geology

### *5.4.1 Regional Geology*

The project straddles the margin of the Southern Cross and Murchison domains of the Youanmi Terrane (previously referred to as the Murchison and Southern Cross granite-greenstone terranes) of the Archean Yilgarn Craton (Figure 37). This margin is in part defined by the arcuate Southern Cross and Forrestania greenstone belts.

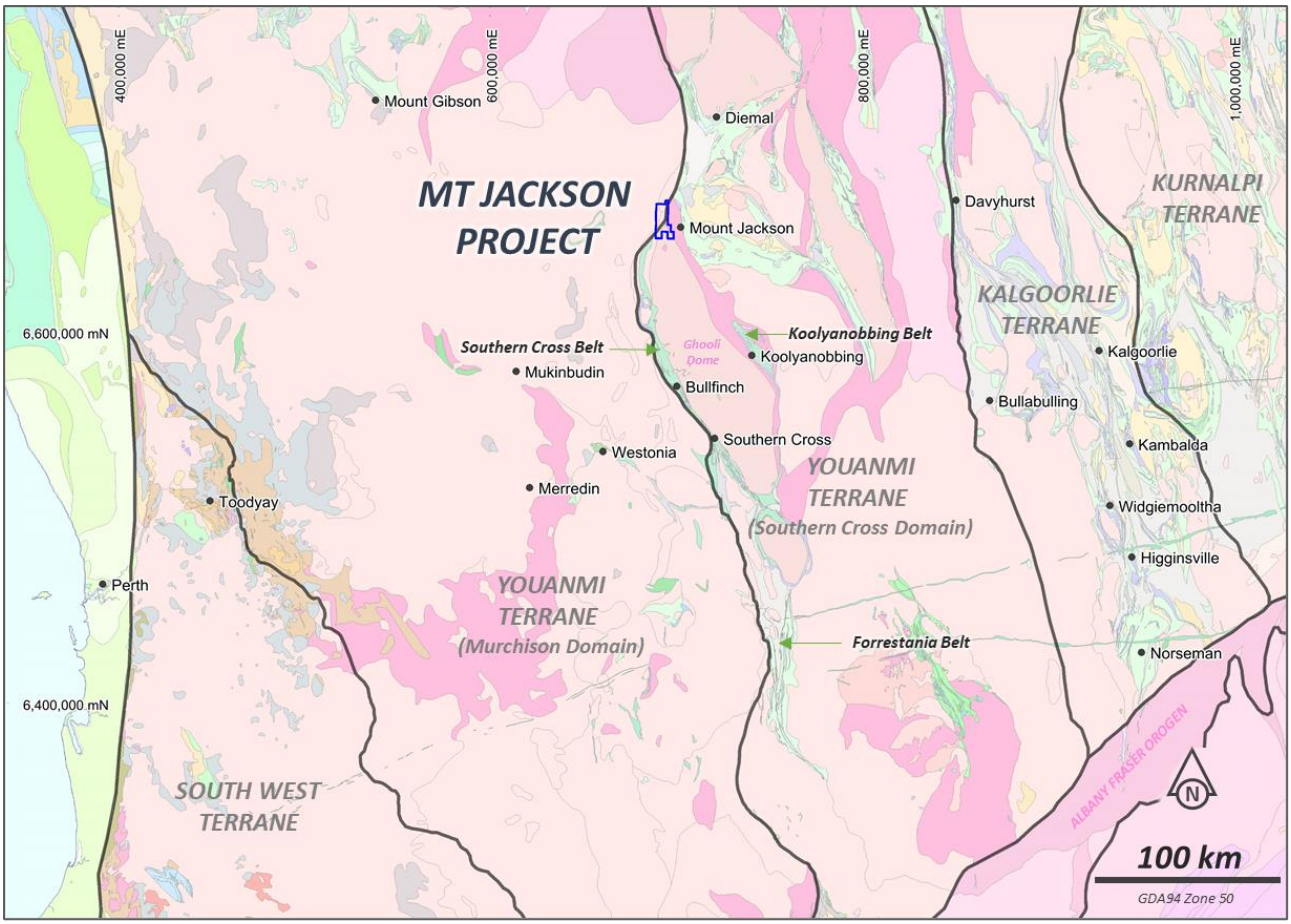



*Figure 37: Regional geological setting of the Mt Jackson project*
*Source: Falcon*

Blewett (2010) refers to the Yilgarn Craton (Figure 38) as Australia's premier gold and nickel province. Wyche et al. (2012) describe the Yilgarn Craton as a highly mineralised granite-greenstone terrain with world-class gold and nickel deposits and noted that the Eastern Goldfields has produced more than 130 Moz of gold.

Doublier (2013) describes the Yilgarn Craton as a Paleo- to Neo-archean craton composed of various terranes that can be distinguished based on geochemical, geochronological and stratigraphic criteria. Cassidy (2006) notes that the preserved Yilgarn Craton consists of meta-volcanic and meta-sedimentary rocks and granites that formed principally between c. 3.05 Ga and 2.6 Ga, with a minor older component (to >3.7 Ga). Voluminous granite intrusion between 2.76 Ga and 2.62 Ga was coincident with Neoarchean Orogeny resulting in amalgamation and assembly of several cratonic elements to form the present Yilgarn Craton.

The Yilgarn Craton is subdivided into six terranes, three of which constitute a superterrane (Figure 38). Along the western margin, the Narryer Terrane and South West Terrane are dominated by granite and granitic gneiss, whereas the Youanmi Terrane and Eastern Goldfields Superterrane are composed of north-trending greenstone belts separated by extensive granite and granitic gneiss (Cassidy et al., 2006).

Ivanic (2019) describes the Youanmi Terrane as occupying most of the western half of the approximately 1 million km² Archean Yilgarn Craton (Figure 38). It is bounded to the east by the Eastern Goldfields Superterrane, separated by the Ida Fault. To the northwest, the poorly defined boundary with the Narryer Terrane is overprinted by voluminous granitic plutons. The southern boundary with the South West Terrane is also poorly defined. The exposed Youanmi Terrane comprises about 60% granitic plutons and 40% greenstone belts, which themselves are locally dominated by large mafic-ultramafic intrusions.

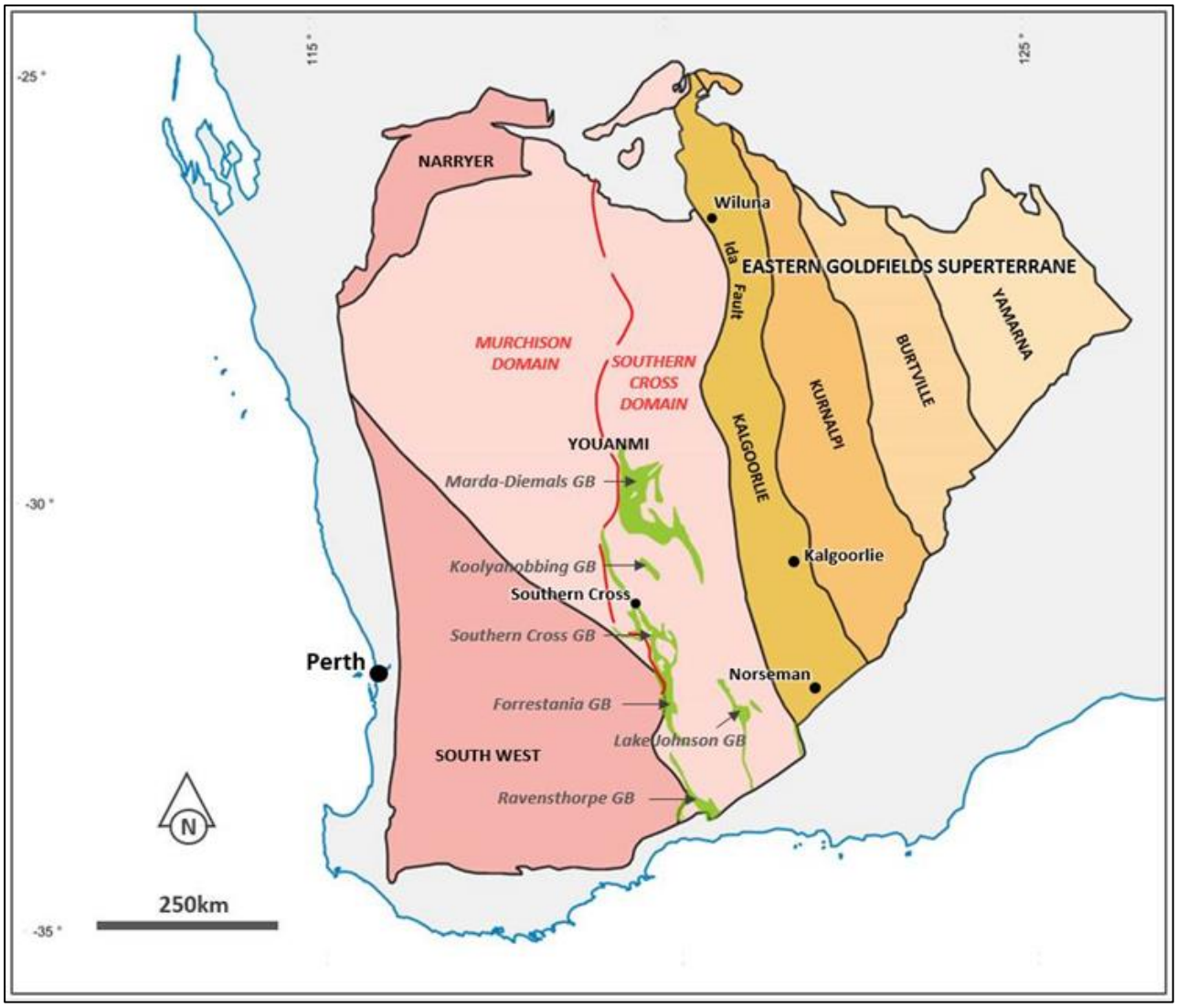



*Figure 38: Terrane subdivision of the Yilgarn Craton*
*Source: Doublier (2013)*

Dentith et al. (2013) note that the Youanmi Terrane is divided into the Murchison Domain in the west and the Southern Cross Domain in the east. They add that the Lake Johnston and Southern Cross–Forrestania greenstone belts in the Southern Cross Domain host significant nickel and gold deposits (Figure 38 and Figure 39).

Greenstones of the Youanmi Terrane are typically older than those of the Eastern Goldfields Superterrane (Dentith et al., 2013). They are metamorphosed to greenschist or amphibolite, whereas the South West Terrane contains granulite facies supracrustal rocks. Both regions contain voluminous granites.

The Mt Jackson project area is located at the very northern end of the Southern Cross Belt where it converges with the regional Koolyanobbing Shear Zone (Figure 37 and Figure 39). The Southern Cross Greenstone Belt has a prolonged mining history and hosts multiple significant gold deposits, including Marvel Loch (>1.5 Moz).

The Southern Cross greenstone sequence consists predominantly of volcanic and clastic sedimentary rocks that are steeply dipping which has been affected by a multi-staged structural evolution. Several generations of tight to isoclinal folds are developed which have complicated the internal structure of the belt. Discrete shear zones can be traced for tens of kilometres with higher strain corridors being up to several hundred metres wide (Doublier, 2013). Both regional and local shear networks control and focus areas of gold mineralisation. The greenstones are bounded by areas of felsic magmatism including the Ghooli Dome to the east which separates the Southern Cross Belt from the Koolyanobbing Belt and more extensive granitic batholiths to the west.

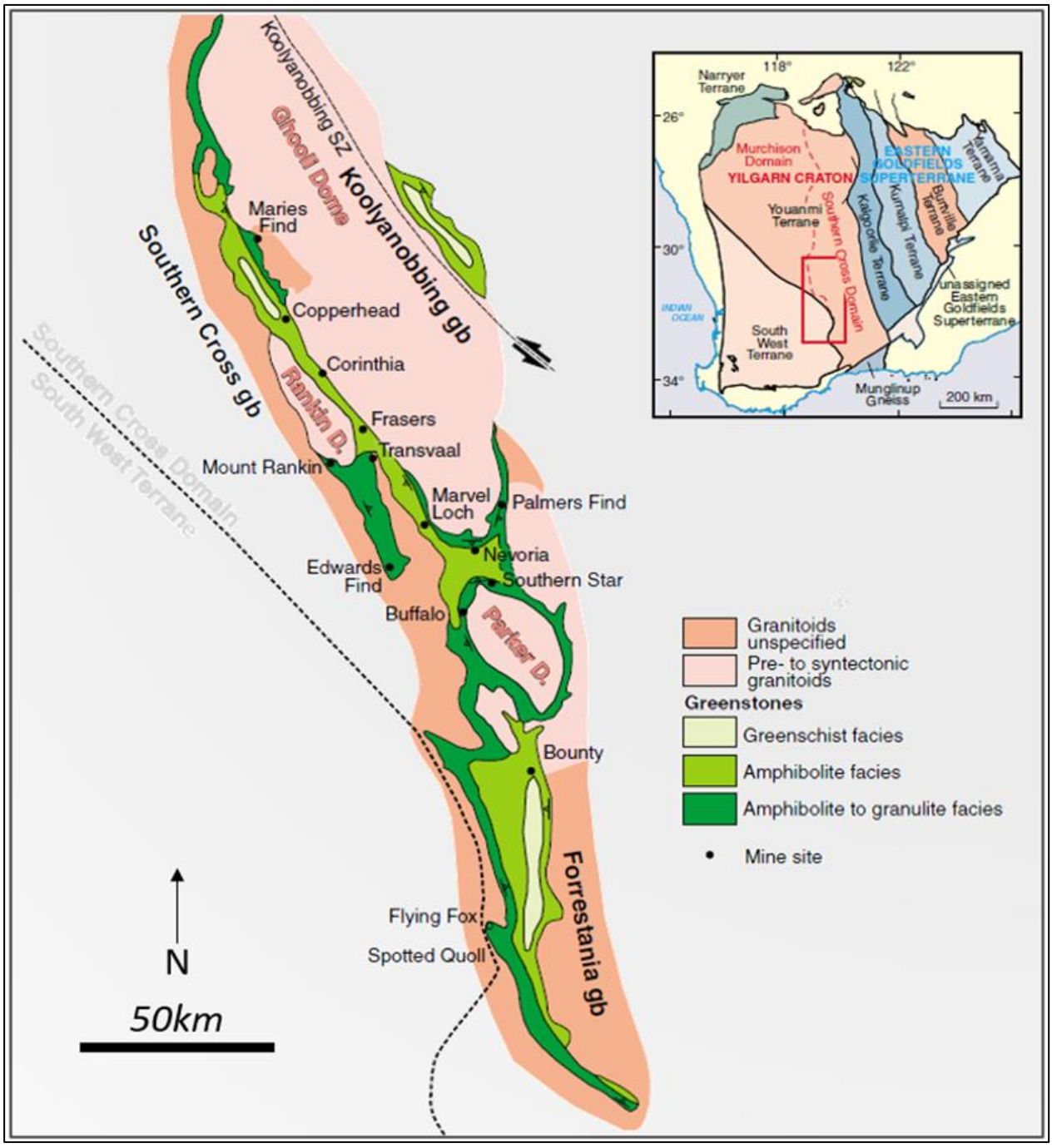



*Figure 39: Metamorphic pattern and dome structures in the Southern Cross-Forrestania greenstone belt*
*Note that the Mt Jackson project area is situated at the northern boundary of this figure (see Figure 37).*
*Source: Modified from Doublier (2013)*

