

# Falcon Metals

For personal use only



## Prospectus

FALCON METALS LTD

ACN 651 893 097

For an initial public offering of Shares, comprising:

- (a) a priority pro rata offer to Eligible Chalice Shareholders of a minimum of 30,000,000 Shares and a maximum of 60,000,000 Shares at an issue price of \$0.50 per Share to raise a minimum of \$15,000,000 and a maximum of \$30,000,000 (before costs); and
- (b) an additional offer of Shares of any Shortfall from the Priority Offer to Eligible Chalice Shareholders and the general public.

### IMPORTANT NOTICE

This is an important document and should be read in its entirety. Please consult your professional adviser(s) if you have any questions about the Shares being offered under this Prospectus or any other matter.

The Shares offered pursuant to this Prospectus should be considered as speculative.

## Table of contents

Corporate directory	v
Letter from the Proposed Chairman	vi
Key details of the Offers	viii
Indicative timetable	ix
Investment overview	x
1. Details of the Offers	1
2. Company overview	13
3. Risk factors	24
4. Financial information	38
5. Australian tax considerations	51
6. Board, management and corporate governance	57
7. Material contracts	70
8. Additional information	77
9. Authorisation	91
10. Glossary of terms	92
Annexure A - Independent Limited Assurance Report	97
Annexure B - Independent Geologist's Report	102
Annexure C - Solicitor's Report	197

# Important Information

## The Offers

This Prospectus is issued by Falcon Metals Ltd (ACN 651 893 097) (**Company**) for the purpose of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**). The offers in this Prospectus comprise: (i) a priority pro rata offer to Eligible Chalice Shareholders of a minimum of 30,000,000 Shares and a maximum of 60,000,000 Shares at an issue price of \$0.50 per Share to raise a minimum of \$15,000,000 and a maximum of \$30,000,000 (before costs) (**Priority Offer**); and (ii) an additional offer of any Shares not taken up pursuant to the Priority Offer to Eligible Chalice Shareholders and the general public (**Shortfall Offer**).

## Lodgement and listing

This Prospectus is dated, and was lodged with ASIC on, 3 November 2021 (**Prospectus Date**). Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Application will be made to ASX within seven days of the Prospectus Date for Official Quotation of the Shares the subject of the Offers.

## Expiry Date

This Prospectus expires on the date which is 13 months after the Prospectus Date (**Expiry Date**). No Shares will be issued on the basis of this Prospectus after the Expiry Date.

## Not investment advice

The information in this Prospectus is not investment or financial product advice and does not take account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company.

In particular, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other professional adviser before deciding whether to invest in the Company. See Section 3 for the key risks relating to an investment in the Company, noting there may be other risks relevant to your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company, the repayment of capital by the Company or any return on investment in Shares made pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offers, other than as is contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company, the Directors, the Lead Manager or any other person in connection with the Offers.

Bell Potter Securities Limited (ACN 006 390 772) has acted as Lead Manager to the Offers. To the maximum extent permitted by law, the Lead Manager and its affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

## Exposure Period

The Corporations Act prohibits the Company from processing Applications in the seven day period after the Prospectus Date (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus. In such circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications under this Prospectus will not be processed by the Company until after the Exposure Period. No preference will be conferred upon Applications received during the Exposure Period.

## No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

## Conditional Offers

The Offers contained in this Prospectus are conditional on certain events occurring. If these events do not occur, the Offers will not proceed and Applicants will be refunded their Application Monies (without interest). See Section 1.2 for further details on the conditions attaching to the Offers.

## Electronic Prospectus and Application Forms

During the Exposure Period, an electronic version of this Prospectus (without an Application Form) will be available at [www.falconmetals.com.au](http://www.falconmetals.com.au) to only persons in Australia and New Zealand. Application Forms will not be made available until after the Exposure Period has expired.

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be resident in Australia or New Zealand and must only access this Prospectus from within Australia or New Zealand.

The Prospectus is not available to persons in other jurisdictions in which it may not be lawful to make such an invitation or offer to apply for Shares. If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety.

Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the Application Form (free of charge) from the Company's registered office during the offer period by contacting the Company as detailed in the Corporate Directory.

Applications will only be accepted on the Application Form attached to, or accompanying, this Prospectus. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to a paper copy of the Prospectus or the complete and unaltered electronic version of this Prospectus.

Prospective investors wishing to subscribe for Shares under the Offers should complete the Application Form. If you do not provide the information required on the

Application Form, the Company may not be able to accept or process your Application.

#### **Notice to foreign investors (excluding New Zealand)**

No action has been taken to register or qualify the Shares the subject of this Prospectus or the Offers, or otherwise to permit the offering of the Shares, in any jurisdiction outside Australia.

Subject to the provisions outlined in Sections 1.13 and 1.15, certain residents in New Zealand are eligible to participate in the Offers.

The distribution of this Prospectus in jurisdictions outside of Australia (including electronically) may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer.

#### **Notice to New Zealand Investors**

See Section 1.15 of this Prospectus.

#### **Competent Person Statement**

The information in this Prospectus that relates to technical assessment of the exploration results is based on, and fairly represents, information and supporting documentation prepared by Trivindren Naidoo, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy. Trivindren is a Principal Geologist at CSA Global Mining Industry Consultants. Trivindren has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code.

Trivindren Naidoo has given his prior written consent to the inclusion of the matters based on his information in the form and context in which it appears in this Prospectus and has not withdrawn his consent before lodgement of this Prospectus with ASIC.

The exploration results in this Prospectus have been prepared and reported in accordance with the JORC Code.

This Prospectus 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 departments or the ASX and are referenced in the Independent Geologist's Report. The authors of these previous reports have not consented to the statements' use in this Prospectus, and these statements are included in accordance with *ASIC Corporations (Consents to Statements) Instrument 2016/7*.

#### **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

The Company does not propose to give any taxation advice and, to the maximum extent permitted by law, the Company, its Directors and other officers and each of their respective advisers accept no responsibility or liability for

any taxation consequences of subscribing for Shares under this Prospectus. You should consult your own professional tax advisers in regard to tax implications of the Offers.

#### **Using this Prospectus**

Persons wishing to subscribe for Shares offered by this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses, and prospects of the Company and the rights and liabilities attaching to the Shares offered pursuant to this Prospectus. If persons considering subscribing for Shares offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser for advice.

#### **Statements of past performance**

This Prospectus includes information regarding the past performance of the Company and Chalice. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

#### **Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'believes', 'estimates', 'expects', 'targets', 'intends', 'may', 'will', 'would', 'could', or 'should' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the Prospectus Date, are expected to take place.

The Company 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 Prospectus, except where required by law.

Any forward-looking statements are subject to various risks that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Forward-looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 3. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company, the Directors, the Company's management and the Lead Manager cannot and do not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

#### **Photographs and diagrams**

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.



### Disclaimer

Except as required by law, and only to the extent so required, none of the Company, the Directors, the Company's management, the Lead Manager or any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

### Company website

Any references to documents included on the Company's website at [www.falconmetals.com.au](http://www.falconmetals.com.au) are for convenience only, and none of the documents or other information available on the Company's website is incorporated into this Prospectus by reference.

### Miscellaneous

All financial amounts contained in this Prospectus are expressed as Australian currency unless otherwise stated. Conversions may not reconcile due to rounding. All references to '\$' are references to Australian dollars and all references to 'US\$' are references to US dollars.

All references to time in this Prospectus are references to AWST, being the time in Perth, Western Australia, unless otherwise stated.

Defined terms and abbreviations used in this Prospectus are detailed in the glossary in Section 10.

# Corporate directory

## Existing Board of Directors

Alex Dorsch  
Chris MacKinnon  
Richard Hacker

Non-Executive Director  
Non-Executive Director  
Non-Executive Director

## Proposed Board of Directors

Tim Markwell  
Mark Bennett  
Alex Dorsch

Managing Director and Chief Executive Officer  
Non-Executive Chairman (Independent)  
Non-Executive Director (Independent)

## Company Secretary

Andrea Betti

## Registered and Principal Office

Level 3, 46 Colin Street  
West Perth WA 6005

Phone: +61 8 9322 3960  
Email: [info@falconmetals.com.au](mailto:info@falconmetals.com.au)  
Website: [www.falconmetals.com.au](http://www.falconmetals.com.au)

## Share Registry\*

Computershare Investor Services Pty Limited  
Level 3, 60 Carrington Street  
Sydney NSW 2000

## Corporate Lawyers

HWL Ebsworth Lawyers  
Level 20, 240 St Georges Terrace  
Perth WA 6000

## Lead Manager

Bell Potter Securities Limited  
Level 38, Aurora Place, 88 Phillip Street  
Sydney NSW 2000

## Auditor\*

HLB Mann Judd (WA Partnership)  
Level 4, 130 Stirling Street  
Perth WA 6000

## Independent Geologist

CSA Global Pty Ltd  
Level 2, 3 Ord Street  
West Perth WA 6005

## Investigating Accountant

HLB Mann Judd (WA Partnership)  
Level 4, 130 Stirling Street  
Perth WA 6000

## Tax Advisor

Deloitte Tax Services Pty Ltd  
477 Collins Street  
Melbourne VIC 3000

## Proposed Stock Exchange Listing

Australian Securities Exchange (ASX)  
Proposed ASX Code: FAL

\* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

# Letter from the Proposed Chairman

Dear Investor,

On behalf of the Board of Falcon Metals Ltd (**Company**), I am pleased to present this Prospectus and to invite you to become a Shareholder in the Company, which is a new gold-focussed vehicle with exciting exploration assets located in Victoria and Western Australia.

The Company was incorporated as a wholly owned subsidiary of Chalice Mining Ltd (**Chalice**) (ASX: CHN) for the sole purpose of demerging Chalice's gold assets (**Demerger**), including the Pyramid Hill Project, Viking Project and the Mount Jackson Project (collectively, the **Spin-Out Projects**).

Chalice is at the early stages of the exploration and development of the Julimar Project in Western Australia. As implied by the current market value of Chalice, the Julimar Project is now a highly valuable asset and is the critical focus for the Chalice management team. Ongoing development milestones will require substantial management time and energy over the coming years.

In light of this dynamic, the Board and management of Chalice made a strategic decision that the Spin-Out Projects should be demerged, to provide more focus than can be given under Chalice's ownership currently.

The Demerger will deliver an exciting, newly incorporated, standalone gold exploration company in Falcon, which will be focussed on the advancement of the Spin-Out Projects. Central to this strategy is the large Pyramid Hill Project, which covers an under-explored area of north central Victoria containing the same gold-prospective geology that is host to numerous significant gold deposits further to the south, including the world class Bendigo goldfield and the Fosterville gold mine.

The Board of Falcon Metals believes that it will have sufficient resources to further develop these assets and optimise their potential value. The Company is noteworthy for its dedicated Board and management team, which collectively have many years of experience in the resources industry and a track-record of making and financing valuable mineral discoveries.

The Demerger will be effected by distributing Shares in the Company (currently held by Chalice) to Eligible Chalice Shareholders by way of a pro rata in-specie distribution, on the basis of 1 Falcon Share for approximately every 3.025 Chalice Shares held on the In-specie Record Date (**In-specie Distribution**).<sup>1</sup> Chalice will be convening a meeting of its members on 3 December 2021 to seek the necessary approvals under sections 256B and 256C of the Corporations Act for the In-specie Distribution.

Under this Prospectus and, in connection with the Demerger, the Company is seeking to raise a minimum of \$15,000,000 and a maximum of \$30,000,000 (before costs) by the issue of a minimum of 30,000,000 Shares and a maximum of 60,000,000 Shares under a priority pro rata rights offer to Eligible Chalice Shareholders (**Priority Offer**). Any Shares not taken up pursuant to the Priority Offer will form

<sup>1</sup> The number of Chalice Shares on issue may increase prior to the In-specie Record Date which will reduce the ratio of Falcon Shares to be distributed under the In-specie Distribution per Chalice Share held.

the Shortfall and be offered to Eligible Chalice Shareholders and the general public (**Shortfall Offer**) on and in accordance with the terms set out in this Prospectus.

The proceeds from the Offers will be used to:

- (a) enable the Company to systematically explore across the Spin-Out Projects and fund potential development of the Spin-Out Projects;
- (b) pay corporate and administration costs;
- (c) fund general working capital; and
- (d) pay the costs of the Offers.

This Prospectus contains detailed information about the Offers and the current and proposed operations of the Company, as well as the risks pertaining to an investment in the Company. Potential investors in the Company should carefully consider those risks (see Section 3).

Before deciding on whether to invest in the Company, you should read this Prospectus carefully and in its entirety and consult with your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

We look forward to welcoming you as a Shareholder should you decide to take up Shares pursuant to the Offers.

Yours faithfully



**Mark Bennett**  
**Proposed Non-Executive Chairman**  
**Falcon Metals Ltd**

## Key details of the Offers

Key details of the Offers <sup>(1)</sup>	Shares	Options
Existing Share on issue	1	Nil
In-specie Shares	116,999,999	Nil
Shares to be distributed under the In-specie Distribution	117,000,000	Nil
Shares to be issued under the Offers		
<b>Minimum Subscription</b>	30,000,000	
<b>Maximum Subscription</b>	60,000,000	Nil
Options	Nil	11,682,000 <sup>(2)</sup>
<b>Total Securities on issue on Admission<sup>(3)</sup></b>		
<b>Minimum Subscription</b>	147,000,000	
<b>Maximum Subscription</b>	177,000,000	11,682,000

1. See Section 1.5 for further details relating to the current and proposed capital structure of the Company.
2. See Section 8.2 for the terms and conditions of the Options. The Options are to be issued to the Directors, employees and consultants of the Company.
3. The total number of Securities to be on issue upon Admission, following completion of the Demerger, In-specie Distribution and Offers, assumes no further Shares are issued and none of the Options are exercised.



## Indicative timetable

Event	Date
Lodgement of Prospectus with ASIC	3 November 2021
Priority Offer Record Date	9 November 2021
Opening Date for the Offers	11 November 2021
Closing Date for the Priority Offer	1 December 2021
Closing Date for the Shortfall Offer	3 December 2021
General meeting of Chalice Shareholders 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 Shares to Chalice Shareholders Despatch of holding statements for Falcon Shares distributed under the In-specie Distribution	15 December 2021
Issue of Shares under the Offers Despatch of holding statements for Shares issued under the Offers	15 December 2021
Expected date for Official Quotation	22 December 2021

*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. The Board, in consultation with the Lead Manager, reserves the right to vary the dates and times of the Offers (including, to vary the Opening Date and Closing Date, to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offers before Completion) in each case without notifying any recipient of this Prospectus or any Applicants, which may have a consequential effect on other dates. If the Offers are cancelled or withdrawn before the allotment of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Applicants are therefore encouraged to lodge their Application Form and deposit the Application Monies as soon as possible after the Opening Date if they wish to invest in the Company. The Company's Admission and commencement of Official Quotation of its Shares are subject to confirmation from the ASX.*

## Investment overview

This investment overview is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Shares offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

Topic	Summary	More information
<b>The Company, its business model and strategy</b>		
Who is the issuer of the Prospectus?	Falcon Metals Ltd (ACN 651 893 097) ( <b>Falcon</b> or the <b>Company</b> ).	Section 2.1
Who is the Company and what does it do?	The Company was incorporated on 12 July 2021 in the state of Western Australia as a minerals exploration and development company, for the sole purpose of demerging the Spin-Out Projects from Chalice. Following the Demerger, the Company's focus will be to advance the exploration activities of the Spin-Out Projects.	Section 2.1
What is the Company's business model, growth strategy and key objectives?	<p>Following Admission, the Company's primary focus will be to explore the Spin-Out Projects using a variety of geochemical, geophysical and drilling techniques to create value for Shareholders through the discovery and development of mineral deposits. See Section 2.3 for an overview of the Spin-Out Projects.</p> <p>The Company aims to progress from an explorer, subject to the results of its exploration activities, technical studies and availability of appropriate funding, into development and ultimately into a producer.</p> <p>While the Company's immediate focus will be on the Spin-Out Projects, the Company will also assess the viability of new business opportunities in the resources sector that complement its business.</p>	Sections 2.1, 2.3 and 2.4
Where does the Company operate and what are its main business activities?	The Company's business activities, being mineral exploration and development, are in Victoria and Western Australia. See Section 2.3 for project specific location details.	Section 2.3
How does the Company propose to achieve its objectives?	The Company intends to achieve its objective of transitioning from explorer to producer status by advancing exploration activities of and undertaking economic and technical assessments in relation to the Spin-Out Projects.	Section 2.4

Topic	Summary	More information
What are the key dependencies of the Company's business model?	<p>The key dependencies include:</p> <ul style="list-style-type: none"> <li>ongoing access to capital for project exploration and development;</li> <li>maintaining title to the Tenements;</li> <li>maintaining existing and securing additional necessary consents and approvals required to carry out exploration activities; and</li> <li>retaining competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.</li> </ul>	Section 2.6
Will the Company require more capital?	<p>The Company's planned exploration activities and business strategy generally as set out in Sections 2.3, 2.4 and 2.5 will initially be funded by the funds raised by the Offers. However, the Directors anticipate the Company will in the future require additional capital to further its exploration activities and transition from explorer to producer. The amount and nature of any such additional funding will be determined based on market conditions and the needs of the business at the relevant time.</p>	Section 2.7
<b>Key risks</b>		
<p>Prospective investors should be aware that subscribing for Shares in the Company involves a number of risks and uncertainties. The risk factors set out in Section 3, and other general risks applicable to all investments in listed securities, may affect the value of the Shares in the future. An investment in the Company should be considered speculative. Investors may lose some or all of their investment.</p> <p>A non-exhaustive list of the key risk factors affecting the Company is set out below. Investors should refer to Section 3 for a more detailed summary of risks. The occurrence of any one of the risks below could adversely impact the Company's operating and financial performance.</p>		
Limited operating history	<p>The Company 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 the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stages of their development (including those set out in Section 3.2), particularly in the mineral exploration sector, which has a high level of inherent risk and uncertainty. No assurance can be given that the Company will achieve commercial viability through the successful exploration on, or mining development of,</p>	Sections 3.1(a)

Topic	Summary	More information
	its projects. Until the Company is able to realise value from projects, it is likely to incur operational losses.	
Completion of the Offers conditional on implementation of the Demerger	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 Shareholders vote in favour of the In-specie Distribution by the requisite majority, Falcon 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 which, if not satisfied or waived, will prevent the Demerger from completing and the Company will not be able to proceed with the Offers.	Section 3.1(b)
Land access arrangements and native title risk	The Company 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. Access is critical for exploration and development to succeed. The Company's ability to resolve access and compensation issues will have an impact on the future success and financial performance of Falcon's operations.	Sections 3.1(d) and 3.1(j)
Funding risk	Exploration and development involve significant financial risk and capital investment. Even in circumstances where the Maximum Subscription is raised, the Company 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 Section 3, materialise, or equally new and superior opportunities materialise.	Section 3.1(e)
Farm-in or joint venture risk	Upon completion of the Demerger, the Company will have the benefit of earn-in arrangements with Metal Hawk for which there are currently no formal joint venture agreements in place between the relevant parties. There is no guarantee that the Company will be able to negotiate formal joint venture agreements on terms favourable to the Company. The Company may also 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 the Company.	Sections 3.1(k) and 3.1(l)
Development and operational risk	A number of factors will influence the Company's ability to pursue its exploration, development and operational activities. These include, amongst others, the Company's ability to obtain the necessary regulatory consents and	Section 3.2(b)

Topic	Summary	More information
	<p>approvals, retain or engage appropriately skilled and experienced employees, contractors and consultants, access to equipment, materials and infrastructure, as well as access to adequate capital on acceptable terms and acts beyond the control of the Company.</p> <p>Geological and weather conditions, unforeseen costs, plant or equipment failures, accidents, natural disasters, pandemics, industrial disputes and/or social unrest may also interrupt operations.</p>	
Environmental risk	The Company is subject to several laws and regulations relating to the environmental impact of its current and future intended activities, including rehabilitation. There is no guarantee that necessary environmental approvals for its proposed activities will be approved in a timely manner or be forthcoming at all. Changes to environmental laws may result in the cessation or reduction of the Company's activities or materially increase planned exploration or development costs. Penalties for failure to adhere to requirements or, in the event of environmental damage, remediation costs can be substantial.	Section 3.2(d)
Commodity and currency price risk	It is anticipated that any future revenues derived from mining will primarily be derived from the sale of gold. Consequently, any future earnings are likely to be closely related to the price of gold. It is impossible to predict commodity prices with confidence, which are affected by numerous factors beyond the control of the Company. A material and extended fall in gold prices will likely affect the timing and viability of the Company's exploration, development, and production activities including its ability to fund those activities.	Section 3.2(f)
<b>Directors, key managers, interests, benefits and related party transactions</b>		
Who are the Company's Directors and key management personnel?	<p>As at the Prospectus Date, the Board comprises:</p> <ul style="list-style-type: none"> <li>• Alex Dorsch - Non-Executive Director;</li> <li>• Chris MacKinnon - Non-Executive Director; and</li> <li>• Richard Hacker - Non-Executive Director.</li> </ul> <p>Upon ASX granting conditional approval for the Company's Admission (on conditions satisfactory to the Company):</p> <ul style="list-style-type: none"> <li>• Chris MacKinnon and Richard Hacker will resign as Directors;</li> </ul>	Sections 6.1, 6.2 and 6.3





Topic	Summary	More information
	<ul style="list-style-type: none"> <li>• Tim Markwell's appointment as Managing Director and Chief Executive Officer will become effective; and</li> <li>• Mark Bennett's appointment as Non-Executive Chairman will become effective.</li> </ul> <p>The Company's key management personnel is also comprised of Andrea Betti (Chief Financial Officer and Company Secretary) and Doug Winzar (Exploration Manager).</p> <p>For biographies of the Directors and key management personnel, see Sections 6.2 and 6.3 respectively.</p>	
What interests do the Directors and key management personnel have in the securities of the Company at the Prospectus Date and on Admission?	<p>As at the Prospectus Date, Chalice owns 100% of the issued capital of the Company.</p> <p>Based on the intentions of the Directors and key management personnel as at the Prospectus Date in relation to the Offers, the Directors and key management personnel and their related entities will have the following interests in Securities on Admission:</p>	Sections 6.4 and 6.5

Topic	Summary					More information
	Person	Shares <sup>1</sup>	Voting power (%) <sup>2</sup>		Options <sup>3</sup>	
			Min	Max		
	Tim Markwell	1,552	0.00%	0.00%	3,540,000	
	Mark Bennett	75,086	0.05%	0.04%	3,540,000	
	Alex Dorsch	2,446,725	1.66%	1.38%	1,770,000	
	Andrea Betti	Nil	Nil	Nil	177,000	
	Chris MacKinnon	3,003	0.00%	0.00%	Nil	
	Richard Hacker	439,227	0.30%	0.25%	Nil	
	Doug Winzar	Nil	Nil	Nil	1,770,000	
	<div><div>1.</div><div>These Shares represent the anticipated Shares as at the Prospectus Date that will be issued pursuant to the In-specie Distribution and the Shares to be issued under the Priority Offer. As at the Prospectus Date, Messers Markwell, Bennett, Dorsch, MacKinnon and Hacker have indicated they intend to take up their full Entitlement under the Priority Offer.</div></div> <div><div>2.</div><div>Based on the Maximum Subscription.</div></div> <div><div>3.</div><div>Options exercisable at \$0.75 each and otherwise on the terms and conditions in Section 8.2.</div></div>					
	What are the remuneration arrangements and benefits of the Directors and key management personnel?	The Directors and key management personnel have not received any remuneration from the Company since incorporation of the Company. On and from Admission, the Directors and key management personnel will receive the following remuneration:				
Person		Annual Remuneration				
Tim Markwell		\$270,000 (excluding superannuation)				
Doug Winzar		\$220,000 (excluding superannuation)				



Topic	Summary			More information									
	<table><tr><td>Andrea Betti</td><td>\$108,000 (including superannuation)</td></tr><tr><td>Mark Bennett</td><td>\$90,000 (including superannuation)</td></tr><tr><td>Alex Dorsch</td><td>\$55,000 (including superannuation)</td></tr></table>	Andrea Betti	\$108,000 (including superannuation)	Mark Bennett	\$90,000 (including superannuation)	Alex Dorsch	\$55,000 (including superannuation)						
Andrea Betti	\$108,000 (including superannuation)												
Mark Bennett	\$90,000 (including superannuation)												
Alex Dorsch	\$55,000 (including superannuation)												
	<p>See Section 7.4 for full details of the executive services agreement or appointment terms (as the case may be).</p> <p>The Directors and key management personnel may participate in the Company’s Employee Incentive Plan, subject to the receipt of any required Shareholder approvals.</p>												
What important contracts and/or arrangements with related parties is the Company a party to?	<p>As at the Prospectus Date, the Company is a party to the following related party arrangements:</p> <ul style="list-style-type: none"><li>the Demerger Implementation Deed, which sets out the terms upon which and key restructuring steps for the In-specie Distribution and Demerger (see Section 7.1);</li><li>tenement sale agreements relating to the Spin-Out Projects (see Section 7.2);</li><li>executive services agreements and letters of appointment (see Section 7.4); and</li><li>deeds of indemnity, insurance and access with each of its Directors (see Section 7.5).</li></ul>												
Who will be the substantial holders of the Company?	<p>The Company is presently a wholly owned subsidiary of Chalice and therefore Chalice holds 100% of the issued capital of the Company.</p> <p>Based on the information known as at the Prospectus Date, on Admission the following person will have an interest in 5% or more of the Shares on issue:</p> <table><tr><th rowspan="2">Name</th><th rowspan="2">Number of Shares</th><th colspan="2">% of Shares</th></tr><tr><th>Minimum Subscription</th><th>Maximum Subscription</th></tr><tr><td>Timothy Goyder</td><td>13,411,050<sup>1</sup></td><td>9.12</td><td>7.58</td></tr></table> <p>1. As at the Prospectus Date, Mr Goyder has indicated that he intends to subscribe for 500,000 Falcon</p>			Name	Number of Shares	% of Shares		Minimum Subscription	Maximum Subscription	Timothy Goyder	13,411,050 <sup>1</sup>	9.12	7.58
Name	Number of Shares	% of Shares											
		Minimum Subscription	Maximum Subscription										
Timothy Goyder	13,411,050 <sup>1</sup>	9.12	7.58										

Topic	Summary	More information																																																									
	<i>Shares under the Offers, in addition to the approximately 12,911,050 Falcon Shares he is expected to be issued pursuant to the In-specie Distribution (based on a ratio of 1 Falcon Share for approximately every 3.025 Chalice Shares held on the In-specie Record Date).</i>																																																										
What are the Lead Manager's interests in the Securities of the Company at the Prospectus Date and on Admission?	<p>As at the Prospectus Date, the Lead Manager and its associates do not have a relevant interest in any Securities.</p> <p>The Lead Manager and its associates are not anticipated to have a relevant interest in any Securities on Admission.</p>	Section 1.6																																																									
<b>Financial information</b>																																																											
What is the Company's financial position?	<p>The following table sets out the pro forma Statement of Financial Position of Falcon as at 30 September 2021:</p> <p>At Minimum Subscription:</p> <table> <tr> <th></th><th>Falcon as at 30 Sept 2021 (Audited) (\$)</th><th>Pro Forma Statement of Financial Position - IPO (\$)</th></tr> <tr> <td><b>ASSETS</b></td><td></td><td></td></tr> <tr> <td><b>CURRENT ASSETS</b></td><td></td><td></td></tr> <tr> <td>Cash and cash equivalents</td><td>-</td><td>13,620,000</td></tr> <tr> <td>Trade and other receivables</td><td>1</td><td>-</td></tr> <tr> <td><b>TOTAL CURRENT ASSETS</b></td><td><b>1</b></td><td><b>13,620,000</b></td></tr> <tr> <td><b>CURRENT ASSETS</b></td><td></td><td></td></tr> <tr> <td>Government bonds</td><td>-</td><td>60,000</td></tr> <tr> <td><b>TOTAL NON-CURRENT ASSETS</b></td><td><b>-</b></td><td><b>60,000</b></td></tr> <tr> <td><b>TOTAL ASSETS</b></td><td><b>1</b></td><td><b>13,680,000</b></td></tr> <tr> <td><b>LIABILITIES</b></td><td></td><td></td></tr> <tr> <td><b>CURRENT LIABILITIES</b></td><td></td><td></td></tr> <tr> <td>Trade and other payables</td><td>5,000</td><td>-</td></tr> <tr> <td><b>TOTAL CURRENT LIABILITIES</b></td><td><b>5,000</b></td><td><b>-</b></td></tr> <tr> <td><b>TOTAL LIABILITIES</b></td><td><b>5,000</b></td><td><b>-</b></td></tr> <tr> <td><b>NET ASSETS / (LIABILITIES)</b></td><td><b>(4,999)</b></td><td><b>13,680,000</b></td></tr> <tr> <td><b>EQUITY</b></td><td></td><td></td></tr> <tr> <td>Contributed equity</td><td>1</td><td>73,500,000</td></tr> <tr> <td>Share issue costs</td><td>-</td><td>(413,000)</td></tr> </table>		Falcon as at 30 Sept 2021 (Audited) (\$)	Pro Forma Statement of Financial Position - IPO (\$)	<b>ASSETS</b>			<b>CURRENT ASSETS</b>			Cash and cash equivalents	-	13,620,000	Trade and other receivables	1	-	<b>TOTAL CURRENT ASSETS</b>	<b>1</b>	<b>13,620,000</b>	<b>CURRENT ASSETS</b>			Government bonds	-	60,000	<b>TOTAL NON-CURRENT ASSETS</b>	<b>-</b>	<b>60,000</b>	<b>TOTAL ASSETS</b>	<b>1</b>	<b>13,680,000</b>	<b>LIABILITIES</b>			<b>CURRENT LIABILITIES</b>			Trade and other payables	5,000	-	<b>TOTAL CURRENT LIABILITIES</b>	<b>5,000</b>	<b>-</b>	<b>TOTAL LIABILITIES</b>	<b>5,000</b>	<b>-</b>	<b>NET ASSETS / (LIABILITIES)</b>	<b>(4,999)</b>	<b>13,680,000</b>	<b>EQUITY</b>			Contributed equity	1	73,500,000	Share issue costs	-	(413,000)	Section 4 Annexure A
	Falcon as at 30 Sept 2021 (Audited) (\$)	Pro Forma Statement of Financial Position - IPO (\$)																																																									
<b>ASSETS</b>																																																											
<b>CURRENT ASSETS</b>																																																											
Cash and cash equivalents	-	13,620,000																																																									
Trade and other receivables	1	-																																																									
<b>TOTAL CURRENT ASSETS</b>	<b>1</b>	<b>13,620,000</b>																																																									
<b>CURRENT ASSETS</b>																																																											
Government bonds	-	60,000																																																									
<b>TOTAL NON-CURRENT ASSETS</b>	<b>-</b>	<b>60,000</b>																																																									
<b>TOTAL ASSETS</b>	<b>1</b>	<b>13,680,000</b>																																																									
<b>LIABILITIES</b>																																																											
<b>CURRENT LIABILITIES</b>																																																											
Trade and other payables	5,000	-																																																									
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,000</b>	<b>-</b>																																																									
<b>TOTAL LIABILITIES</b>	<b>5,000</b>	<b>-</b>																																																									
<b>NET ASSETS / (LIABILITIES)</b>	<b>(4,999)</b>	<b>13,680,000</b>																																																									
<b>EQUITY</b>																																																											
Contributed equity	1	73,500,000																																																									
Share issue costs	-	(413,000)																																																									

Topic	Summary			More information
	Reserves	-	-	
	Accumulated losses	(5,000)	(59,407,000)	
	TOTAL EQUITY / (DEFICIENCY)	(4,999)	13,680,000	
	At Maximum Subscription:			
		Falcon as at 30 Sept 2021  (Audited)  (\$)	Pro Forma Statement of Financial Position - IPO (\$)	
	ASSETS			
	CURRENT ASSETS			
	Cash and cash equivalents	-	28,170,000	
	Trade and other receivables	1	-	
	TOTAL CURRENT ASSETS	1	28,170,000	
	CURRENT ASSETS			
	Government bonds	-	60,000	
	TOTAL NON-CURRENT ASSETS	-	60,000	
	TOTAL ASSETS	1	28,230,000	
	LIABILITIES			
	CURRENT LIABILITIES			
	Trade and other payables	5,000	-	
	TOTAL CURRENT LIABILITIES	5,000	-	
	TOTAL LIABILITIES	5,000	-	
	NET ASSETS / (LIABILITIES)	(4,999)	28,230,000	
	EQUITY			
	Issued capital	1	88,500,000	
	Share issue costs	-	(825,000)	
	Reserves	-	-	
	Accumulated losses	(5,000)	(59,445,000)	
	TOTAL EQUITY / (DEFICIENCY)	(4,999)	28,230,000	
	The information presented above is a summary only and should be read in conjunction with the more detailed discussion on the Financial Information in Section 4 and the Independent Limited Assurance Report in Annexure A as well as the risk factors set out in Section 3.			
Are there any forecasts of future earnings?	There are significant uncertainties associated with forecasting future revenues and expenses of the Company. In light of uncertainty as to timing and outcome of the Company's growth strategies and the general nature of the			
	Section 4.1			



Topic	Summary	More information
	industry in which the Company will operate, as well as uncertain macro market and economic conditions in the Company's markets, the Company's performance in any future period cannot be reliably estimated. On these bases and after considering ASIC Regulatory Guide 170, the Directors do not believe they have a reasonable basis to reliably forecast future earnings and accordingly forecast financials are not included in this Prospectus.	
Will the Company have sufficient funds for its stated objectives?	The Company will have sufficient working capital at the time of Admission to carry out its stated objectives.	Section 1.4
What is the Company's dividend policy?	<p>The Company does not expect to pay dividends in the near future as its focus will primarily be on growing the existing business.</p> <p>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings, operating results, the financial condition of the Company, future capital requirements and other factors considered relevant by the Directors. The Company cannot give any assurances in relation to the payment of dividends or franking credits.</p>	Section 2.8
<b>Summary of the Offers</b>		
What are the Offers?	<p>The Offers comprise:</p> <ul style="list-style-type: none"> <li>a priority pro rata rights offer to Eligible Chalice Shareholders, on the basis of 1 Falcon Share for approximately every 5.882 Chalice Shares held on the Priority Offer Record Date (<b>Priority Offer</b>); and</li> <li>an additional offer of Shares of any Shortfall from the Priority Offer to Eligible Chalice Shareholders and the general public (<b>Shortfall Offer</b>).</li> </ul>	Section 1.1
What is the Offer Price?	\$0.50 per Share.	Section 1.1
Is there a Minimum Subscription?	<p>Yes, the minimum subscription is \$15,000,000 (before costs) (being the issue of a minimum of 30,000,000 Shares) (<b>Minimum Subscription</b>).</p> <p>If the Minimum Subscription is not raised within four months of the Prospectus Date (or such period as varied by ASIC), the Company will not proceed with the Offers and will either repay the Application Monies (without interest)</p>	Section 1.3

Topic	Summary	More information
	to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).	
What are the conditions of the Offers?	<p>Completion of the Offers is subject to, amongst other things:</p> <ul style="list-style-type: none"> <li>• implementation of the Demerger in accordance with the terms of the Demerger Implementation Deed (see Section 7.1); and</li> <li>• ASX granting conditional approval for the Company's Admission (on conditions satisfactory to the Company).</li> </ul> <p>If any of the conditions to the Offers are not met or waived, the Company will not proceed with the Offers.</p>	Sections 1.2, 3.1(b) and 7.1
Why are the Offers being conducted and what are the proposed use of funds?	<p>The purpose of the Offers and proposed use of funds raised by the Offers is to:</p> <ul style="list-style-type: none"> <li>• primarily support the Company's planned exploration activities in relation to the Spin-Out Projects;</li> <li>• assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for Admission and thereby provide the Company with access to public capital markets to improve financial flexibility and the benefits of an increased profile that arises from being a listed entity;</li> <li>• pay the costs of the Offer; and</li> <li>• meet the ongoing administrative costs and liabilities of the Company and provide working capital.</li> </ul> <p>The Company's source of funds and intended use of the funds, assuming completion of the Offers, is set out in Section 1.4. The allocation of funds may change depending on several factors, including market conditions, the development of new opportunities and materialisation of any risks described in Section 3, and actual expenditure levels may differ significantly from the above estimates.</p>	Section 1.4

Topic	Summary	More information																																	
What is the effect of the Offers on the capital structure of the Company?	<p>The Company's capital structure upon Admission will be as follows:</p> <table> <tr> <th></th><th>Shares</th><th>Options</th></tr> <tr> <td>Existing Share on issue</td><td>1</td><td>Nil</td></tr> <tr> <td>In-specie Shares</td><td>116,999,999</td><td>Nil</td></tr> <tr> <td>Total Shares to be distributed under the In-specie Distribution</td><td>117,000,000</td><td>Nil</td></tr> <tr> <td>Total Shares to be issued under the Offers</td><td></td><td></td></tr> <tr> <td>Minimum Subscription</td><td>30,000,000</td><td></td></tr> <tr> <td>Maximum Subscription</td><td>60,000,000</td><td>Nil</td></tr> <tr> <td>Options<sup>(1)</sup></td><td>Nil</td><td>11,682,000</td></tr> <tr> <td>Total Securities on issue on Admission<sup>(2)</sup></td><td></td><td></td></tr> <tr> <td>Minimum Subscription</td><td>147,000,000</td><td></td></tr> <tr> <td>Maximum Subscription</td><td>177,000,000</td><td>11,682,000</td></tr> </table> <p>1. See Section 8.2 for the terms and conditions of the Options. The Options are to be issued to the Directors, employees and consultants of the Company.</p> <p>2. The total number of Securities to be on issue upon Admission assumes no further Shares are issued and none of the Options are exercised.</p>		Shares	Options	Existing Share on issue	1	Nil	In-specie Shares	116,999,999	Nil	Total Shares to be distributed under the In-specie Distribution	117,000,000	Nil	Total Shares to be issued under the Offers			Minimum Subscription	30,000,000		Maximum Subscription	60,000,000	Nil	Options <sup>(1)</sup>	Nil	11,682,000	Total Securities on issue on Admission <sup>(2)</sup>			Minimum Subscription	147,000,000		Maximum Subscription	177,000,000	11,682,000	Section 1.5
	Shares	Options																																	
Existing Share on issue	1	Nil																																	
In-specie Shares	116,999,999	Nil																																	
Total Shares to be distributed under the In-specie Distribution	117,000,000	Nil																																	
Total Shares to be issued under the Offers																																			
Minimum Subscription	30,000,000																																		
Maximum Subscription	60,000,000	Nil																																	
Options <sup>(1)</sup>	Nil	11,682,000																																	
Total Securities on issue on Admission <sup>(2)</sup>																																			
Minimum Subscription	147,000,000																																		
Maximum Subscription	177,000,000	11,682,000																																	

Topic	Summary	More information
	The Company's free float at the time of Admission will be not less than 20%.	
How do I apply for Shares under the relevant Offer?	Applicants can apply for Shares under the Offers online on the offer website at <a href="https://FalconIPO.thereachagency.com">https://FalconIPO.thereachagency.com</a> and pay directly via BPAY® (for Applicants with an eligible Australian bank account). The Share Registry can be contacted via the Offer Information Line if an Applicant is unable to pay via BPAY® or a personalised Application Form is required. Applicants should take into account BPAY® processing times or mail times.	Section 1.7
When will I know if my Application was successful?	It is expected that holding statements will be sent to successful applicants on or about 15 December 2021 (subject to any extension of the Offers).	Section 1.9
What are the terms of the Shares offered under the Offers?	All Shares issued under the Offers will rank equally with the existing Shares on issue. The rights and liabilities attaching to the Shares are further described in Section 8.1.	Sections 1.1 and 8.1
Is there a cooling off period?	No.	N/A
Can the Offers be withdrawn?	Yes. The Company may withdraw the Offers at any time before the issue of Shares to successful Applicants under the Offers.  If the Offers, or any part of them, does not proceed, all relevant Application Monies will be refunded (without interest).	Section 1.11
Who is the Lead Manager?	The Lead Manager is Bell Potter Securities Limited (ACN 006 390 772).	Section 1.6
Are the Offers underwritten?	No.	Section 1.6
Will the Shares be quoted?	Within seven days after the Prospectus Date, the Company will apply to ASX for Admission and Official Quotation of its Shares.  If ASX does not grant permission within three months after the Prospectus Date (or any longer period permitted by law), the Offers will be withdrawn and all Application Monies will be refunded to Applicants (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.	Section 1.10

Topic	Summary	More information
Are there any escrow arrangements?	<p>The Company has received in-principle advice from ASX in respect of Listing Rule 9.1(c), confirming that ASX would be likely to grant a waiver to allow the Company's Shares to be distributed in-specie to Chalice Shareholders, without being subject to the escrow restrictions set out in Appendix 9B to the Listing Rules. As such, on receipt of a formal application to the ASX by the Company and grant of the waiver by ASX, the Shares distributed under the In-specie Distribution will be freely tradeable upon Admission.</p> <p>None of the Shares issued pursuant to the Offers are expected to be restricted securities.</p>	Section 1.16
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty should be payable by Applicants on acquisition of Shares under the Offers.	Section 1.7
How can I find out more about the Prospectus or the Offers?	<p>Questions relating to the Offers and the completion of an Application Form can be directed to the Offer Information Line on 1300 396 564 (within Australia) or +61 3 9415 4087 (Outside Australia) 8:30am to 5:00pm (Sydney time) Monday to Friday during the offer period.</p>	Section 1.20



## 1. Details of the Offers

### 1.1 The Offers

The Offers are for an initial public offering of Shares at an offer price of \$0.50 per Share (**Offer Price**), for the issue of a minimum of 30,000,000 Shares and a maximum of 60,000,000 Shares to raise a minimum of \$15,000,000 and a maximum of \$30,000,000 (before costs).

#### (a) Structure of the Offers

The Offers comprise:

- (i) a priority pro rata rights offer to Eligible Chalice Shareholders, on the basis of 1 Falcon Share for approximately every 5.882 Chalice Shares held on the Priority Offer Record Date (**Priority Offer**); and
- (ii) an additional offer of Shares of any Shortfall from the Priority Offer to Eligible Chalice Shareholders and the general public (**Shortfall Offer**).

The Shares to be issued by the Company pursuant to the Offers, are of the same class and will rank equally with the existing Shares on issue. The rights and liabilities attaching to the Shares are further described in Section 8.1.

Persons wishing to apply for Shares under the Offers should see Section 1.7 for further details and instructions.

#### (b) Priority Offer

The Priority Offer is open to Chalice Shareholders registered as the holder of Chalice Shares on the Priority Offer Record Date, whose address as shown in the members' register is in Australia or New Zealand (**Eligible Chalice Shareholders**).

##### (i) Ineligible Chalice Shareholders

The Priority Offer will not be extended to Chalice Shareholders whose address as shown in the members' register is outside of Australia and New Zealand on the Priority Offer Record Date (**Ineligible Chalice Shareholders**) on the basis of:

- (A) the limited number of Ineligible Chalice Shareholders;
- (B) the number and value of the Shares overseas Ineligible Chalice Shareholders would be offered; and
- (C) the cost of complying with legal or regulatory requirements in those places.

The number of Shares to which an Ineligible Chalice Shareholder is entitled under the Priority Offer will not be issued to such Chalice Shareholder and, instead, will form the Shortfall Offer.

(c) **Shortfall Offer**

Shares not taken up by the Priority Offer will be offered to Eligible Chalice Shareholders and the general public pursuant to the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus. The issue price of Shortfall Shares will be \$0.50 per Share, such that the Offer Price under the Priority Offer and the Shortfall Offer is the same.

Shortfall Shares will only be issued if the Priority Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions.

The Board may elect to cap the number of Shortfall Shares that are allotted to Eligible Chalice Shareholders, having regard to:

- (i) the number of Shares that an Eligible Chalice Shareholder is entitled to subscribe for under the Priority Offer relative to the number of Shortfall Shares an Eligible Chalice Shareholder has applied for;
- (ii) the number of Shares held by an Eligible Chalice Shareholder after the completion of the Priority Offer; and
- (iii) the total number of Shortfall Shares available for subscription.

Should the Company receive applications for Shortfall Shares in excess of the number of Shares available for subscription under the Shortfall Offer, the Board will allocate the Shortfall Shares at their full discretion. In any event:

- (i) the number of Shortfall Shares available under the Shortfall Offer will not exceed the shortfall in subscriptions under the Priority Offer;
- (ii) no Shortfall Shares will be issued to an Applicant which would, if issued, result in them increasing their voting power in the Company above 20%; and
- (iii) no Shortfall Shares will be issued if their issue would contravene any law or Listing Rule.

For the avoidance of doubt, the Board reserves the discretion to cap the number of Shortfall Shares allocated to Eligible Chalice Shareholders and issue the balance of the Shortfall Shares to new investors. In exercising this discretion, the Board will take into account a number of factors including recommendations of the Lead Manager to place the Shortfall Shares, ensuring the Company has an appropriate and optimal Shareholder base, which may be achieved through strategic investors increasing their interests or by the introduction of new investors. There is no guarantee of any allocation of Shortfall Shares, or that Applications for Shortfall Shares will be satisfied in full. Excess Application Monies under the Shortfall Offer will be refunded (without interest).

It is a term of the Shortfall Offer that, should the Company scale back Applications for Shortfall Shares in accordance with the allocation policy described above, the Applicant will be bound to accept such lesser number of Shares allocated to them.

The Company may elect to extend the Shortfall Offer to certain institutional or professional investors with registered addresses outside of Australia or New Zealand

where the Company is satisfied, in its sole discretion, that the offer and sale of the Shares can be made in compliance with applicable securities laws without any locally compliant prospectus, lodgement or filing.

## 1.2 Conditions to the Offers

Completion of the Offers is subject to the following conditions:

- (a) implementation of the Demerger on and in accordance with the terms of the Demerger Implementation Deed (see Section 7.1) which includes, among others, a requirement for Chalice to obtain shareholder approval for and undertake the In-specie Distribution;
- (b) ASX granting conditional approval for the Company's Admission on conditions satisfactory to the Company;
- (c) the Company raising the Minimum Subscription; and
- (d) to the extent required by ASX or the Listing Rules, certain persons entering into a restriction agreement imposing such restrictions on trading on the Company's Securities as mandated by the Listing Rules.

If any of these conditions are not satisfied or waived (as applicable), the Company will not proceed with the Offers and the Company will repay all Application Monies received under the Offers to the Applicants (without interest) in accordance with the Corporations Act.

## 1.3 Minimum Subscription

The minimum subscription under the Offers is \$15,000,000 (before costs) (being the issue of a minimum of 30,000,000 Shares) (**Minimum Subscription**).

None of the Shares offered under this Prospectus will be issued if Applications are not received for the Minimum Subscription. If the Minimum Subscription is not raised within four months of the Prospectus Date (or such period as varied by ASIC), the Company will not proceed with the Offers and will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).

## 1.4 Purpose of the Offers and use of funds

The purpose of the Offers and proposed use of funds raised by the Offers is to:

- (i) position the Company to achieve its strategy as set out in Section 2.4;
- (a) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for Admission and thereby provide the Company with access to public capital markets to improve financial flexibility and the benefits of an increased profile that arises from being a listed entity;
- (b) pay the costs of the Offers; and

- (c) meet the ongoing administrative costs and liabilities of the Company and provide working capital.

The proceeds of the Offers will be applied by the Company as set out in the table below:

Source of funds	\$	
	Minimum Subscription	Maximum Subscription
Existing cash as at the Prospectus Date	Nil	Nil
Proceeds from the Offers	\$15,000,000	\$30,000,000
<b>Total funds available</b>	<b>\$15,000,000</b>	<b>\$30,000,000</b>

The following table shows the intended use of funds in the 24 month period following Admission:

Use of funds - Year 1	Minimum Subscription		Maximum Subscription	
	\$	%	\$	%
Exploration and development expenditure on the Spin-Out Projects: <sup>1</sup>				
- Pyramid Hill	\$3,375,000	22.50%	\$3,700,000	12.33%
- Viking	\$500,000	3.33%	\$1,000,000	3.33%
- Mount Jackson	\$50,000	0.33%	\$75,000	0.25%
Working capital <sup>1</sup>	\$1,000,000	6.67%	\$2,900,000	9.67%
Corporate costs	\$900,000	6.00%	\$1,000,000	3.33%
Costs of the Offers <sup>2</sup>	\$1,000,000	6.67%	\$1,450,000	4.83%
<b>Total funds allocated - Year 1</b>	<b>\$6,825,000</b>	<b>45.50%</b>	<b>\$10,125,000</b>	<b>33.75%</b>

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	\$1,450,000	9.67%	\$1,500,000	5.00%
Mount Jackson	\$175,000	1.17%	\$175,000	0.58%
Working capital <sup>1</sup>	\$1,100,000	7.33%	\$5,450,000	18.17%
Corporate costs	\$1,000,000	6.67%	\$1,100,000	3.67%
<b>Total funds allocated – Year 2</b>	<b>\$8,175,000</b>	<b>54.50%</b>	<b>\$19,875,000</b>	<b>66.25%</b>
<b>TOTAL FUNDS ALLOCATED</b>	<b>\$15,000,000</b>	<b>100%</b>	<b>\$30,000,000</b>	<b>100%</b>

- 1. Working capital includes the general costs associated with the management and operation of the business including administration expenses, rent and other associated costs.*
- 2. The expenses paid or payable by the Company in relation to the Offers are summarised in Section 8.7.*

In the event the Company raises more than the Minimum Subscription but less than the Maximum Subscription, priority will be given to exploration expenditure for the Pyramid Hill Project.

The above table is a statement of current intentions as at the Prospectus Date. Prospective investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including market conditions, the development of new opportunities and/or any number of other factors (including the risk factors outlined in Section 3), and actual expenditure levels, may differ significantly from the above estimates.

The funds raised from the Offers, assuming the Minimum Subscription is raised, will provide the Company with sufficient working capital to carry out its stated objectives in this Prospectus.

The Board intends to apply any additional funds raised upon the exercise of Options towards the cost of its intended activities and general working capital purposes.

The use of further equity funding may be considered by the Company where it is appropriate to accelerate a specific project or strategy.

Based on the intended use of funds detailed above, the amounts raised pursuant to the Offers will provide the Company with sufficient funding for approximately the 24 month period following Admission. The future capital requirements of the Company will depend on many factors including the timing and success of the Company's activities and whether any of the risks in Section 3 materialise. The Company believes its available cash and the net proceeds of the

Offers should be adequate to fund its business objectives in the short term as stated in this Prospectus, however, the Company may require further financing in the future. See Section 3.1(e) for discussion of the risks associated with the Company's future capital requirements.

## 1.5 Capital structure on Admission

The Company's capital structure upon Admission will be as follows:

Key details of the Offers	Shares	Options
Existing Share on issue	1	Nil
In-specie Shares	116,999,999	Nil
Total Shares to be distributed under the In-specie Distribution	117,000,000	Nil
Total Shares to be issued under the Offers		
<b>Minimum Subscription</b>	30,000,000	
<b>Maximum Subscription</b>	60,000,000	Nil
Options	Nil	11,682,000 <sup>(1)</sup>
<b>Total Securities on issue on Admission<sup>(2)</sup></b>		
<b>Minimum Subscription</b>	<b>147,000,000</b>	
<b>Maximum Subscription</b>	<b>177,000,000</b>	<b>11,682,000</b>

- The Options have an exercise price of \$0.75 each and otherwise on the terms and conditions in Section 8.2. The Options are to be issued to the Directors, employees and consultants of the Company prior to Admission.*
- The total number of Securities to be on issue upon Admission assumes no further Shares are issued and none of the Options are exercised.*


The Company's free float at the time of Admission will be not less than 20%.

## 1.6 Lead Manager

The Offers are not underwritten. Bell Potter is the Lead Manager to the Offers. A summary of the key terms of the appointment is set out in Section 7.3.

As at the Prospectus Date, the Lead Manager and its associates do not have a relevant interest in any Securities.

Based on the information available to the Company as at the Prospectus Date regarding the intentions of the Lead Manager and its related bodies corporate in relation to the Offers and assuming:

- 
- (a) the Minimum Subscription is achieved under the Offers; and
- (b) neither the Lead Manager nor its related bodies corporate take up any Shares under the Offers,

the Lead Manager and its associates will have a relevant interest in nil Shares on Admission. However, Eligible Chalice Shareholders who are officers or employees of the Lead Manager will be eligible to participate in the Offers on the same terms and conditions as other Eligible Chalice Shareholders.

The Lead Manager has not participated in a placement of Shares by the Company in the two years preceding lodgement of this Prospectus.

## 1.7 Applications

### (a) How to apply

A copy of this Prospectus along with information about how to apply under the Offers is available online on the offer website at <https://FalconIPO.thereachagency.com>. The Company encourages you to carefully read the Prospectus before making your investment decision, noting you will be bound by the terms and conditions in the Prospectus if you choose to participate.

If you are an Eligible Chalice Shareholder and wish to acquire Shares under the Offers, you may either:

- (i) take up all of your Entitlement under the Priority Offer;
- (ii) take up part of your Entitlement under the Priority Offer; or
- (iii) take up all of your Entitlement under the Priority Offer and also apply for Shortfall Shares under the Shortfall Offer.

Applications by Eligible Chalice Shareholders under the Offers and by the general public under the Shortfall Offer (if applicable) must be for a minimum of 1,000 Shares (\$2,000) and then in increments of 250 Shares (\$500).

Applicants can apply for Shares under the Offers online on the offer website at <https://FalconIPO.thereachagency.com> and pay directly via BPAY® (for Applicants with an eligible Australian bank account). This is the fastest and easiest way to apply.

If you are unable to pay via BPAY® or access the website to complete the online Application Form, please contact Computershare via the Offer Information Line on 1300 396 564 (within Australia) or +61 3 9415 4087 (Outside Australia) 8:30am to 5:00pm (Sydney time) Monday to Friday, to obtain a personalised Application Form. The personalised Application Form will need to be returned together with a cheque, bank draft or money order drawn from an Australian bank in Australian dollars.

If you are a New Zealand Applicant that is unable to pay by BPAY®, you should contact Computershare via the Offer Information Line on 1300 396 564 (within Australia) or +61 3 9415 4087 (Outside Australia) 8:30am to 5:00pm (Sydney time) Monday to Friday,



during the offer period, to arrange alternative electronic funds transfer payment for the number of Shares you wish to apply for.

If you make a payment by BPAY®, direct transfer, cheque, bank draft or money order (as applicable), you are taken to make the certifications, representations and warranties described in this Prospectus.

Please note that your financial institution may apply limits on the use of your BPAY® or direct transfers (as applicable) and that you should make enquiry about the limits that apply in your personal circumstances.

If you do not provide the exact amount, the Company reserves the right to issue you a lesser number of Shares and (if necessary) return a portion of your funds. No interest will be paid on money returned.

No brokerage, stamp duty or other costs are payable by Applicants.


The online (or, if required, personalised) Application Form and related payment must be completed and received by no later than the Closing Date. The Offers may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offers or accept late Applications.

**(b) Acknowledgements**

The return of a completed Application Form with the requisite Application Monies (if applicable) will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained and that the Applicant:

- (i) agreed to be bound by the terms of the Offers;
- (ii) agreed to be bound by the terms of the Constitution;
- (iii) irrevocably and unconditionally agree to the terms and conditions of the Offer and the terms and conditions set out in this Prospectus (having read the Prospectus in its entirety) and the Application Form;
- (iv) declares that all details and statements in the Application Form are complete and accurate;
- (v) declares that, if they are an individual, they are over 18 years of age and have full legal capacity and power to perform all its rights and obligations under the Application Form;
- (vi) acknowledged that, once the Company receives an Application Form, it may not be withdrawn;
- (vii) applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;



- 
- (viii) agreed to being allocated and issued or transferred the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- (ix) acknowledged that the Company may not pay dividends, or that any dividends paid may not be franked;
- (x) declared that the Applicant(s) is/are a resident of Australia or New Zealand (unless otherwise expressly agreed by the Company in writing and in its sole discretion);
- (xi) authorises the Company and its respective officers or agents, to do anything on their behalf necessary for the Shares to be issued to them, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form;
- (xii) acknowledges that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Shares are suitable for them given their investment objectives, financial situation or particular needs;
- (xiii) acknowledges that the Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia, and accordingly, the Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws;
- (xiv) acknowledged and agreed that the Offers may be withdrawn by the Company, or may otherwise not proceed in the circumstances described in this Prospectus; and
- (xv) acknowledged and agreed that if the listing does not occur for any reason, the Offers will not proceed.

## **1.8 Application Monies to be held in trust**

To the extent required by the Corporations Act, until the Shares are issued under this Prospectus, the Application Monies for Shares will be held by the Company on trust on behalf of Applicants in a separate bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus. However, the Company will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest. If the Shares to be issued under this Prospectus are not admitted to Official Quotation within three months after the Prospectus Date, no Shares will be issued and Application Monies will be refunded in full without interest in accordance with the Corporations Act.

## **1.9 Allocation policy**

The Directors in their sole discretion reserve the right to determine the allocation of Shares under the Offers, including to reject any Application or to allocate any Applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus Application Monies will be refunded, without

interest, to the Applicant as soon as practicable after the relevant Closing Date. It is expected that holding statements and allotment confirmation notices will be sent to successful Applicants on or about 15 December 2021. Refer to Section 1.1 for additional information.

#### **1.10 ASX listing**

Within seven days after the Prospectus Date, the Company will apply to ASX for Admission and Official Quotation of its Shares. The Company confirms that the issue price of all securities for which the Company will apply for Official Quotation is at least \$0.20 in cash.

Completion is conditional on ASX approving this application on conditions acceptable to the Company. If ASX does not grant permission within three months after the Prospectus Date (or any longer period permitted by law), the Offers will be withdrawn and all Application Monies will be refunded to Applicants (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may admit the Company to the Official List is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

#### **1.11 Discretion regarding the Offers**

The Company may withdraw the Offers at any time before the issue of Shares to successful Applicants under the Offers. If the Offers, or any part of them, does not proceed, all relevant Application Monies will be refunded (without interest).

The Lead Manager and the Company also reserve the right to, subject to the Corporations Act, extend the Offers or any part of them, accept late Applications either generally or in particular cases, reject any Application or allocate to any Applicant fewer Shares than the amount applied for.

#### **1.12 Commencement of trading**

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their holding statement, whether on the basis of a confirmation of allocation provided by any of them, by a broker or otherwise.

#### **1.13 CHESS and issuer sponsorship**

The Company will apply to participate in CHESS. All trading on the ASX will be settled through CHESS. ASX Settlement, a wholly owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry will operate an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Rather, holding statements (similar to bank statements) will be sent to Shareholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for Shareholders who elect to

hold Shares on the CHESS sub-register) or by the Company's Share Registry (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). The statements will set out the number of existing Shares (where applicable) and the number of new Shares allotted under this Prospectus and provide details of a Shareholder's holder identification number (for Shareholders who elect to hold Shares on the CHESS sub-register) or Shareholder reference number (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each Shareholder at the end of each month in which there is a transaction on their holding, as required by the Listing Rules.

#### **1.14 Overseas Applicants**

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia, may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit an offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia or, to the extent permitted below at Section 1.15, New Zealand. Applicants who are residents in countries other than Australia, should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia, it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

#### **1.15 Notice to New Zealand investors**

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**). The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- (e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

#### **1.16 Escrow arrangements**

The Company has received in-principle advice from ASX in respect of Listing Rule 9.1(c), confirming that ASX would be likely to grant a waiver to allow the Company's Shares to be distributed in-specie to Chalice Shareholders, without being subject to the escrow restrictions

set out in Appendix 9B to the Listing Rules. As such, on receipt of a formal application to the ASX by the Company and grant of the waiver by ASX, the Shares distributed under the In-specie Distribution will be freely tradeable upon Admission.

None of the Shares issued pursuant to the Offers are expected to be restricted securities.

#### **1.17 Taxation**

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer, by consulting their own professional tax advisers. To the maximum extent permitted by law, neither the Company nor any of its Directors, officers nor any of their respective advisers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

#### **1.18 Privacy disclosure**

Persons who apply for Shares pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess Applications for Shares, to provide facilities and services to security holders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

#### **1.19 Paper copies of Prospectus**

The Company will provide paper copies of this Prospectus (including any supplementary or replacement document) and the Application Form to investors upon request and free of charge. Requests for a paper copy Prospectus and Application Form should be directed to the Company Secretary on [info@falconmetals.com.au](mailto:info@falconmetals.com.au).

#### **1.20 Enquiries**

This Prospectus provides information for potential investors in the Company and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.

Questions relating to the Offers and the completion of an Application Form can be directed to the Offer Information Line on 1300 396 564 (within Australia) or +61 3 9415 4087 (Outside Australia) 8:30am to 5:00pm (Sydney time) Monday to Friday during the offer period.

## 2. Company overview

### 2.1 Background to the Company

The Company was incorporated on 12 July 2021 in the state of Western Australia as a minerals exploration and development company, for the purpose of facilitating the Demerger.

On 29 October 2021, Chalice, the Company, CGM, Falcon Gold and Falcon WA entered into a demerger implementation deed pursuant to which, subject to the satisfaction or waiver of certain conditions, Chalice will transfer and the Company will acquire the Spin-Out Projects (see Section 7.1 for more information on the Demerger Implementation Deed).

The Company's Board currently comprises Alex Dorsch, Chris MacKinnon and Richard Hacker, each as Non-Executive Directors. Upon ASX granting conditional approval for the Company's Admission (on conditions satisfactory to the Company):

- (a) Chris MacKinnon and Richard Hacker will resign as Directors;
- (b) Tim Markwell's appointment as Managing Director and Chief Executive Officer will become effective; and
- (c) Mark Bennett's appointment as Non-Executive Chairman will become effective.

See Section 6.2 for the biographies of the Directors.

### 2.2 Company structure

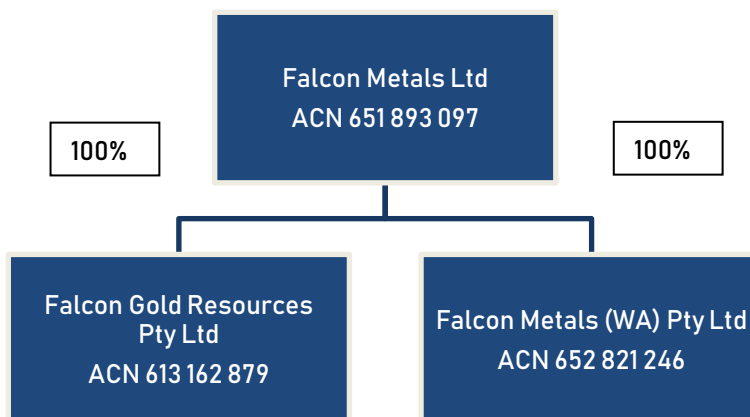
#### (a) Capital structure of the Company

As at the Prospectus Date, Chalice holds 100% of the issued capital of the Company, as set out below:

	Shares	%
Share on issue as at the Prospectus Date	1	100

(b) **Corporate structure**

Upon the Company's Admission, its corporate structure will be as set out in the following diagram:



Both of the Company's subsidiaries are 100% held by the Company and incorporated in Western Australia for the purposes of holding interests in exploration projects.

(c) **Company status and financial year**

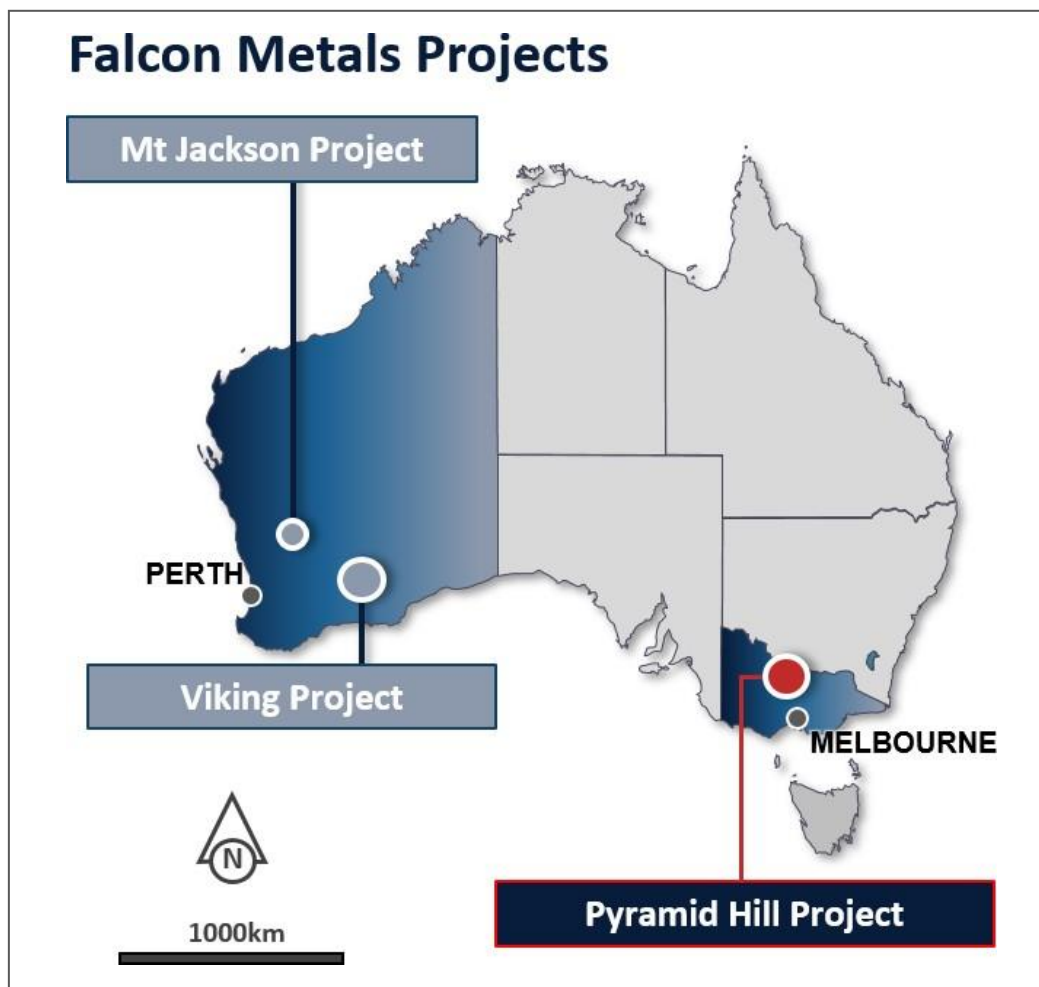
The Company will be subject to tax at the Australian corporate tax rate. The Company's financial year for taxation purposes ends on 30 June. The Company and its wholly owned subsidiaries may form an Australian income tax consolidated group with effect from on or around completion of the Offers. A full assessment of the income tax consolidation implications will be completed following completion of the Offers and the Company will make a choice at that time whether it is in the best interests of the Company to form an income tax consolidated group.