### *5.4.2 Local Geology*

Regional interpretations indicate basement lithologies comprise only granite and gneissic rocks of varying composition; however, aeromagnetic and geochemical interpretations suggest the presence of prospective greenstones within the project area. First-pass reconnaissance by Chalice has confirmed most of the licence area is covered by colluvial and lateritic cover. Minor subcropping granite and gneiss exposures are observed adjacent to a strongly magnetic aeromagnetic feature measuring ~5 km x 0.25 km which is interpreted to be a remanent greenstone raft of the Southern Cross Belt (Figure 40). This interpretation is supported by both strongly foliated subcropping mafic units striking 005° proximal to the aeromagnetic feature at the southern end of the area surface sampled and by an elevated nickel and chromium soil geochemical response (Figure 41).

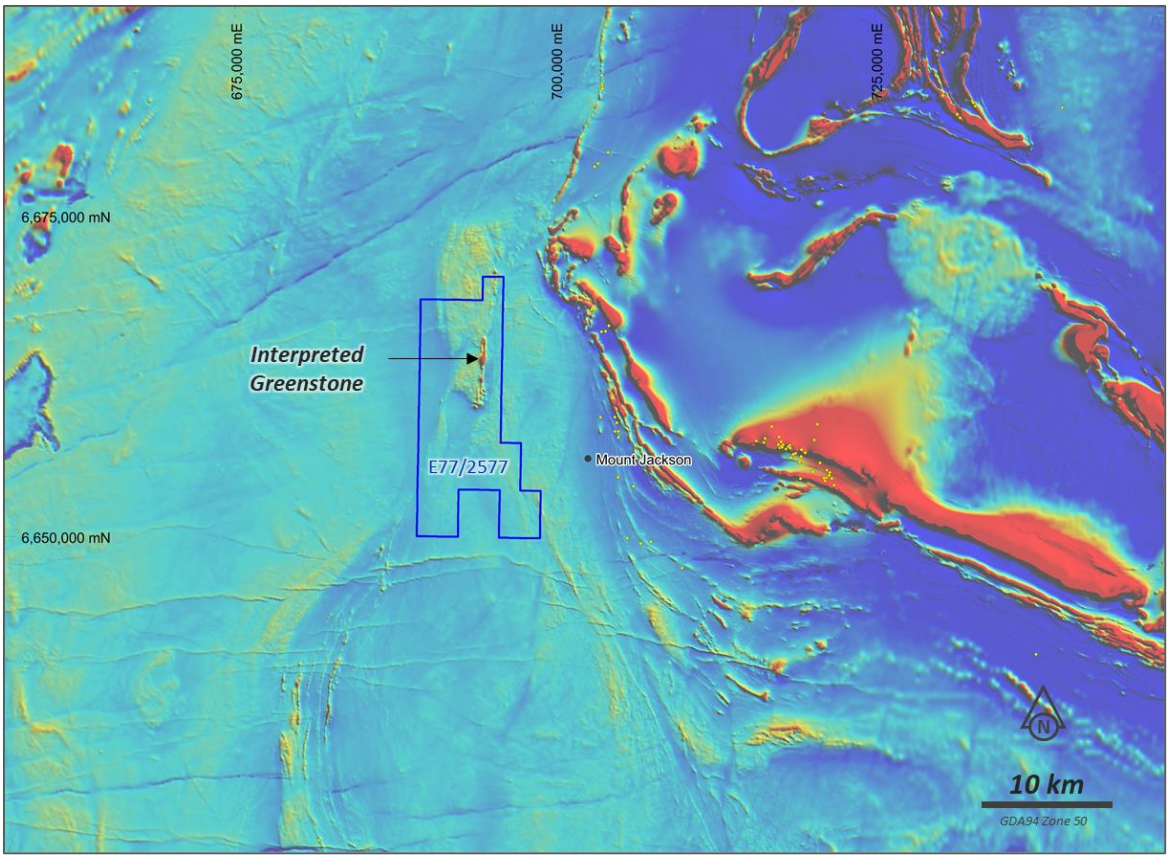



*Figure 40: Mt Jackson project regional aeromagnetics*
*Source: Falcon*

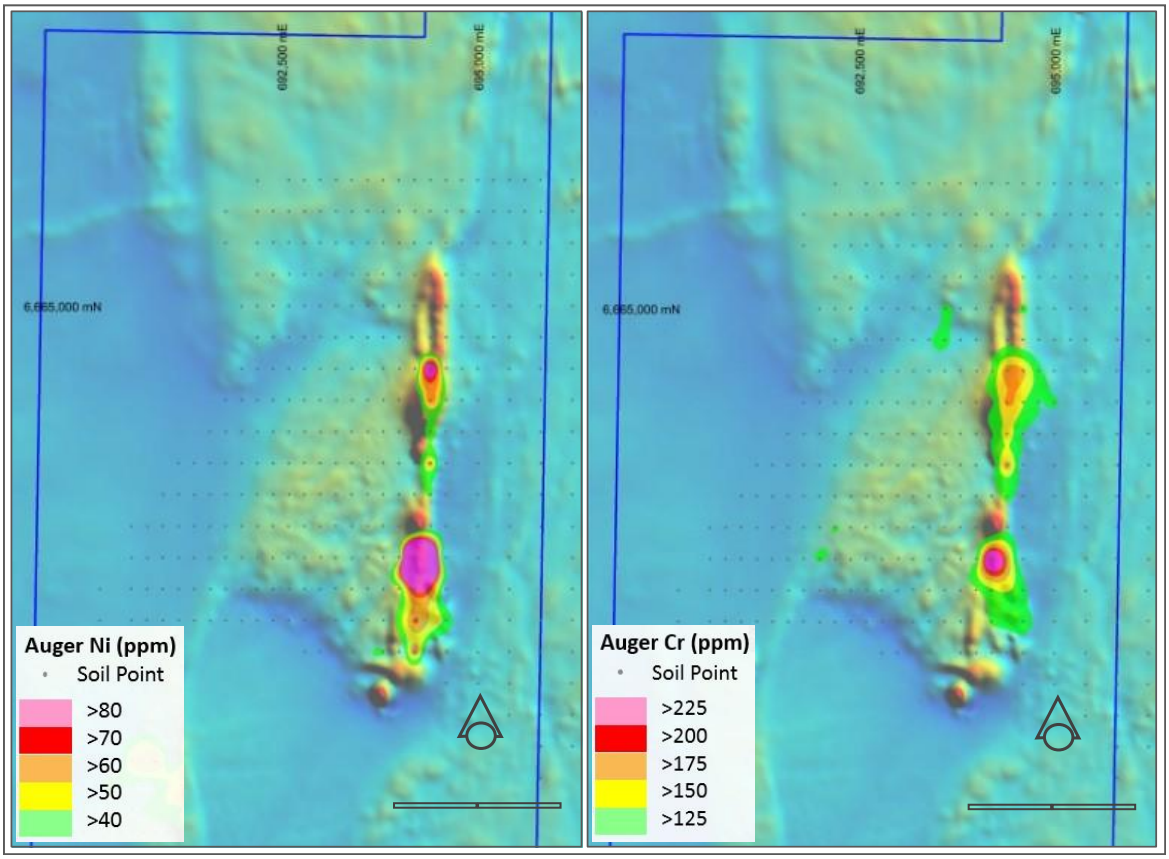



*Figure 41: Chalice soil sampling – nickel and chrome in soil anomalies*
*Source: Falcon*

## 5.5 Exploration History

In 2009, Southern Cross Goldfields collected eight rock chip samples in the southern end of the tenement (Table 14 and Figure 42), although no gold results were reported. In 2018, Fleet Street Holdings took 63 surface soil samples in the southwest corner of the tenement. A peak gold value of 7 ppb was returned, and no further exploration was carried out. There has been no known previous exploration drilling completed over the project area.

In 2020, Chalice completed a 345-point surface soil geochemical program over the greenstone aeromagnetic target area of interest (Table 14 and Figure 42). Samples were collected at 200 m east-west spacings along 400 m spaced lines.

*Table 14: Mt Jackson surface geochemistry summary*

| Company | Year/s | Sample type | No. of samples | Maximum gold (ppb) |
|---|---|---|---|---|
| Southern Cross Goldfields | 2009 | Rock chip | 8 | n/a |
| Fleet Street Holdings | 2018 | Soil | 63 | 7 |
| Chalice Mining | 2020 | Soil | 345 | 17 |

*Source: Falcon*

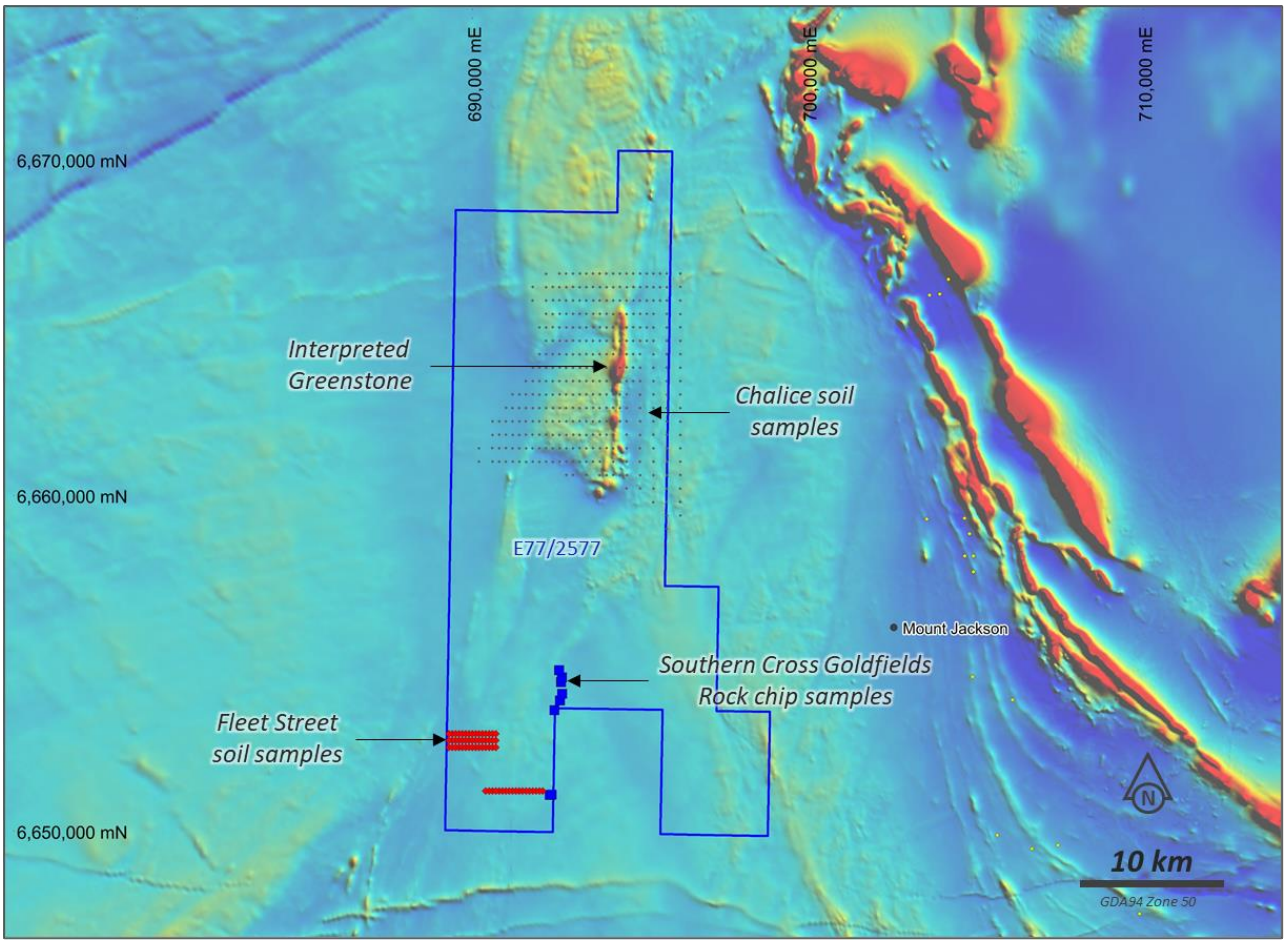



*Figure 42: Mt Jackson surface soil geochemistry sampling*
*Source: Falcon*

A low-order but coincidental gold-arsenic-antimony anomaly was detected overlying the northern extents of the aeromagnetic anomaly, providing a focussed target for further exploration (Figure 43).