## 2.3 **Overview of the Spin-Out Projects**

The Company was incorporated to optimise the exploration potential of the Spin-Out Projects. The Spin-Out Projects comprise the Pyramid Hill Project in Victoria and the Viking Project and Mount Jackson Project in Western Australia (collectively, the **Spin-Out Projects**). Each Spin-Out Project is summarised below.

A comprehensive summary of the status of the Tenements can be found in the Solicitor's Report in Annexure C.

A comprehensive summary of regional and local geology and exploration work pertaining to the Tenements is contained in the Independent Geologist's Report in Annexure B.



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

**(a) Pyramid Hill Project**

The 100%-owned Pyramid Hill Gold Project was initially staked in late 2017 and now covers an area of >5,000 km<sup>2</sup> 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 at an average grade of ~15g/Au. 90% of mines had a recovered grade of >8.5g/t Au. The 'Gold Undercover' initiative by the Victorian Government in 2006-2009 estimated a potential ~32Moz (P50 mid-case) of undiscovered gold beneath Murray Basin cover in the Northern Bendigo Zone.<sup>2</sup> The

<sup>2</sup> Gold Undercover, Summary of Geological Findings, Exploring for buried gold in northern Victoria, CE Williams, Gold Undercover Report 24, February 2010. State Government of Victoria. Available at <http://earthresources.efirst.com.au/product.asp?plD=973&cID=42>.



estimate was made prior to the epizonal high-grade gold discovery at Fosterville, and was limited to a depth of 1km.

Most of the 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. Given the large tenement package and limited effective drilling prior to Chalice, the project remains at an early stage of exploration.

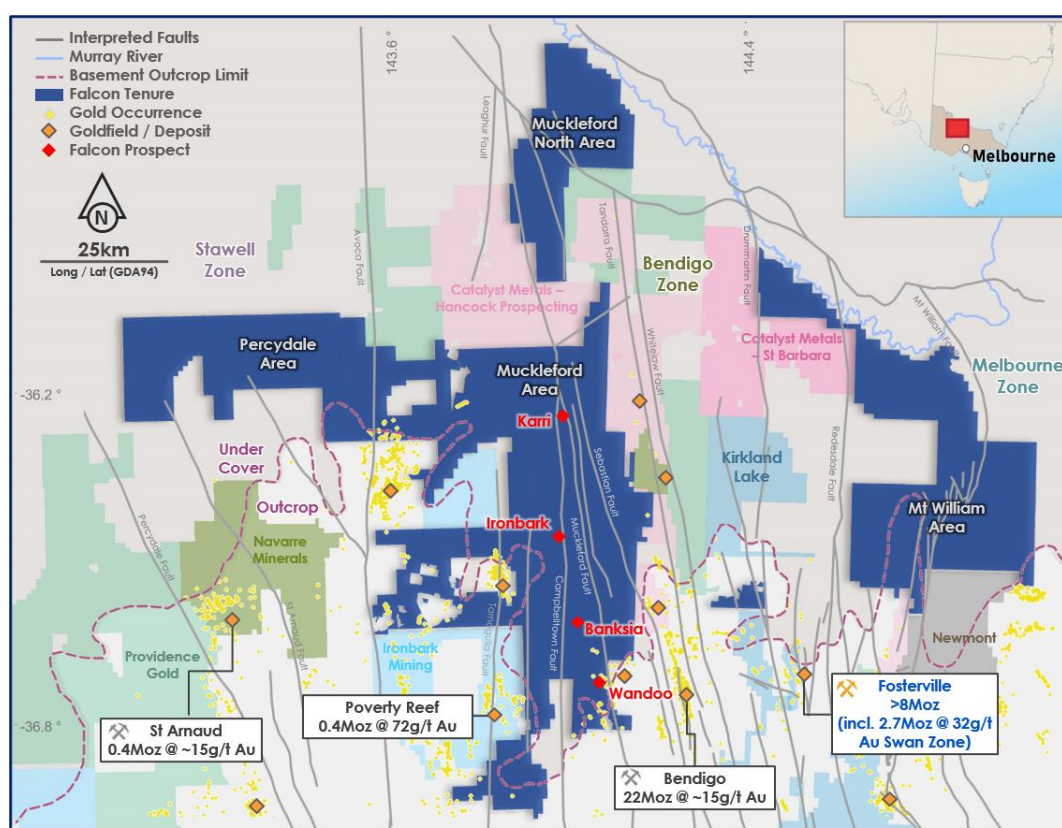
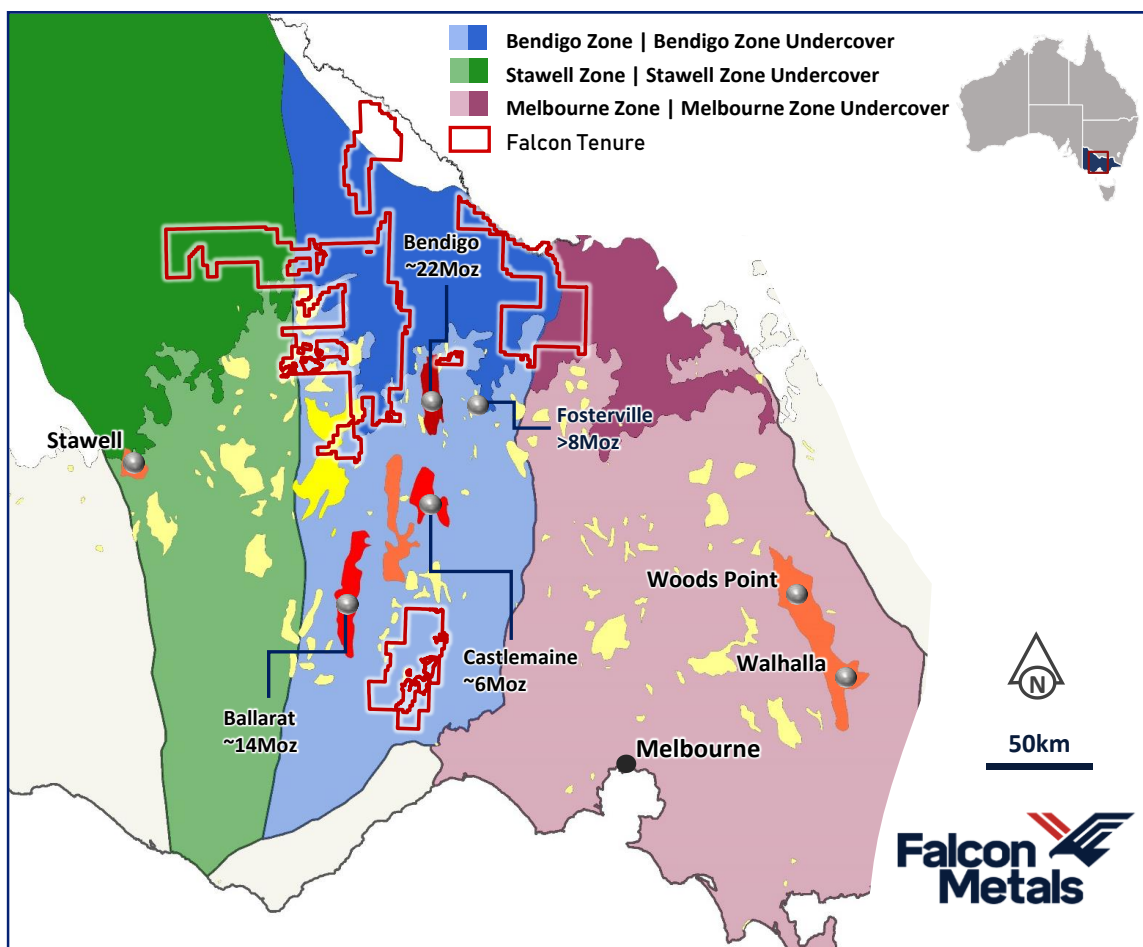


Figure 2: Falcon Tenure





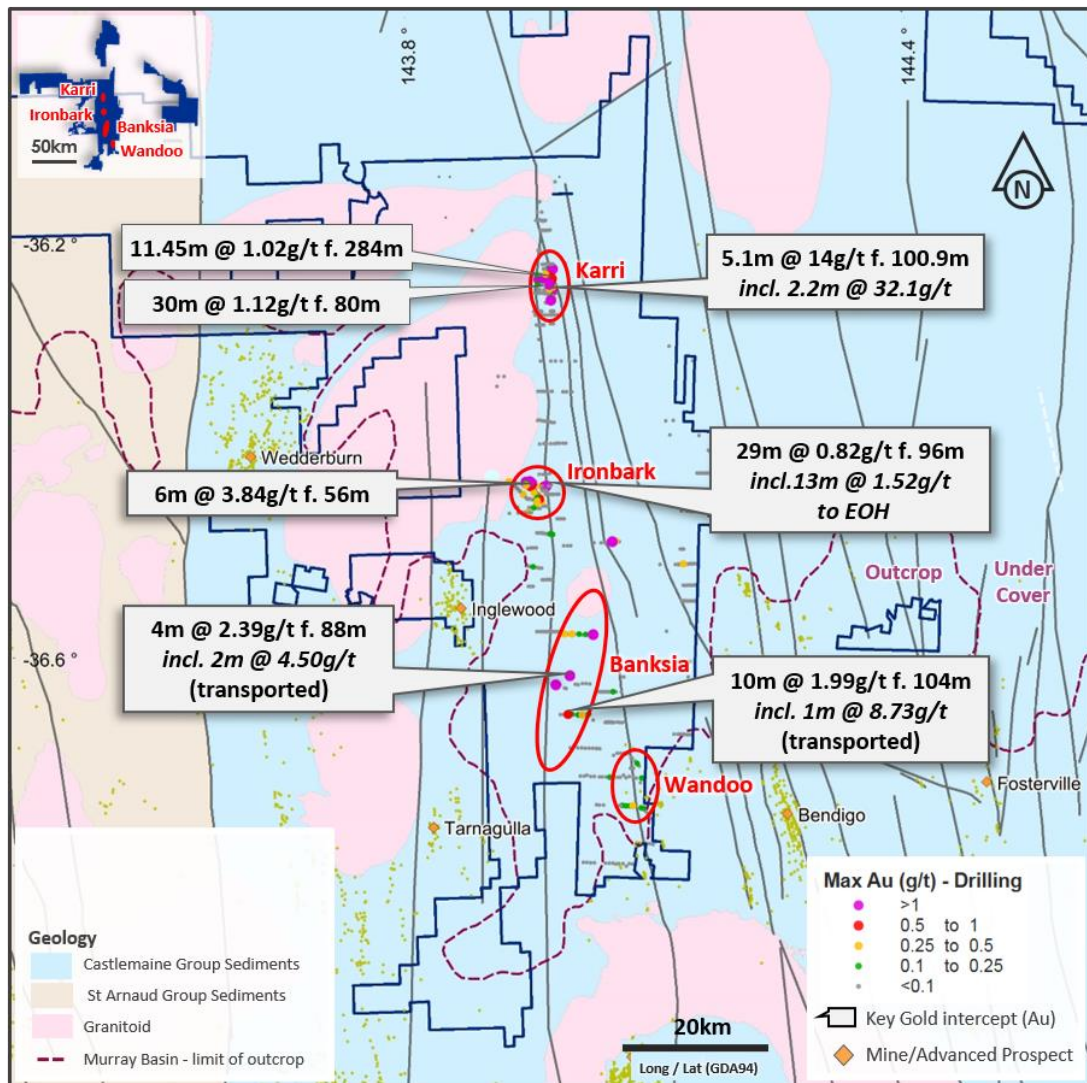
**Figure 3: Regional geological setting**

Since 2018, Chalice has completed 4,127 surface soil samples, 1,120 aircore holes for 117,080m, 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. Recent drilling has intersected significant gold mineralisation which will be the focus for continued exploration.

Four large scale prospects have been identified through systematic drilling, geophysics and surface geochemistry:



Prospect	Description
<b>Karri</b>	<ul style="list-style-type: none"> <li>• Shallow gold intersections over ~4km of strike and up to 32.1g/t Au</li> <li>• Under ~50-80m of Murray Basin cover</li> <li>• Located ~20km west of Four Eagles discovery (Catalyst Metals)</li> </ul>
<b>Ironbark</b>	<ul style="list-style-type: none"> <li>• Shallow gold intersections up to 9.4g/t Au with strongly anomalous As and Sb</li> <li>• Associated along the margins of diorite intrusive rocks displaying similarities to Walhalla-Woods Point orogenic style deposits in the Melbourne Zone</li> </ul>
<b>Banksia</b>	<ul style="list-style-type: none"> <li>• Strongly anomalous (transported) gold over an inferred &gt;10km strike length and up to 8.7g/t</li> <li>• Drill line spacing remains wide (3-5km)</li> </ul>
<b>Wandoo</b>	<ul style="list-style-type: none"> <li>• Low level gold up to 0.15g/t and elevated arsenic over ~5km strike</li> <li>• Comparable results to those returned at Karri in first pass AC drilling</li> </ul>



**Figure 4: Drilling results over major prospects**

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

The next stage 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, as well as seasonal cropping constraints.

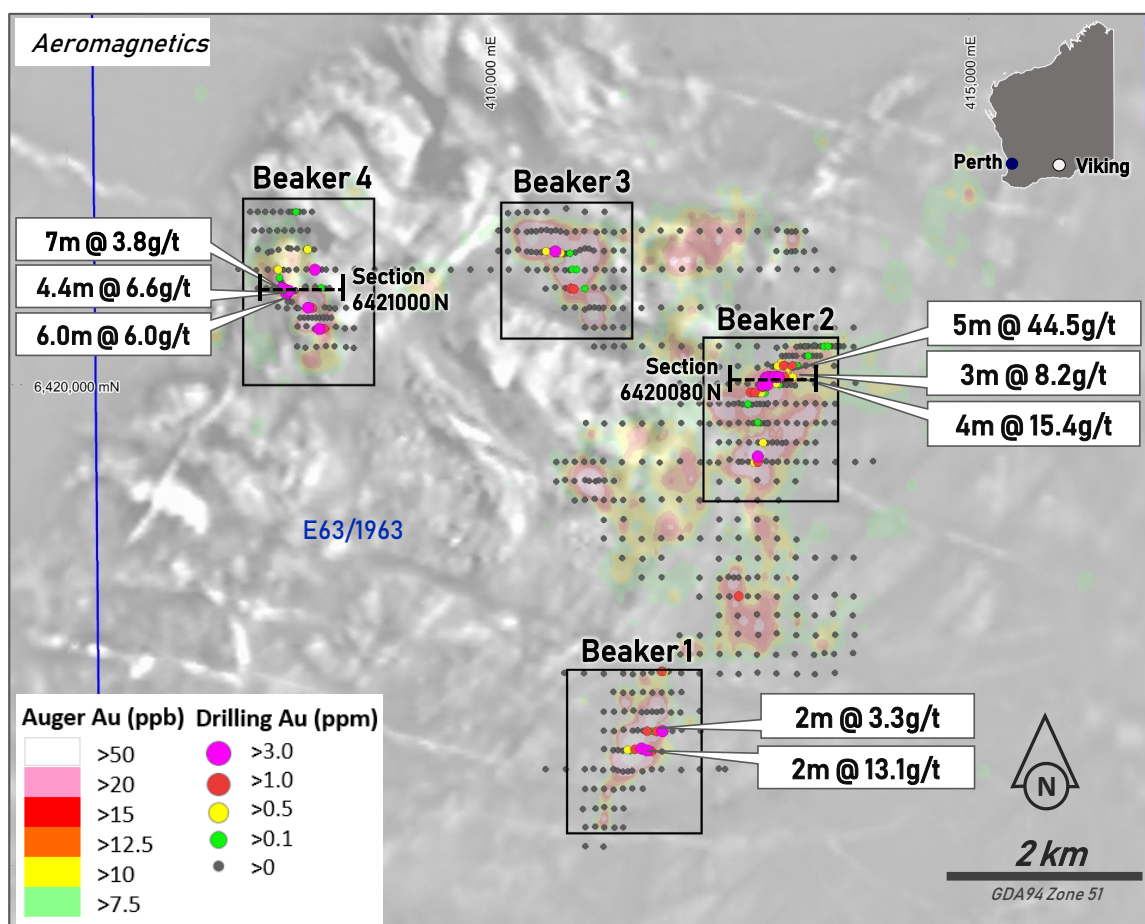
(b) **Viking Project**

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 km<sup>2</sup>. The exploration licence application is being progressed towards grant.

Upon implementation of the Demerger, Falcon will assume the right of CGM to earn into E63/1963 held by Metal Hawk Limited (**Metal Hawk**), whereby CGM (upon Admission, 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, CGM 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.

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 existing oxide gold intercepts.



(c) **Mount Jackson Project**

The Mount Jackson Project is located in an underexplored part of the prospective Southern Cross region of Western Australia. The Mount Jackson Project consists of one granted exploration licence (E77/2577) 100% owned by CGM, which will be acquired by Falcon WA upon implementation of the Demerger. 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.

The Company 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.

## **2.4 Strategy, plans and objectives**

Following Admission, the Company's primary focus will be to explore the Spin-Out Projects using a variety of geochemical, geophysical and drilling techniques to create value for Shareholders through the discovery and development of mineral deposits. This primary focus comprises the objectives the Company is seeking to achieve from its Admission and the Offers.

The Company ultimately aims to progress from an explorer, subject to the results of its exploration activities, technical studies and availability of appropriate funding, into development and ultimately into a developer. The Company will achieve this by:

- (a) undertaking systematic exploration activities on the Spin-Out Projects, with the aim of discovering an economic mineral deposit;
- (b) undertaking economic and technical assessments of the Spin-Out Projects in line with industry standards (for example, the completion of a scoping study, then a prefeasibility study, followed by a definitive feasibility study); and
- (c) undertaking project development and construction.

Although the Company's immediate focus will be on the Spin-Out Projects, as with most exploration entities, it will also assess new business opportunities in the resource sector that complement its business. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, and/or direct equity participation, all of which would complement the Company's existing mineral portfolio. The Board will assess the suitability of investment opportunities by utilising its experience in evaluating projects with reference to the objectives of the Company.

## **2.5 Proposed exploration budgets**

The Company proposes to fund its intended activities as outlined in the table below from the proceeds of the Offers. It should be noted that the budgets will be subject to modification on an ongoing basis depending on the results obtained from exploration. This will involve an ongoing assessment of the Company's Projects and may lead to increased or decreased levels of expenditure on certain interests, reflecting a change in emphasis. Subject to the above, the following budget takes into account the proposed expenses over the two years following Admission to complete initial exploration of the Tenements. As budgeted below, the Company's



exploration expenditure will exceed the statutory requirements for each of the Tenements (see Annexure B for further details):

Use of funds		Year 1		Year 2	
		Minimum	Maximum	Minimum	Maximum
Exploration and development expenditure on the Spin-Out Projects (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
	Mount 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 Offers		\$1,000,000	\$1,450,000	-	-
<b>Total</b>		<b>\$6,825,000</b>	<b>\$10,125,000</b>	<b>\$8,175,000</b>	<b>\$19,875,000</b>

## 2.6 Key business model dependencies

The key dependencies for the Company to meet its objectives are:


- (a) ongoing access to capital for project exploration and development;
- (b) maintaining title to the Tenements;
- (c) maintaining existing and securing additional necessary consents and approvals required to carry out exploration activities; and
- (d) retaining competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

## 2.7 Financing of the Company

The Company is a newly incorporated subsidiary of Chalice for Demerger purposes. To date, the Company's operations have been funded by Chalice pursuant to loan arrangements. The Company's planned exploration activities and business strategy generally as set out in Sections 2.3, 2.4 and 2.5 above will initially be funded by the funds raised by the Offers. However, the Directors anticipate the Company will in the future require additional capital to further its exploration activities and transition from explorer to developer. The amount and nature of any such additional funding will be determined based on market conditions and the needs of the business at the relevant time.

## 2.8 Dividend policy

The Company does not expect to pay dividends in the near future as its focus will primarily be on growing the existing business.



Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings, operating results, the financial condition of the Company, future capital requirements and other factors considered relevant by the Directors. The Company cannot give any assurances in relation to the payment of dividends or franking credits.

### 3. Risk factors

The Shares offered under this Prospectus are considered speculative. Before applying for Shares, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment, having regard to their own investment objectives, financial circumstances and taxation position.

There can be no guarantee that the Company will deliver on its business strategy, or that any forward looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance is not a reliable indicator of future performance.

The Directors strongly recommend investors examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for the Shares pursuant to this Prospectus.

In addition, investors should be aware there are risks associated with investment in the Company. There are certain general risks and certain specific risks which relate directly to the Company's business and are largely beyond the control of the Company and the Directors because of the nature of the business of the Company. Those risks, along with other specific and general risks involved in investing in the Company, are set out in more detail in this Section 3.

The risks described below are not to be taken as exhaustive. Where relevant, the risks below assume completion of the Offer has occurred. The specific risks considered below and other risks and uncertainties not currently known to the Company, or that are currently considered immaterial, may materially and adversely affect the Company's business operations, the financial performance of the Company and the value and market price of the Shares.

#### 3.1 Risks specific to the Company

##### (a) Limited operating history

The Company 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 the Company 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 the Company will achieve commercial viability through the successful exploration on, or mining development of, its projects. Until the Company 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 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 7.1) which, if not satisfied or waived, will prevent the Demerger from completing and the Company will not be able to proceed with the Offers.

The obligation of the Company to issue the Shares under the Offers is also conditional on ASX granting approval for Admission. If this condition is not satisfied, the Company will not proceed with the Offers. Failure to complete the Offers may have a material adverse effect on the Company's financial position.

(c) **Grant and renewal of permits**

The Company's exploration activities are dependent upon the maintenance (including renewal) of the tenements in which the Company has or acquires an interest. Maintenance of the Company's 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 the Company 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.

The Company 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, the Company will not acquire an interest in these tenements. The tenement applications therefore should not be considered as assets or projects of the Company.

(d) **Land access**

The Company 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. The Company's ability to resolve access and compensation issues will have an impact on the future success and financial performance of Falcon's operations. If the Company 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 the Company and any delays or costs in respect of conflicting third-party rights, obtaining necessary consents, or compensation obligations, may adversely impact the Company's 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.

The Company has sufficient access to the Tenements to expend its funds in accordance with the expenditure program in Section 2.5 of the Prospectus.

(e) **Funding**

The Company 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, the Company 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 Section 3, materialise, or equally new business opportunities materialise.

Additional equity financing, if available, may be dilutive to shareholders and/or occur at prices lower than the market price. Debt financing, if available, may involve restrictions on financing and operating activities. If the Company 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 the Company is involved, the Company is committed to meet the conditions under which the tenements were granted and the obligations of the Company 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 Prospectus Date, the Company is not in breach of its minimum expenditure commitments. There is a risk that if the Company fails to satisfy these minimum expenditure requirements at the time of expiry, the Company 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 the Company an extension of the licences, the Company 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 the Company 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 the Company's operations.

(h) **Title**

All of the licences in which the Company 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, the Company 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 the Company 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 the Company's 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 the Company operates). The effect of the NTA is that existing and new tenements held by the Company 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 the Company which may affect the operation of the Company's business and development activities. In the event that it is determined that native title does exist or a native title claim has been registered, the Company 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 the Company in terms of cash flows, financial performance, business development, and the Share price.

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

The Company is earning into E63/1963 held by Metal Hawk Limited, whereby the Company has assumed the 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, the Company will have 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.

The Company 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 the Company.

(l) **Joint venture risk**

Pursuant to the Metal Hawk Agreement (see Section 7.2(d)), 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 the Company or cause delays in the development of the Projects.

While the Company intends to negotiate a formal joint venture agreement with Metal Hawk, there is no guarantee that the Company will be able to negotiate a formal joint venture agreement on terms favourable to the Company, 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 the Company contractual remedies, however, even if such remedies are available, they may be costly and time consuming to pursue.

(m) **Potential acquisitions and investments**

The Company 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 the Company. If an acquisition is undertaken, the Directors will need to reassess at that time, the funding allocated to current projects and new projects, which may result in the Company 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 the Company 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 the Company 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 the Company's operations and future plans.

(o) **Taxation losses**

The Company and its subsidiaries will have nil carry forward tax losses immediately following completion of the Offers. Carry forward tax losses will remain with the Company income tax consolidated group. The ability of the Company 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 the Company's 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 the Company on a go-forward basis in compliance with relevant tax laws.

(p) **Conflicts of interest**

Certain Directors 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 the Company 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, the Company, there exists actual and potential conflicts of interest among these persons.

### 3.2 **Risks relating to the industry generally**

(a) **Exploration**

The mineral tenements of the Company 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 the Company 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 the Company.

The success of the Company will also depend upon the Company 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 the Company 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 the Company's profitability. If the Company develops mining operations and these are subject to cost over-runs and/or higher than anticipated operating costs, this would adversely affect the Company's profitability, the value of the Company's 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 the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's 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 the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company 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 the Company's 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 the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company 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 the Company's projects and business.

In particular, the Company's 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 the Company. 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 the Company having insufficient employees or contractors to operate its business, which could adversely affect the Company's 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 the Company. 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 the Company's 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 the Company are and will be taken into account in Australian currency. As a result, the Company 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 the Company's operations, financial position (including revenue and profitability) and performance. The Company may undertake measures, where deemed necessary by the Board, to mitigate such risks.

(g) **Regulatory risks**

The Company's 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. The Company requires permits from regulatory authorities to authorise the Company's 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 the Company 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 the Company 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 the Company's activities or forfeiture of one or more of the Company's tenements.

(h) **Occupational health and safety**

Site safety and occupational health and safety outcomes are a critical element in the reputation of the Company and its ability to retain and be awarded new contracts in the resources industry. While the Company has a strong commitment to achieving a safe performance on site and will adopt industry appropriate workplace health and safety policies, a serious site safety incident could impact upon the reputation and financial outcomes for the Company. 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 the Company's 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 the Company which may negatively impact on the financial performance and growth prospects for the Company.



### 3.3 General risks

#### (a) Securities investments

There are risks associated with any securities investment. The prices at which the securities of the Company 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 the Company regardless of its operational performance.

#### (b) Share market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's 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 the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.


#### (c) Force majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company 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 the Company's assets, operations and ultimately the financial performance of the Company and its Shares. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine.

The Company 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 the Company's 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 the Company.

(e) **Litigation risks**

The Company is exposed to possible litigation risks including, without limitation, intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company 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 the Company's operations, financial performance, and financial position. The Company 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 the Company.

(g) **Reliance on key personnel**

The Company 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 the Company's planned activities. This may result in cost and time overruns which may have a material adverse effect on the Company.

(h) **Insurance**

Insurance against all risks associated with the Company's business is not always available or affordable. The Company 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 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 Prospectus. Although the Company 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 the Company.

(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 the Company's business (or on the operations of other businesses on which it relies), and there is no guarantee that the Company's 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 the Company's 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 the Company's ability to freely move people and equipment to and from the Company's 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 the Company's operations and financial performance.

**(k) Climate change risks**

Climate change is a risk the Company has considered, particularly related to its operations in the mining industry. The climate change risks particularly attributable to the Company 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. The Company 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 the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, 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 the Company 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 the Company 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, the Company, 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 this Prospectus.

(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 the Company's 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 the Company's view of those laws may increase the amount of tax / duty paid or payable by the Company 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 the Company's financial performance, may increase the amount of tax paid or payable by the Company 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 in its discretion and the Board's decision will have regard to, amongst other things, the financial performance and position of the Company, relative to its capital expenditure and other liabilities.


Moreover, to the extent that the Company pays any dividends, the Company 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 the Company's franking account balance (which is expected to be nil immediately following completion of the Offers) and its level of distributable profits. The Company's franking account balance is contingent on the Company making Australian taxable profits and will depend on the amount of Australian income tax paid by the Company on those Australian taxable profits. The Company's 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 the Company's conduit foreign income balance (which will be nil immediately following completion of the Offer) and its level of distributable profits. The Company's conduit foreign income balance will depend on whether the Company expands overseas and the level of non-Australian income tax paid by the Company on those operations. It is noted that, based on present activities, future unfranked dividends paid by the Company 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, about payment of any dividend and the level of franking or conduit foreign income on any such dividend.

### **3.4 Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

## 4. Financial information

This Section 4 sets out:

- (a) the summary audited historical Consolidated Statement of Financial Position as at 30 September 2021 and audited historical Consolidated Statement of Profit or Loss and Consolidated Statement of Cash Flows of the Group (**Historical Financial Information**); together with
- (b) the pro forma Consolidated Statement of Financial Position of the Group as at 30 September 2021 and supporting notes which include the pro forma adjustments (**Pro Forma Financial Information**),

(collectively, the **Financial Information**).

HLB has prepared an Independent Limited Assurance Report in respect of the Financial Information, as set out in Annexure A. Investors should note the scope and limitations of the Independent Limited Assurance Report.

The Group comprises the Company and its wholly owned subsidiaries, Falcon Gold and Falcon WA.

All amounts disclosed in this Section 4 are presented in Australian dollars.

### 4.1 Forecast financial information

There are significant uncertainties associated with forecasting future revenues and expenses of the Company. In light of uncertainty as to timing and outcome of the Company's growth strategies and the general nature of the industry in which the Company will operate, as well as uncertain macro market and economic conditions relevant to the Company, the Company's performance in any future period cannot be reliably estimated. On these bases and after considering ASIC Regulatory Guide 170, the Directors do not believe they have a reasonable basis to reliably forecast future earnings and accordingly forecast financials are not included in this Prospectus.

### 4.2 Basis of preparation of the Historical Financial Information

The Historical Financial Information included in this Section 4 has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (including the Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act. The Historical Financial Information is presented in an abbreviated form insofar as it does not include all the presentation, disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act. Significant accounting policies applied to the Historical Financial Information are set out in Section 4.9.

The Historical Financial Information of the Company relates to the period from incorporation to 30 September 2021. The Historical Financial Information has been prepared for the purpose of the Offers.

### 4.3 Basis of preparation of the Pro Forma Financial Information

The Pro Forma Financial Information included in this Section 4 has been prepared for the purposes of inclusion in this Prospectus. The Pro Forma Financial Information is based on the audited Consolidated Statement of Financial Position of the Group as at 30 September 2021 and adjusting for the impacts of the Offers and other pro forma adjustments.

The Pro Forma Financial Information does not reflect the actual financial results of the Group. The Directors believe that it provides useful information as it illustrates to investors the financial position of the Group immediately after completion of the Offers.

The information set out in this Section 4 and the Group's selected Financial Information should be read together with:

- (a) the risk factors described in Section 3;
- (b) the use of funds described in Section 1.4;
- (c) the indicative capital structure described in Section 1.5;
- (d) the Independent Limited Assurance Report on the Historical Financial Information set out in Annexure A; and
- (e) the other information contained in this Prospectus.

Investors should also note that historical results are not a guarantee of future performance.

#### 4.4 Historical Consolidated Statement of Profit or Loss

The table below presents the Historical Consolidated Statement of Profit or Loss for the period from incorporation to 30 September 2021.

	30 September 2021 Audited \$
Other expenses	(5,000)
<b>(Loss) before income tax</b>	<b>(5,000)</b>
Income tax benefit/(expense)	-
<b>Total (loss) for the period</b>	<b>(5,000)</b>

#### 4.5 Historical Consolidated Statement of Cash Flows

There have been no cash flow movements in Falcon due to all transactions being settled on Falcon's behalf by Chalice. Accordingly, no statement of cash flows has been prepared for the period from incorporation to 30 September 2021.

#### 4.6 Historical Consolidated Statement of Financial Position

The table below presents the Historical Consolidated Statement of Financial Position as at 30 September 2021.

	30 September 2021 Audited \$
<b>Current Assets</b>	
Trade and other receivables	1
<b>Total Current Assets</b>	<b>1</b>
<b>Total Assets</b>	<b>1</b>
<b>Current Liabilities</b>	
Trade and other payables	(5,000)
<b>Total Current Liabilities</b>	<b>(5,000)</b>
<b>Total Liabilities</b>	<b>(5,000)</b>
<b>Net (Liabilities)</b>	<b>(4,999)</b>
<b>Equity</b>	
Issued capital	1
Accumulated losses	(5,000)
<b>Total (Deficiency)</b>	<b>(4,999)</b>



#### 4.7 Pro Forma Consolidated Statement of Financial Position

The tables below set out the pro forma adjustments that have been incorporated into the Pro Forma Consolidated Statement of Financial Position as at 30 September 2021.

The pro forma adjustments reflect the financial impact of the Offers and other transactions as if they had occurred at 30 September 2021.

The Pro Forma Consolidated Statement of Financial Position is provided for illustrative purposes only and is not represented as necessarily indicative of the Company's financial position.

At Minimum Subscription - \$15,000,000

	Section Referenc e	Falcon as at 30 Sept 2021  (Audited)  (\$)	Demerger Adjustments  (\$)	Pro Forma Statement of Financial Position - Demerger (\$)	IPO Pro Forma Adjustments (\$)	Pro Forma Statement of Financial Position - IPO (\$)
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	4.10	-	-	-	13,620,000	13,620,000
Trade and other receivables		1	(1)	-	-	-
<b>TOTAL CURRENT ASSETS</b>		<b>1</b>	<b>(1)</b>	<b>-</b>	<b>13,620,000</b>	<b>13,620,000</b>
<b>CURRENT ASSETS</b>						
Government bonds	4.11	-	60,000	60,000	-	60,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>-</b>	<b>60,000</b>	<b>60,000</b>	<b>-</b>	<b>60,000</b>
<b>TOTAL ASSETS</b>		<b>1</b>	<b>59,999</b>	<b>60,000</b>	<b>13,620,000</b>	<b>13,680,000</b>
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Trade and other payables	4.12	5,000	60,000	65,000	(65,000)	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,000</b>	<b>60,000</b>	<b>65,000</b>	<b>(65,000)</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>5,000</b>	<b>60,000</b>	<b>65,000</b>	<b>(65,000)</b>	<b>-</b>
<b>NET ASSETS / (LIABILITIES)</b>		<b>(4,999)</b>	<b>(1)</b>	<b>(5,000)</b>	<b>13,685,000</b>	<b>13,680,000</b>
<b>EQUITY</b>						
Contributed equity	4.13	1	58,499,999	58,500,000	15,000,000	73,500,000
Share issue costs	4.13	-	-	-	(413,000)	(413,000)
Reserves	4.14	-	-	-	-	-
Accumulated losses	4.15	(5,000)	(58,500,000)	(58,505,000)	(902,000)	(59,407,000)
<b>TOTAL EQUITY / (DEFICIENCY)</b>		<b>(4,999)</b>	<b>(1)</b>	<b>(5,000)</b>	<b>13,685,000</b>	<b>13,680,000</b>

At Maximum Subscription - \$30,000,000

	Section Reference	Falcon as at 30 Sept 2021  (Audited)  (\$)	Demerger Adjustments  (\$)	Pro Forma Statement of Financial Position - Demerger (\$)	IPO Pro Forma Adjustments (\$)	Pro Forma Statement of Financial Position - IPO (\$)
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	4.10	-	-	-	28,170,000	28,170,000
Trade and other receivables		1	(1)	-	-	-
<b>TOTAL CURRENT ASSETS</b>		<b>1</b>	<b>(1)</b>	<b>-</b>	<b>28,170,000</b>	<b>28,170,000</b>
<b>CURRENT ASSETS</b>						
Government bonds	4.11	-	60,000	60,000	-	60,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>-</b>	<b>60,000</b>	<b>60,000</b>	<b>-</b>	<b>60,000</b>
<b>TOTAL ASSETS</b>		<b>1</b>	<b>59,999</b>	<b>60,000</b>	<b>28,170,000</b>	<b>28,230,000</b>
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Trade and other payables	4.12	5,000	60,000	65,000	(65,000)	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,000</b>	<b>60,000</b>	<b>65,000</b>	<b>(65,000)</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>5,000</b>	<b>60,000</b>	<b>65,000</b>	<b>(65,000)</b>	<b>-</b>
<b>NET ASSETS / (LIABILITIES)</b>		<b>(4,999)</b>	<b>(1)</b>	<b>(5,000)</b>	<b>28,235,000</b>	<b>28,230,000</b>
<b>EQUITY</b>						
Issued capital	4.13	1	58,499,999	58,500,000	30,000,000	88,500,000
Share issue costs	4.13	-	-	-	(825,000)	(825,000)
Reserves	4.14	-	-	-	-	-
Accumulated losses	4.15	(5,000)	(58,500,000)	(58,505,000)	(940,000)	(59,445,000)
<b>TOTAL EQUITY / (DEFICIENCY)</b>		<b>(4,999)</b>	<b>(1)</b>	<b>(5,000)</b>	<b>28,235,000</b>	<b>28,230,000</b>

#### 4.8 Demerger and pro forma adjustments

- (a) 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 fair value. As such the deemed fair value of the acquisition is with reference to the number of Falcon Shares being issued to Chalice Shareholders, being 116,999,999 Shares, multiplied by the fair value of the Shares, being the Offer Price, for a total fair value of \$58,499,999.
- (b) Government bonds attached to the tenements being acquired by Falcon totalling \$60,000 will be transferred from Chalice to Falcon with the bond amounts repaid upon successful completion of the Offers.
- (c) Payment of creditors of \$5,000 as at 30 September 2021.
- (d) The issue of 30,000,000 Shares at an Offer Price of \$0.50 in case of raising the Minimum Subscription (being \$15,000,000 before costs); and the issue of 60,000,000 Shares at an Offer Price of \$0.50 in the case of raising the Maximum Subscription (being \$30,000,000 before costs).
- (e) Transaction costs. Payment of estimated transaction costs totalling \$1,000,000 in the case of raising the Minimum Subscription (of which \$413,000 is applied against issued capital and \$587,000 expensed); and \$1,450,000 in the case of raising the Maximum Subscription (of which \$825,000 is applied against issued capital and \$625,000 expensed), including Lead Manager fees of 2% of gross proceeds raised and 3% on broker introduced proceeds raised and repayment to Chalice of any transactions costs paid by Chalice.
- (f) Payment of exploration costs for projects acquired from Chalice, totalling \$315,000.
- (g) The pro forma cash and cash equivalents in Falcon's 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 Prospectus Date (excluding the costs of the Transaction as these have been recognised in the pro forma adjustment above).

#### 4.9 Significant Accounting Policies

(a) **Basis of preparation**

Historical cost convention

The Financial Information has been prepared on an accruals basis and is based on historical costs. Cost is based on the fair values of the consideration given in exchange for assets. The Financial Information has also been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act.

(b) **Principles of consolidation**

The Financial Information incorporates the assets and liabilities of all subsidiaries of Falcon as at 30 September 2021 and the results of all subsidiaries for the period then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(c) **Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- (i) When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- (ii) When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

(d) **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities in the statement of financial position.

(e) **Trade and other receivables**

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, less any allowances for expected credit losses. Trade and other receivables are generally due for settlement within 120 days.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists and in any event when the debt is more than 60 days overdue.

(f) **Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(g) **Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is the date that the Group commits itself to either purchase or sale of assets.

(i) **Financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss, loans and borrowings, payable or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

An instrument is a financial liability when an issuer is, or can be required, to deliver either cash or another financial asset (e.g. ordinary shares in the Company) to the holder.

Where the Group has the choice of settling a financial instrument in cash or otherwise is contingent on the outcome of circumstances beyond the control of both the Group and the holder, the Group accounts for the instrument as a financial liability.

All financial liabilities are initially recognised at fair value. The Group's financial liabilities include trade payables and accruals.

(ii) **Financial assets**

Financial assets are initially recognised at fair value. The Group's financial assets include trade and other receivables.

(h) **Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(i) **Going concern**

The Financial Information has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

The Directors believe that the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the Financial Information.

(j) **Share-based payments**

Equity settled transactions:

The Company provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black & Scholes option-pricing model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Falcon. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and

(ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, measured at the modification date.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(k) **Exploration and evaluation expenditure**

Costs incurred in the exploration and evaluations stages of specific areas of interest are expensed against the profit or loss as incurred. All exploration expenditure, including acquisition costs, general permit activity, geological and geophysical costs, project generation and drilling costs, is expensed as incurred. Once the technical and commercial feasibility of extracting a mineral resource are demonstrable in respect of an area of interest, development expenditure is capitalised to the Statement of Financial Position.

#### 4.10 Cash and cash equivalents

The reviewed pro forma cash and cash equivalents are set out below:

	Note	Minimum Subscription	Maximum Subscription
		\$	\$
Audited cash and cash equivalents as at 30 September 2021		-	-
<i>Demerger and pro forma adjustments:</i>			
Proceeds from shares issued under this Prospectus	4.8(d)	15,000,000	30,000,000
Capital raising costs	4.8(e)	(1,000,000)	(1,450,000)
Payment of amounts owing at 30 September 2021	4.8(b) 4.8(c)	(65,000)	(65,000)
Payment of exploration costs for projects acquired	4.8(f)	(315,000)	(315,000)
Total pro forma adjustments		13,620,000	28,170,000
<b>Pro forma cash and cash equivalents</b>		<b>13,620,000</b>	<b>28,170,000</b>

#### 4.11 Government bonds

The reviewed pro forma government bonds are set out below:

	Note	Minimum Subscription	Maximum Subscription
		\$	\$
Audited government bonds as at 30 September 2021		-	-
<i>Demerger and pro forma adjustments:</i>			
Transfer of government bonds	4.8(b)	60,000	60,000
Total adjustments		60,000	60,000
<b>Pro forma government bonds</b>		<b>60,000</b>	<b>60,000</b>

#### 4.12 Trade and other payables

The reviewed pro forma trade and other payables are set out below:

	Note	Minimum Subscription	Maximum Subscription
		\$	\$
Audited trade and other payables as at 30 September 2021		5,000	5,000
<i>Demerger and pro forma adjustments:</i>			
Transfer of government bonds	4.8(b)	60,000	60,000
Payment of amounts owing at 30 September 2021	4.8(b) 4.8(c)	(65,000)	(65,000)
Total adjustments		(5,000)	(5,000)
<b>Pro forma trade and other payables</b>		<b>-</b>	<b>-</b>

#### 4.13 Issued capital

The reviewed pro forma issued capital is set out below:

	Note	Minimum Subscription	Minimum Subscription	Maximum Subscription	Maximum Subscription
		Number of shares	\$	Number of shares	\$
Audited issued capital as at 30 September 2021		1	1	1	1
<i>Demerger and pro forma adjustments:</i>					
Acquisition of Spin-Out Projects	4.8(a)	116,999,999	58,499,999	116,999,999	58,499,999
Shares issued under this Prospectus	4.8(d)	30,000,000	15,000,000	60,000,000	30,000,000
Capital raising costs	4.8(e)		(413,000)		(825,000)
Total adjustments		146,999,999	73,086,999	176,999,999	87,674,999
<b>Pro forma issued capital</b>		<b>147,000,000</b>	<b>73,087,000</b>	<b>177,000,000</b>	<b>87,675,000</b>



#### 4.14 Reserves

The reviewed pro forma reserves is set out below:

	Note	Minimum Subscription	Maximum Subscription
		\$	\$
Audited reserves as at 30 September 2021		-	-
<i>Demerger and pro forma adjustments:</i>			
Issue of incentive options	4.14(a)	-	-
Total adjustments		-	-
<b>Pro forma reserves</b>		-	-

- (a) 11,682,000 incentive options will be issued prior to Admission for nil cash consideration, valued using the 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
Fair value of option class	\$608,924	\$608,924	\$721,947	\$721,947

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

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

A total of 9,027,000 Options relate to incentive options being issued to Directors. The remaining 2,655,000 Options will be issued to the Exploration Manager and general manager, allocated evenly between the four incentive option classes.

The total fair value of Options being issued is \$2,661,742. The Options will vest over time (see duration in table above) and the commencement of the vesting period occurs on Admission. The expense relating to the Options will be brought to account over the vesting period in accordance with AASB 2 *Share-Based Payment*. As such no share-based payment expense has been recorded in the Pro Forma Consolidated Statement of Financial Position as at 30 September 2021.

#### 4.15 Accumulated losses

The reviewed pro forma accumulated losses is set out below:

	Note	Minimum Subscription	Maximum Subscription
		\$	\$
Audited accumulated losses as at 30 September 2021		(5,000)	(5,000)
<i>Demerger and pro forma adjustments:</i>			
Acquisition of Spin-Out Projects	4.8(a)	(58,500,000)	(58,500,000)
Costs of the Offer not directly attributable to the capital raising	4.8(e)	(587,000)	(625,000)
Payment of exploration costs for projects acquired	4.8(f)	(315,000)	(315,000)
Total adjustments		(59,402,000)	(59,440,000)
<b>Pro forma accumulated losses</b>		<b>(59,407,000)</b>	<b>(59,445,000)</b>

Falcon's 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 fair value. As such the deemed fair value of the acquisition with reference to the number of Shares being issued to Chalice, being 116,999,999 shares, multiplied by the fair value of the Shares, being the Offer Price of \$0.50 per Share, for a total fair value of \$58,499,999.

Under the Group's accounting policy (see Section 4.9 above) costs associated with acquiring interests in new exploration licences and project generation are expensed through the consolidated statement of profit or loss.

## 5. Australian tax considerations

This Section 5 provides a general overview of the Australian tax consequences for investors who acquire Shares pursuant to the Offers. The comments in this Section 5 are based on the Australian taxation laws (including established interpretations of those laws) as at the Prospectus Date, which may change.

This Section 5 is general in nature and is not intended to be an authoritative or a complete statement of the Australian taxation laws. It should be noted that the Australian taxation laws are complex and the investor's own circumstances will affect the taxation outcomes of making an investment in Shares pursuant to the Offers. It is therefore recommended that investors seek independent professional advice, having regard to their own specific circumstances, in considering an investment in Shares pursuant to the Offers.

The categories of investors considered in this summary are limited to individuals, complying superannuation entities and certain companies, trusts or partnerships, each of whom holds their shares on capital account.

This summary does not consider the consequences for investors who are insurance companies, banks, investors that hold their shares (or entitlements) on revenue account or as traditional securities, carry on a business of trading in shares, investors who acquired shares in connection with an employee share scheme, or investors who are exempt from Australian tax. This summary also does not cover the consequences for investors who are subject to Division 230 of the *Income Tax Assessment Act 1997* (Cth) (the **Taxation of Financial Arrangements or TOFA regime**). Both resident and non-resident investors should seek professional advice to determine if Shares are held in this capacity (and the corresponding income tax implications should this apply). All Shareholders are advised to seek independent professional advice regarding the acquisition of their Shares, having regard to their own specific circumstances.

Deloitte, a registered tax agent, has provided the tax commentary below. Deloitte is not licensed under Chapter 7 of the Corporations Act to provide financial product advice. Taxation issues, such as those covered by this Section 5, are only some of the matters you need to consider when making a decision about a financial product. Prospective investors should consider taking advice from someone who holds an AFSL before making such a decision.

### 5.1 Entitlements under the Priority Offer

Having an entitlement to subscribe for Shares under the Priority Offer should not, in and of itself, generally result in any amount being included in assessable income.

Shareholders who take up their entitlement and acquire Shares under the Priority Offer will generally acquire those Shares with a cost base for Capital Gains Tax (CGT) purposes equal to the Offer Price paid by them for those Shares plus any non-deductible incidental costs incurred in acquiring them. The Shares acquired under the Priority Offer should generally be taken to have been acquired on the day the entitlements were exercised for CGT purposes (exercise of the entitlement for CGT purposes should generally occur when a Shareholder makes an application under the Priority Offer).

Shareholders should not generally make a capital gain or loss, or derive assessable income, from taking up their entitlement to participate in the Priority Offer or subscribing for Shares.

Shareholders who do not take up all or part of their entitlement to participate in the Priority Offer generally should not make a capital gain or loss, or derive assessable income, from non-participation in the Priority Offer as no separate consideration is to be received by them in this circumstance.

Certain Australian tax and stamp duty implications of acquiring and holding Shares are discussed in further detail in the following sections of Section 5.

## **5.2 Participating in the Shortfall Offer**

Participating in the Shortfall Offer should not, in and of itself, generally result in any amount being included in assessable income.

Shareholders who acquire Shares under the Shortfall Offer will generally acquire them with a cost base for CGT purposes equal to the Offer Price paid by them for those Shares plus any non-deductible incidental costs incurred in acquiring them. The Shares acquired under the Shortfall Offer should generally be taken to have been acquired when the contract under the Shortfall Offer arises for CGT purposes (the contract for CGT purposes should generally arise when the Company accepts the application of the applicant under the Shortfall Offer).

Certain Australian tax and stamp duty implications of acquiring and holding Shares acquired under the Priority Offer are discussed in further detail in the following sections of Section 5.

## **5.3 Dividends on a Share – Australian tax residents**

Dividends may be paid to Shareholders in respect of their Shares. “Franking credits” may be attached to such dividends. Franking credits broadly represent the extent to which a dividend is paid out of profits that have been subject to Australian income tax. It is possible for a dividend to be fully franked, partly franked or unfranked.

Australian tax resident Shareholders will be required to include dividends in their assessable income in the income year in which the dividends are paid. To the extent that the dividends are franked, subject to the comments below, the associated franking credits should also be included in the Australian tax resident Shareholder’s assessable income (i.e. the dividends are required to be “grossed-up”). In such circumstances, Shareholders are subject to tax at their applicable rate of tax on the grossed-up dividends received (but may be entitled to a tax offset for the associated franking credits as discussed below).

To the extent that the dividends are unfranked, there is no gross-up (or tax offset) and Australian tax resident Shareholders are subject to tax at their applicable rate of tax on the unfranked dividends received.

The distribution statement for the dividends paid should advise of the franking status of the dividends.

### **(a) Australian resident individuals and complying superannuation entities**

To the extent that the franking credits received by Shareholders that are Australian tax resident individuals or complying superannuation entities exceeds the amount of total income tax payable, those Shareholders should be entitled to a refund from the Australian Tax Office (ATO) of any excess franking credits over and above total income tax payable in an income year. Where the franking credits are less than the tax payable on the dividends, those Shareholders may need to pay an additional amount of tax.

(b) **Trusts and partnerships**

In relation to Shareholders that are trusts (other than trustees of complying superannuation entities or trusts treated as companies for tax purposes) or partnerships, such Shareholders 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.

In relation to 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.

(c) **Corporate Shareholders**

Shareholders that are Australian tax resident companies (including those which are deemed to be companies) are also entitled to a tax offset equal to the amount of franking credits received, however unlike non-corporate Shareholders, they are unable to claim refunds for excess franking credits. Where excess franking credits exist, a corporate Shareholder should be entitled to have the surplus credits converted into carry forward tax losses.

Corporate Shareholders (including those which are deemed to be companies) should also be entitled to a franking credit in their franking accounts equal to the franking credits received in respect of the dividends. A corporate Shareholder may be able to then use the credits to make franked distributions to its Shareholders.

(d) **Qualified person rules**

There are certain limitations imposed by the Australian taxation law which may prevent a Shareholder from obtaining the benefit of any franking credits. In this regard, Shareholders seeking to claim tax offsets for franking credits must be “qualified persons” in respect of the relevant dividends.

In broad terms, Shareholders who have held their Shares “at risk” for at least 45 days (excluding the dates of acquisition and disposal) should be qualified persons and should be able to claim a tax offset for the amount of franking credits received.

Special rules apply to arrangements which involve the making of related payments to pass on the benefit of any dividends paid, or in the context of franked dividends received via trusts or partnerships. Under the related payment rule, a different testing period applies where an investor or an associate of the investor has made, or is under an obligation to make, a related payment in relation to a dividend. A related payment is one where an investor or their associate effectively passes on the benefit of the dividend to another person.

Individual Australian Shareholders whose total franking tax offsets (for all franked distributions received in the income year) do not exceed \$5,000 for the income year should generally be deemed to be qualified persons (provided also that no related payments are made with respect to the dividend).

Investors should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

(e) **Integrity rules**

A specific integrity rule prevents taxpayers from obtaining a tax benefit from franking credits where dividends are received as a result of “dividend washing”. Dividend washing is a practice through which taxpayers seek to claim two sets of franking credits by selling shares held on the ASX ex-dividend and then effectively re-purchasing a substantial equivalent parcel of shares cum-dividend on a special ASX trading market.

Shareholders should consider the impact of these provisions (and other dividend tax integrity provisions) having regard to their own personal circumstances.

#### **5.4 Dividends on a Share – non-Australian tax residents**

Generally, unfranked dividends paid to Shareholders that are non-Australian tax residents should be subject to dividend withholding tax. To the extent that distributions to non-residents include unfranked dividends (which are not declared to be conduit foreign income – see below), there is a requirement for the payer to withhold tax at the rate applicable to each non-Australian tax resident Shareholder. Australian dividend withholding tax is levied at a flat rate of 30% on the gross amount of the dividends unless a Shareholder is a tax resident of a country that has an applicable double tax treaty with Australia. In these circumstances, the withholding tax may be reduced (usually to 15%), although in certain cases, depending on the Shareholder's country of residence and the size of their shareholding, the rate may be reduced further.

Fully franked dividends are not subject to Australian dividend withholding tax. No other Australian tax is applicable.

It is recommended that non-Australian tax resident 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.

##### **(a) Conduit foreign income**

To the extent that unfranked dividends are declared in the distribution statement for the dividends to be conduit foreign income, the unfranked dividends paid to non-Australian tax resident Shareholders should not be subject to Australian dividend withholding tax. Conduit foreign income is broadly foreign income paid to the Australian company where that foreign income is exempt from Australian income tax, such as certain branch profits, dividends and interest from subsidiaries.

Unfranked dividends declared to be conduit foreign income should be subject to tax in the same manner as other unfranked dividends for Australian tax resident Shareholders.

It is noted that, based on present activities, future unfranked dividends paid by the Company are unlikely to be declared to be conduit foreign income on the basis the group's operations are primarily within Australia.

##### **(b) Dividend Reinvestment Plan**

The comments in this Section 5 do not consider the taxation implications of Shareholders participating in a Dividend Reinvestment Plan (DRP). If a DRP is activated at a future time, Shareholders are advised to seek advice prior to participating in the DRP.

#### **5.5 Taxation of Share disposals – Australian tax resident**

Australian tax resident Shareholders who hold their Shares on capital account will be required to consider the impact of the CGT provisions in respect of the disposal of their Shares.

Where the capital proceeds received on the disposal of the Shares exceed the CGT cost base of those Shares, Australian tax resident Shareholders will derive a capital gain. The CGT cost base of the Shares should generally be equal to the issue price or acquisition price of the Shares plus, amongst other things, incidental costs associated with the acquisition and disposal of the

Shares. In respect of the CGT cost base of the Shares, this amount may be reduced as a result of receiving non-assessable distributions from the Company, such as returns of capital.

Conversely, Australian tax resident Shareholders may recognise a capital loss on the disposal of Shares where the capital proceeds received on disposal are less than the reduced CGT cost base of the Shares.

All capital gains and losses recognised by an Australian tax resident Shareholder for an income year are aggregated. To the extent that a net gain exists, such Shareholders should be able to reduce the net gain by any amount of unapplied net capital losses or revenue losses carried forward from previous income years (provided the relevant loss recoupment tests are satisfied) or current year revenue or capital losses. Any remaining net gain (after the application of any carried forward tax losses or current year revenue losses) will then be required to be included in the Australian tax resident Shareholder's assessable income (subject to comments below in relation to the availability of the CGT discount concession) and taxable at the Shareholder's applicable rate of tax. Where a net capital loss is recognised, the loss should only be deductible against capital gains and should be capable of being carried forward indefinitely, provided the relevant loss recoupment tests are satisfied.

Non-corporate Shareholders may be entitled to a concession which discounts the amount of capital gain that is assessed. Broadly, the concession is generally available where the Shares have been held for tax purposes for 12 months or more prior to disposal. The concession results in a 50% reduction in the assessable amount of a capital gain for an individual Shareholder and a one-third reduction of a capital gain for an Australian tax resident complying superannuation entity Shareholder (including generally where a flow through trust or partnership distributes to such shareholders), after offsetting any current or carried forward losses. The concession is not available to corporate Shareholders (including those deemed to be companies).

In relation to trusts or partnerships including limited partnerships, the rules surrounding capital gains and the CGT discount are complex, but the benefit of the CGT discount may flow through to relevant beneficiaries or partners, subject to certain requirements being satisfied.

Australian tax resident investors who hold Shares on revenue account should seek separate independent professional advice.

## **5.6 Taxation of Share disposals – non-Australian tax residents**

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

- (a) the Company 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 principally derived from Australian real property or certain interests in relation to Australian minerals); and
- (b) the non-resident Shareholder has an associate-inclusive interest of at least 10% in the Company (either at the time of disposal or throughout a 12 month period that began no



earlier than 24 months before the disposal). This is commonly referred to as a “non-portfolio” interest.

Relevant non-resident Shareholders will need to determine if the above requirements are met at the time of disposal of their Shares.

It is noted that it is likely that the Company is considered “land rich” for Australian income tax purposes as at the Prospectus Date (noting this analysis is required to be undertaken at the time of disposal). Therefore, it is likely that a Shareholder with a relevant “non-portfolio interest” will be subject to the Australian CGT regime upon disposal of their Shares. It is recommended that non-Australian tax resident Shareholders (particularly those with a relevant “non-portfolio interest”) seek appropriate taxation advice regarding the Australian CGT implications of the disposal of their Shares, including if the Company is considered “land rich” in respect of the disposal.

Non-Australian resident investors who hold Shares on revenue account should seek separate independent professional advice.

#### **5.7 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 a Share on the ASX (in accordance with a specific exemption).

#### **5.8 Tax File Number (TFN) and Australian Business Number (ABN)**

An Australian tax resident Shareholder is not obliged to quote a TFN, or where relevant, ABN, to the Company. However, if a TFN or ABN is not quoted and no exemption is applicable, income tax is required to be deducted by the Company at the highest marginal rate (currently 45% plus Medicare levy of 2%) from certain dividends paid. Australian tax resident Shareholders may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

No withholding requirement applies in respect of fully franked dividends paid in respect of the Shares or to unfranked dividends paid to non-Australian tax residents (as described above, the dividend withholding tax regime should instead apply in this situation).

#### **5.9 Stamp duty**

No stamp duty should be payable by a Shareholder on the acquisition or disposal of Shares. Further, under current stamp duty legislation, stamp duty should not ordinarily be payable on any subsequent acquisition of Shares by a Shareholder provided the Company remains listed on the ASX (and provided the acquisition is less than 90% of the Shares in the Company).

#### **5.10 Goods and services tax (GST)**

GST is not applicable to the acquisition or disposal of Shares. The ability of Shareholders to recover any GST incurred as an input tax credit in relation to costs associated with the Offers (such as costs relating to professional advice obtained by Shareholders regarding the Offers) would vary according to individual circumstances and as such this should be reviewed by Shareholders prior to making any claim.



No GST should be payable by Shareholders on receiving dividends (or other distributions) paid by the Company.

## 6. Board, management and corporate governance

### 6.1 Board of Directors

As at the Prospectus Date, the Board comprises:

- (a) Alex Dorsch – Non-Executive Director;
- (b) Chris MacKinnon – Non-Executive Director; and
- (c) Richard Hacker – Non-Executive Director.

Upon ASX granting conditional approval for the Company's Admission (on conditions satisfactory to the Company):

- (a) Chris MacKinnon and Richard Hacker will resign as Directors;
- (b) Tim Markwell's appointment as Managing Director and Chief Executive Officer will become effective; and
- (c) Mark Bennett's appointment as Non-Executive Chairman will become effective.

### 6.2 Directors' profiles

The names and details of the Existing Directors and Proposed Directors are:

#### (a) **Tim Markwell – Proposed 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.

Tim is not considered to be an independent director by virtue of his proposed executive position within the Company.

#### (b) **Mark Bennett – Proposed Non-Executive Chairman (Independent)**

BSc (Mining Geology), PhD MAIG AusIMM GSL

Dr Mark Bennett has been appointed as Non-Executive Chair of Falcon. 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).

Mark is considered to be an independent Director and is free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of his judgement.

(c) **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.

Alex is considered to be an independent Director and is free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of his judgement.

(d) **Chris MacKinnon – Non-Executive Director**

B.LLB, GradDipAppFin, ASA

Chris is a qualified lawyer with over 14 years of legal and finance experience in the minerals and energy industry. Chris has acted as Business Development and Legal Manager at Chalice since July 2020. Chris has previously worked in senior corporate roles in various mid-tier resources companies. Prior to that, he was an Associate Director at boutique investment bank, Miro Advisors, and was in legal private practice in a major national law firm.

Chris holds a Bachelor of Laws from the University of Western Australia, a Graduate Diploma of Applied Finance from Kaplan and is currently an Associate member of CPA Australia.

Chris is considered to be an independent Director and is free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of his judgement.

(e) **Richard Hacker – Non-Executive Director**

B.Com, Chartered Accountants Australia, GradDip Corporate Governance

Richard has significant corporate and commercial experience in the minerals and energy sector in Australia and the United Kingdom. Richard has previously worked in senior finance roles including as CFO of Chalice and Liontown Resources Ltd. Richard is currently the CFO of Chalice and is also a Non-Executive Director of DevEx Resources Ltd.

Richard is considered to be an independent Director and is free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of his judgement.

Each Director has confirmed to the Company that he anticipates being available to perform his duties as a Director without constraint having regard to their other commitments.

### 6.3 Key management personnel

(a) **Andrea Betti – Chief Financial Officer and 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.

(b) **Doug Winzar – Exploration Manager**

BSc (Mining Geology)

Doug is a geologist with over 20 years' experience in gold, base metal and diamond exploration. Doug has been the Exploration Project Manager at IGO Limited for over 10 years which has involved managing a team of geologists to execute IGO Limited's exploration strategy in East Gippsland, Northern Territory, Kimberley Region, and Eastern Greenland. Prior to that Doug had senior exploration roles at BHP Billiton Minerals Exploration and De Beers Inc.

## 6.4 Interests of Directors

No Director of the Company (or entity in which they are a partner or director) has, or has had in the two years before the Prospectus Date, any interests in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; and
- (c) the Offers,

No amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (a) any Director to induce to become, or to qualify as, a Director; and
- (b) any Director of the Company for services which he (or an entity in which his is a partner or director) has provided in connection with the formation or promotion of the Company or the Offers,

except as disclosed in this Prospectus.

## 6.5 Security holdings of Directors and key management personnel

As at the Prospectus Date, Chalice owns 100% of the issued capital of the Company.

Based on the intentions of the Directors and key management personnel as at the Prospectus Date in relation to the Offers, the Directors and key management personnel and their related entities will have the following interests in Securities on Admission:

Directors and key management personnel	Shares <sup>1</sup>	Voting power (%) <sup>2</sup>		Options <sup>3</sup>
		Minimum Subscription	Maximum Subscription	
Tim Markwell	1,552	0.00%	0.00%	3,540,000
Mark Bennett	75,086	0.05%	0.04%	3,540,000
Alex Dorsch	2,446,725	1.66%	1.38%	1,770,000
Andrea Betti	Nil	Nil	Nil	177,000
Chris MacKinnon	3,003	0.00%	0.00%	Nil
Richard Hacker	439,227	0.30%	0.25%	Nil
Doug Winzar	Nil	Nil	Nil	1,770,000

1. These Shares represent the anticipated Shares as at the Prospectus Date that will be issued pursuant to the In-specie Distribution and the Shares to be issued under the

*Priority Offer. As at the Prospectus Date, Messers Markwell, Bennett, Dorsch, MacKinnon and Hacker have indicated they intend to take up their full Entitlement under the Priority Offer.*

2. *Based on the Maximum Subscription.*
3. *Options exercisable at \$0.75 each and otherwise on the terms and conditions in Section 8.2.*

## **6.6 Disclosure of Directors and key management personnel**

No Director or key management personnel has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director or which is relevant to an investor's decision as to whether to subscribe for Shares. No Director or key management personnel has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer, or within a 12 month period after they ceased to be an officer.

## **6.7 Remuneration of Directors and key management personnel**

The Constitution provides that the Company may remunerate the Directors. The remuneration shall, subject to any resolution of a general meeting, be fixed by the Directors. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is currently set at \$500,000 per annum. The remuneration of the Executive Directors will be determined by the Board.

The Company has entered into an executive services agreement with Tim Markwell and Doug Winzar as well as letters of appointment with Mark Bennett and Alex Dorsch. The corporate services agreement pursuant to which Andrea Betti is engaged will also be novated to the Company upon Admission. Each of these agreements are summarised in Section 7.4.

The Directors and key management personnel have not received any remuneration from the Company since incorporation of the Company.

## **6.8 Related party transactions**

The Company has entered into the following related party transactions on arms' length terms:

- (a) the Demerger Implementation Deed and related Tenement Sale Agreements with Chalice, CGM, Falcon Gold and Falcon WA (see Sections 7.1 and 7.2);
- (b) executive services agreement with Tim Markwell (see Section 7.4);
- (c) letters of appointment with each of its Proposed Directors on standard terms (see Section 7.4); and
- (d) deeds of indemnity, insurance and access with each of its Directors on standard terms (see Section 7.5).

At the Prospectus Date, no other material transactions with related parties and Directors' interests exist that the Directors are aware of, other than those disclosed in the Prospectus.

## 6.9 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the Company's policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted the 4<sup>th</sup> edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations **(Recommendations)**.

In light of the Company's size and nature, the Board considers that the current Board (and the proposed Board upon Admission) is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the Prospectus Date are detailed below. The Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website at [www.falconmetals.com.au](http://www.falconmetals.com.au).

### (a) Board of Directors

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. Clearly articulating the division of responsibilities between the Board and management will help manage expectations and avoid misunderstandings about their respective roles and accountabilities.

In general, the Board assumes (amongst others) the following responsibilities:

- (i) providing leadership and setting the strategic objectives of the Company;
- (ii) appointing and when necessary replacing the Chair;
- (iii) approving the appointment and when necessary replacement, of other senior executives;
- (iv) undertaking appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director;
- (v) overseeing management's implementation of the Company's strategic objectives and its performance generally;
- (vi) approving operating budgets and major capital expenditure;
- (vii) overseeing the integrity of the Company's accounting and corporate reporting systems including the external audit;
- (viii) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person

would expect to have a material effect on the price or value of the Company's securities;

- (ix) ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate; and
- (x) monitoring the effectiveness of the Company's governance practices.

The Company is committed to ensuring that appropriate checks are undertaken before the appointment of a Director and has in place written agreements with each Director which detail the terms of their appointment.

**(b) Composition of the Board**

Election of Board members is substantially the province of the Shareholders in a general meeting. The Board currently consists of three Non-Executive Directors. Upon Admission, the Board will consist of one Executive Director and two Non-Executive Directors. The Company considers that both Alex Dorsch and Mark Bennett, being the Non-Executive Directors upon Admission are independent. As the Company's activities develop in size, nature and scope, the composition of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

**(c) Identification and management of risk**

The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

**(d) Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards.

**(e) Independent professional advice**

Subject to the Chair's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

**(f) Remuneration arrangements**

The remuneration of any Executive Director will be decided by the Board, without the affected Executive Director participating in that decision-making process.

In addition, subject to any necessary Shareholder approval, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director (e.g. non-cash performance incentives such as options).