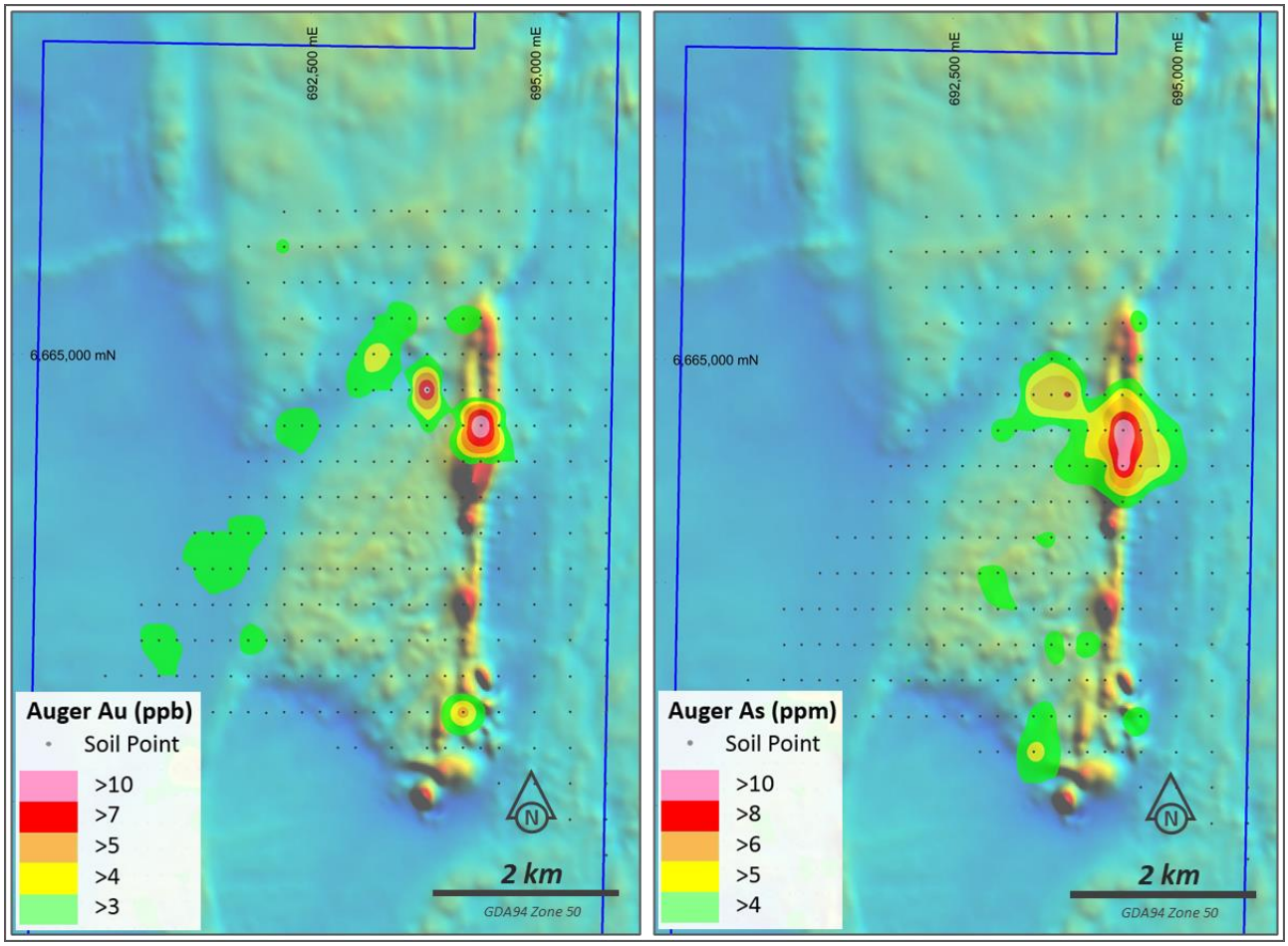



*Figure 43 Chalice soil sampling – gold and arsenic in soil anomalies*
*Source: Falcon*

## 5.6 Proposed Exploration Strategy

Falcon plans initial aircore drilling over the interpreted mafic/ultramafic stratigraphy that displays a low-level but coincidental gold + arsenic + antimony surface geochemical anomaly which remains untested by drilling.

# 6 Risks

A key risk, common to all exploration companies, is that expected mineralisation may not be present or that it may be too small to warrant commercial exploitation. The interpretations and conclusions reached in this ITAR are based on current scientific understanding and the best evidence available at the time of writing. CSA Global makes no guarantee of certainty as to the presence of economic mineralisation of any commodity within Falcon's project areas.

The Projects are at the early exploration stage of development. Risk is reduced at each stage. Exploration is an intrinsically risky process, particularly at an early stage.

# 7 Proposed Exploration Budget Summary

Falcon provided CSA Global with a copy of its planned expenditure for the Pyramid Hill, Viking and Mt Jackson Projects for an initial two-year period following listing on the ASX. Table 15 provides a summary of expenditure by activity for the planned capital raising of A$15 million to A$30 million. All costs included are in Australian dollars (A$).

*Table 15: Proposed exploration expenditure summary by activity*

| Use of funds | | Year 1 | | Year 2 | |
|---|---|---|---|---|---|
| | | Minimum | Maximum | Minimum | Maximum |
| Exploration and development expenditure on the Spin-out Assets (primarily related to drilling): | Pyramid Hill | $3,375,000 | $3,700,000 | $4,450,000 | $11,650,000 |
| | Viking | $500,000 | $1,000,000 | $1,450,000 | $1,500,000 |
| | Mt Jackson | $50,000 | $75,000 | $175,000 | $175,000 |
| Operating expenses | | - | - | - | - |
| Working capital | | $1,000,000 | $2,900,000 | $1,100,000 | $5,450,000 |
| Corporate costs | | $900,000 | $1,000,000 | $1,000,000 | $1,100,000 |
| Costs of the IPO | | $1,000,000 | $1,450,000 | - | - |
| **Total** | | **$6,825,000** | **$10,125,000** | **$8,175,000** | **$19,875,000** |

*Source: Falcon*

The exploration and development expenditure is primarily based on drilling and related expenses. The budget for the second year is contingent on results to be obtained from the exploration to be carried out in the first year.

The proposed budget is considered consistent with the exploration potential of Falcon's Projects and is considered adequate to cover the costs of the proposed programs. The budgeted expenditure is also sufficient to meet the minimum statutory expenditure on the tenements.

The mineral properties held by Falcon are considered to be "exploration projects" that are intrinsically speculative in nature. The Mt Jackson project is at the "grassroots exploration" stage. CSA Global considers, however, that the project has sound technical merit and to be sufficiently prospective, subject to varying degrees of exploration risk, to warrant further exploration and assessment of their economic potential, consistent with the proposed programs.

The Pyramid Hill and Viking projects are at a more advanced exploration stage, with prospective targets identified, gold mineralisation confirmed through drilling, and a working hypothesis on controls on mineralisation. CSA Global considers that the projects have sound technical merit and are sufficiently prospective to warrant further exploration and assessment of their economic potential, consistent with the proposed programs.

At least half of the liquid assets held, or funds proposed to be raised by Falcon, are understood to be committed to the exploration, development and administration of the mineral properties, satisfying the requirements of ASX Listing Rules 1.3.2(b) and 1.3.3(b). CSA Global also understands that Falcon has sufficient working capital; to carry out its stated objectives, satisfying the requirements of ASX Listing Rule 1.3.3(a).

Falcon has prepared staged exploration and evaluation programs, specific to the potential of the Projects, which is consistent with the budget allocation, and warranted by the exploration potential of the Projects. CSA Global considers that the relevant areas have sufficient technical merit to justify the proposed programs and associated expenditure, satisfying the requirements of ASX Listing Rule 1.3.3(a).

# 8 References

Bierlein, F.P., Foster, D.A., Gray, D.R., and Davidson, G.J. (2005). Timing of orogenic gold mineralisation in northeastern Tasmania: implications for the tectonic and metallogenetic evolution of Palaeozoic SE Australia. *Mineralium Deposita* **39**, 890–903.

Blewett, R. (2010). Archaean gold mineral systems in the eastern Yilgarn Craton, *Ausgeo News*, **100**, p1-8.

Cassidy, K.F. (2006). Geological Evolution of the eastern Yilgarn Craton (EYC), and terrane, domain and fault system nomenclature. In: Blewett, R.S. and Hitchman, A.P. (editors), 2006. *Final Report, 3D Geological models of the eastern Yilgarn Craton, Project Y2, September 2001-2004*. Geoscience Australia, **Record 2006/05**, p1-38.

Cassidy, K.F. Champion, D.C., Krapež, B., Barley, M.E., Brown, S.J.A., Blewett, R.S., Groenewald, P.B., and Tyler, I.M. (2006). *A revised geological framework for the Yilgarn Craton, Western Australia*. Western Australia Geological Survey, **Record 2006/8**, 8pp.

Cull, J., Lee, S.K., Lee, T.J., Uchida, T., Park, I.W., and Song, Y., (2008). A magnetotelluric survey of the 2006 central Victorian seismic transect. *GeoScience Victoria Gold Undercover Report* **8**. Department of Primary Industries.

Dentith, M., Evans, S, Thiel, S., Gallardo, L., Joly, A., and Romano, S.S. (2013). *A magnetotelluric traverse across the southern Yilgarn Craton*: Geological Survey of Western Australi, **Report 121**, 43p.

Doublier, M.P. (2013). *Geological setting of mineral deposits in the Southern Cross district – a field guide*: Geological Survey of Western Australia, **Record 2013/11**, 55p.

Fitzsimons, I.C.W., and Buchan, C. 2005. *Geology of The Western Albany Fraser orogeny, Western Australia – A Field Guide*. GSWA.

Fu, B., Fairmaid, A., and Phillips, D. (2009). New 40Ar/39Ar geochronology of gold deposits Central Victoria: final report. *GeoScience Victoria Gold Undercover Report* **19**. Department of Primary Industries.

Fu, B., Fairmaid, A.M., and Phillips, D. (2007). Geochronology of gold deposits in the western Lachlan Fold Belt, Victoria: A review. *GeoScience Victoria Gold Undercover Report* **6**. Department of Primary Industries.

Goscombe, B., Blewett, R.S., Czarnota, K., Groenewald, P.B., and Maas, R. (2009). Metamorphic evolution and integrated terrane analysis of the eastern Yilgarn Craton: rationale, methods, outcomes and interpretation. *Geoscience Australia*, **Record 2009/23**. 270pp.

Hough, M.A., Bierlein, F.P., and Wilde, A.R. (2007). A review of the metallogeny and tectonics of the Lachlan Orogen. *Mineralium deposita*, **42(5)**, 435-448.

Ivanic, T.J. (2019). *Mafic-ultramafic intrusions of the Youanmi Terrane, Yilgarn Craton*: Geological Survey of Western Australia, Report **192**, 121p.

Joint Ore Reserves Committee, 2012. *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition*. [online]. Available from http://www.jorc.org (The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists, and Minerals Council of Australia).

Myers, J.S. 1995. *Geology of The Albany 1:100,000 Sheet*. GSWA.

Phillips, D., Fu, B., Wilson, C.J., Kendrick, M.A., Fairmaid, A.M., and Miller, J.M. (2012). Timing of gold mineralisation in the western Lachlan Orogen, SE Australia: A critical overview. *Australian Journal of Earth Sciences*, **59(4)**, 495-525.

Riganti, A., and Chen, S.F. (2002). *Geology of the Jackson 1:100 000 sheet*: Western Australian Geological Survey, 1:100 000 Geological Series Explanatory Notes, 51p.

Robert, F., Brommecker, R., Bourne, B.T., Dobak, P.J., McEwan, C.J., Rowe, R.R., and Zhou, X. (2007). Models and Exploration Methods for Major Gold Deposit Types. *Proceedings of Exploration 07: Fifth Decennial International Conference on Mineral Exploration*, p.691-711.

Spaggiari, C.V., Bodorkos, S., Barquero-Mollma, M., and Tyler, I.M. 2007. *The Yilgarn Craton Meets the Albany Fraser Orogeny: Mesoproterozoic Reworking of the Southern Craton Margin*. GSWA.

Spaggiari, C.V., Bodorkos, S., Barquero-Mollma, M., Tyler, I.M., and Wingate, M.D.T. 2009/2010. *Interpreted Bedrock Geology of the Southern Yilgarn and Central Albany Fraser Orogeny, Western Australia*. GSWA.

Spaggiari, C.V., Kirkland, C.L., Pawley, M.J., Wingate, M.D.T., Smithies, R.H., and Howard, H.M. 2010. *Building the Proterozoic Albany Fraser Orogeny on the Yilgarn Craton Margin: Setting the Scene for Tropicana*. GSWA.

Spaggiari, C.V., Kirkland, C.L., Smithies, R.H., Occhipinti, S., and Wingate, M.D.T. 2014. *Geological Framework of the Albany-Fraser Orogen*. Seismic and MT Workshop: April 9th, 2014. GSWA.

Stephens, J.R., Oliver, N.H.S., Baker, T., and Hart, C.J.R. 2000. Structural evolution and controls on gold mineralization at Clear Creek, Yukon, in Emond, D., and Weston, L., eds., *Yukon exploration and geology 1999*: Exploration and Geological Services Division, Yukon Region, Indian and Northern Affairs Canada, p. 151–163.

VALMIN, 2015, *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code)*, 2015 edition. [online]. Available from http://www.valmin.org (The VALMIN Committee of The Australasian Institute of Mining and Metallurgy, and The Australian Institute of Geoscientists).

Willman, C.E. (2010). Gold Undercover – summary of geological findings; Exploring for buried gold in northern Victoria. *GeoScience Victoria Gold Undercover Report* **24**. Department of Primary Industries.

Wyche, S., Fiorentini, M.L., Miller, J.L., and McCuaig, T.C. (2012). Geology and controls on mineralisation in the Eastern Goldfields region, Yilgarn Craton, Western Australia. *Episodes*, **35(1)**, p. 273-282.

# 9 Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Wikipedia (www.wikipedia.org).

| | |
|---|---|
| aeromagnetic | A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the Earth's magnetic field. |
| amphibolite | A metamorphic crystalline rock consisting mainly of amphiboles and some plagioclase. |
| amphibolite facies | The set of metamorphic mineral assemblages (facies) which is typical of regional metamorphism between 450°C and 700°C. |
| anomaly | An area where exploration has revealed results higher than the local background level. |
| Archaean | Widely used term for the earliest era of geological time spanning the interval from the formation of Earth to about 2,500 million years ago. |
| Archaean | Widely used term for the earliest era of geological time spanning the interval from the formation of Earth to about 2,500 million years ago. |
| assay | The testing and quantification metals of interest within a sample. |
| Batholith | A large, generally discordant plutonic mass that has more than 40 square miles (100 $km^2$) of surface exposure and no known floor. |
| BLEG | Bulk leach extractable gold – an analytical technique measuring gold extractable by bulk leaching. |
| boudinage | A geological term for structures formed by extension, where a rigid tabular body such as hornfels, is stretched and deformed amidst less competent surroundings. The competent bed begins to break up, forming sausage-shaped boudins. |
| carbonate | Rock or mineral dominated by the carbonate ion (CO2−3), of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and carbon and oxygen. Essential component of limestones and marbles. |
| colluvium | Material which accumulates at the foot of a steep slope. |
| craton | An old and stable part of the continental lithosphere. |
| diamond drilling | Drilling method employing a (industrial) diamond encrusted drill bit for retrieving a cylindrical core of rock. |
| domain | Geological zone of rock with similar geostatistical properties; typically, a zone of mineralisation. |
| dry blowing | Method of concentrating alluvial gold by winnowing with air. |
| dyke | A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle. |
| en-echelon | Closely spaced, parallel or subparallel, overlapping or step-like minor structural features in rock, which lie oblique to the overall structural trend. |
| epizonal | The zone of metamorphism characterised by moderate temperature, low hydrostatic pressure, and powerful stress. The outer depth zone of metamorphic rocks. |
| facies | A body of rock with specified characteristics, which can be any observable attribute of rocks (such as their overall appearance, composition, or condition of formation), and the changes that may occur in those attributes over a geographic area. |
| fault | A wide zone of structural dislocation and faulting. |
| foliated | Consisting of thin sheets or laminae. |
| geochemical | Pertains to the concentration of an element. |
| geophysical | Pertains to the physical properties of a rock mass. |

| | |
|---|---|
| gneiss | A foliated rock formed by regional metamorphism. |
| granite | A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas. |
| granulite | A rock produced by deep-seated high pressure and temperature conditions. |
| greenstone belt | A zone of variably metamorphosed mafic to ultramafic volcanic sequences with associated sedimentary rocks that occur within Archaean and Proterozoic cratons between granite and gneiss bodies. |
| greenstone | Term commonly applied to low metamorphic grade rocks of basic composition and comprised of the minerals chlorite and amphibole. Commonly applied to Archaean rock sequences dominated by these rock types. |
| ground magnetic | Geophysical survey method using a handheld magnetometer to record the strength of the earth's magnetic field usually along a grid. |
| hematite | Iron oxide mineral with chemical formula Fe2O33, hard, dense, black to brown. |
| intermediate rocks | Rocks are roughly even mixtures of felsic minerals (mainly plagioclase) and mafic minerals (mainly hornblende, pyroxene, and/or biotite). |
| intrusive | Any igneous rock formed by intrusion and cooling of hot liquid rock below the Earth's surface. |
| lithology | The description of a rock unit's physical characteristics visible in hand or core samples, such as colour texture grain size and composition. |
| lode | A deposit of metalliferous ore formed in a fissure or vein. |
| mafic | Igneous rock composed dominantly of dark coloured minerals such as amphibole pyroxene and olivine, generally rich in magnesium and iron. |
| magnetic anomaly | Zone where the magnitude and orientation of the Earth's magnetic field differs from adjacent areas, typically caused by magnetic properties of basement rocks. |
| magnetite | Iron oxide mineral with chemical formula $Fe_3O_4$, hard, dense, black to grey, noted for ferrimagnetic properties – can be magnetised to become a magnet. |
| Mesozonal | The intermediate depth zone of metamorphism in metamorphic rock characterised by moderate temperatures (300–500°C), hydrostatic pressure, and shearing stress. |
| metamorphic | A rock that has been altered by metamorphism from a pre-existing igneous or sedimentary rock type. |
| Neoarchaean | A geologic era within the Archaean Eon. The Neoarchean spans the period from 2,800 to 2,500 million years ago—the period being defined chronometrically and not referenced to a specific level in a rock section on Earth. |
| outcrop | A visible exposure of bedrock or ancient superficial deposits on the surface of the Earth. |
| porphyritic | Relating to or denoting a rock texture containing distinct crystals or crystalline particles embedded in a compact groundmass. |
| porphyry | Igneous rocks in which large crystals (phenocrysts) are set in finer ground mass, which may be crystalline or glass. |
| Proterozoic | The second oldest Eon (geologic time period), pertaining to rocks older than 541 Ma (million years) and younger than about 2,500 Ma. |
| quartz | Common mineral composed of crystalline silica, with chemical formula $SiO_2$. |
| RC drilling | Reverse circulation drilling – a percussion drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination. |
| schist | A metamorphic rock dominated by fibrous or platey minerals, with a strongly foliated fabric (schistose cleavage). |
| sedimentary | A term describing a rock formed from sediment. |

| | |
|---|---|
| shear | A deformation resulting from stresses that cause rock bodies to slide relatively to each other in a direction parallel to their plane of contact. |
| soil sampling | The collection of soil specimens for mineral analysis. |
| strata | Sedimentary rock layers. |
| stratigraphic | Pertaining to the composition, sequence, and correlation of stratified rocks. |
| strike | Horizontal direction or trend of a geological strata or structure. |
| structural | Pertaining to rock deformation or to features that result from it. |
| superterrane | A group of physically connected and related terranes. |
| terrane | Any rock formation or series of formations or the area in which a particular formation or group of rocks is predominant. |
| turbidite | A type of sedimentary rock composed of layered particles that grade upward from coarser to finer sizes and are thought to have originated from ancient turbidity currents in the oceans. |
| volcanics | Rocks formed or derived from volcanic activity. |
| volcanism | The phenomenon of eruption of molten rock (magma) onto the surface of the Earth or a solid-surface planet or moon, where lava, pyroclastics and volcanic gases erupt through a break in the surface called a vent. |

# 10 Abbreviations and Units of Measurement

| | |
|---|---|
| °C | degrees Celsius |
| 1vd | First vertical derivative |
| A$ | Australian dollars |
| AFO | Albany-Fraser Orogen |
| AHD | Australian Height Datum |
| AIG | Australian Institute of Geoscientists |
| AngloGold | Anglogold Ashanti |
| As | arsenic |
| ASIC | Australian Securities and Investments Commission |
| ASX | Australian Securities Exchange |
| Au | gold |
| AusIMM | Australasian Institute of Mining and Metallurgy |
| BIF | banded iron formation |
| BLEG | bulk leach extractable gold |
| BOH | bottom of hole |
| Chalice | Chalice Mining Limited |
| CSA Global | CSA Global Pty Ltd |
| DMIRS | Department of Mines, Industry Regulation and Safety |
| EOH | end of hole |
| Falcon | Falcon Metals Limited |
| g | grams |
| g/t | grams per tonne |
| Genesis | Genesis Minerals Limited |
| ITAR | Independent Technical Assessment Report |
| km | kilometres |
| $km^2$ | square kilometres |
| m | metres |
| Ma | mega annum – million years ago |
| mm | millimetres |
| MMI | mobile metal ions |
| Moz | million ounces |
| ppb | parts per billion |
| ppm | parts per million |
| RC | reverse circulation drilling |
| RTP | reduced to the pole |
| Sb | antimony |
| VMS | volcanogenic massive sulphide |

# Appendix A JORC Code Table 1 – Pyramid Hill Project

## Section 1: Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| **Sampling techniques** | *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*<br>*Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>*Aspects of the determination of mineralisation that are Material to the Public Report.*<br>*In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.* | Aircore (AC) drilling samples were collected via 2–4 m composite samples from 1 m bulk samples using a PVC spear with each combined composite sample weighing approximately 3 kg. 1 m samples were taken where applicable at EOH. Additional 1 m re-splits (where taken) were collected from 1 m bulk samples using a PVC spear. Diamond samples were collected from selected intervals ranging from 0.2 m to 1.3 m, cut and sampled via half core.<br>All composites were pulverised to nominal 85% passing 75 microns before being analysed.<br>Qualitative care has been taken to ensure representative sample weights were consistent when sampling on a metre-by-metre basis. Care was taken when sampling the diamond core, sampling the same half side of the core was standard practice. |
| **Drilling techniques** | *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).* | The drilling was completed via either AC or diamond techniques. AC drilling used predominately blade and/or face sampling hammer drill bits with a diameter of 102–104 mm. Diamond drilling used a HQ sized drill bit with a diameter of ~96 mm giving a core size of ~63.5 mm or a NQ sized drill bit with a diameter of ~75.7 mm giving a core size of ~47.6 mm. |
| **Drill sample recovery** | *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>*Measures taken to maximise sample recovery and ensure representative nature of the samples.*<br>*Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.* | Individual recoveries of both composite and core samples were recorded on a qualitative basis. Generally sample weights are comparable, and any bias considered negligible.<br>No relationships have been noticed between sample grade and recoveries. Re-sampling and assaying of some mineralised AC samples in alluvial zones produced varying assays due to the inferred coarse "nuggetty" nature of the gold.<br>Some poor recovery zones in the diamond drilling were noticeable in areas within soft transition material close to the fresh rock interface where coring commenced. Core recovery has been accurately logged for reference. |
| **Logging** | *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*<br>*Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.*<br>*The total length and percentage of the relevant intersections logged.* | All drillholes were logged geologically including, but not limited to, weathering, regolith, lithology, structure, texture, alteration, and mineralisation. Logging was at an appropriate quantitative standard to support future geological, engineering and metallurgical studies.<br>Logging is considered quantitative in nature.<br>All holes were geologically logged in full. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| **Subsampling techniques and sample preparation** | *If core, whether cut or sawn and whether quarter, half or all core taken.*<br>*If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*<br>*For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>*Quality control procedures adopted for all subsampling stages to maximise representivity of samples.*<br>*Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.*<br>*Whether sample sizes are appropriate to the grain size of the material being sampled.* | For AC drilling, 2–4 m composite samples and 1 m re-splits of the 1 m bulk samples were collected using a spear method. Majority of the samples were dry in nature. For diamond drilling, the core was cut in half and selectively sampled every 0.2–1.3 m.<br>For AC drilling, field duplicate samples were sent every 20$^{th}$ sample to check for assay repeatability. Results of duplicate samples (outside of alluvial sourced samples) were considered acceptable and within precision and accuracy limits for the style of mineralisation explored for. Duplicate samples were not taken for the diamond samples.<br>Sample sizes are considered appropriate for the style mineralisation targeted and the initial reconnaissance nature of the drilling programs to date. |
| **Quality of assay data and laboratory tests** | *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*<br>*For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*<br>*Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.* | All samples were sent to ALS preparation facility in Adelaide for sample preparation then on-sent to ALS Perth for chemical analysis.<br>For all composite aircore samples, 40 elements (including gold) were analysed using up to a 25 g aqua regia method with an inductively coupled plasma-atomic emission spectroscopy (ICP-AES) and/or inductively coupled plasma-mass spectrometry (ICP-MS) finish depending on the elements (ALS method code – TL43-MEPKG). Aqua regia techniques are not considered total in nature. Should refractory mineralisation be encountered, this could affect the nature of final results. All 1 m re-splits were analysed using 50 g fire assay with ICP-AES finish. Diamond samples were analysed using both 50 g fire assay and a 48-element four-acid suite (ALS method codes – Au-ICP22 and ME-MS61). These techniques are considered total in nature.<br>Chalice Mining Limited (Chalice) has its own internal quality assurance/quality control (QAQC) procedure involving the use of certified reference materials (CRMs). For AC drilling, standards – four per 100 samples, blanks – one per 100 samples, and duplicates – four per 100 samples, which accounts for ~9% of the total submitted samples. For diamond drilling, standards and blanks are inserted by the field Geologist at random intervals which accounts for between 6% and 9% of total submitted samples. |
| **Verification of sampling and assaying** | *The verification of significant intersections by either independent or alternative company personnel.*<br>*The use of twinned holes.*<br>*Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*<br>*Discuss any adjustment to assay data.* | Significant intersections were checked by the Senior Project Geologist and then by the General Manager of Exploration. Significant intersections are cross-checked with the geology logged and drill chips collected after final assays are received.<br>No twin holes have been drilled for comparative purposes. The targets are still considered to be in an early exploration stage.<br>Primary data was digitally collected and entered via a field Toughbook computer using in house logging codes. The data is sent to Perth where the data is validated and entered into the master database.<br>No adjustments have been made to the assay data received. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| **Location of data points** | *Accuracy and quality of surveys used to locate drillholes (collar and downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*<br>*Specification of the grid system used.*<br>*Quality and adequacy of topographic control.* | Hole collar locations have been picked up by Chalice employees using a handheld global positioning system (GPS) with a ±5 m error.<br>The grid system used for the location of all drillholes is either MGA_GDA94 (Zone 54 or Zone 55). A grid zone boundary transects the larger project area.<br>RL data is considered unreliable although topography around the drill area is flat and hence should not have any significant effect on the interpretation of data. RL's for Chalice drilling have been assigned from 1 sec (30 m) satellite data. |
| **Data spacing and distribution** | *Data spacing for reporting of Exploration Results.*<br>*Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*<br>*Whether sample compositing has been applied.* | Nominal drillhole spacing is generally 50–400 m between AC holes. Spacing between diamond holes varies between ~25 m and ~500 m.<br>The current spacing is not considered sufficient to assume any geological or grade continuity of the results intersected.<br>No sample compositing has been applied. |
| **Orientation of data in relation to geological structure** | *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*<br>*If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.* | Sampling has been routinely completed beneath transported cover with no selective bias to any particular primary geological domain.<br>Exact controls on gold anomalism remain unknown. Structural measurements taken in the diamond drilling suggests a tightly folded succession of rocks that plunge ~ 15° south and dip east and west with a general north-south strike to mineralisation. The optimal drill direction (exactly perpendicular to anomalism) is inferred to be either east or west depending on local geological controls. |
| **Sample security** | *The measures taken to ensure sample security.* | Chain of custody is managed by Chalice. Samples are stored on site before being transported by third parties to the laboratories in Adelaide and Perth. |
| **Audits or reviews** | *The results of any audits or reviews of sampling techniques and data.* | No review has been carried out to date. |

## Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section)

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| **Mineral tenement and land tenure status** | *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*<br>*The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.* | Drilling has been carried out within EL006737, EL006738, EL006901, EL006661, and EL006669. All licences are wholly owned by CGM (WA) Pty Ltd, a wholly owned subsidiary of Chalice Mining Limited with no known encumbrances. |
| **Exploration done by other parties** | *Acknowledgment and appraisal of exploration by other parties.* | There has been limited effective exploration completed by other parties within the project area, a summary of work completed by several key companies is summarised below.<br>AC drilling completed by Barrick in 2004 (48 holes for 4,372 m) consisted of ~2 kg 1–4 m composite samples. Samples were sent to Genalysis Perth and assayed for gold via M/ETA technique to 1 ppb Au detection and arsenic by B/MS detection to 0.5 ppm. Select samples were assayed via B/MS for silver, |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | copper, lead, zinc, antimony, tellurium, bismuth, molybdenum, and tungsten.<br>AC drilling completed by St Barbara in 2008 consisted of collecting 1–5 m composite grab samples and 1 m interface samples. All composite samples were assayed by Amdel South Australia for gold by fire assay (FA1) with selected samples also assayed for arsenic (IC3E). Interface samples were additionally analysed by a suite of multi-elements by multi-acid digest with ICP-OES finish (IC3E).<br>AC drilling completed by Minotaur in 2012 consisted of 51 holes for 1,605 m. ~2 kg samples were collected from each metre and sent to Adelaide for portable XRF analysis. Selected samples were then submitted to Genalysis Adelaide for analysis by aqua regia and ICP-MS and ICP-OES (lab methods AR10/GF, AR1-/MS and AR10OE).<br>Homestake Mining completed surface bulk-leach extractable gold (BLEG) and proprietary mobile metal ions (MMI) soil sampling over parts of EL006898, EL006661, EL006864 and EL006901 which has been evaluated and used by Chalice for targeting purposes. Exact details on sampling protocols and analytical details could not be found in the open file documentation.<br>Mag-lag sampling completed by Inglewood Gold between 1997 and 1998 on EL(A)7320 consisted of the magnetic fraction lag fraction being collected using a “MAGSAM 2000” magnetic sampler representing a rare earth magnet housed within a stainless-steel sleeve ensuring no contamination between samples. The magnetic fraction can be collected in most areas with only a few grams required for an ICP multi-element scan analysis. The magnetic fraction is deposited into a small soil sample packet by retracting the magnet. The shaft of the magnet is cleaned off between samples. Samples were analysed for a multi-element suite by ICP-MS/OES methods after using a partial “Mini” aqua regia digest by Ultra Trace Laboratories at Canning Vale, Western Australia. Gold detection was 1 ppb.<br>Mag-lag sampling completed by Strata Mining Corporation Ltd between 2000 and 2004 on EL(A)7320 consisted of the magnetic fraction lag fraction being collected using a “MAGSAM 2000” magnetic sampler representing a rare earth magnet housed within a stainless-steel sleeve ensuring no contamination between samples. The magnetic fraction can be collected in most areas with only a few grams required for an ICP multi-element scan analysis. The magnetic fraction is taken at shallow depths of 2–5 cm with the surface litter cleared before sampling. The magnetic fraction is deposited into a small soil sample packet by retracting the magnet. The shaft of the magnet is cleaned off between samples. Samples were analysed for a multi-element suite by ICP-MS/OES methods after using a partial “Mini” aqua regia digest by Ultra Trace Laboratories at Canning Vale, Western Australia. Gold detection was 1 ppb. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| **Geology** | *Deposit type, geological setting and style of mineralisation.* | The mineralisation being explored for is orogenic style similar to that seen within the Bendigo and Fosterville gold deposits of the Bendigo Zone. Gold mineralisation in these deposits is typically hosted by quartz veins within Ordovician age Castlemaine Group sediments. |
| **Drillhole Information** | *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes:*<br>• *easting and northing of the drillhole collar*<br>• *elevation or RL (Reduced Level – elevation above sea level in metres) of the drillhole collar*<br>• *dip and azimuth of the hole*<br>• *downhole length and interception depth*<br>• *hole length.*<br>*If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.* | Refer to attached summary report and data. |
| **Data aggregation methods** | *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* | A length-weighted averaging technique has been applied where necessary to produce all displayed and tabulated drill intersections. In appendix tables and figures, results are calculated using either a minimum 0.1 g/t, 0.5 g/t or 1.0 g/t lower cut-off grade and maximum 4 m internal dilution. |
| | *Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* | Not applicable. |
| | *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | Not applicable. |
| **Relationship between mineralisation widths and intercept lengths** | *These relationships are particularly important in the reporting of Exploration Results.*<br>*If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported.*<br>*If it is not known and only the downhole lengths are reported, there should be a clear statement to this effect (e.g. 'downhole length, true width not known').* | The relationship between gold anomalism and true width remains poorly constrained and requires further drilling to more accurately interpret true widths. |
| **Diagrams** | *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drillhole collar locations and appropriate sectional views.* | Refer to figures in the body of report. |
| **Balanced reporting** | *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.* | Only significant results above 0.1 g/t Au have been tabulated. The results are considered representative with no intended bias. Commentary regarding the variable gold results due to nugget effect in mineralised alluvial samples is duly disclosed. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| **Other substantive exploration data** | *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.* | Not applicable. |
| **Further work** | *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*<br>*Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.* | Further diamond drilling at the Ironbark and Karri prospects will improve the understanding of the geological controls to mineralisation.<br>Target Zones (anomalous AC gold trends – Banksia and Wandoo) as defined on the plan figures highlight the areas of most interest for further follow-up exploration. |

# Appendix B JORC Code Table 1 – Viking Project

## Section 1: Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

| Criteria | JORC Code explanation | Commentary | |
|---|---|---|---|
| | | **AngloGold Ashanti** | **Genesis Minerals Limited** |
| **Sampling techniques** | *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*<br>*Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>*Aspects of the determination of mineralisation that are Material to the Public Report.*<br>*In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.* | Auger holes were drilled to a maximum depth of 2 m, with single samples taken from the zone of greatest carbonate reactivity downhole. Samples were not sieved and averaged approximately 300–500 g.<br>Aircore (AC) holes were drilled to blade refusal with samples collected from the cyclone in single metre intervals and laid on the ground in rows of 10 for geological logging. 4 m composite samples weighing approximately 3 kg in total were collected from the sample piles using a scoop and submitted for gold analysis. A 750 g composite sample of the last metre (or 2 m, if bottom of hole (BOH) sample recovery is inadequate) in each hole was collected using a scoop and submitted for multi-element analysis.<br>Reverse circulation (RC) holes were drilled with 1 m intervals collected from the cyclone from a cone splitter. A variable split of approx. 1-in-8 was collected with a final sample weighing ~3 kg. Prior to sending to the lab, samples were re-split into 2 m composite samples with 1 m samples retained.<br>Diamond holes were drilled using HQ2 core in the weathered zones reducing to NQ2 in fresh rock. Sampling was completed on nominal 1 m intervals. It is not known whether half core or quarter core was sent for assay.<br>It is assumed qualitative care was taken to ensure representative sample weights were consistent when sampling, although no evidence can be provided. | For auger sampling, a 3.5-inch hole was drilled to a depth of either 1 m or 1.5 m with a single sample collected and placed in a calico bag. Carbonate reactivity was logged.<br>AC holes were drilled to blade refusal with samples collected from the cyclone in single metre intervals and laid on the ground in rows of 10 for geological logging. 5 m composite samples and 1 m BOH samples were taken. For 2017 AC drilling, where 5 m samples returned >0.1 g/t Au, the original 1 m splits were resampled.<br>RC holes were drilled with 1 m intervals collected from the cyclone from a cone splitter. A variable split of approx. 1-in-8 was collected with a final sample weighing ~3 kg. Prior to sending to the lab, samples were re-split into 5 m composite samples with 1 m samples retained in areas of interest.<br>It is assumed qualitative care was taken to ensure representative sample weights were consistent when sampling, although no evidence can be provided. |

| Criteria | JORC Code explanation | Commentary | |
|---|---|---|---|
| | | **AngloGold Ashanti** | **Genesis Minerals Limited** |
| **Drilling techniques** | *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).* | The drilling was completed either by AC, RC or diamond techniques. AC drilling predominantly used a blade with an unknown bit diameter. RC drilling used a hammer bit of unknown diameter. Diamond holes were drilled using HQ2 core in the weathered zones reducing to NQ2 in fresh rock. | The drilling was completed either by AC or RC techniques. AC drilling predominantly used aa blade with an unknown bit diameter. RC drilling used a hammer bit of unknown diameter. |
| **Drill sample recovery** | *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>*Measures taken to maximise sample recovery and ensure representative nature of the samples.*<br>*Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.* | Recovery information for all forms of completed drilling has not been reviewed and hence relationships between grade and recoveries are not known. | Recovery information for all forms of completed drilling has not been reviewed and hence relationships between grade and recoveries are not known. |
| **Logging** | *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*<br>*Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*<br>*The total length and percentage of the relevant intersections logged.* | All drillholes were logged geologically including but not limited to weathering, regolith, lithology, structure, texture, alteration and mineralisation. Logging was at an appropriate quantitative standard to support future geological, engineering and metallurgical studies.<br>Logging is considered quantitative in nature.<br>All holes were geologically logged in full. | All drillholes were logged geologically including but not limited to weathering, regolith, lithology, structure, texture, alteration and mineralisation. Logging was at an appropriate quantitative standard to support future geological, engineering and metallurgical studies.<br>Logging is considered quantitative in nature.<br>All holes were geologically logged in full. |
| **Subsampling techniques and sample preparation** | *If core, whether cut or sawn and whether quarter, half or all core taken.*<br>*If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*<br>*For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>*Quality control procedures adopted for all subsampling stages to maximise representivity of samples.*<br>*Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.*<br>*Whether sample sizes are appropriate to the grain size of the material being sampled.* | For rock chip sampling, QAQC (standards and blanks) was inserted routinely at every 100 samples.<br>For auger sampling, single samples taken from the zone of greatest carbonate reactivity downhole. Samples were not sieved and averaged approximately 300–500 g QAQC. Standards and blanks were each routinely submitted every hundred samples as part of quality control.<br>For AC drilling, 4 m composite samples weighing approximately 3 kg in total were collected from the sample piles using a scoop. Blanks and standards were routinely submitted for quality control purposes, at a nominal ratio of 1:40 samples. | For auger sampling, a 3.5-inch hole was drilled to a depth of either 1 m or 1.5 m with a single sample collected and placed in a calico bag. Sample colour and response to a 10% hydrochloric acid test was recorded for carbonate reactivity. QAQC results and/or discussion of which has not been located.<br>For AC drilling, 5 m composite samples and 1 m BOH samples were collected from the sample piles using a scoop. QAQC procedures (which are unknown) including standards and duplicates were followed with no issues noted by Genesis Minerals Limited (Genesis) but this data has not been reviewed by Falcon Metals Limited (Falcon) or CSA Global Pty Ltd (CSA Global). |

| Criteria | JORC Code explanation | Commentary | |
|---|---|---|---|
| | | **AngloGold Ashanti** | **Genesis Minerals Limited** |
| | | For RC drilling, 1 m intervals were collected from the cyclone from a cone splitter. A variable split of approx. 1-in-8 was collected with a final sample weighing ~3 kg. Blanks, normally a quartz sand or non-mineralised granite/dolerite gravel, was inserted at the start of each hole. Standards are then inserted at a ratio of approximately 1-in-35 samples after the blank.<br>For diamond drilling, blanks, normally a quartz sand or non-mineralised granite/dolerite gravel, was inserted at the start of each hole. Standards are then inserted at a ratio of approximately 1-in-35 samples after the blank.<br>No duplicate samples are known to exist for representivity/comparison purposes.<br>Sample sizes are considered appropriate for the style mineralisation targeted. | For RC drilling, 1 m intervals were collected from the cyclone from a cone splitter. A variable split of approx. 1-in-8 was collected with a final sample weighing ~3 kg. Standards and blanks were entered into the sample sequence but at an unknown rate.<br>Sample sizes are considered appropriate for the style mineralisation targeted. |
| **Quality of assay data and laboratory tests** | *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*<br>*For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*<br>*Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.* | Rock chip samples were sent to Genalysis Perth for multi-element analysis, Samples were dried and pulverised to -75 microns. Lead-collection fire assay followed by inductively coupled plasma-mass spectrometry (ICP-MS) for gold, platinum, and palladium analysis was used using either a 25 g (FA25/SAA) or 50 g charge (FA50/MS). Multi-element analysis (61 elements) used four-acid ICP-MS/OES methods (4A/MS and 4A/OE).<br>Auger samples were dried in an oven at 100°C and then pulverised in an LM2 mill to a nominal size of –75 microns. The milled pulps were weighed out (25 g) and underwent stepwise, aqua regia digestion in a temperature-controlled laboratory. The analyte was then presented to a graphite-furnace AAS (gold), followed by ICP-MS and ICP-OES (GLS method code B25/EETA/MS/OES). In the 2010-2011 reporting period, the same sample preparation protocol was used. Samples were presented to a high-sensitivity graphite-furnace AAS to analysed for gold (Genalysis method codes AR25/EGF), followed by ICP-MS (AR25/MS) and ICP-OES (AR25/OE) for multi-element analysis. | Auger samples were sent to Genalysis Kalgoorlie and assays for gold via aqua regia (AR25/eMS) with a 0.1 ppb detection limit.<br>AC samples were submitted to Genalysis Perth for analysis for gold via aqua regia (AR25).<br>RC samples were dried at approximately 120°C with the total sample then milled in a LM5 pulveriser to a nominal 85% passing of 75 µm. The milled samples were weighed into charges for digestion and analysis. All samples were analysed for gold by lead-collection fire assay, using a 50 g charge with flame-AAS finish (Genalysis method FA50/AA). |