Directors are also entitled to be paid reasonable travel and other expenses incurred by them in the course of the performance of their duties as Directors.

The Board reviews and approves the Company's remuneration policy in order to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(g) **Securities trading policy**

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Executive Directors). The policy generally provides that the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.

(h) **Diversity policy**

The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has set in place a diversity policy. This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

(i) **Audit and risk**

The Company will not have a separate audit or risk committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

(j) **External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

(k) **Social media policy**

The Board has adopted a social media policy to regulate the use of social media by people associated with the Company or its subsidiaries to preserve the Company's reputation and integrity. The policy outlines requirements for compliance with confidentiality, governance, legal, privacy and regulatory parameters when using social media to conduct Company business.



(l) **Whistleblower policy**

The Board has adopted a whistleblower protection policy to ensure concerns regarding unacceptable conduct including breaches of the Company's code of conduct can be raised on a confidential basis, without fear of reprisal, dismissal or discriminatory treatment. The purpose of this policy is to promote responsible whistle blowing about issues where the interests of others, including the public, or of the organisation itself are at risk.

(m) **Anti-bribery and anti-corruption policy**

The Board has a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings. The Board has adopted an anti-bribery and anti-corruption policy for the purpose of setting out the responsibilities in observing and upholding the Company's position on bribery and corruption provide information and guidance to those working for the Company on how to recognise and deal with bribery and corruption issues.

## 6.10 Departures from Recommendations

Following Admission, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the Prospectus Date are detailed in the table below.

Principles and Recommendations	Compliance	Explanation for Departures
<b>Principle 2: Structure the board to be effective and add value</b>		
<b>Recommendation 2.1</b> The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	No	<p>The Company has not formed a nomination committee given the size of the Board and the nature and scale of the Company's activities. The Board as a whole reviews the size, structure and composition of the Board including competencies and diversity, in addition to reviewing Board succession plans and continuing development. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee.</p> <p>When the Board meets as a Nomination Committee it will carry out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter.</p>

Principles and Recommendations	Compliance	Explanation for Departures
(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.		Items that are usually required to be discussed by a nomination committee will be marked as separate agenda items at Board meetings when required.  The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of a nomination committee.
<b>Recommendation 2.2</b> A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	Partially	The Board will review capabilities, technical skills and personal attributes of its directors. It will normally review the Board's composition against those attributes and recommend any changes in Board composition that may be required. An essential component of this will be the time availability of Directors. The Company has not disclosed a Board skill matrix.
<b>Principle 3: Instil a culture of acting lawfully, ethically and responsibly</b>		
<b>Recommendation 3.1</b> A listed entity should articulate and disclose its values.	No	The Company has not disclosed a statement of values. The Board is currently formulating a statement of values which will be approved following Admission.
<b>Principle 4: Safeguard the integrity of corporate reports</b>		
<b>Recommendation 4.1</b> The board of a listed entity should: <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are nonexecutive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p>	No	The Board has not established a separate audit committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate audit committee.  The Board as a whole has responsibilities typically assumed by an audit committee, including but not limited to: <p>(a) verifying and safeguarding the integrity of the Company's stakeholder reporting;</p>

Principles and Recommendations	Compliance	Explanation for Departures
<p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>		<p>(b) reviewing and approving the audited annual and reviewed half yearly financial reports;</p> <p>(c) reviewing the appointment of the external auditor, their independence and performance, the audit fee, any questions of their resignation or dismissal and assessing the scope and adequacy of the external audit; and</p> <p>(d) a risk management function.</p> <p>When the Board meets as an audit committee it will carry out those functions which are delegated to it in the Company's Audit and Risk Committee Charter. Items that are usually required to be discussed by an audit committee will be marked as separate agenda items at Board meetings when required.</p> <p>The Board has adopted an Audit and Risk Committee Charter which describes the role, composition, functions and responsibilities of a audit committee.</p>
<b>Principle 7: Recognise and manage risk</b>		
<p><b>Recommendation 7.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p style="padding-left: 40px;">(1) has at least three members, a majority of whom are independent directors; and</p> <p style="padding-left: 40px;">(2) is chaired by an independent director,</p> <p>and disclose:</p> <p style="padding-left: 40px;">(3) the charter of the committee;</p> <p style="padding-left: 40px;">(4) the members of the committee; and</p>	No	<p>The Board has not established a separate risk committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate risk committee.</p> <p>The Board as a whole has responsibilities typically assumed by an risk committee, including but not limited to:</p> <p style="padding-left: 40px;">(a) ensuring that an appropriate risk-management framework is in place and is operating properly; and</p>

Principles and Recommendations	Compliance	Explanation for Departures
<p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>		<p>(b) reviewing and monitoring legal and policy compliance systems and issues.</p> <p>When the Board meets as a risk committee it will carry out those functions which are delegated to it in the Company's Audit and Risk Committee Charter. Items that are usually required to be discussed by a risk committee will be marked as separate agenda items at Board meetings when required.</p> <p>The Board has adopted an Audit and Risk Committee Charter which describes the role, composition, functions and responsibilities of a risk committee.</p>
<b>Principle 8: Remunerate fairly and responsibly</b>		
<p><b>Recommendation 8.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is</p>	No	<p>The Company has not formed a remuneration committee given the size of the Board and the nature and scale of the Company's activities.</p> <p>The Board as a whole has responsibilities typically assumed by a remuneration committee, including but not limited to:</p> <p>(a) reviewing the remuneration (including short- and long-term incentive schemes and equity-based remuneration, where applicable) and performance of Directors;</p> <p>(b) setting policies for senior executive remuneration, setting the terms and conditions of employment for senior executives, undertaking reviews of senior executive performance, including setting goals and</p>



Principles and Recommendations	Compliance	Explanation for Departures
appropriate and not excessive.		<p>reviewing progress in achieving those goals; and</p> <p>(c) reviewing the Company's senior executive and employee incentive schemes (including equity-based remuneration) (where applicable) and making recommendations to the Non-Executive Chair on any proposed changes.</p> <p>When the Board meets as a remuneration committee it will carry out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter. Items that are usually required to be discussed by a remuneration committee will be marked as separate agenda items at Board meetings when required.</p> <p>The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of a remuneration committee.</p>

## 7. Material contracts

The Directors consider that certain contracts entered into by the Company are material to the Company or are of such a nature that an investor may wish to have particulars of them when assessing whether to apply for Shares under the Offers. The provisions of such material contracts are summarised in this Section 7.

### 7.1 Demerger Implementation Deed

To give effect to the Demerger, the Company, Falcon Gold, Falcon WA, Chalice and CGM entered into the Demerger Implementation Deed. The Demerger Implementation Deed sets out the terms upon which Chalice will conduct an equal capital reduction and in-specie distribution of 116,999,999 Shares to Eligible Chalice Shareholders in accordance with sections 256B and 256C of the Corporations Act. The Demerger Implementation Deed also sets out some of the key restructuring steps and includes a process to coordinate completion under the relevant transaction documents.

The Demerger will only proceed if the conditions precedent to the Demerger Implementation Deed are satisfied or waived (together, the **Conditions Precedent**). The outstanding Conditions Precedent are summarised below:

- (a) the board of Chalice having resolved in writing to proceed with the Demerger and the In-specie Distribution;
- (b) Chalice obtaining approval from its shareholders of the In-specie Distribution for the purposes of section 256B and section 256C of the Corporations Act. The meeting of Chalice Shareholders to approve the Demerger is scheduled to occur on 3 December 2021;
- (c) the Company receiving valid Applications for not less than \$15,000,000 (before costs) under the Offers;
- (d) the Company obtaining a conditional admission letter from ASX on terms satisfactory to the Directors, acting reasonably;
- (e) Chalice receiving a favourable draft class ruling or other ATO confirmation (to the satisfaction of Chalice) before the date of completion of the Demerger.

Pursuant to the Demerger Implementation Deed, Chalice has agreed to provide (or procure the provision of) transitional services to the Company for a period of 6 months after the date of implementation of the In-specie Distribution (unless terminated earlier). The services to be provided include business development and internal legal functions, technical support, geology services, marketing and any other agreed services. The Company has agreed to reimburse Chalice its actual costs for the provision of such services, plus a reasonable allocation of rental costs for use of office space. The Company has also agreed to reimburse Chalice for any third party costs or expenses that it reasonably incurs in providing these services.

The Demerger Implementation Deed otherwise contains terms and conditions considered standard for an agreement of this nature.

Assuming that the outstanding Conditions Precedent are satisfied, the In-specie Distribution will be effected by an equal reduction of Chalice's capital on a pro rata basis. Eligible Chalice Shareholders will thereby retain direct ownership of Chalice and will also receive direct ownership of the Company.

## 7.2 Tenement Sale Agreements

The following tenement sale agreements relate to the Spin-Out Projects:

### (a) FGR Sale Agreement

CGM and Falcon Gold entered into a tenement sale agreement in respect to certain Pyramid Hill Project tenements EL6661, EL6737, EL6738, EL6669, EL6864, EL6898, EL6901, EL6960, EL7121 and EL7120 (**FGR Tenements**) dated 27 July 2021 (**FGR Sale Agreement**), pursuant to which CGM agreed to sell and Falcon Gold agreed to buy the FGR Tenements, associated mining information, and, any relevant rights and interests of CGM under third party agreements related to the FGR Tenements and mining information.

As at the Prospectus Date, all of the conditions precedent in the FGR Sale Agreement have been satisfied (including Ministerial consent to the transfer). Completion under the FGR Sale Agreement will occur simultaneously with the implementation of the Demerger under the Demerger Implementation Deed (all other conditions precedent are satisfied).

The FGR Sale Agreement otherwise contains additional provisions, including various warranties in favour of Falcon Gold, which are considered standard for agreements of this nature.

### (b) Pyramid Hill SPA

CGM and Falcon Gold have entered into a tenement sale agreement in respect to some additional Pyramid Hill Project tenements and applications dated 29 October 2021 (**Pyramid Hill SPA**), pursuant to which Falcon Gold will be transferred (subject to the process set out in the Pyramid Hill SPA including obtaining the Minister's consent):

- (i) tenements EL7040 and EL7322 (**Granted Tenements**), which are currently in their first year of grant;
- (ii) the tenements granted from ELA7200, ELA7320 and ELA6943 (**Pyramid Hill Applications**);
- (iii) associated mining information; and
- (iv) any relevant rights and interests of CGM under third party agreements related to the Granted Tenements, Pyramid Hill Applications and mining information.

Given the tenements under the Pyramid Hill SPA are either granted tenements within their first year of grant or are applications, the tenements can't be transferred to Falcon Gold for a period of time. Accordingly, the Pyramid Hill SPA sets out the rights and obligations of the parties in respect of:

- (i) progressing any applications to grant;
- (ii) obtaining the Minister's consent to the transfer of the relevant tenements as soon as reasonably practicable following the first year anniversary of grant of each of the tenements; and
- (iii) related matters.

Once a tenement is granted from any of the Pyramid Hill Applications, Falcon Gold will be entitled to exclusive possession of those Tenements and to do all such things on the area of those Tenements and in relation to the Tenements as the registered holder is entitled to do.

The Pyramid Hill SPA otherwise contains additional provisions, and warranties in favour of Falcon Gold, which are considered standard for agreements of this nature.

(c) **FMPL Sale Agreement**

CGM and Falcon WA entered into a tenement sale agreement in respect to the Mount Jackson Project and the Viking Project Tenements (comprising E77/2577, E63/1963 and ELA63/1994) dated 29 October 2021 (**FMPL Sale Agreement**). Under the FMPL Sale Agreement, Falcon WA will acquire:

- (i) tenement E77/2577 (**Mount Jackson Tenement**);
- (ii) CGM's rights, obligations and liabilities under the Metal Hawk Agreement (further summarised below at Section 7.2(d)), which is primarily the right to earn-in up to a 70% interest in E63/1963 (**Viking Interest**);
- (iii) the tenement granted from ELA63/1994, upon receipt of any required Ministerial consent (**Viking Application**);
- (iv) associated mining information; and
- (v) any relevant rights and interests of CGM under third party agreements related to the FGR Tenements and mining information.

Completion under the FMPL Sale Agreement will occur simultaneously with the implementation of the Demerger under the Demerger Implementation Deed.

With effect on and from completion (and subject to the WA Mining Act, the conditions imposed on the tenements and the Metal Hawk Agreement), Falcon WA will be entitled to exclusive possession of the tenements the subject of the FMPL Sale Agreement and to undertake exploration activities on the tenements.

The FMPL Sale Agreement otherwise contains additional provisions, including various warranties in favour of Falcon WA, which are considered standard for agreements of this nature.



(d) **Metal Hawk Agreement**

Pursuant to the FMPL Sale Agreement, CGM has assigned all of its rights, obligations and liabilities in the binding terms sheet dated 23 August 2019 between CGM and Metal Hawk (**Metal Hawk Agreement**) to Falcon WA (with effect on and from completion under the FMPL Sale Agreement). An assignment deed has been executed by Metal Hawk, CGM and Falcon WA.

The assignment deed provides that any expenditure incurred to date by CGM in respect to E63/1963 will be credited to Falcon WA, as if Falcon WA had expended the expenditure on E63/1963 under the Metal Hawk Agreement.

Under the Metal Hawk Agreement, Falcon WA has the right to earn a participating interest of up to 70% in an unincorporated joint venture in respect of E63/1963 (**Joint Venture**) as set out below:

- (i) **(Minimum Expenditure)**: Falcon WA is required to incur a minimum of \$200,000 on exploration expenditure on E63/1963 during the two-year period commencing on 19 March 2021 (**Stage 1 Earn-In Period**);
- (ii) **(Stage 1 Earn-In)**: Falcon WA shall have the right to earn a 51% participating interest in the Joint Venture by incurring at least \$1,000,000 on exploration expenditure on E63/1963; and
- (iii) **(Stage 2 Earn-In)**: Falcon WA shall have the right to earn a further 19% participating interest (being a total of a 70% interest) in the Joint Venture by incurring at least a further \$1,750,000 on exploration expenditure on E63/1963 during the 30-month period commencing at the end of the Stage 1 Earn-In Period (**Stage 2 Earn-In Period**).

Upon Falcon WA completing the Stage 1 Earn-In and/or the Stage 2 Earn-In (as applicable), a Joint Venture will be automatically formed. The parties may agree to enter into a further formal agreement to more fully document the Joint Venture terms set out in the agreement.

Under the Joint Venture, Falcon WA shall be the Manager and each party shall contribute to the costs in proportion to its participating interest in the Joint Venture.

The Metal Hawk Agreement contains additional provisions, including various warranties in favour of Falcon WA in respect of E63/1963, which are considered standard for agreements of this nature.

### 7.3 **Lead Manager Mandate**

The Company entered into a mandate agreement dated 28 July 2021 appointing Bell Potter to act as exclusive Lead Manager and broker in respect of the Offers (**Lead Manager Mandate**).

Under the Lead Manager Mandate, the Lead Manager will provide services and assistance customarily provided in connection with marketing and execution of an initial public offer.

The Company will pay the following fees to the Lead Manager (or its nominees) pursuant to the Lead Manager Mandate, subject to the successful completion of the Offers:

- (a) a management fee of 2% of the proceeds from the Offers; and
- (b) a selling broker fee of 3% of the proceeds from investors introduced to the Company by the Lead Manager under the Shortfall Offer.

See Section 1.6 for further information regarding the Lead Manager's interests in the Offers.

The Lead Manager Mandate contains additional provisions considered standard for agreements of this nature.

## **7.4 Executive Services Agreements and Letters of Appointment**

### **(a) Executive Services Agreement - Tim Markwell**

The Company has entered into an executive services agreement with Tim Markwell on 20 September 2021, pursuant to which Mr Markwell will be appointed as the Company's Managing Director and Chief Executive Officer.

Pursuant to the agreement, Mr Markwell is entitled to receive \$270,000 per annum (excluding statutory superannuation), on and from the date that ASX grants conditional approval for the Company's Admission on conditions satisfactory to the Company. In addition, the Company has agreed to issue to Mr Markwell (or his nominees) 3,540,000 Options on the terms and conditions set out in Section 8.2.

The Board may, in its absolute discretion invite Mr Markwell to participate in bonus and/or other incentive schemes in the Company that it may implement from time to time, subject to compliance with the Corporations Act and Listing Rules.

The agreement is for an indefinite term, continuing until terminated by either the Company or Mr Markwell giving not less than three months written notice of termination to the other party (or shorter period in limited circumstances). Under the agreement, Mr Markwell is entitled to a severance payment equal to 6 months of remuneration in the event of a material change in his position.

Mr Markwell is also subject to restrictions in relation to the use of confidential information during and after his employment with the Company ceases and being directly or indirectly involved in a competing business during the continuance of his employment with the Company and for a period of six months after his employment with the Company ceases, on terms which are otherwise considered standard for agreements of this nature.

In addition, the agreement contains additional provisions considered standard for agreements of this nature.

### **(b) Executive Services Agreement - Andrea Betti**

Chalice has entered into a corporate services agreement with Consilium Corporate Pty Ltd, pursuant to which the Company has agreed to pay Ms Betti \$108,000 per annum (a monthly charge of \$9,000 per month (plus GST)) for services provided to the Company

as Company Secretary and Chief Financial Officer, on completion of the Offers. The agreement will be novated to the Company upon Admission.

In addition, the Company has agreed to issue Ms Betti (or her nominees) 177,000 Options on the terms and conditions set out in Section 8.2.

The agreement is for an indefinite period, continuing until terminated by either party giving not less than two months written notice of termination.

The agreement contains additional provisions which are considered standard for agreements of this nature.

(c) **Executive Services Agreement – Doug Winzar**

The Company entered into an executive services agreement with Doug Winzar on 22 October 2021, pursuant to which Mr Winzar serves as the Exploration Manager.

Pursuant to the agreement, Mr Winzar is entitled to receive \$220,000 per annum (excluding statutory superannuation). In addition, the Company has agreed to issue to Mr Winzar (or his nominees) 1,770,000 Options on the terms and conditions set out in Section 8.2.

The Board may, in its absolute discretion invite Mr Winzar to participate in bonus and/or other incentive schemes in the Company that it may implement from time to time, subject to compliance with the Corporations Act and Listing Rules.

The agreement is for an indefinite term, continuing until terminated by either the Company or Mr Winzar giving not less than three months' written notice of termination to the other party (or shorter period in limited circumstances).

Mr Winzar is also subject to restrictions in relation to the use of confidential information during and after his employment with the Company ceases and being directly or indirectly involved in a competing business during the continuance of his employment with the Company and for a period of 6 months after his employment with the Company ceases, on terms which are otherwise considered standard for agreements of this nature.

In addition, the agreement contains additional provisions considered standard for agreements of this nature.

(d) **Non-Executive Director Letter of Appointment – Mark Bennett**

The Company has entered into a non-executive director letter of appointment with Mark Bennett pursuant to which the Company has agreed to pay Mr Bennett \$90,000 per annum (including statutory superannuation) for services provided to the Company as Non-Executive Director.

In addition, the Company has agreed to issue to Mr Bennett (or his nominees) 3,540,000 Options on the terms and conditions set out in Section 8.2.

The agreement contains additional provisions considered standard for agreements of this nature.

(e) **Non-Executive Director Letter of Appointment – Alex Dorsch**

The Company has entered into a non-executive director letter of appointment with Alex Dorsch pursuant to which the Company has agreed to pay Mr Dorsch \$55,000 per annum (including statutory superannuation) for services provided to the Company as Non-Executive Director.

In addition, the Company has agreed to issue to Mr Dorsch (or his nominees) 1,770,000 Options on the terms and conditions set out in Section 8.2.

The agreement contains additional provisions considered standard for agreements of this nature.

**7.5 Deeds of indemnity, insurance and access**

The Company is party to a deed of indemnity, insurance and access with each of the Directors. Under these deeds, the Company indemnifies each Director to the extent permitted by law against any liability arising as a result of the Director acting as a director of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director and must allow the Directors to inspect board papers in certain circumstances. The deeds are considered standard for documents of this nature.

## 8. Additional information

### 8.1 Rights attaching to Shares

A summary of the rights attaching to the Shares is detailed below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

- (a) **(Ranking of Shares):** At the Prospectus Date, all Shares are of the same class and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with existing Shares.
- (b) **(Voting rights):** Subject to any rights or restrictions, at general meetings:
  - (i) every Shareholder present and entitled to vote may vote in person or by attorney, proxy or representative;
  - (ii) has one vote on a show of hands; and
  - (iii) has one vote for every Share held, upon a poll.
- (c) **(Dividend rights):** Shareholders will be entitled to dividends, distributed among members in proportion to the capital paid up, from the date of payment. No dividend carries interest against the Company and the declaration of Directors as to the amount to be distributed is conclusive.

Shareholders may be paid interim dividends or bonuses at the discretion of the Directors. The Company must not pay a dividend unless the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend.

- (d) **(Variation of rights):** The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.
- (e) **(Transfer of Shares):** Shares can be transferred upon delivery of a proper instrument of transfer to the Company or by a transfer in accordance with the ASX Settlement Operating Rules. The instrument of transfer must be in writing, in the approved form, and signed by the transferor and the transferee. Until the transferee has been registered, the transferor is deemed to remain the holder, even after signing the instrument of transfer.

In some circumstances, the Directors may refuse to register a transfer if upon registration the transferee will hold less than a marketable parcel. The Board may refuse to register a transfer of Shares upon which the Company has a lien.

- (f) **(General meetings):** Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

The Directors may convene a general meeting at their discretion. General meetings shall also be convened on requisition as provided for by the Corporations Act.

- (g) **(Unmarketable parcels):** The Company's Constitution provides for the sale of unmarketable parcels (being a parcel of Shares less than \$500.00) subject to any applicable laws and provided a notice is given to the minority Shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.
- (h) **(Rights on winding up):** If the Company is wound up, the liquidator may with the sanction of special resolution, divide the assets of the Company amongst members as the liquidator sees fit. If the assets are insufficient to repay the whole of the paid up capital of members, they will be distributed in such a way that the losses borne by members are in proportion to the capital paid up.
- (i) **(Restricted Securities):** A holder of Restricted Securities (as defined in the Listing Rules) must comply with the requirements imposed by the Listing Rules in respect of Restricted Securities.


## 8.2 Terms and conditions of Options

The following terms and conditions apply to each of the Options on issue as at the date of Admission:

- (a) **(Entitlement):** Each Option entitles the holder to subscribe for one fully paid ordinary share (**Share**) upon exercise of the Option.
- (b) **(Exercise Price, Vesting Conditions):** 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%	\$0.75 each	1.5 years after Admission	3 years from date of issue
Class B	25%	\$0.75 each	2 years after Admission	3 years from date of issue
Class C	25%	\$0.75 each	1.5 years after Admission	4 years from date of issue
Class D	25%	\$0.75 each	3 years after Admission	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 at all times until the relevant Vesting Condition is satisfied.

- 
- (c) **(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.
- (d) **(Expiry Date):** The Options expire at 5:00pm on the Expiry Date specified in paragraph (b). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (e) **(Quotation of the Options):** The Company will not apply for quotation of the Options on any securities exchange.
- (f) **(Transferability):** The Options are not transferable, except with the prior written approval of the Company and subject to compliance with the Corporations Act.
- (g) **(Notice of Exercise):** The Options may be exercised by notice in writing to the Company 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 the Company.

Any Notice of Exercise of an Option received by the Company 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**).

- (h) **(Timing of issue of Shares on exercise):** Within five Business Days after the Exercise Date the Company will, subject to paragraph (l) below:
- (i) 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 the Company;
  - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
  - (iii) if admitted to the Official List at the time, apply for Official Quotation of Shares issued pursuant to the exercise of the Options.
- (i) **(Restrictions on transfer of Shares):** If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.
- (j) **(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 the Company 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.

- 
- (k) **(Shares issued on exercise):** Shares issued on exercise of the Options will rank equally with the then Shares of the Company.
- (l) **(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) the Company 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.
- (m) **(Reconstruction of capital):** If at any time the issued capital of the Company 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.
- (n) **(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.
- (o) **(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.
- (p) **(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 the Company upon a winding up, in each case, during the currency of the Options without exercising the Options.
- (q) **(Adjustments for reorganisation):** If there is any reorganisation of the issued share capital of the Company, the rights of the Option holder will be varied in accordance with the Listing Rules.
- (r) **(Adjustment for bonus issues of Shares):** If the Company 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):
- (i) 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
  - (ii) no change will be made to the Exercise Price.
- (s) **(Voting rights):** The Options do not confer any right to vote at meetings of members of the Company, except as required by law, during the currency of the Options without first exercising the Options.



- (t) **(Constitution):** Upon the issue of Shares on exercise of the Options, the holder agrees to be bound by the Company's constitution.


### 8.3 Summary of the Company's Employee Securities Incentive Plan

The Falcon Metals Ltd Employee Securities Incentive Plan (**Plan**) was adopted by the Board on or about the Prospectus Date. The full terms of the Plan may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the Plan is set out below. It is intended that both Executive and Non-Executive Directors will be eligible to participate in the Plan. There is no current participation or proposed participation by the Directors in the Plan.

- (a) **(Eligible Participant):** An "Eligible Participant" under the Plan means a person that:
- (i) is an "eligible participant" (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order 14/1000); and
  - (ii) has been determined by the Board to be eligible to participate in the Plan from time to time.
- (b) **(Maximum allocation):**
- (i) The Company must not make an offer of equity securities under the Plan in reliance on the disclosure relief in ASIC Class Order 14/1000 where the total number of Plan Shares that may be issued (**Plan Securities**), or acquired upon exercise of convertible securities offered under the Plan (**Convertible Securities**), when aggregated with the number of Shares issued or that may be issued as a result of offers made under the Plan in reliance on the disclosure relief in ASIC Class Order 14/1000 at any time during the previous 3 year period would exceed 5% of the total number of Shares on issue at the date of the offer.
  - (ii) The maximum number of equity securities proposed to be issued under the Plan for the purposes of Listing Rule 7.2, Exception 13 is 17,700,000 (**ASX Limit**). This means that, subject to the following paragraph, the Company may issue up to the ASX Limit under the Plan to without seeking Shareholder approval and without reducing its placement capacity under Listing Rule 7.1.

The Company will require prior Shareholder approval for the acquisition of equity securities under the Plan to Directors, their associates and any other person whose relationship with the Company or a Director or a Director's associate is such that, in ASX's opinion, the acquisition should be approved by Shareholders.

- (c) **(Purpose):** The purpose of the Plan is to:
- (i) assist in the reward, retention and motivation of Eligible Participants;
  - (ii) link the reward of Eligible Participants to Shareholder value creation; and
  - (iii) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

- 
- (d) **(Plan administration):** The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.
- (e) **(Eligibility, invitation and application):** The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for securities on such terms and conditions as the Board decides.

On receipt of an invitation under the Plan, an Eligible Participant may apply for the securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

- (f) **(Grant of securities):** The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.
- (g) **(Terms of Convertible Securities):** Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

- (h) **(Vesting of Convertible Securities):** Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.
- (i) **(Exercise of Convertible Securities and cashless exercise):** To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on

exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

**Market Value** means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

- (j) **(Delivery of Shares on exercise of Convertible Securities):** As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.
- (k) **(Forfeiture of Convertible Securities):** Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (i) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
  - (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.
- (l) **(Change of control):** If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
- (m) **(Rights attaching to Plan Shares):** All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (**Plan Shares**) will rank *pari passu* in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by



the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

- (n) **(Disposal restrictions on Securities):** If the invitation provides that any Plan Shares or Convertible Securities are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share or Convertible Security is subject to any disposal restrictions under the Plan, the Participant will not:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

Notwithstanding any other provision of the Plan, where a Plan Share or Convertible Security is issued in reliance on the Company satisfying the start-up company requirements in section 83A-33 of the *Income Tax Assessment Act 1997* (Cth) (**Tax Act**), a legal or a beneficial interest in the Convertible Security may not be disposed of until the earlier of:

- (i) the Eligible Participant to whom the Convertible Securities were offered under an invitation becoming neither an employee nor a director of the Company;
- (ii) three (3) years after the acquisition date of the Convertible Security;
- (iii) a disposal under an arrangement which meets the requirements in section 83A-130 of the Tax Act;
- (iv) such time as the Commissioner of Taxation allows in accordance with section 83A-45(5) of the Tax Act; and
- (v) the Board determines that the Commissioner of Taxation is reasonably likely to allow a disposal of the Convertible Security under section 83A-45(5) of the Tax Act.

- (o) **(Adjustment of Convertible Securities):** If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

(p) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

(q) **(Amendment of Plan):** Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

(r) **(Plan duration):** The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

#### 8.4 Effect of the Offers on control and substantial Shareholders

The Company is presently a wholly subsidiary of Chalice and therefore Chalice holds 100% of the issued capital of the Company.

Based on the information known as at the Prospectus Date, on Admission the following person will have an interest in 5% or more of the Shares on issue:

Name	Number of Shares <sup>1</sup>	% of Shares <sup>2</sup>	
		Minimum Subscription	Maximum Subscription
Timothy Goyder	13,411,050	9.12	7.58

- As at the Prospectus Date, Mr Goyder has indicated that he intends to subscribe for 500,000 shares in the Company in addition to the 12,911,050 Shares he will be issued pursuant to the In-specie Distribution (based on a ratio of 1 Falcon Share for approximately every 3.025 Chalice Shares held on the In-specie Record Date).*

## 8.5 Interests of Promoters, Experts and Advisers

### (a) No interest except as disclosed

Other than as set out below or elsewhere in this Prospectus, no:

- (i) persons or entity named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (ii) promoter of the Company;

holds at the Prospectus Date, or has held at any time during the last 2 years, any interest in:

- (iii) the formation or promotion of the Company;
- (iv) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or
- (v) the Offers,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the Offers.

### (b) Share Registry

Computershare Investor Services Pty Limited (Computershare) has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

### (c) Auditor

HLB Mann Judd (WA Partnership) (HLB) has been appointed to act as Auditor to the Company. The Company estimates it will pay HLB a total of \$5,000 (excluding GST) for these services.

During the 24 months preceding lodgement of this Prospectus with ASIC, HLB has not provided services to the Company.

### (d) Corporate Lawyers

HWL Ebsworth Lawyers (HWLE) has acted as the Corporate Lawyers to the Company in relation to the Offers. The Company estimates it will pay HWLE \$88,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates.

During the 24 months preceding lodgement of this Prospectus with ASIC, HWL Ebsworth has not provided services to the Company.

(e) **Independent Geologist**

CSA Global Pty Ltd (**CSA**) as the Independent Geologist and has prepared the Independent Geologist's Report which is included in Annexure B of this Prospectus. The Company estimates it will pay CSA a total of \$50,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, CSA has not provided services to the Company.

(f) **Investigating Accountant**

HLB has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report which is included in Annexure A of this Prospectus. The Company estimates it will pay HLB a total of \$10,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, HLB Australia Limited has not provided services to the Company.

(g) **Lead Manager**

Bell Potter has acted as the Lead Manager to the Offers. Details of the payments to be made to the Lead Manager is set out in Section 7.3. During the 24 months preceding lodgement of this Prospectus with ASIC, the Lead Manager has not provided services to the Company.

(h) **Taxation Advisor**

Deloitte has acted as Australian taxation advisor in respect of the Offers by preparing the general Australian tax consideration comments in Section 5 of the Prospectus.

## 8.6 Consents

(a) Each of the parties referred to below:

- (i) do not make the Offers and has not authorised or caused the issue of this Prospectus or the making of the Offers;
- (ii) does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below or elsewhere in this Prospectus;
- (iii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below; and
- (iv) has given and has not, prior to the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion of the statements in this Prospectus that are specified below in the form and context in which the statements appear.

(b) **Share Registry**

Computershare has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as Share Registry of the Company in the form and context in which it is named.

(c) **Auditor**

HLB has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as Auditor of the Company in the form and context in which it is named.

(d) **Corporate Lawyers**

HWL Ebsworth has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the corporate lawyers to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Solicitor's Report in the form and context in which it is included.

(e) **Independent Geologist**

CSA has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Independent Geologist to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Independent Geologist's Report in the form and context in which it is included.

(f) **Investigating Accountant**

HLB has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Investigating Accountant to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Independent Limited Assurance Report in the form and context in which it is included.

(g) **Lead Manager**

Bell Potter has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Lead Manager to the Offers in the form and context in which it is named.

Bell Potter has not made or purported to make any statement included in or accompanying the Prospectus, nor is any statement in or accompanying the Prospectus based on any statement made by Bell Potter.

(h) **Tax Advisor**

Deloitte has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, their written consent to being named in this Prospectus as the preparer of the taxation information in Section 5, and the inclusion of the taxation information in Section 5 in the form and context in which it is included.



## 8.7 Expenses of Offers

The total approximate expenses of the Offers payable by the Company are:

	\$ Minimum raise	\$ Maximum raise
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 fees	10,000	10,000
Independent Geologist Report	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
<b>Total</b>	<b>1,000,000</b>	<b>1,450,000</b>

1. See Section 7.3 for a summary of the Lead Manager Mandate.

## 8.8 Continuous Disclosure Obligations

Following Admission, the Company will be a 'disclosing entity' (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Shares (unless a relevant exception to disclosure applies). Price sensitive information will be publicly released through ASX before it is otherwise disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to ASX. In addition, the Company will post this information on its website after ASX confirms that an announcement has been made, with the aim of making the information readily accessible to the widest audience.

## **8.9 Litigation**

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company (or any other member of the Group) is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company or the Group.

## **8.10 Electronic Prospectus**

Pursuant to Regulatory Guide 107 ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Shares in response to an electronic application form, subject to compliance with certain provisions. If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus and the terms and conditions of the online (or if applicable, personalised) Application Form. If you have not, please email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Board and the Lead Manager reserve the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

## **8.11 Documents available for inspection**

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 8.6 of this Prospectus.