| Criteria | JORC Code explanation | Commentary | |
|---|---|---|---|
| | | **AngloGold Ashanti** | **Genesis Minerals Limited** |
| | | AC samples were submitted to Genalysis Intertek Laboratory Services for analysis. At the laboratory, samples were dried in an oven at 120°C and then pulverised in an LM5 mill to a nominal size of -75 microns. Samples were analysed using a graphite-furnace AAS (method B25/ETA or AR25/GF) for gold to a detection limit of 1 ppb Au. BOH multi-element samples were further analysed, also at Genalysis, by ICP-MS/OES (GLS method code B25/ETA/MS/OES or AR25/MS). Where anomalous results were encountered in 4 m composite samples, select 1 m re-samples would be taken and submitted for a low-level aqua regia (method B25/ETA or AR25/OE) or fire-assay (method FA25/SAAS using a 50 g charge) analysis.<br>RC samples were dried at approximately 120°C with the total sample then milled in a LM5 pulveriser to a nominal 85% passing of 75 µm. The milled samples were weighed into charges for digestion and analysis. All samples were analysed for gold by lead-collection fire assay, using a 50 g charge with flame-AAS finish (Genalysis method FA50/AA).<br>Diamond drilling samples were analysed at Genalysis. Sample preparation involved drying and pulverising to nominal 85% passing 75 microns. The samples were then analysed for gold by lead-collection fire assay using a 50 g charge with an AAS finish (FA50/AA) to 1 ppb Au detection. | |
| **Verification of sampling and assaying** | *The verification of significant intersections by either independent or alternative company personnel.*<br>*The use of twinned holes.*<br>*Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*<br>*Discuss any adjustment to assay data.* | Significant intersections were checked by a Chalice Senior Geologist and additionally by CSA Global and cross checked against the supplied database which has been created using all available drilling and surface geochemical datasets obtained.<br>No twin holes have been drilled for comparative purposes. The targets are still considered to be in an early exploration stage. | Significant intersections were checked by a Chalice Senior Geologist and additionally by CSA Global and cross checked against the supplied database which has been created using all available drilling and surface geochemical datasets obtained.<br>No twin holes have been drilled for comparative purposes. The targets are still considered to be in an early exploration stage. |

| Criteria | JORC Code explanation | Commentary | |
|---|---|---|---|
| | | **AngloGold Ashanti** | **Genesis Minerals Limited** |
| | | Primary field data was captured using in house logging codes and entered in a master database, a subset which has been used to document results.<br>No adjustments have been made to the assay data. | Primary field data was captured using in house logging codes and entered in a master database, a subset which has been used to document results.<br>No adjustments have been made to the assay data. |
| **Location of data points** | *Accuracy and quality of surveys used to locate drillholes (collar and downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*<br>*Specification of the grid system used.*<br>*Quality and adequacy of topographic control.* | Hole collar locations have been picked up using a handheld global positioning system (GPS) with a ±10 m error.<br>The grid system used for the location of all drillholes is MGA, GDA94 (Zone 51).<br>The reliability of RL data is unknown. | Hole collar locations have been picked up using a handheld GPS with a ±10 m error.<br>The grid system used for the location of all drillholes is MGA, GDA94 (Zone 51).<br>The reliability of RL data is unknown. |
| **Data spacing and distribution** | *Data spacing for reporting of Exploration Results.*<br>*Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*<br>*Whether sample compositing has been applied.* | Drillhole spacing is highly variable.<br>Where reported, the current spacing is considered sufficient to assume geological and grade continuity of the results presented.<br>No sample compositing has been applied. | Drillhole spacing is highly variable.<br>Where reported, the current spacing is considered sufficient to assume geological and grade continuity of the results presented.<br>No sample compositing has been applied. |
| **Orientation of data in relation to geological structure** | *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*<br>*If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.* | Sampling has been routinely completed with no selective bias to any particular primary geological domain. Some diamond holes were selectively sampled based on visual geological domains interpreted to represent areas of possible mineralisation.<br>Mineralisation appears to be shallow-moderately east dipping associated with both quartz veining and shear zones. Drilling orientations for the most part are considered appropriate for the geometry of mineralisation intersected to date hence most intersections presented are likely to be near true width. | Sampling has been routinely completed with no selective bias to any particular primary geological domain. Some diamond holes were selectively sampled based on visual geological domains interpreted to represent areas of possible mineralisation.<br>Mineralisation appears to be shallow-moderately east dipping associated with both quartz veining and shear zones. Drilling orientations for the most part are considered appropriate for the geometry of mineralisation intersected to date hence most intersections presented are likely to be near true width. |
| **Sample security** | *The measures taken to ensure sample security.* | Not applicable. | Not applicable. |
| **Audits or reviews** | *The results of any audits or reviews of sampling techniques and data.* | No review has been carried out to date. | No review has been carried out to date. |

## Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section)

| Criteria | JORC Code explanation | Commentary | |
|---|---|---|---|
| | | **Anglogold Ashanti** | **Genesis Minerals Limited** |
| **Mineral tenement and land tenure status** | *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*<br>*The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.* | Drilling and surface geochemistry have been carried out within E63/1963 and E(A)63/1994. The tenement areas are located within the Dundas Nature Reserve. E(A)63/1994 is wholly owned by Falcon Metals Limited (to be transferred from CGM (WA) Pty Ltd. Falcon is subject to a farm-in agreement with Metal Hawk Limited, whereby Falcon has a commitment to spend a minimum $200,000 within two years as part of a $1,000,000 earn-in for an initial 51% interest in the project. On achieving a 51% interest, Falcon has the right but not the obligation to earn a further 19% (70% total) by funding an additional $1,750,000 of expenditure over 30 months. Upon completion of the earn-in period, a joint venture will be formed to fund ongoing exploration on the project on a pro-rata basis. | Drilling and surface sampling have been carried out within E63/1963. The tenement areas are located within the Dundas Nature Reserve. E(A)63/1994 is wholly owned by Falcon Metals Limited (to be transferred from CGM (WA) Pty Ltd. Falcon is subject to a farm-in agreement with Metal Hawk Limited, whereby Falcon has a commitment to spend a minimum $200,000 within two years as part of a $1,000,000 earn-in for an initial 51% interest in the Project. On achieving a 51% interest, Falcon has the right but not the obligation to earn a further 19% (70% total) by funding an additional $1,750,000 of expenditure over 30 months. Upon completion of the earn-in period, a joint venture will be formed to fund ongoing exploration on the project on a pro-rata basis. |
| **Exploration done by other parties** | *Acknowledgment and appraisal of exploration by other parties.* | No other known gold exploration has been completed over the project area. | No other known gold exploration has been completed over the project area. |
| **Geology** | *Deposit type, geological setting and style of mineralisation.* | The mineralisation being explored for is orogenic style similar to that seen in the eastern goldfields and/or elsewhere in the Albany Fraser Orogen. | The mineralisation being explored for is orogenic style similar to that seen in the eastern goldfields and/or elsewhere in the Albany Fraser Orogen. |
| **Drillhole information** | *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes:*<br>• *easting and northing of the drillhole collar*<br>• *elevation or RL (Reduced Level – elevation above sea level in metres) of the drillhole collar*<br>• *dip and azimuth of the hole*<br>• *downhole length and interception depth*<br>• *hole length.*<br>*If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.* | Refer to attached report and data. | Refer to attached report and data. |

| Criteria | JORC Code explanation | Commentary | |
|---|---|---|---|
| | | **Anglogold Ashanti** | **Genesis Minerals Limited** |
| **Data aggregation methods** | *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* | A length-weighted averaging technique has been applied where necessary to produce all displayed and tabulated drill intersections. Results are calculated using a 0.5 g/t lower cut-off grade and maximum 4 m internal dilution. | A length-weighted averaging technique has been applied where necessary to produce all displayed and tabulated drill intersections. Results are calculated using a 0.5 g/t lower cut-off grade and maximum 4 m internal dilution. |
| | *Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* | Not applicable. | Not applicable. |
| | *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | Not applicable. | Not applicable. |
| **Relationship between mineralisation widths and intercept lengths** | *These relationships are particularly important in the reporting of Exploration Results.*<br>*If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported.*<br>*If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'downhole length, true width not known').* | The relationship between gold anomalism and true width remains poorly constrained however a moderate easterly dip to mineralisation appears to be well justified and hence, when drilling at moderate angles to the west, drill intercepts should be near or close to true widths. | The relationship between gold anomalism and true width remains poorly constrained however a moderate easterly dip to mineralisation appears to be well justified and hence, when drilling at moderate angles to the west, drill intercepts should be near or close to true widths. |
| **Diagrams** | *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drillhole collar locations and appropriate sectional views.* | Refer to figures in the body of report. | Refer to figures in the body of report. |
| **Balanced reporting** | *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.* | Only significant results above 0.5 g/t Au have been tabulated using a maximum 4 m internal dilution. The results are considered representative with no intended bias. | Only significant results above 0.5 g/t Au have been tabulated using a maximum 4 m internal dilution. The results are considered representative with no intended bias. |
| **Other substantive exploration data** | *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.* | Not applicable. | Not applicable. |

| Criteria | JORC Code explanation | Commentary | |
|---|---|---|---|
| | | **Anglogold Ashanti** | **Genesis Minerals Limited** |
| **Further work** | *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*<br>*Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.* | Further RC drilling will be carried out at the Beaker 1–3 prospects as follow-up to the encouraging historical intersections to date. Drilling will target potential down dip and/or down plunge extensions to mineralisation outlined to date.<br>Refer to figures in the body of report. | Further RC drilling will be carried out at the Beaker 1–3 prospects as follow-up to the encouraging historical intersections to date. Drilling will target potential down dip and/or down plunge extensions to mineralisation outlined to date.<br>Refer to figures in the body of report. |

# Appendix C JORC Code Table 1 – Mt Jackson Project

## Section 1: Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| **Sampling techniques** | *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*<br>*Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>*Aspects of the determination of mineralisation that are Material to the Public Report.*<br>*In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.* | Soil samples were collected at an approximate depth of 30 cm and sieved to -80 mesh fraction size. A small sample (<250 g) was collected for assay. |
| **Drilling techniques** | *Drill type (eg. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).* | Not applicable. |
| **Drill sample recovery** | *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>*Measures taken to maximise sample recovery and ensure representative nature of the samples.*<br>*Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.* | Not applicable. |
| **Logging** | *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*<br>*Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*<br>*The total length and percentage of the relevant intersections logged.* | Not applicable. |
| **Subsampling techniques and sample preparation** | *If core, whether cut or sawn and whether quarter, half or all core taken.*<br>*If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*<br>*For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>*Quality control procedures adopted for all subsampling stages to maximise representivity of samples.* | For soil sampling QAQC (standards, blanks and duplicates) was inserted constituting approx. 11% of samples submitted for analysis<br>Primary and duplicate samples showed a close correlation to one another with no significant bias or variations noted in the results.<br>Sample sizes are considered appropriate for the style mineralisation targeted. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.*<br>*Whether sample sizes are appropriate to the grain size of the material being sampled.* | |
| **Quality of assay data and laboratory tests** | *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*<br>*For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*<br>*Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.* | Soil samples were sent to ALS Perth for multi-element and gold analysis. Samples were dried and pulverised to nominal 85% passing -75 microns. Assaying was via 25 g aqua regia (method code TL43-MEPKG) for gold to 1 ppb and 39 multi-elements via inductively coupled plasma-atomic emission spectroscopy (ICP-AES) or inductively coupled plasma-mass spectrometry (ICP-MS). |
| **Verification of sampling and assaying** | *The verification of significant intersections by either independent or alternative company personnel.* | Results were checked by a Chalice Mining (Chalice) Senior Geologist and additionally by CSA Global Pty Ltd (CSA Global) and cross checked against the supplied database which has all available surface geochemical data. |
| | *Discuss any adjustment to assay data.*<br>*The use of twinned holes.* | Not applicable. |
| | *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* | No adjustments have been made to the assay data. |
| **Location of data points** | *Accuracy and quality of surveys used to locate drillholes (collar and downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*<br>*Specification of the grid system used.*<br>*Quality and adequacy of topographic control.* | Sample locations have been picked up using a handheld global positioning system (GPS) with a ±5 m error.<br>The grid system used for the location of all drillholes is MGA, GDA94 (Zone 50).<br>The reliability of RL data is unknown. |
| **Data spacing and distribution** | *Data spacing for reporting of Exploration Results.*<br>*Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*<br>*Whether sample compositing has been applied.* | Sample spacing is 200m x 400m<br>Where reported, the current spacing is considered sufficient to assume geological and grade continuity of the results presented.<br>No sample compositing has been applied. |
| **Orientation of data in relation to geological structure** | *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*<br>*If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.* | The orientation of sampling is considered appropriate for the target area/s selected with no intended bias. Geochemical results support an unbiased approach to sampling. |
| **Sample security** | *The measures taken to ensure sample security.* | Soil samples were delivered to the laboratory by Chalice staff. |
| **Audits or reviews** | *The results of any audits or reviews of sampling techniques and data.* | No review has been carried out to date. |

## Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section)

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| **Mineral tenement and land tenure status** | *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*<br>*The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.* | Surface sampling has been carried out within E77/2577. The tenement area is wholly owned by Falcon Metals Limited (to be transferred from CGM (WA) Pty Ltd). |
| **Exploration done by other parties** | *Acknowledgment and appraisal of exploration by other parties.* | Southern Cross Goldfields took eight rock chip samples at the south end of the project area in 2009. No gold values were noted in the digital data file. No anomalous pathfinder results were noted in the multi-elements. In 2018, Fleet Street Holdings took 63 soil samples within the southwest corner of the project area. A peak gold value of 7 ppb was returned, and no significant gold pathfinder results are noted. |
| **Geology** | *Deposit type, geological setting and style of mineralisation.* | The mineralisation being explored for is orogenic style gold similar to that seen across the goldfields of the Yilgarn Craton. |
| **Drillhole Information** | *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes:*<br>• *easting and northing of the drillhole collar*<br>• *elevation or RL (Reduced Level – elevation above sea level in metres) of the drillhole collar*<br>• *dip and azimuth of the hole*<br>• *downhole length and interception depth*<br>• *hole length.*<br>*If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.* | Refer to attached report and data. |
| **Data aggregation methods** | *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*<br>*Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*<br>*The assumptions used for any reporting of metal equivalent values should be clearly stated.* | Not applicable. |
| **Relationship between mineralisation widths and intercept lengths** | *These relationships are particularly important in the reporting of Exploration Results.*<br>*If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported.*<br>*If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'downhole length, true width not known').* | Not applicable. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| **Diagrams** | *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drillhole collar locations and appropriate sectional views.* | Refer to figures in the body of report. |
| **Balanced reporting** | *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.* | Only significant results above certain thresholds have been reported, however, all data points are displayed to ensure adequate disclosure. As such, the results are considered representative with no intended bias. |
| **Other substantive exploration data** | *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.* | Not applicable. |
| **Further work** | *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*<br>*Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.* | Phase 1 aircore drilling will be carried out over the aeromagnetic and surface geochemical targets of interest. Positive phase 1 results will be followed up as deemed necessary with additional drilling.<br>Refer to figures in the body of report. |

# Appendix D Pyramid Hill Drilling Significant Intercepts

*Table D1: Chalice Pyramid Hill aircore significant intercepts (aqua regia, 0.5g/t Au cut-off, maximum 4 m internal dilution)*

| Hole ID | Longitude | Latitude | RL | From | To | Interval (m) | Au ppm | As ppm | Sb ppm | Prospect |
|---|---|---|---|---|---|---|---|---|---|---|
| PA361 | 143.9622 | -36.4471 | 120.197 | 72 | 76 | 4 | 0.71 | 6 | 0.2 | Ironbark |
| PA444 | 143.9754 | -36.2302 | 103.745 | 116 | 120 | 4 | 0.77 | 119 | 0.5 | Karri |
| PA490 | 143.9469 | -36.4316 | 118.019 | 102 | 110 | 8 | 2.02 | 93 | 2.6 | Ironbark |
| PA491 | 143.9533 | -36.4321 | 119.08 | 68 | 72 | 4 | 0.74 | 13 | 62.2 | Ironbark |
| PA514 | 143.9777 | -36.2349 | 102.139 | 103 | 107 | 4 | 0.98 | 342 | 5.2 | Karri |
| PA539 | 143.9685 | -36.2352 | 102.433 | 92 | 93 | 1 | 1.07 | 278 | 1.1 | Karri |
| PA540 | 143.9618 | -36.2353 | 101.57 | 48 | 52 | 4 | 1.19 | 18 | 0.5 | Karri |
| PA547 | 143.9744 | -36.2398 | 102.428 | 80 | 88 | 8 | 2.41 | 2 | 0.3 | Karri |
| PA562 | 143.9462 | -36.4305 | 118.325 | 88 | 92 | 4 | 1.4 | 71 | 0.5 | Ironbark |
| PA570 | 143.9757 | -36.2446 | 103.353 | 76 | 80 | 4 | 1.35 | 17 | 0.5 | Karri |
| PA575 | 143.9785 | -36.2445 | 103.301 | 124 | 127 | 3 | 0.6 | 7770 | 5 | Karri |
| PA579 | 143.9756 | -36.2485 | 103.805 | 54 | 58 | 4 | 0.7 | 19 | 0.4 | Karri |
| PA579 | 143.9756 | -36.2485 | 103.805 | 106 | 110 | 4 | 0.7 | 272 | 1.1 | Karri |
| PA627 | 143.9782 | -36.225 | 101.485 | 136 | 139 | 3 | 3.86 | 322 | 1.4 | Karri |
| PA636 | 143.9743 | -36.2325 | 103.18 | 80 | 84 | 4 | 1.4 | 7 | 0.8 | Karri |
| PA637 | 143.9749 | -36.2324 | 102.566 | 100 | 104 | 4 | 0.51 | 12 | 1 | Karri |
| PA655 | 143.9757 | -36.2377 | 102.104 | 94 | 98 | 4 | 0.89 | 3 | 0.7 | Karri |
| PA678 | 143.9769 | -36.2462 | 103.6111 | 152 | 156 | 4 | 3.02 | 697 | 3.5 | Karri |
| PA711 | 143.9761 | -36.255 | 104.2922 | 80 | 84 | 4 | 1.25 | 15 | 1 | Karri |
| PA817 | 143.9968 | -36.6546 | 143.473 | 102 | 110 | 8 | 0.59 | 4 | 0.2 | Banksia |
| PA861 | 143.9989 | -36.6173 | 137.774 | 88 | 92 | 4 | 2.47 | 0 | 0.2 | Banksia |
| PA865 | 143.982 | -36.6259 | 136.298 | 96 | 100 | 4 | 1.06 | 160 | 3.3 | Banksia |
| PA866 | 144.0271 | -36.5777 | 132.648 | 116 | 128 | 12 | 1.5 | 7 | 0.5 | Banksia |
| PA877 | 144.0496 | -36.4879 | 122.096 | 140 | 144 | 4 | 1.29 | 8 | 38.2 | Banksia |
| PA918 | 143.9681 | -36.4344 | 118.829 | 60 | 68 | 8 | 0.75 | 254 | 3.1 | Ironbark |
| PA923 | 143.9511 | -36.4299 | 118.801 | 108 | 116 | 8 | 1.39 | 296 | 198 | Ironbark |
| PA935 | 143.954 | -36.4333 | 119.574 | 102 | 106 | 4 | 0.55 | 1115 | 16 | Ironbark |
| PA943 | 143.9533 | -36.4316 | 118.966 | 54 | 62 | 8 | 2.52 | 51 | 110.7 | Ironbark |
| PA953 | 143.9708 | -36.4344 | 119.733 | 112 | 126 | 14 | 1.32 | 931 | 4 | Ironbark |
| PA960 | 143.9527 | -36.4341 | 119.325 | 84 | 88 | 4 | 0.55 | 33 | 0.4 | Ironbark |
| PA963 | 143.9506 | -36.4346 | 119.038 | 112 | 116 | 4 | 0.69 | 57 | 1.1 | Ironbark |

*Source: Falcon Metals Limited*

*Table D2: Chalice Pyramid Hill aircore 1 m re-samples significant intercepts (fire assay, 0.5 g/t Au cut-off, maximum 4 m internal dilution)*

| Hole ID | Longitude | Latitude | RL | From | To | Interval (m) | Au ppm | Prospect |
|---|---|---|---|---|---|---|---|---|
| PA078 | 143.9431 | -36.4429 | 119.355 | 52 | 53 | 1 | 0.75 | Ironbark |
| PA245 | 143.9608 | -36.4481 | 119.736 | 81 | 82 | 1 | 1.11 | Ironbark |
| PA245 | 143.9608 | -36.4481 | 119.736 | 84 | 85 | 1 | 0.86 | Ironbark |
| PA271 | 143.977 | -36.24 | 102.322 | 64 | 65 | 1 | 0.65 | Karri |
| PA359 | 143.96 | -36.4468 | 119.474 | 77 | 78 | 1 | 2.44 | Ironbark |
| PA361 | 143.9622 | -36.4471 | 120.197 | 74 | 75 | 1 | 4.04 | Ironbark |
| PA364 | 143.962 | -36.4471 | 120.175 | 73 | 74 | 1 | 3.92 | Ironbark |
| PA433 | 143.9749 | -36.2302 | 103.429 | 82 | 84 | 2 | 0.54 | Karri |
| PA433 | 143.9749 | -36.2302 | 103.429 | 97 | 98 | 1 | 0.53 | Karri |
| PA444 | 143.9754 | -36.2302 | 103.745 | 94 | 95 | 1 | 0.54 | Karri |
| PA444 | 143.9754 | -36.2302 | 103.745 | 96 | 97 | 1 | 0.75 | Karri |
| PA490 | 143.9469 | -36.4316 | 118.019 | 103 | 108 | 5 | 2.54 | Ironbark |
| PA491 | 143.9533 | -36.4321 | 119.08 | 68 | 70 | 2 | 1.03 | Ironbark |
| PA492 | 143.9462 | -36.4338 | 118.127 | 109 | 110 | 1 | 0.51 | Ironbark |
| PA509 | 143.9749 | -36.2351 | 102.186 | 90 | 91 | 1 | 0.62 | Karri |
| PA514 | 143.9777 | -36.2349 | 102.139 | 105 | 107 | 2 | 2.25 | Karri |
| PA531 | 143.9699 | -36.2304 | 102.413 | 124 | 125 | 1 | 1.24 | Karri |
| PA531 | 143.9699 | -36.2304 | 102.413 | 137 | 138 | 1 | 1.11 | Karri |
| PA536 | 143.97 | -36.2351 | 102.907 | 93 | 94 | 1 | 0.66 | Karri |
| PA547 | 143.9744 | -36.2398 | 102.428 | 81 | 87 | 6 | 4.56 | Karri |
| PA547 | 143.9744 | -36.2398 | 102.428 | 102 | 104 | 2 | 1.29 | Karri |
| PA655 | 143.9757 | -36.2377 | 102.104 | 94 | 96 | 2 | 1.72 | Karri |
| PA817 | 143.9968 | -36.6546 | 143.473 | 104 | 113 | 9 | 2.17 | Banksia |
| PA861 | 143.9989 | -36.6173 | 137.774 | 88 | 90 | 2 | 4.5 | Banksia |
| PA866 | 144.0271 | -36.5777 | 132.648 | 114 | 118 | 4 | 0.99 | Banksia |
| PA866 | 144.0271 | -36.5777 | 132.648 | 126 | 127 | 1 | 1.59 | Banksia |
| PA918 | 143.9681 | -36.4344 | 118.829 | 61 | 69 | 8 | 1 | Ironbark |
| PA935 | 143.954 | -36.4333 | 119.574 | 100 | 104 | 4 | 0.72 | Ironbark |
| PA943 | 143.9533 | -36.4316 | 118.966 | 56 | 62 | 6 | 3.84 | Ironbark |
| PA953 | 143.9708 | -36.4344 | 119.733 | 103 | 104 | 1 | 1.34 | Ironbark |
| PA953 | 143.9708 | -36.4344 | 119.733 | 113 | 126 | 13 | 1.52 | Ironbark |

*Source: Falcon Metals Limited*

*Table D3: Chalice Pyramid Hill DDH significant intercepts (0.5 g/t Au cut-off, maximum 4 m internal dilution, fire assay gold, four-acid ICP multi-elements)*

| Hole ID | Longitude | Latitude | RL | From | To | Interval (m) | Au ppm | As ppm | Sb ppm | Prospect |
|---|---|---|---|---|---|---|---|---|---|---|
| PHDH001 | 143.9735 | -36.2303 | 103.164 | 284.6 | 295.45 | 10.8 | 1.07 | 1971 | 3.4 | Karri |
| PHDH001 | 143.9735 | -36.2303 | 103.164 | 347.78 | 349.16 | 1.38 | 0.89 | 191 | 3.7 | Karri |
| PHDH002 | 143.9453 | -36.4317 | 117.887 | 155.3 | 157.9 | 2.6 | 0.76 | 541 | 12.5 | Karri |
| PHDH003 | 143.9741 | -36.2484 | 103.689 | 176 | 177 | 1 | 3.08 | 1010 | 1 | Ironbark |
| PHDH005 | 143.9682 | -36.2304 | 101.913 | 175 | 176 | 1 | 6.21 | 20 | 0.7 | Karri |
| PHDH007 | 143.973 | -36.2398 | 103.094 | 192.8 | 193.8 | 1 | 5.4 | 15 | 1.2 | Karri |
| PHDH007 | 143.973 | -36.2398 | 103.094 | 250.8 | 251.8 | 1 | 0.6 | 178 | 0.8 | Karri |
| PHDH007 | 143.973 | -36.2398 | 103.094 | 350.7 | 351.7 | 1 | 0.65 | 232 | 1.2 | Karri |
| PHDH007 | 143.973 | -36.2398 | 103.094 | 392.4 | 394.4 | 2 | 6.36 | 17 | 1.3 | Karri |
| PHDH009 | 143.9546 | -36.432 | 119.904 | 165 | 169 | 4 | 0.82 | 2426 | 439.1 | Ironbark |
| PHDH011 | 143.9738 | -36.2303 | 103.354 | 210 | 211 | 1 | 0.56 | 709 | 0 | Karri |
| PHDH012 | 143.9732 | -36.2303 | 102.385 | 322 | 323 | 1 | 0.51 | 114 | 9 | Karri |
| PHDH012 | 143.9732 | -36.2303 | 102.385 | 380 | 386 | 6 | 0.51 | 492 | 0 | Karri |
| PHDH013 | 143.9728 | -36.2303 | 101.906 | 416 | 419 | 3 | 1.43 | 2236 | 2.7 | Karri |
| PHDH015 | 143.9736 | -36.2398 | 102.842 | 100.9 | 103.1 | 2.2 | 32.1 | 22 | 0 | Karri |
| PHDH015 | 143.9736 | -36.2398 | 102.842 | 126 | 127 | 1 | 0.63 | 0 | 0 | Karri |
| PHDH015 | 143.9736 | -36.2398 | 102.842 | 194 | 197 | 3 | 0.68 | 414 | 0 | Karri |
| PHDH015 | 143.9736 | -36.2398 | 102.842 | 202 | 209 | 7 | 1.19 | 458 | 0 | Karri |
| PHDH017 | 143.9751 | -36.248 | 103.739 | 144 | 148 | 4 | 0.89 | 2970 | 1.5 | Karri |
| PHDH017 | 143.9751 | -36.248 | 103.739 | 194 | 204 | 10 | 0.89 | 187 | 16.2 | Karri |
| PHDH017 | 143.9751 | -36.248 | 103.739 | 205 | 208 | 3 | 0.69 | 103 | 18.7 | Karri |
| PHDH017 | 143.9751 | -36.248 | 103.739 | 211 | 212 | 1 | 0.79 | 207 | 18 | Karri |
| PHDH019 | 143.9757 | -36.2427 | 102.966 | 261 | 267 | 6 | 2.08 | 523 | 0 | Karri |
| PHDH019 | 143.9757 | -36.2427 | 102.966 | 272 | 273 | 1 | 0.89 | 496 | 0 | Karri |
| PHDH020 | 143.9747 | -36.2465 | 103.574 | 341 | 342 | 1 | 1.28 | 9 | 0 | Karri |