## **8.12 Statement of Directors**

The Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in the Independent Limited Assurance Report in Annexure A, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

## 9. Authorisation

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director (including, for the avoidance of doubt, each of the Proposed Directors) has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:



**Alex Dorsch**


**Non-Executive Director**

Dated: 3 November 2021


## 10. Glossary of terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.


<b>\$</b>	means Australian dollars.
<b>Admission</b>	means admission of the Company to the Official List, following completion of the Offers.
<b>Applicant</b>	means a person who submits an Application Form.
<b>Application</b>	means a valid application for Shares pursuant to this Prospectus.
<b>Application Form</b>	means the application form attached to this Prospectus (including the electronic form provided by an online application facility).
<b>Application Monies</b>	means the amount of money submitted or made available by an Applicant in connection with an Application.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means ASX Limited (ACN 008 624 691) or, where the context requires, the financial market operated by it.
<b>ASX Settlement</b>	means ASX Settlement Pty Limited (ACN 008 504 532).
<b>ASX Settlement Rules</b>	means ASX Settlement Operating Rules of ASX Settlement.
<b>Auditor or HLB</b>	means HLB Mann Judd (WA Partnership) (ACN 193 232 714).
<b>AWST</b>	means Australian Western Standard Time, being the time in Perth, Western Australia.
<b>Board</b>	means the board of Directors of the Company from time to time.
<b>CGM</b>	means CGM (WA) Pty Ltd (ACN 610 789 252).
<b>Chalice</b>	means Chalice Mining Ltd (ACN 116 648 956).
<b>Chalice Share</b>	means a share or shares in Chalice.
<b>Chalice Shareholder</b>	means the holder of a share or shares in Chalice.
<b>CHESS</b>	means the Clearing House Electronic Subregister System operated by ASX Settlement.
<b>Closing Date of the Priority Offer</b>	means the date that the Priority Offer closes which is 5:00pm (AWST) on 1 December 2021 or such other time and date as the Board determines.
<b>Closing Date of the Shortfall Offer</b>	means the date that the Shortfall Offer close which is 5:00pm (AWST) on 3 December 2021 or such other time and date as the Board determines.




<b>Company or Falcon</b>	means Falcon Metals Ltd (ACN 651 893 097).
<b>Completion</b>	means the date on which the Shares are issued and transferred to Applicants in accordance with the terms of the Offers.
<b>Constitution</b>	means the constitution of the Company.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth), as amended from time to time.
<b>CSA</b>	means CSA Global Pty Ltd (ACN 077 165 532).
<b>Deloitte</b>	means Deloitte Tax Services Pty Ltd (ACN 092 223 240).
<b>Demerger</b>	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).
<b>Demerger Implementation Deed</b>	means the demerger implementation deed entered into between Chalice, CGM, the Company, Falcon Gold and Falcon WA dated 29 October 2021.
<b>Directors</b>	means the directors of the Company from time to time and includes the Existing Directors and the Proposed Directors, as the context requires.
<b>Electronic Prospectus</b>	means the electronic copy of this Prospectus located at the Company's website <a href="http://www.falconmetals.com.au">www.falconmetals.com.au</a> .
<b>Eligible Chalice Shareholder</b>	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.
<b>Entitlement</b>	means the number of Shares an Eligible Chalice Shareholder is entitlement to subscribe for under the Priority Offer.
<b>Existing Directors</b>	means Alex Dorsch, Chris MacKinnon and Richard Hacker.
<b>Expiry Date</b>	means 13 months after the Prospectus Date.
<b>Exploration Manager</b>	means Doug Winzar.
<b>Exposure Period</b>	means the period of seven days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than seven days pursuant to section 727(3) of the Corporations Act.
<b>Falcon Gold</b>	means Falcon Gold Resources Pty Ltd (ACN 613 162 879).
<b>Falcon WA</b>	means Falcon Metals (WA) Pty Ltd (ACN 652 821 246).
<b>FGR Sale Agreement</b>	means the 'Sale and Purchase Agreement - Pyramid Hill Tenements' entered into between Falcon Gold and CGM on 27 July 2021.
<b>FGR Tenements</b>	means Tenements EL6661, EL6737, EL6738, EL6669, EL6864, EL6898, EL6901, EL6960, EL7121 and EL7120.
<b>Financial Information</b>	has the meaning given in Section 4.



<b>FMC Act</b>	means the Financial Markets Conduct Act 2013.
<b>FMPL Sale Agreement</b>	means the 'Sale and Purchase Agreement - Mount Jackson and Viking Projects' between CGM and Falcon WA dated on or around 28 October 2021.
<b>Granted Tenements</b>	has the meaning given in Section 7.2(b)(i).
<b>Group</b>	means the Company and on completion of the Demerger Implementation Deed, Falcon Gold and Falcon WA.
<b>Indicative Timetable</b>	means the indicative timetable for the Offers on page ix of this Prospectus.
<b>Ineligible Chalice Shareholder</b>	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.
<b>In-specie Distribution</b>	means, in relation to the Demerger, the transfer of 117,000,000 Shares to Eligible Chalice Shareholders, on the basis of 1 Falcon Share for approximately every 3.025 Chalice Shares held on the In-specie Record Date.
<b>In-specie Record Date</b>	means 5:00pm (AWST) on 9 December 2021.
<b>Investigating Accountant or HLB</b>	means HLB Mann Judd (WA Partnership) (ACN 193 232 714).
<b>JORC Code</b>	means the 2012 Edition of the Joint Ore Reserves Committee Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.
<b>Lead Manager Mandate</b>	means the mandate entered between the Company and the Lead Manager dated 28 July 2021 for the provision of lead manager services and bookrunner services in respect of the Offers.
<b>Lead Manager or Bell Potter</b>	means Bell Potter Securities Limited (ACN 006 390 772).
<b>Listing Rules</b>	means the listing rules of ASX.
<b>Maximum Subscription</b>	means the issue of 60,000,000 Shares under the Offers, to raise \$30,000,000 (before costs).
<b>Metal Hawk</b>	means Metal Hawk Limited (ACN 630 453 664).
<b>Metal Hawk Agreement</b>	means the binding terms sheet dated 23 August 2019 between CGM and Metal Hawk.
<b>Minimum Subscription</b>	means the issue of 30,000,000 Shares under the Offers, to raise \$15,000,000 (before costs).
<b>Mount Jackson Tenement</b>	means exploration licence E77/2577.
<b>Native Title Act</b>	means the <i>Native Title Act 1993</i> (Cth).



<b>Offer Price</b>	means \$0.50 per Share.
<b>Offers or Offer</b>	means either or both the Priority Offer and the Shortfall Offer (as the context requires).
<b>Official List</b>	means the official list of ASX.
<b>Official Quotation</b>	means official quotation by ASX in accordance with the Listing Rules.
<b>Opening Date</b>	means the date specified as the opening date in the Indicative Timetable.
<b>Option</b>	means an option, giving the holder the right, but not an obligation, to acquire a Share at a predetermined price and at a specified time in the future.
<b>Plan</b>	means the Falcon Metals Ltd Employee Securities Incentive Plan.
<b>Priority Offer</b>	means a priority pro rata offer to Eligible Chalice Shareholders to subscribe for Shares.
<b>Priority Offer Record Date</b>	means 5:00pm (AWST) on 9 November 2021.
<b>Proposed Directors</b>	means Tim Markwell and Mark Bennett.
<b>Prospectus</b>	means this prospectus dated 3 November 2021.
<b>Prospectus Date</b>	means the date on which a copy of this Prospectus was lodged with ASIC, being 3 November 2021.
<b>Pyramid Hill Applications</b>	has the meaning given in Section 7.2(b)(ii).
<b>Pyramid Hill SPA</b>	means the 'Tenement Sale Agreement - Additional Pyramid Hill Tenure' entered into between CGM and Falcon Gold dated on or around 28 October 2021.
<b>Recommendations</b>	means the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4 <sup>th</sup> Edition).
<b>Relevant Interest</b>	has the meaning given in the Corporations Act.
<b>Sale Facility</b>	has the meaning in Section 1.1(b)(i).
<b>Sale Facility Proceeds</b>	has the meaning in Section 1.1(b)(i).
<b>Section</b>	means a section of this Prospectus.
<b>Securities</b>	means any securities, including Shares or Options, issued or granted by the Company.
<b>Share or Falcon Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Share Registry or Computershare</b>	means Computershare Investor Services Pty Limited (ACN 078 279 277).
<b>Shareholder</b>	means a holder of one or more Shares in the Company.



<b>Shortfall</b>	means any Entitlement not validly applied for pursuant to the Priority Offer.
<b>Shortfall Offer</b>	means an offer of Shares to Eligible Chalice Shareholders and the new investors to the extent of any Shortfall.
<b>Shortfall Shares</b>	means the number of Shares not validly applied for by Eligible Chalice Shareholders under the Priority Offer.
<b>Spin-Out Projects</b>	means the Pyramid Hill Project, Mt Jackson Project and the Viking Project.
<b>Tenements</b>	means the tenements comprising the Spin-Out Projects.
<b>Transaction</b>	means collectively the Demerger, In-specie Distribution and Offers.
<b>Viking Application</b>	has the meaning given in Section 7.2(c).
<b>Viking Interest</b>	has the meaning given in Section 7.2(c).





For personal use only

2 November 2021

The Board of Directors  
Falcon Metals Limited  
Level 3  
46 Colin Street  
WEST PERTH WA 6005

Dear Board Members

## **INDEPENDENT LIMITED ASSURANCE REPORT ON THE HISTORICAL AND PRO FORMA FINANCIAL INFORMATION OF FALCON METALS LIMITED**

### **Introduction**

This Independent Limited Assurance Report ("Report") has been prepared for inclusion in a prospectus to be dated on or around 2 November 2021 ("Prospectus") and issued by Falcon Metals Limited ("Falcon Metals" or "the Company") in relation to the Company's initial listing on the Australian Securities Exchange ("ASX"). The Prospectus comprises a minimum of 30,000,000 shares and a maximum of 60,000,000 shares at an issue price of \$0.50 per share to raise a minimum of \$15,000,000 and a maximum of \$30,000,000 before costs ("Offer").

This Report has been included in the Prospectus to assist potential investors and their financial advisers to make an assessment of the financial position and performance of Falcon Metals. All amounts are expressed in Australian dollars and expressions defined in the Prospectus have the same meaning in this Report.

This Report does not address the rights attaching to the shares to be issued in accordance with the Offer, nor the risks associated with accepting the Offer. HLB Mann Judd ("HLB") has not been requested to consider the prospects for Falcon Metals, nor the merits and risks associated with becoming a shareholder, and accordingly has not done so, nor purports to do so. HLB has not made and will not make any recommendation, through the issue of this Report, to potential investors of the Company, as to the merits of the Offer and takes no responsibility for any matter or omission in the Prospectus other than the responsibility for this Report. Further declarations are set out in Section 7 of this Report.

### **Structure of Report**

This Report has been divided into the following sections:

1. Scope of Report;
2. Directors' Responsibility;
3. Our Responsibility;
4. Conclusions;
5. Restriction on Use;
6. Liability; and
7. Declarations.

#### **1. Scope of Report**

You have requested HLB to perform a limited assurance engagement and to report on the Financial

**[hlb.com.au](http://hlb.com.au)**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** [mailbox@hlbwa.com.au](mailto:mailbox@hlbwa.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Information as set out in Section 4 of the Prospectus:

### **Historical Financial Information**

The Historical Financial Information, as set out in Section 4 of the Prospectus, comprises:

- The summary audited historical Consolidated Statement of Financial Position as at 30 September 2021 and audited historical Consolidated Statement of Profit or Loss and Consolidated Statement of Cash Flows of the Group for the period then ended.

### **Pro Forma Financial Information**

The Pro Forma Financial Information, as set out in Section 4 of the Prospectus, comprises:

- The pro forma Consolidated Statement of Financial Position of the Group as at 30 September 2021 and supporting notes which include the pro forma adjustments

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Financial Information and the events or transactions to which the pro forma adjustments relate, as if those transactions or events had occurred as at 30 September 2021. Due to its nature, the Pro Forma Financial Information does not represent the Group's actual or prospective financial position, financial performance or cash flows. The Group comprises the Company and its wholly-owned subsidiaries, Falcon Gold Resources Pty Ltd and Falcon Metals (WA) Pty Ltd.

The Historical Financial Information and the Pro Forma Financial Information are presented in an abbreviated form insofar as they do not include all the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in Australia in accordance with the *Corporations Act 2001*.

This Report has been prepared for inclusion in the Prospectus. HLB disclaims any assumption of responsibility for any reliance on this Report or on the Financial Information to which this Report relates for any purpose other than the purposes for which it was prepared. This Report should be read in conjunction with the Prospectus.

## **2. Directors' Responsibility**

The Directors of the Company are responsible for the preparation and presentation of the Financial Information. The Directors are also responsible for the determination of the pro forma adjustments set out in Section 4.8 of the Prospectus and the basis of preparation of the Financial Information.

This responsibility also includes compliance with applicable laws and regulations and for such internal controls as the Directors determine are necessary to enable the preparation of the Financial Information that is free from material misstatement.

## **3. Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the Financial Information based on the procedures performed and evidence we have obtained. Our engagement was conducted in accordance with Australian Auditing Standards applicable to assurance engagements. Specifically, our review was carried out in accordance with Standards on Assurance Engagements ASAE 3450 *Assurance Engagements Involving Corporate Fundraisings and/or Prospective Financial Information* and ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information* and included such enquiries and procedures which we considered necessary for the purposes of this Report. Our procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures applied to the accounting records in support of the Financial Information.

The procedures undertaken by HLB in our role as Investigating Accountant were substantially less in scope than that of an audit examination conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the Financial Information.

In relation to the information presented in this Report:

- a) support by another person, corporation or an unrelated entity has not been assumed; and
- b) the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report.

#### **4. Conclusions**

##### ***Historical Financial Information***

Based on our review, which was not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Group as set out in Section 4 of the Prospectus does not present fairly:

- a) the historical Consolidated Statement of Financial Position of Falcon Metals Limited as at 30 September 2021;
- b) the historical Consolidated Statement of Profit or Loss and Statement of Cash Flows of Falcon Metals Limited for the period from incorporation to 30 September 2021.

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Australian Accounting Standards and other mandatory professional reporting requirements.

##### ***Pro Forma Financial Information***

Based on our review, which was not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Financial Information of the Group as set out in Section 4 of the Prospectus does not present fairly the Pro Forma Consolidated Statement of Financial Position of the Group as at 30 September 2021, which incorporates the pro forma adjustments, as set out in Section 4.8 of the Prospectus.

#### **5. Restriction on Use**

Without modifying our conclusion, we draw attention to Section 4 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Financial Information may not be suitable for use for another purpose.

#### **6. Liability**

The liability of HLB is limited to the inclusion of this Report in the Prospectus. HLB makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from, the Prospectus.

#### **7. Declarations**

- a) HLB will be paid its usual professional fees based on time involvement, for the preparation of this Report and review of the Financial Information, which is estimated to be \$10,000 plus GST;
- b) Apart from the aforementioned fee, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report;

- c) Neither HLB, nor any of its employees or associated persons has any interest in Falcon Metals or the promotion of the Company or any of its subsidiaries;
- d) HLB Mann Judd has been appointed as the Company's auditors;
- e) Unless specifically referred to in this Report, or elsewhere in the Prospectus, HLB was not involved in the preparation of any other part of the Prospectus and did not cause the issue of any other part of the Prospectus. Accordingly, HLB makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus; and
- f) HLB has consented to the inclusion of this Report in the Prospectus in the form and context in which it appears.

Yours faithfully

**HLB Mann Judd**  
**Chartered Accountants**



**L Di Giallonardo**  
**Partner**



Annexure B

Independent Geologist's Report

For personal use only



**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	<b>CSA Global Pty Ltd</b> Level 2, 3 Ord Street West Perth WA 6005 AUSTRALIA  T +61 8 9355 1677 F +61 8 9355 1977 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 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 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 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.

© Copyright 2021



# 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 km<sup>2</sup> 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 km<sup>2</sup>. 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

Report prepared for .....	I
Report issued by .....	I
Report information .....	I
Author and Reviewer Signatures .....	I
<b>EXECUTIVE SUMMARY .....</b>	<b>II</b>
Pyramid Hill .....	II
Viking .....	II
Mt Jackson .....	II
CSA Global Opinion .....	III
<b>1 INTRODUCTION .....</b>	<b>1</b>
1.1 Context, Scope and Terms of Reference .....	1
1.2 Compliance with the VALMIN and JORC Codes .....	2
1.3 Principal Sources of Information and Reliance on Other Experts .....	2
1.4 Authors of the Report .....	3
1.5 Independence .....	4
1.6 Declarations .....	4
1.6.1 Purpose of this Document .....	4
1.6.2 Competent Person's Statement .....	5
1.7 About this Report .....	5
<b>2 GOLD EXPLORATION MODELS .....</b>	<b>6</b>
2.1 Orogenic Gold Model .....	6
2.1.1 Greenstone-Hosted Orogenic Deposits .....	7
2.1.2 Turbidite-Hosted Orogenic Deposits .....	7
<b>3 PYRAMID HILL PROJECT .....</b>	<b>8</b>
3.1 Location and Access .....	8
3.2 Climate, Topography and Physiography .....	8
3.3 Ownership and Tenure .....	9
3.4 Geology .....	10
3.4.1 Regional Geology .....	12
3.4.2 Regional Gold Mineralisation .....	14
3.4.3 Local Geology .....	16
3.5 Exploration History .....	17
3.5.1 Geophysics .....	17
3.5.2 Surface Geochemistry .....	19
3.5.3 Drilling .....	22
3.6 Proposed Exploration Strategy .....	35
3.6.1 Karri Prospect .....	35
3.6.2 Ironbark Prospect .....	35
3.6.3 Banksia Prospect .....	35
3.6.4 Wandoo Prospect .....	35
<b>4 VIKING PROJECT .....</b>	<b>36</b>
4.1 Location and Access .....	36
4.2 Ownership and Tenure .....	36

4.3	Climate, Topography and Physiography .....	37
4.4	Geology 37	
4.4.1	Regional Geology .....	37
4.4.2	Local Geology .....	40
4.5	Exploration History .....	42
4.5.1	Surface Geochemistry .....	42
4.5.2	Drilling .....	44
4.6	Proposed Exploration Strategy .....	47
4.6.1	Beaker 1 Prospect .....	47
4.6.2	Beaker 2 Prospect .....	47
4.6.3	Beaker 3 Prospect .....	47
4.6.4	Beaker 4 Prospect .....	47
<b>5</b>	<b>MT JACKSON PROJECT .....</b>	<b>48</b>
5.1	Location and Access .....	48
5.2	Ownership and Tenure .....	48
5.3	Climate, Topography and Physiography .....	49
5.4	Geology 49	
5.4.1	Regional Geology .....	49
5.4.2	Local Geology .....	52
5.5	Exploration History .....	54
5.6	Proposed Exploration Strategy .....	55
<b>6</b>	<b>RISKS .....</b>	<b>56</b>
<b>7</b>	<b>PROPOSED EXPLORATION BUDGET SUMMARY .....</b>	<b>57</b>
<b>8</b>	<b>REFERENCES .....</b>	<b>58</b>
<b>9</b>	<b>GLOSSARY .....</b>	<b>60</b>
<b>10</b>	<b>ABBREVIATIONS AND UNITS OF MEASUREMENT .....</b>	<b>63</b>

## Figures

Figure 1:	Location of Falcon's gold projects .....	1
Figure 2:	Schematic cross-section showing the key geologic elements of the main gold deposit types .....	6
Figure 3:	Location of Falcon's Pyramid Hill gold tenure in north-central Victoria .....	8
Figure 4:	Falcon's Pyramid Hill gold tenure .....	10
Figure 5:	Lachlan Orogen .....	11
Figure 6:	Regional geological setting .....	12
Figure 7:	Simplified geological map of central Victoria .....	13
Figure 8:	Time-space diagram for the Stawell, Bendigo and Melbourne zones of the western Lachlan Orogen .....	15
Figure 9:	Distribution of primary gold deposits in Victoria .....	15
Figure 10:	Pyramid Hill project geology .....	16
Figure 11:	Merged regional gravity for Pyramid Hill project .....	18
Figure 12:	Regional aeromagnetics for Pyramid Hill project .....	19
Figure 13:	Surface geochemistry compilation for Pyramid Hill project .....	20
Figure 14:	Gridded gold surface geochemistry compilation for Pyramid Hill project .....	21
Figure 15:	Historical drilling – gold only .....	23
Figure 16:	Historical drilling that was effective in reaching basement (gold only) .....	24
Figure 17:	Chalice drilling summary .....	25
Figure 18:	Drilling results over major prospect areas .....	26
Figure 19:	Karri prospect – completed diamond drilling and significant gold results .....	27
Figure 20:	Karri prospect cross sections .....	29
Figure 21:	Long section of Karri drilling .....	30

Figure 22:	Karri prospect interpretation .....	31
Figure 23:	Ironbark plan view .....	32
Figure 24:	Ironbark East prospect cross section .....	33
Figure 25:	Muckleford area key prospects and significant drilling results .....	34
Figure 26:	Viking project location and tenements .....	36
Figure 27:	Generalised regional geology of the Fraser Range Orogen .....	38
Figure 28:	Viking project regional geology .....	39
Figure 29:	Viking project regional geology and prospects .....	41
Figure 30:	Viking project aeromagnetics (1vd RTP) .....	42
Figure 31:	Surface geochemistry results – gridded auger gold and rock chip samples .....	43
Figure 32:	Historical drilling by company and type .....	44
Figure 33:	Drilling results to date on the Beaker prospects .....	46
Figure 34:	Beaker 2 cross section .....	46
Figure 35:	Beaker 4 cross section .....	47
Figure 36:	Mt Jackson project tenure .....	48
Figure 37:	Regional geological setting of the Mt Jackson project .....	50
Figure 38:	Terrane subdivision of the Yilgarn Craton .....	51
Figure 39:	Metamorphic pattern and dome structures in the Southern Cross-Forrestania greenstone belt .....	52
Figure 40:	Mt Jackson project regional aeromagnetics .....	53
Figure 41:	Chalice soil sampling – nickel and chrome in soil anomalies .....	53
Figure 42:	Mt Jackson surface soil geochemistry sampling .....	54
Figure 43:	Chalice soil sampling – gold and arsenic in soil anomalies .....	55

## Tables

Table 1:	Key features of ore-forming environments of orogenic gold deposits .....	6
Table 2:	Climate data for Bendigo Airport (1991 to 2020) .....	9
Table 3:	Pyramid Hill project exploration licences .....	9
Table 4:	Geophysical surveys completed over the Pyramid Hill project to date .....	17
Table 5:	Surface geochemistry summary for the Pyramid Hill project .....	20
Table 6:	Historical drilling .....	22
Table 7:	Chalice Mining drilling summary .....	25
Table 8:	Viking Project exploration licences .....	37
Table 9:	Climate data for Norseman (1897 to 2012) .....	37
Table 10:	Summary of surface geochemistry sampling on the Viking project .....	43
Table 11:	Summary of historical drilling on Viking project .....	44
Table 12:	Mt Jackson Project exploration licences .....	48
Table 13:	Climate data for Southern Cross Airfield (1996-2021) .....	49
Table 14:	Mt Jackson surface geochemistry summary .....	54
Table 15:	Proposed exploration expenditure summary by activity .....	57

## Appendices

Appendix A	JORC Code Table 1 – Pyramid Hill Project
Appendix B	JORC Code Table 1 – Viking Project
Appendix C	JORC Code Table 1 – Mt Jackson Project
Appendix D	Pyramid Hill Drilling Significant Intercepts
Appendix E	Viking Drilling Significant Intercepts

# 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).

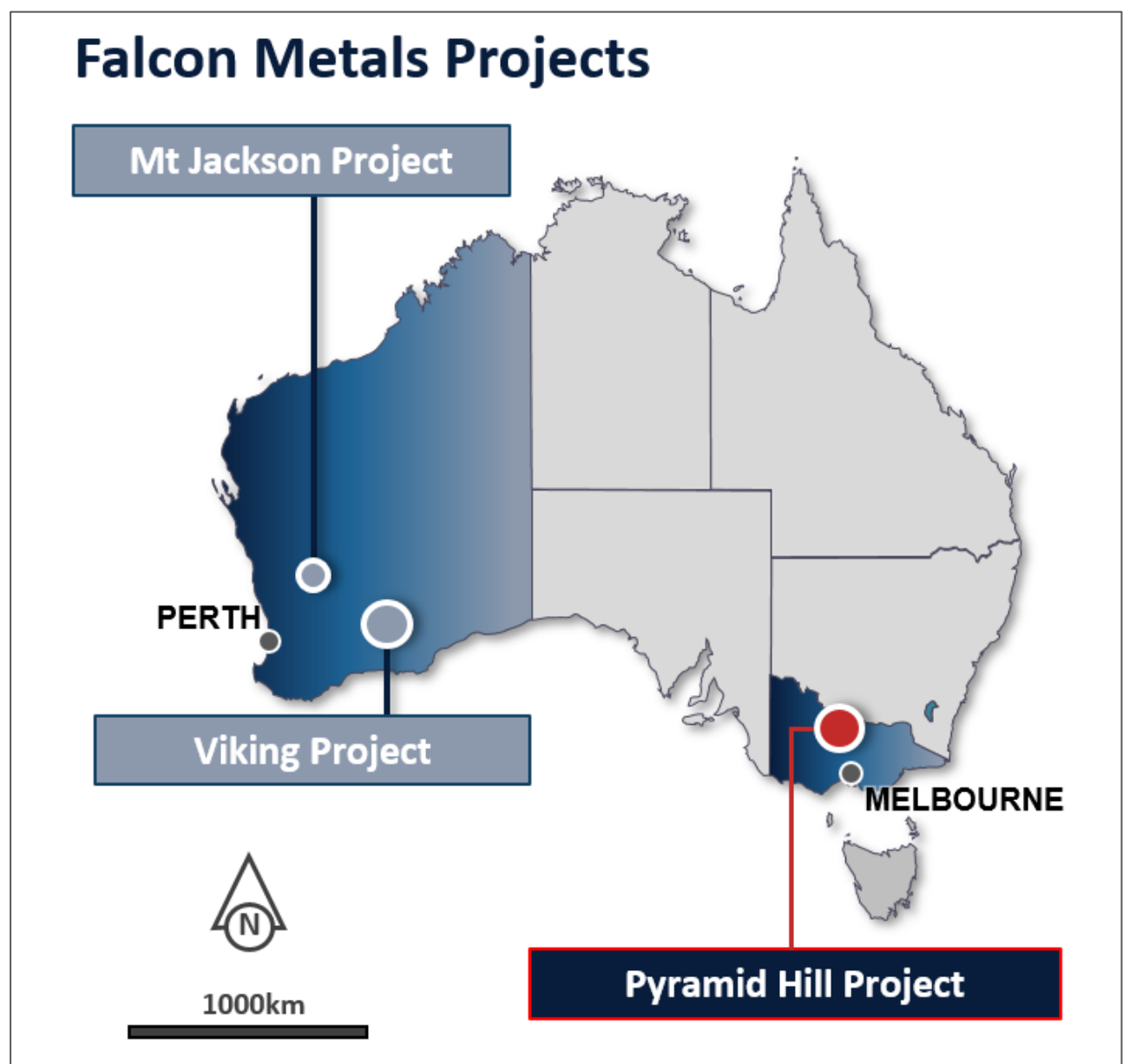


Figure 1: Location of Falcon's gold projects  
Source: Falcon

The ITAR is subject to the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets ("VALMIN<sup>1</sup> 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<sup>2</sup> 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.

<sup>1</sup> 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>>

<sup>2</sup> 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.

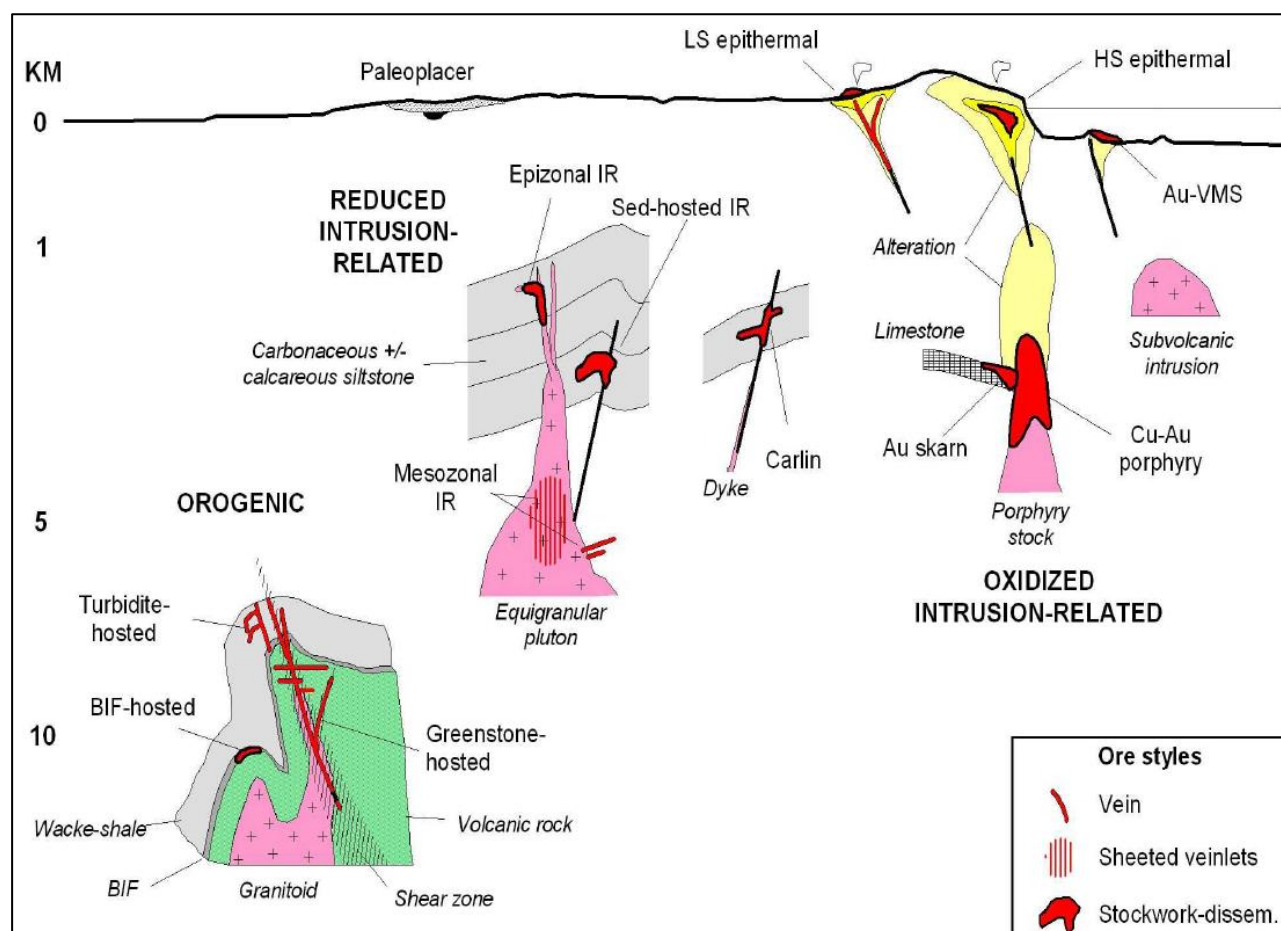


Figure 2: Schematic cross-section showing the key geologic elements of the main gold deposit types

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	<ul style="list-style-type: none"> <li>Volcanic-dominated or sediment-dominated greenstone belts</li> <li>Crustal-scale shear zone</li> <li>Conglomeratic rocks</li> </ul>	<ul style="list-style-type: none"> <li>Shear zones, especially with bends and intersections</li> <li>Rheological heterogeneity</li> <li>Iron-rich lithologies</li> <li>Felsic porphyry intrusions</li> </ul>

Orogenic deposit	Regional scale	Local scale
Turbidite-hosted	<ul style="list-style-type: none"> <li>Folded turbidite sequence</li> <li>Granitic intrusions</li> <li>Crustal-scale faults</li> <li>Greenschist grade</li> </ul>	<ul style="list-style-type: none"> <li>Culminations of anticlines</li> <li>High-angle reverse faults</li> <li>Cross-structures</li> </ul>
BIF-hosted	<ul style="list-style-type: none"> <li>Volcanic-dominated or sediment-dominated greenstone belts containing thick iron formations</li> <li>Folded and metamorphosed</li> </ul>	<ul style="list-style-type: none"> <li>Fold hinge zones</li> <li>Faults or shear zones intersecting iron formation</li> <li>Some stratiform controls</li> </ul>

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).

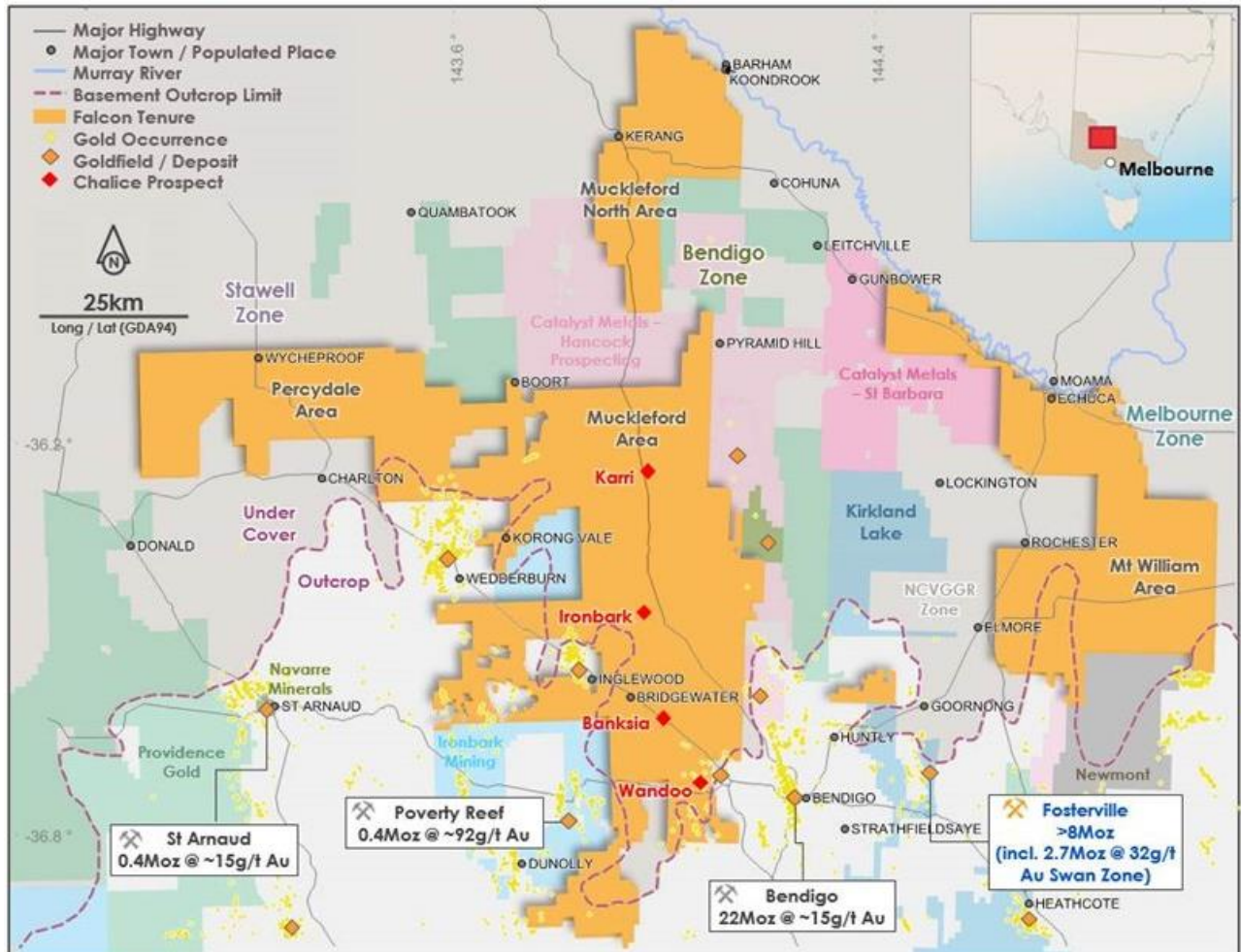


Figure 3: Location of Falcon's Pyramid Hill gold tenure in north-central Victoria

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 km<sup>2</sup> (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 (km <sup>2</sup> )	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
<b>Total area</b>				<b>6,563.9</b>	

Source: Falcon

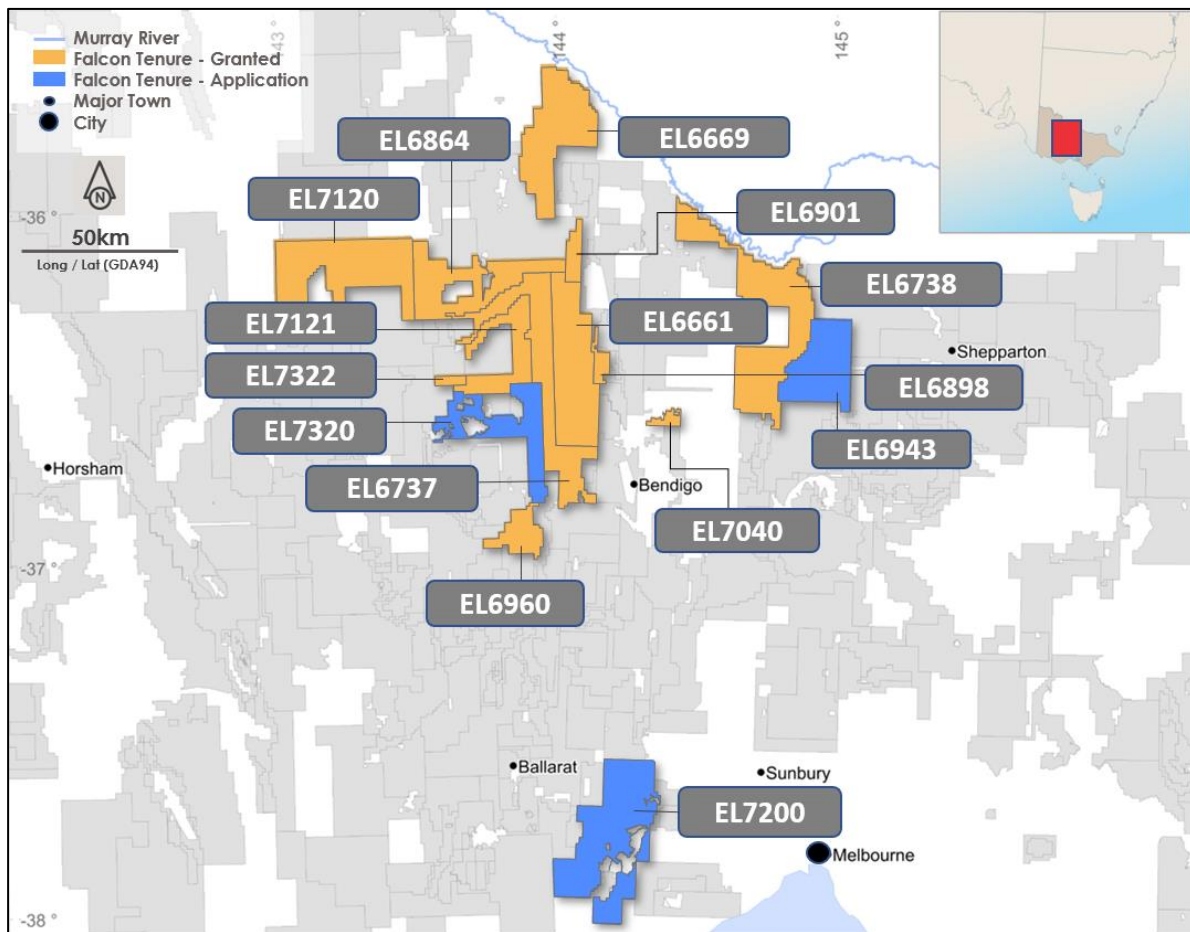


Figure 4: Falcon's Pyramid Hill gold tenure

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).



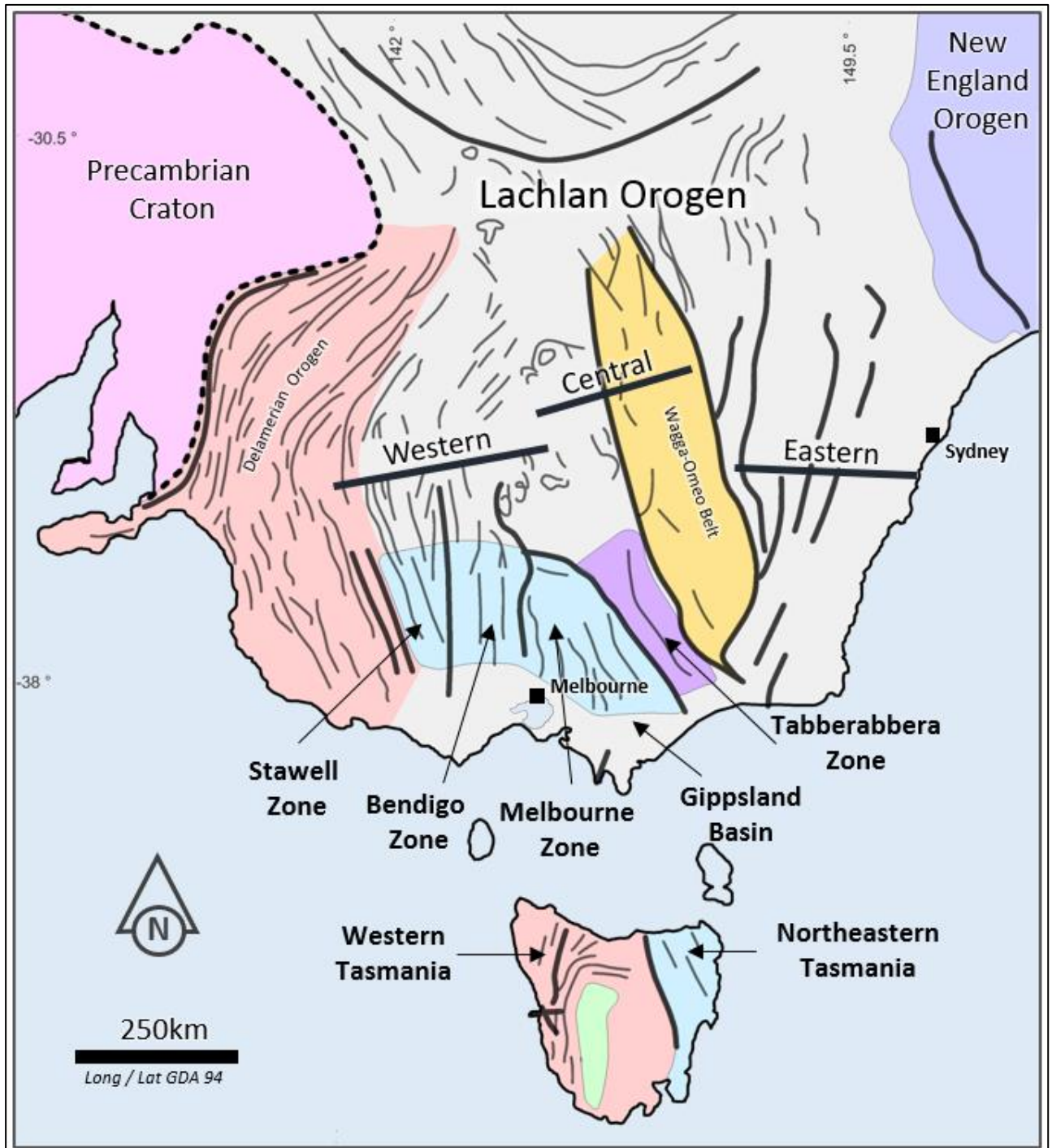


Figure 5: Lachlan Orogen

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.



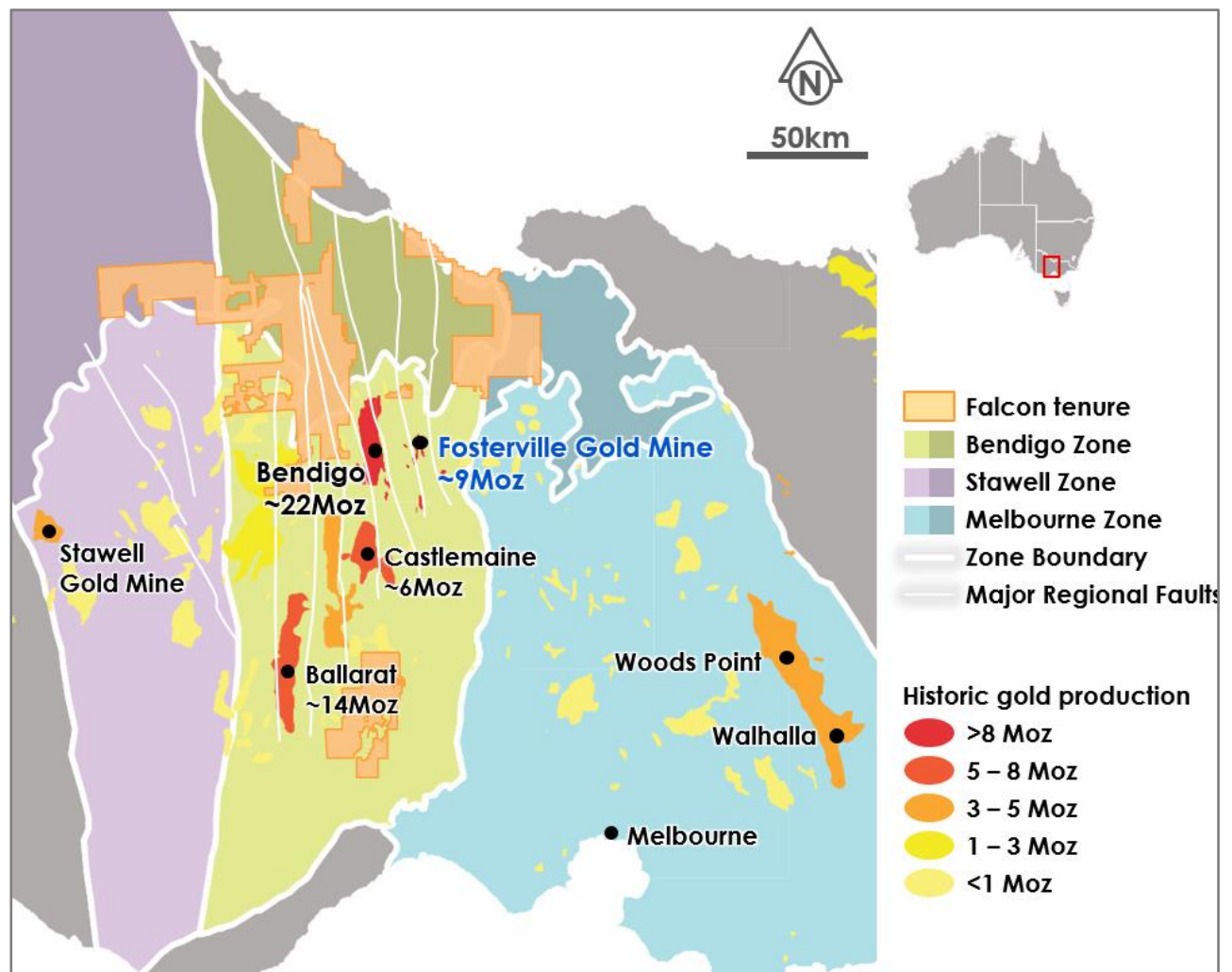


Figure 6: Regional geological setting

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).

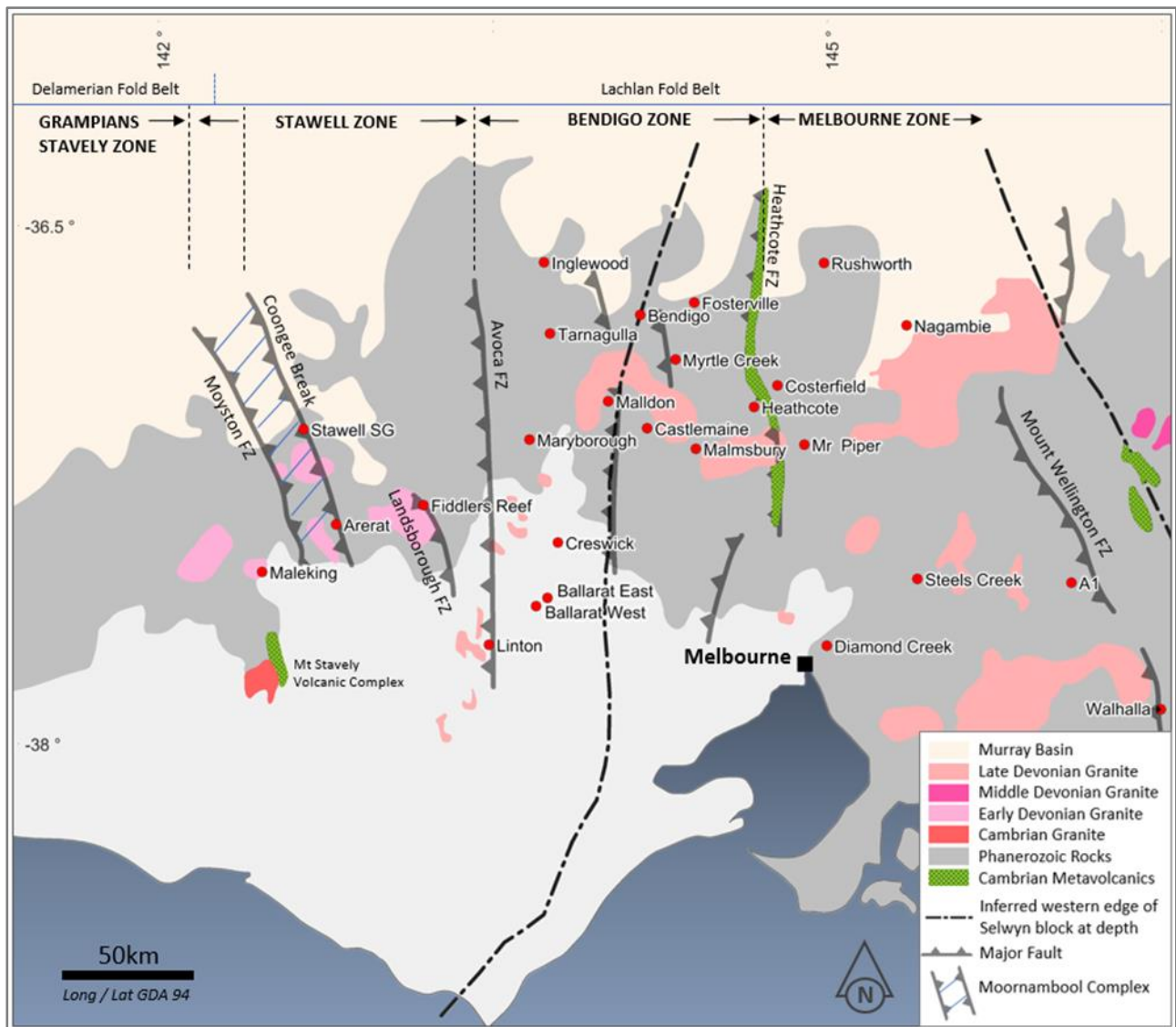


Figure 7: Simplified geological map of central Victoria

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).

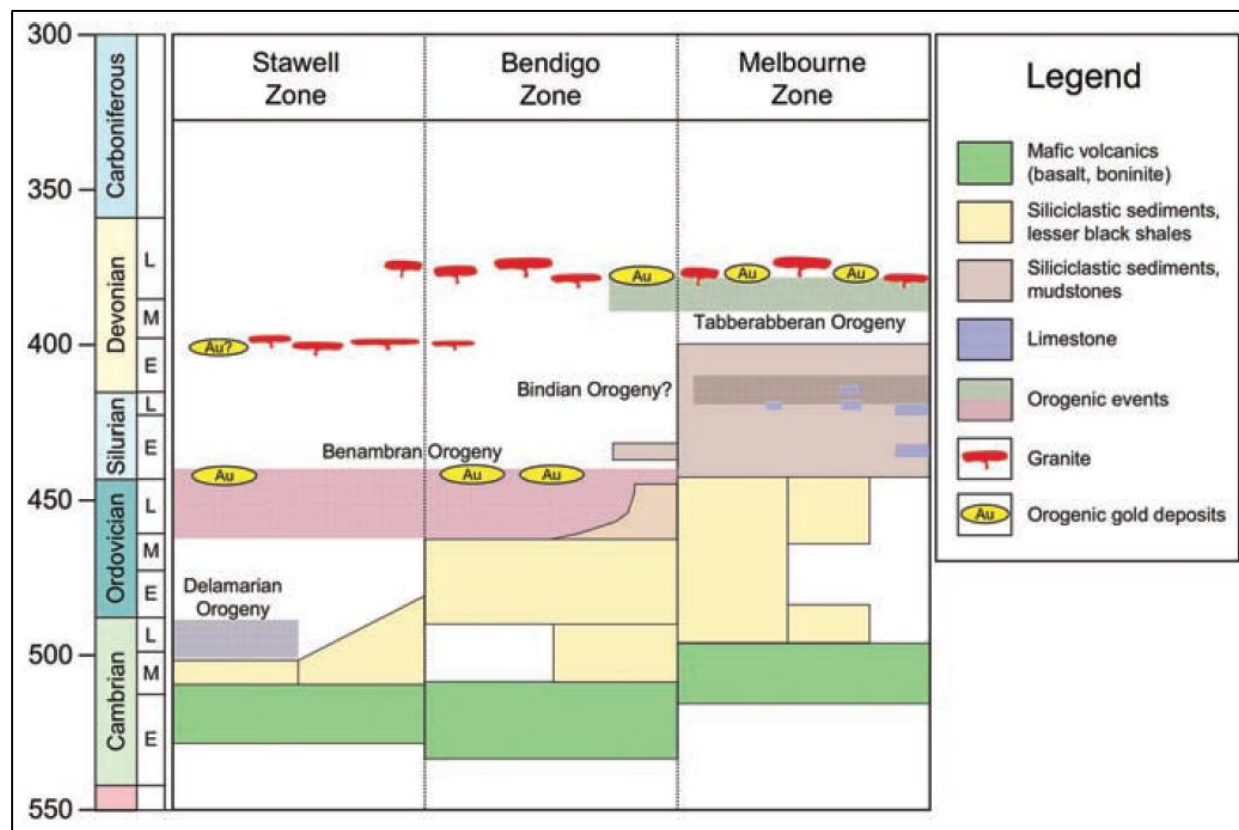


Figure 8: Time-space diagram for the Stawell, Bendigo and Melbourne zones of the western Lachlan Orogen  
Source: Phillips et al. (2012)

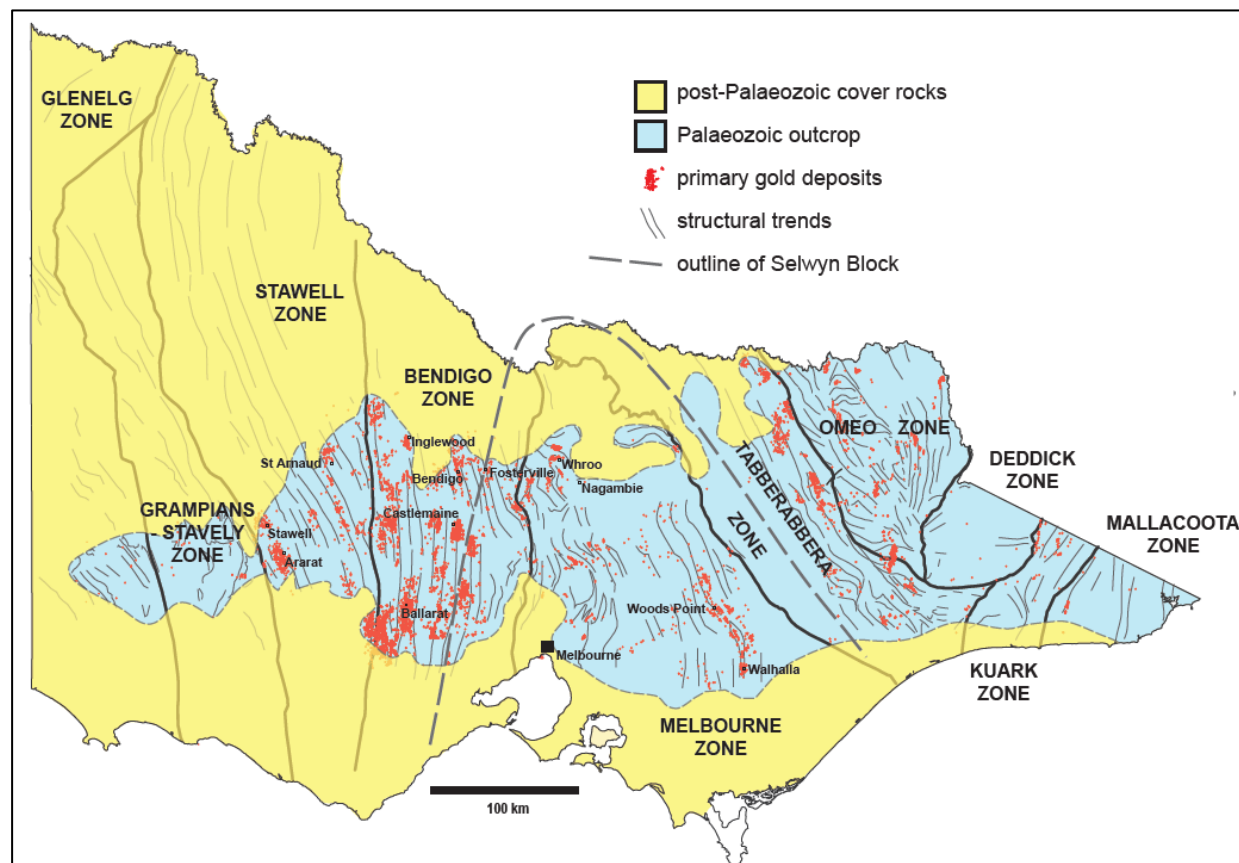


Figure 9: Distribution of primary gold deposits in Victoria  
Source: Willman (2010)



### 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.

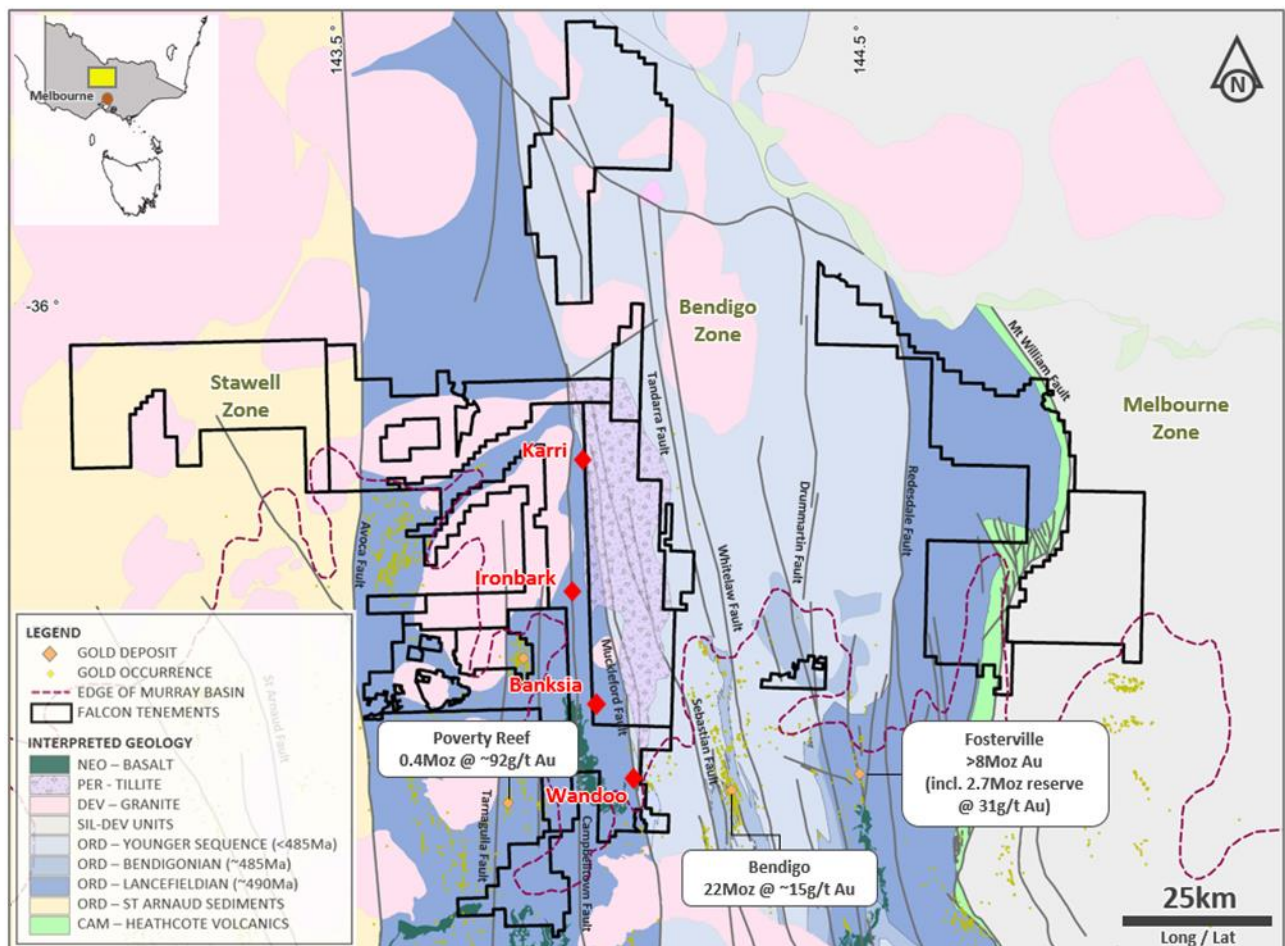


Figure 10: Pyramid Hill project geology

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.

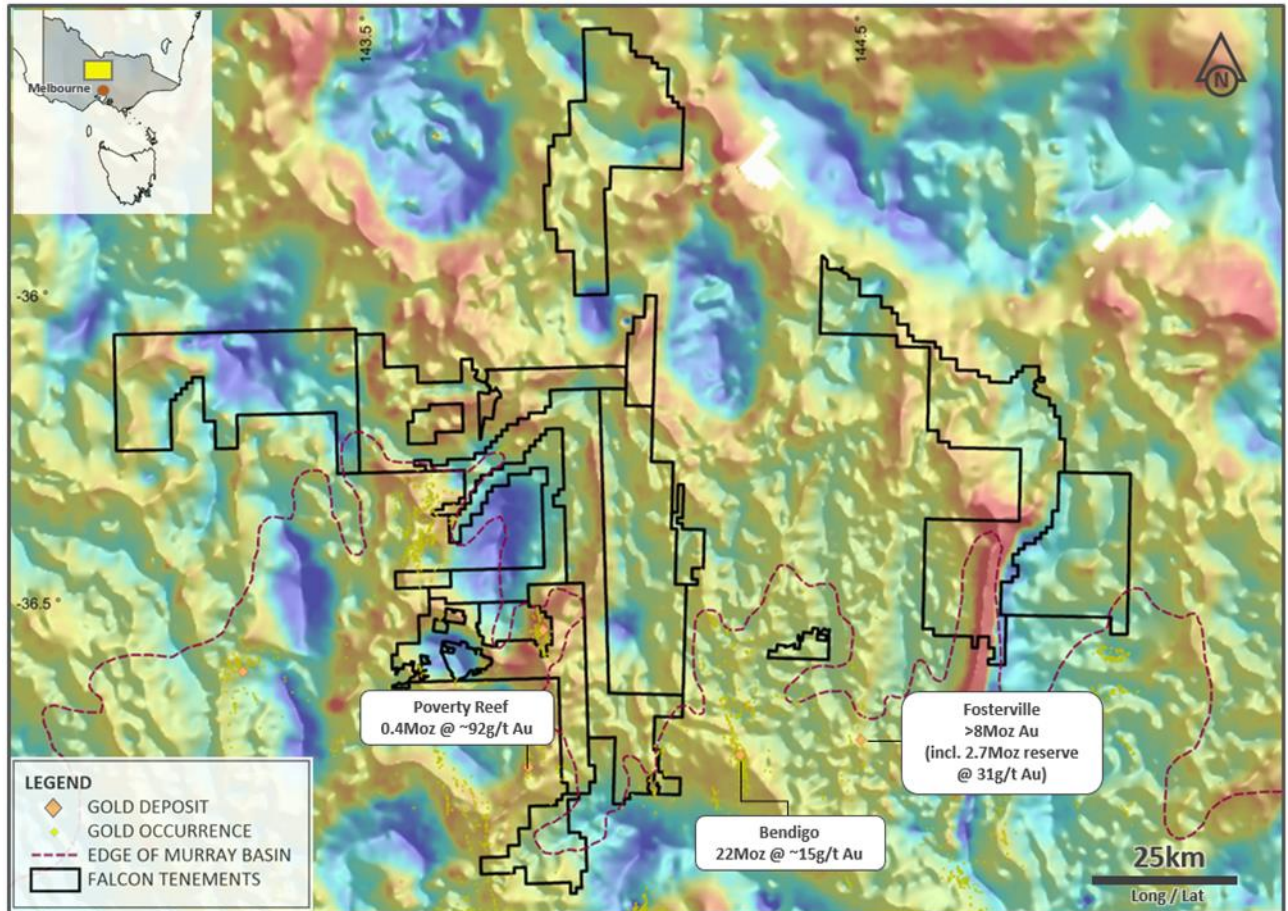


Figure 11: Merged regional gravity for Pyramid Hill project

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.



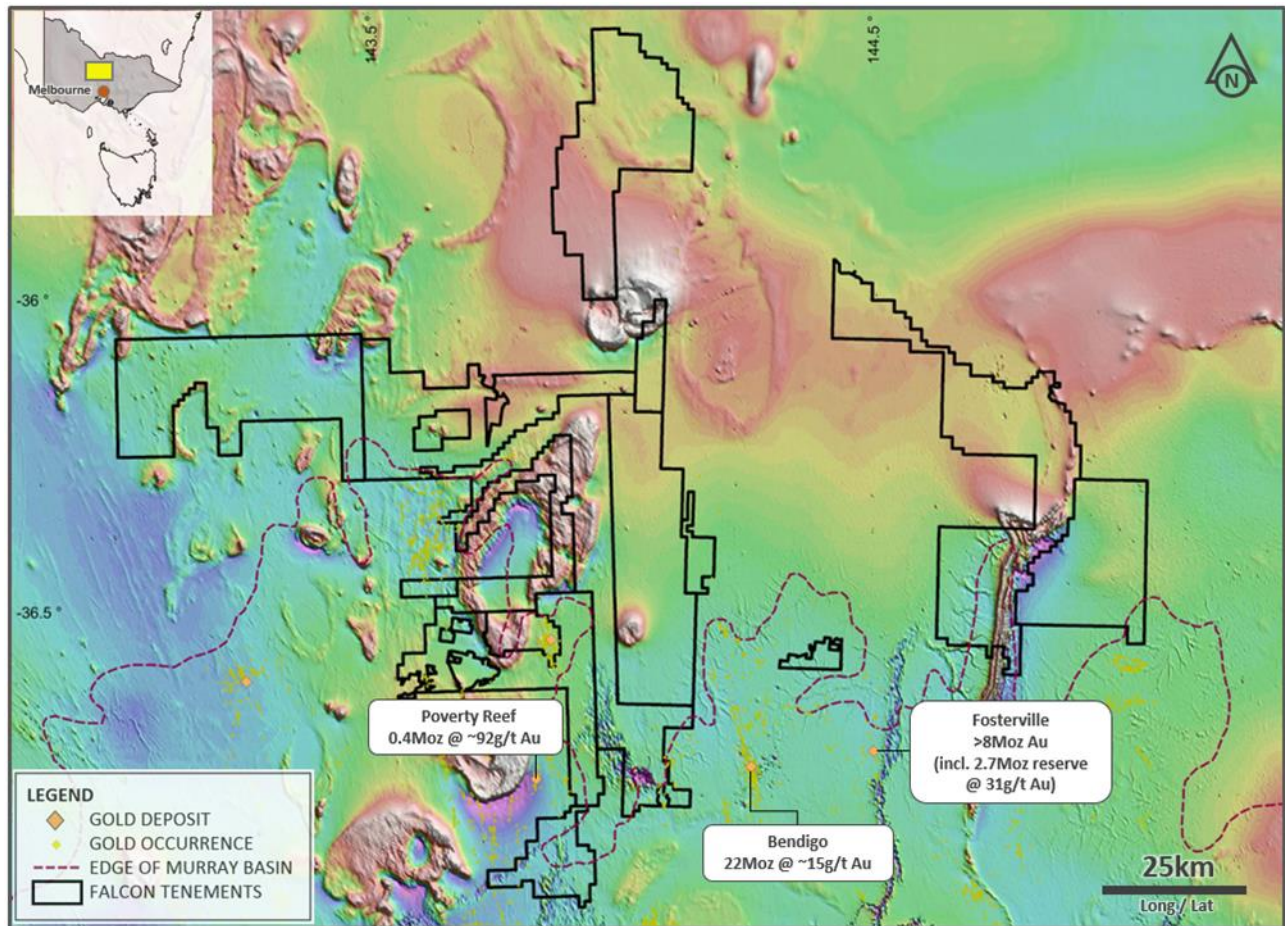


Figure 12: Regional aeromagnetics for Pyramid Hill project

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

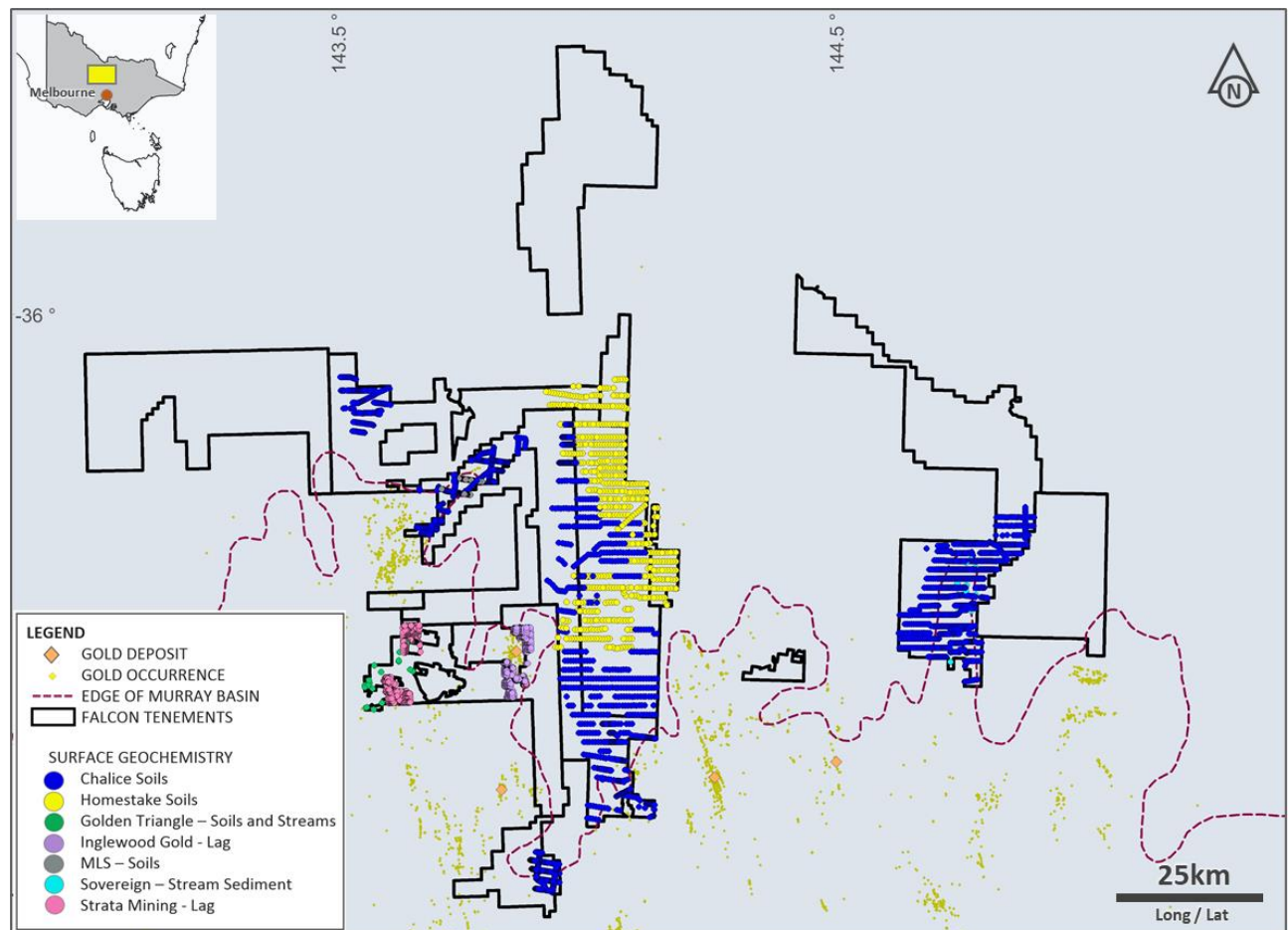


Figure 13: Surface geochemistry compilation for Pyramid Hill project

Source: Falcon

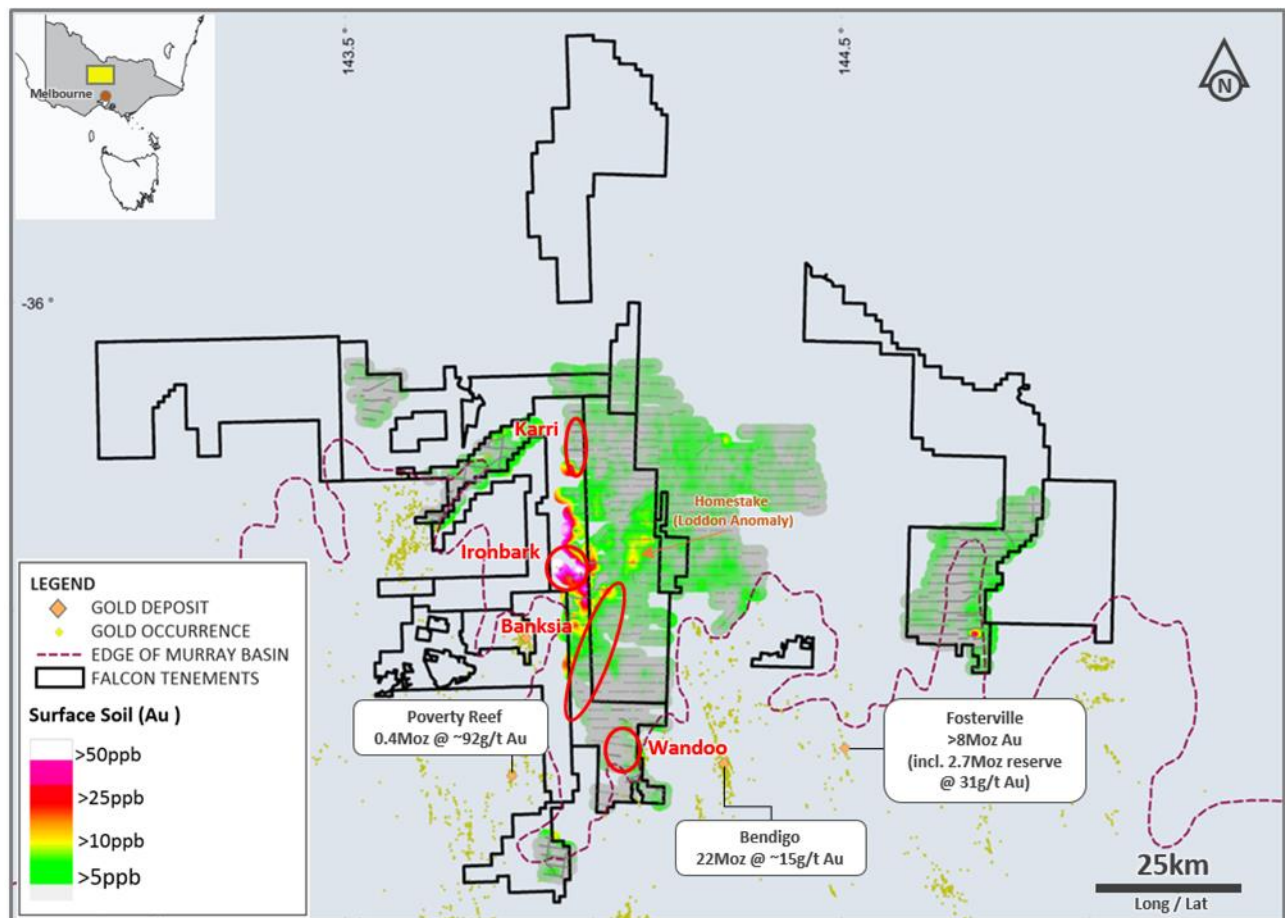


Figure 14: Gridded gold surface geochemistry compilation for Pyramid Hill project

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
<b>Total</b>					<b>358</b>	<b>24,113</b>	<b>67.3</b>	

Source: Falcon

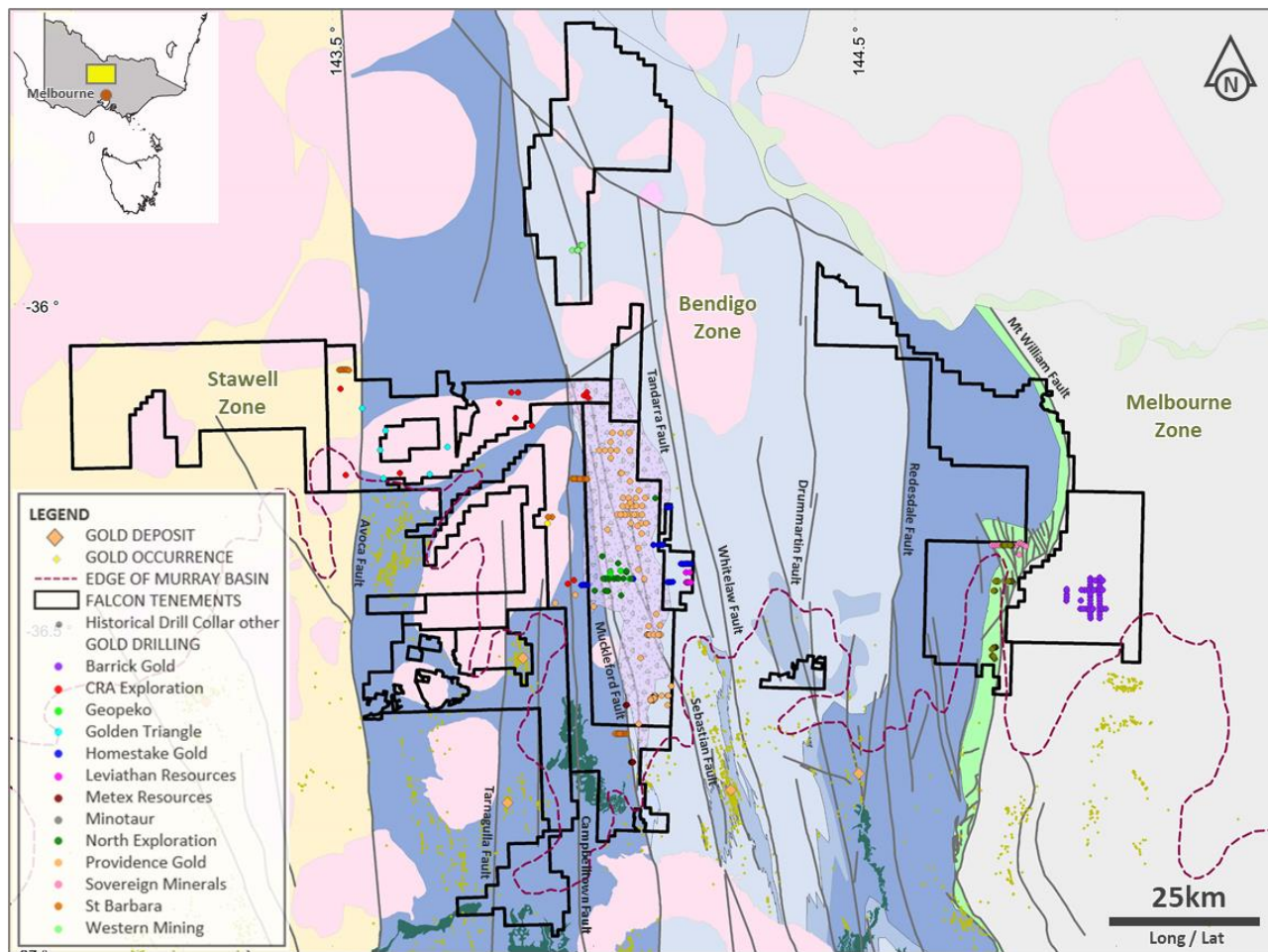


Figure 15: Historical drilling – gold only

Note: Refer to Figure 10 for geology legend.

Source: Falcon

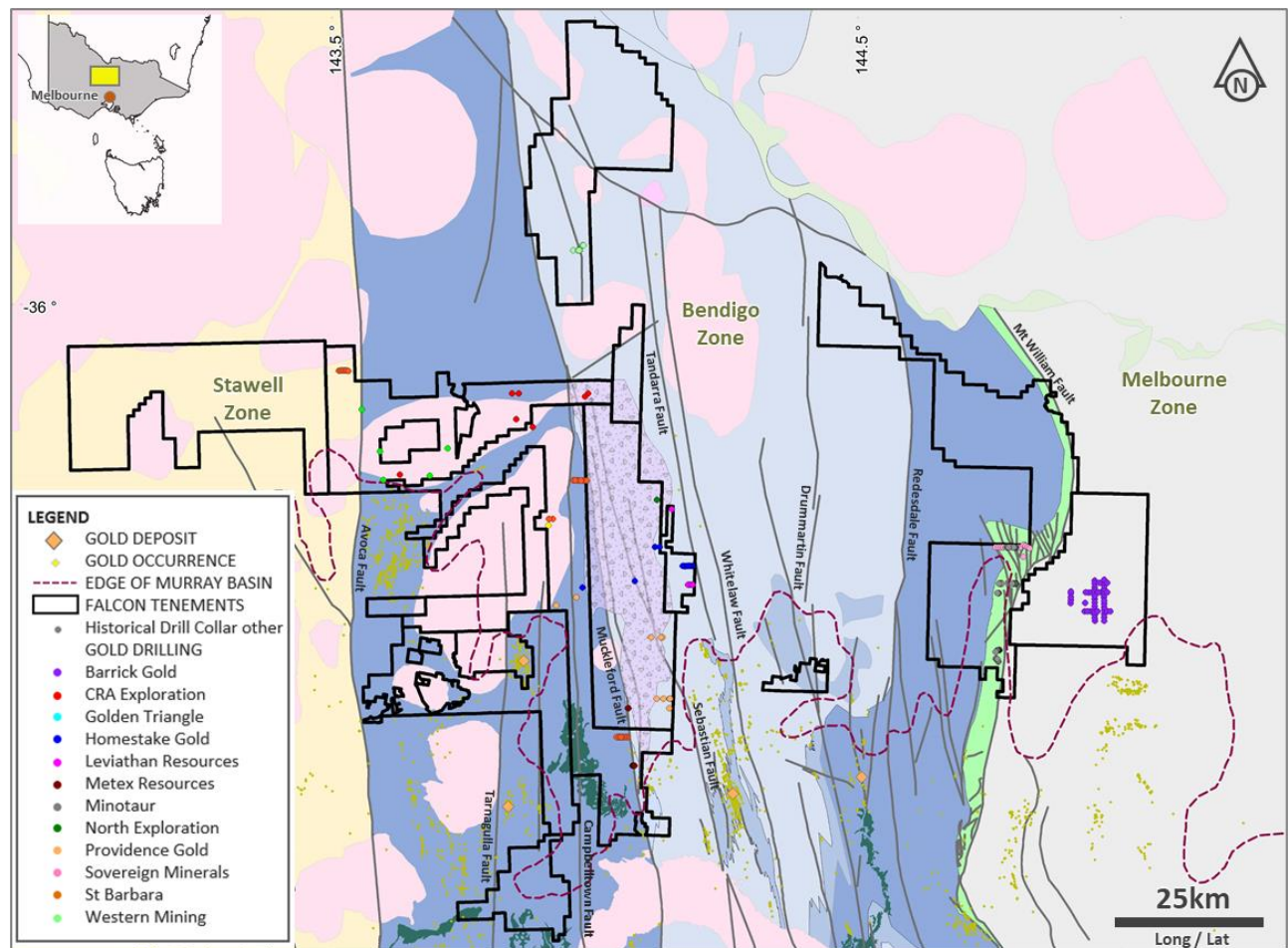


Figure 16: Historical drilling that was effective in reaching basement (gold only)

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
<b>Total</b>	<b>1,141</b>	<b>124,380</b>		

Source: Falcon

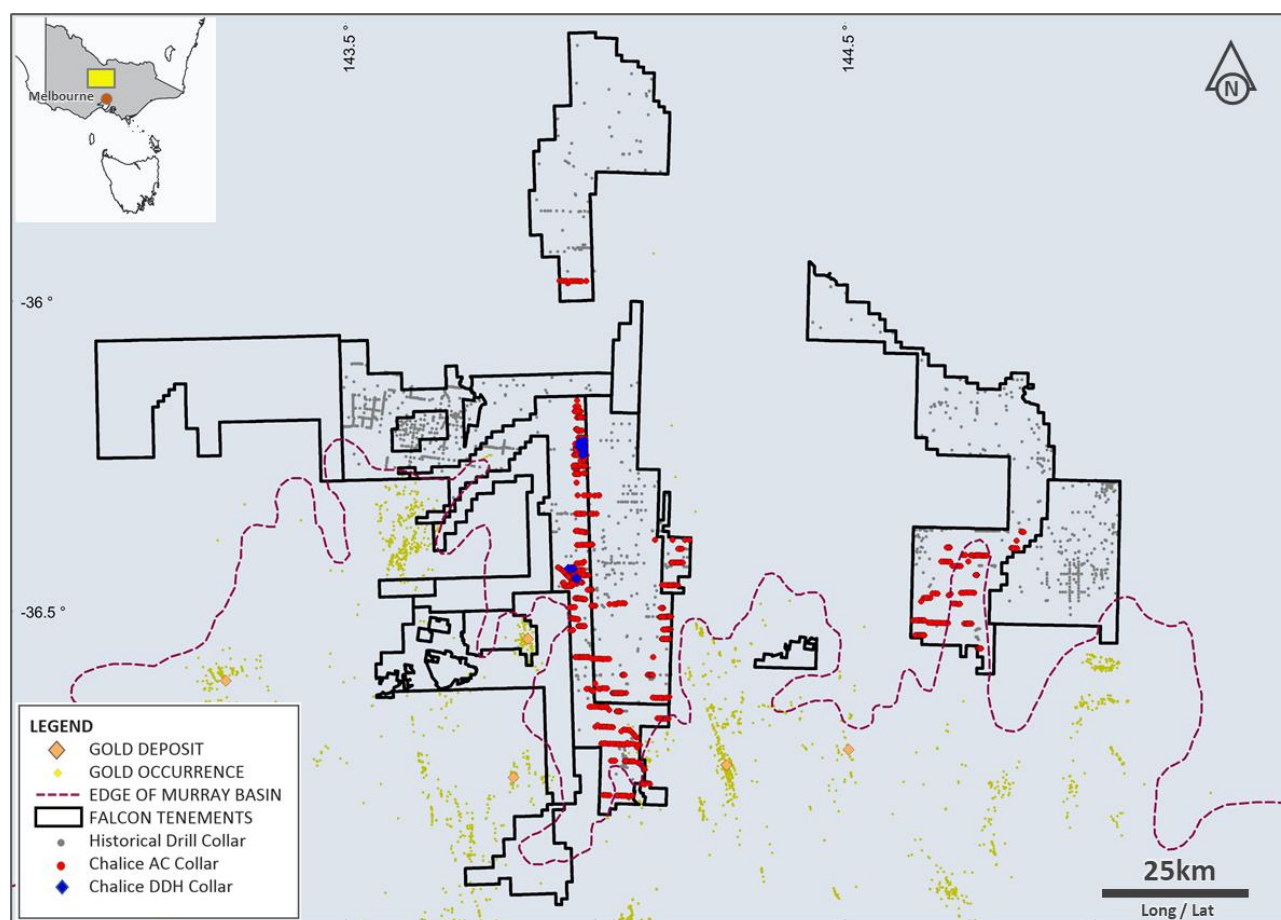
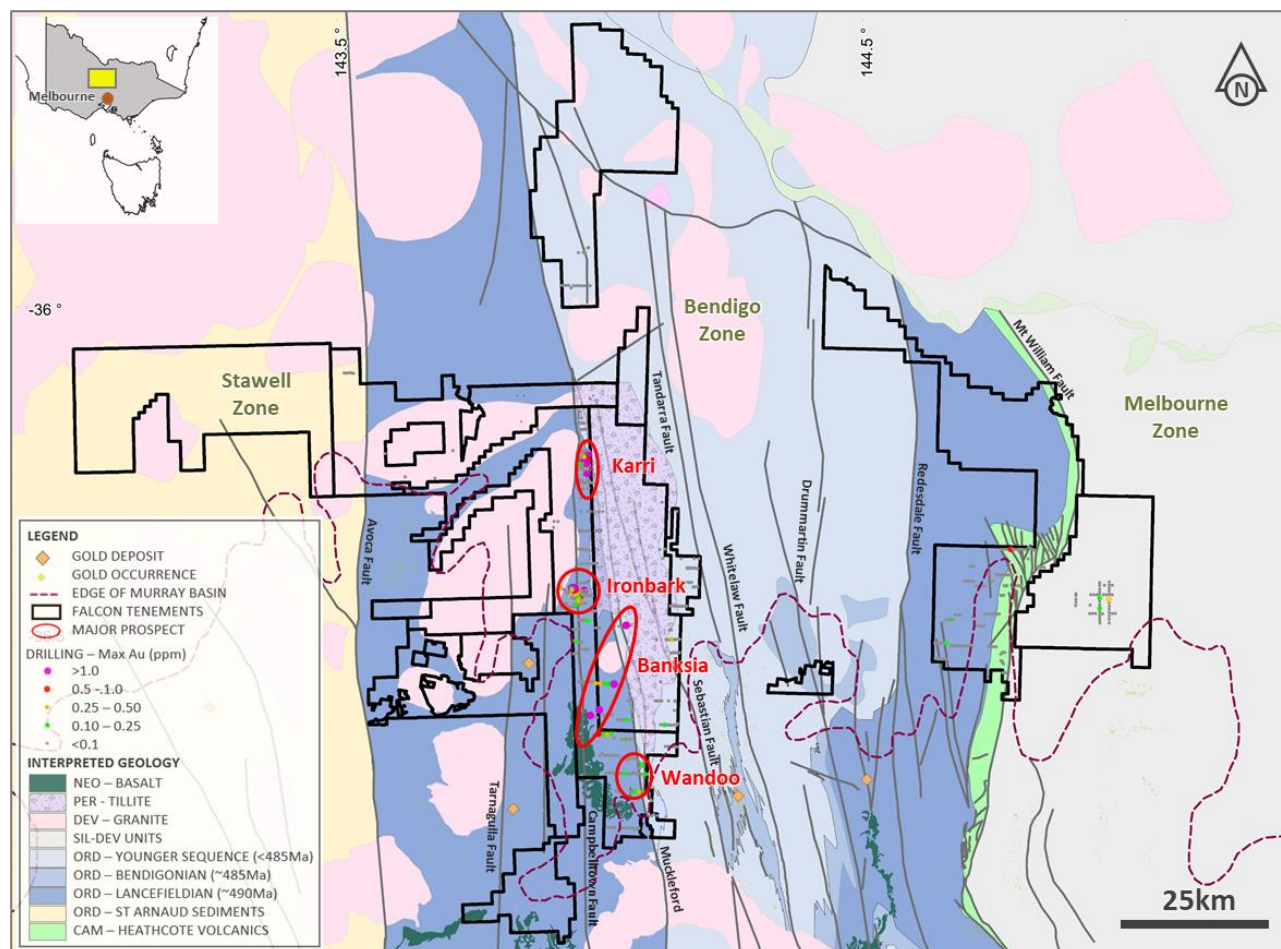


Figure 17: Chalice drilling summary

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.

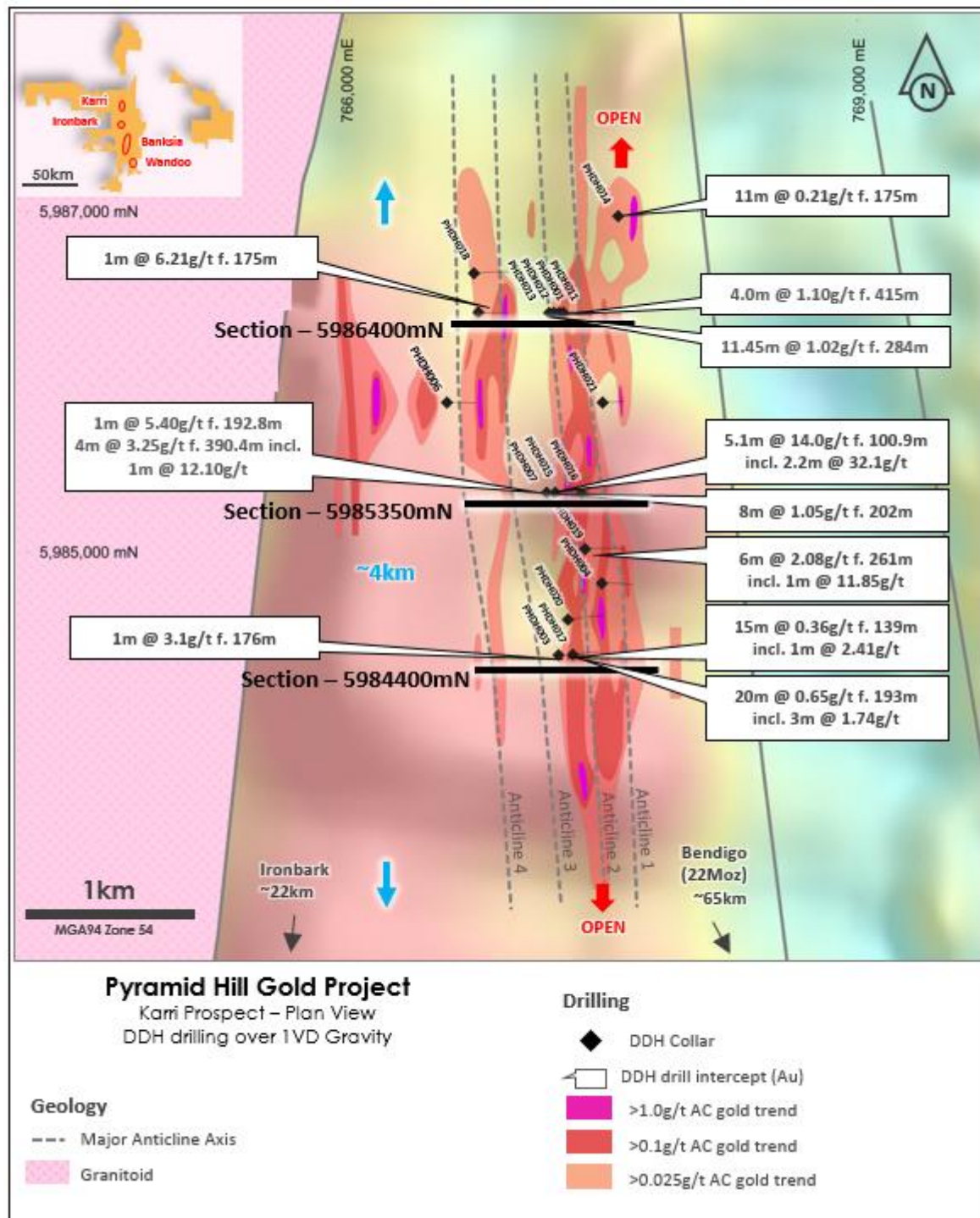


Figure 19: Karri prospect – completed diamond drilling and significant gold results

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.



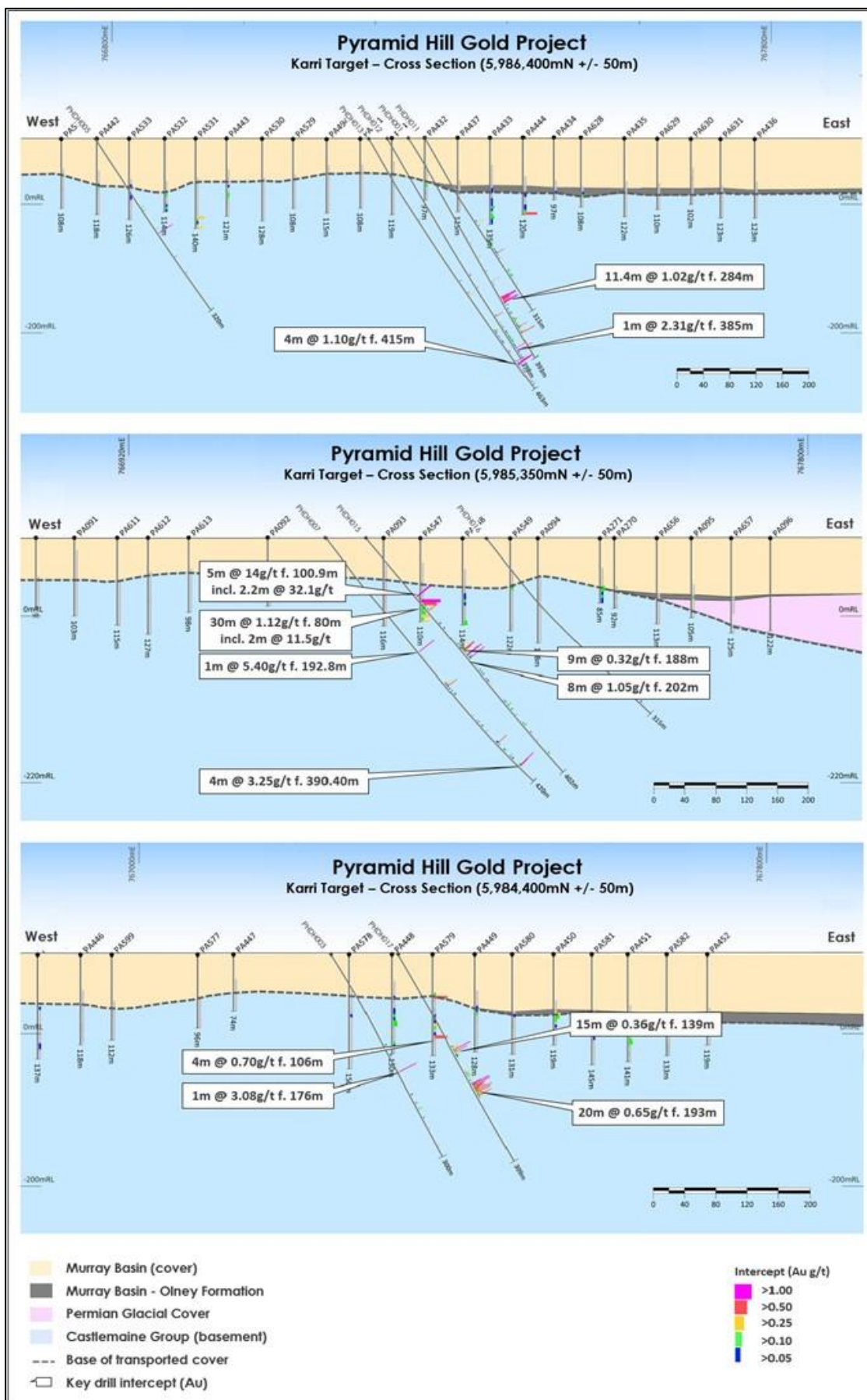


Figure 20: Karri prospect cross sections

Source: Falcon