*Source: Falcon Metals Limited*

# Appendix E Viking Drilling Significant Intercepts

*Table E1: Significant intercepts from the Viking project drilling (>0.5 g/t, maximum 4 m internal dilution)*

| Hole ID | Longitude | Latitude | RL | From | To | Interval (m) | Au ppm | Prospect |
|---|---|---|---|---|---|---|---|---|
| 17VKAC105 | 122.0624 | -32.3803 | 294 | 22 | 23 | 1 | **0.62** | Beaker 1 |
| 17VKAC106 | 122.0628 | -32.3803 | 294 | 35 | 36 | 1 | 0.90 | Beaker 1 |
| BKA434 | 122.0624 | -32.3803 | 291 | 26 | 27 | 1 | 1.47 | Beaker 1 |
| BKA470 | 122.0607 | -32.3859 | 294 | 33 | 34 | 1 | 1.38 | Beaker 1 |
| BKA481 | 122.0585 | -32.3877 | 298 | 10 | 11 | 1 | 0.71 | Beaker 1 |
| BKA484 | 122.0601 | -32.3875 | 297 | 49 | 51 | 2 | 13.14 | Beaker 1 |
| BKD002 | 122.0598 | -32.3876 | 298 | 39 | 41 | 2 | 1.44 | Beaker 1 |
| BKD015 | 122.062 | -32.386 | 296 | 75 | 76 | 1 | 1.53 | Beaker 1 |
| BKD016 | 122.0626 | -32.3859 | 296 | 90 | 92 | 2 | 3.27 | Beaker 1 |
| BKD016 | 122.0626 | -32.3859 | 296 | 93 | 94 | 1 | 1.25 | Beaker 1 |
| 14VKRC009 | 122.074 | -32.3537 | 302 | 20 | 25 | 5 | **1.88** | Beaker 2 |
| 14VKRC010 | 122.0745 | -32.3536 | 302 | 10 | 15 | 5 | 1.92 | Beaker 2 |
| 14VKRC011 | 122.0749 | -32.3535 | 302 | 20 | 25 | 5 | 0.60 | Beaker 2 |
| 14VKRC015 | 122.0743 | -32.3529 | 289 | 8 | 15 | 7 | 0.74 | Beaker 2 |
| 14VKRC015 | 122.0743 | -32.3529 | 289 | 28 | 31 | 3 | 15.28 | Beaker 2 |
| 14VKRC016 | 122.0747 | -32.3528 | 289 | 21 | 23 | 2 | 1.14 | Beaker 2 |
| 14VKRC016 | 122.0747 | -32.3528 | 289 | 44 | 46 | 2 | 5.71 | Beaker 2 |
| 14VKRC017 | 122.0751 | -32.3528 | 289 | 10 | 11 | 1 | 2.65 | Beaker 2 |
| 14VKRC017 | 122.0751 | -32.3528 | 289 | 21 | 26 | 5 | 1.02 | Beaker 2 |
| 14VKRC017 | 122.0751 | -32.3528 | 289 | 40 | 43 | 3 | 8.25 | Beaker 2 |
| 14VKRC019 | 122.0739 | -32.3543 | 279 | 30 | 33 | 3 | 0.66 | Beaker 2 |
| 16VKAC029 | 122.076 | -32.3515 | 287 | 20 | 25 | 5 | 0.79 | Beaker 2 |
| 16VKAC032 | 122.0769 | -32.352 | 289 | 25 | 30 | 5 | 0.85 | Beaker 2 |
| 16VKAC044 | 122.0756 | -32.3528 | 289 | 50 | 55 | 5 | 44.51 | Beaker 2 |
| 16VKAC044 | 122.0756 | -32.3528 | 289 | 60 | 62 | 2 | 1.00 | Beaker 2 |
| 17VKAC075 | 122.0753 | -32.3528 | 289 | 23 | 24 | 1 | 1.68 | Beaker 2 |
| 17VKAC075 | 122.0753 | -32.3528 | 289 | 29 | 31 | 2 | 9.02 | Beaker 2 |
| 17VKAC075 | 122.0753 | -32.3528 | 289 | 40 | 44 | 4 | 15.44 | Beaker 2 |
| 17VKAC076 | 122.0758 | -32.3528 | 289 | 23 | 26 | 3 | 1.64 | Beaker 2 |
| 17VKAC076 | 122.0758 | -32.3528 | 289 | 58 | 59 | 1 | 3.54 | Beaker 2 |
| 17VKAC076A | 122.0758 | -32.3528 | 289 | 60 | 61 | 1 | 2.16 | Beaker 2 |
| 17VKAC077 | 122.0762 | -32.3528 | 289 | 14 | 15 | 1 | 0.75 | Beaker 2 |
| 17VKAC077 | 122.0762 | -32.3528 | 289 | 23 | 27 | 4 | 0.65 | Beaker 2 |
| 17VKAC078 | 122.0765 | -32.3528 | 289 | 12 | 13 | 1 | 0.52 | Beaker 2 |
| 17VKAC078 | 122.0765 | -32.3528 | 289 | 65 | 66 | 1 | 1.15 | Beaker 2 |
| 17VKAC079 | 122.0769 | -32.3528 | 289 | 14 | 15 | 1 | 0.55 | Beaker 2 |
| 17VKAC080 | 122.0773 | -32.3528 | 289 | 26 | 27 | 1 | 0.62 | Beaker 2 |
| 17VKAC081 | 122.0773 | -32.3518 | 289 | 13 | 14 | 1 | 1.32 | Beaker 2 |
| 17VKAC083 | 122.0763 | -32.3517 | 289 | 22 | 23 | 1 | 2.06 | Beaker 2 |
| 17VKAC112 | 122.0726 | -32.3542 | 289 | 24 | 25 | 1 | 2.64 | Beaker 2 |
| 17VKAC113 | 122.073 | -32.3542 | 289 | 24 | 25 | 1 | 2.14 | Beaker 2 |
| BKA211 | 122.0755 | -32.3518 | 287 | 18 | 19 | 1 | 0.66 | Beaker 2 |

| Hole ID | Longitude | Latitude | RL | From | To | Interval (m) | Au ppm | Prospect |
|---|---|---|---|---|---|---|---|---|
| BKA225 | 122.0738 | -32.3536 | 288 | 14 | 21 | 7 | **4.58** | Beaker 2 |
| BKA225 | 122.0738 | -32.3536 | 288 | 24 | 25 | 1 | 0.85 | Beaker 2 |
| BKA226 | 122.0743 | -32.3535 | 288 | 13 | 15 | 2 | 2.63 | Beaker 2 |
| BKA226 | 122.0743 | -32.3535 | 288 | 20 | 21 | 1 | 0.79 | Beaker 2 |
| BKA227 | 122.0748 | -32.3534 | 288 | 10 | 11 | 1 | 0.51 | Beaker 2 |
| BKA228 | 122.0753 | -32.3534 | 288 | 22 | 23 | 1 | 0.69 | Beaker 2 |
| BKA278 | 122.0738 | -32.359 | 291 | 31 | 32 | 1 | 0.72 | Beaker 2 |
| BKD003 | 122.0731 | -32.3608 | 292 | 87 | 88 | 1 | 0.76 | Beaker 2 |
| BKD004 | 122.0736 | -32.3608 | 292 | 50.7 | 52 | 1.3 | 0.78 | Beaker 2 |
| BKD004 | 122.0736 | -32.3608 | 292 | 53 | 54 | 1 | 0.64 | Beaker 2 |
| BKD004 | 122.0736 | -32.3608 | 292 | 73 | 74 | 1 | 1.48 | Beaker 2 |
| BKD019 | 122.0738 | -32.3531 | 288 | 28 | 30 | 2 | 0.91 | Beaker 2 |
| BKD019 | 122.0738 | -32.3531 | 288 | 166 | 167 | 1 | 0.57 | Beaker 2 |
| BKA107 | 122.05 | -32.3408 | 307 | 21 | 22 | 1 | 0.70 | Beaker 3 |
| BKA109 | 122.051 | -32.3408 | 306 | 33 | 34 | 1 | 5.13 | Beaker 3 |
| BKA110 | 122.0516 | -32.341 | 306 | 36 | 37 | 1 | 0.66 | Beaker 3 |
| BKA154 | 122.0527 | -32.3443 | 307 | 18 | 20 | 2 | 1.44 | Beaker 3 |
| BKD014 | 122.0534 | -32.3444 | 308 | 95 | 96 | 1 | 0.56 | Beaker 3 |
| BKD014 | 122.0534 | -32.3444 | 308 | 142 | 143 | 1 | 1.44 | Beaker 3 |
| BKD014 | 122.0534 | -32.3444 | 308 | 157 | 158 | 1 | 0.69 | Beaker 3 |
| 14VKRC001 | 122.021 | -32.3441 | 306 | 31 | 38 | 7 | 3.76 | Beaker 4 |
| 14VKRC002 | 122.0216 | -32.3443 | 305 | 73 | 79 | 6 | 6.04 | Beaker 4 |
| 14VKRC002 | 122.0216 | -32.3443 | 305 | 88 | 89 | 1 | 4.79 | Beaker 4 |
| 14VKRC027 | 122.0221 | -32.3443 | 303 | 123 | 130 | 7 | 1.13 | Beaker 4 |
| 14VKRC028 | 122.0217 | -32.3446 | 300 | 75 | 79 | 4 | 1.38 | Beaker 4 |
| BKA022 | 122.0208 | -32.344 | 313 | 14 | 20 | 6 | 2.65 | Beaker 4 |
| BKA041 | 122.025 | -32.348 | 314 | 26 | 27 | 1 | 0.72 | Beaker 4 |
| BKD007 | 122.0239 | -32.3459 | 317 | 46.76 | 51 | 4.24 | 0.96 | Beaker 4 |
| BKD008 | 122.0244 | -32.3459 | 317 | 105 | 106 | 1 | 1.64 | Beaker 4 |
| BKD009 | 122.0214 | -32.3442 | 313 | 56 | 60.4 | 4.4 | 6.64 | Beaker 4 |
| BKD009 | 122.0214 | -32.3442 | 313 | 73 | 74 | 1 | 8.30 | Beaker 4 |
| BKD010 | 122.0219 | -32.3443 | 314 | 96.38 | 98.65 | 2.27 | 5.77 | Beaker 4 |
| BKD011 | 122.0258 | -32.3479 | 314 | 33 | 34 | 1 | 1.30 | Beaker 4 |
| BKD011 | 122.0258 | -32.3479 | 314 | 47 | 48 | 1 | 0.96 | Beaker 4 |
| BKD011 | 122.0258 | -32.3479 | 314 | 152 | 155 | 3 | 0.71 | Beaker 4 |
| BKRC003 | 122.024 | -32.3404 | 314 | 80 | 82 | 2 | 0.65 | Beaker 4 |
| BKRC005 | 122.0208 | -32.3423 | 310 | 74 | 75 | 1 | 0.51 | Beaker 4 |
| BKRC007 | 122.0249 | -32.3424 | 318 | 151 | 153 | 2 | 2.97 | Beaker 4 |
| BKRC014 | 122.0253 | -32.3479 | 314 | 16 | 18 | 2 | 0.57 | Beaker 4 |
| BKRC014 | 122.0253 | -32.3479 | 314 | 55 | 58 | 3 | 2.79 | Beaker 4 |
| BKA387 | 122.071 | -32.3733 | 294 | 15 | 17 | 2 | 0.79 | Between Beaker 1 and 2 |

*Source: Falcon Metals Limited*


csaglobal.com

chalice
Chalice Mining Limited
ABN 47 116 648 956

## Need assistance?

**Phone:**
1300 653 212 (within Australia)
+61 3 9415 4000 (outside Australia)

**Online:**
www.investorcentre.com/contact

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

## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AWST) on Monday, 29 November 2021.**

# Proxy Form

## How to Vote on Items of Business

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

### APPOINTMENT OF PROXY

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

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

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

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

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

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

### PARTICIPATING IN THE MEETING

**Corporate Representative**
If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

## Lodge your Proxy Form: XX

### Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

**Control Number: 999999**
**SRN/HIN: I9999999999**
**PIN: 99999**

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

### By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

### By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

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

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

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

I 9999999999 I N D

# Proxy Form

**Please mark ☒ to indicate your directions**

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

**I/We being a member/s of Chalice Mining Limited hereby appoint**

☐ **the Chairman of the Meeting** **OR** _____

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Chalice Mining Limited to be held at Deloitte, Level 9, Tower 2, Brookfield Place, 123 St Georges Terrace, Perth, WA 6000 on Wednesday, 1 December 2021 at 10:00am (AWST) and at any adjournment or postponement of that meeting.

## Step 2 Item of Business

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

| | | For | Against | Abstain |
|---|---|---|---|---|
| Resolution 1 | Approval of capital reduction and in-specie distribution of shares | ☐ | ☐ | ☐ |

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

## Step 3 Signature of Securityholder(s)

*This section must be completed.*

| Individual or Securityholder 1 | Securityholder 2 | Securityholder 3 | |
|---|---|---|---|
| | | | / / |
| Sole Director & Sole Company Secretary | Director | Director/Company Secretary | Date |

**Update your communication details** *(Optional)*

**Mobile Number** _____

**Email Address** _____

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically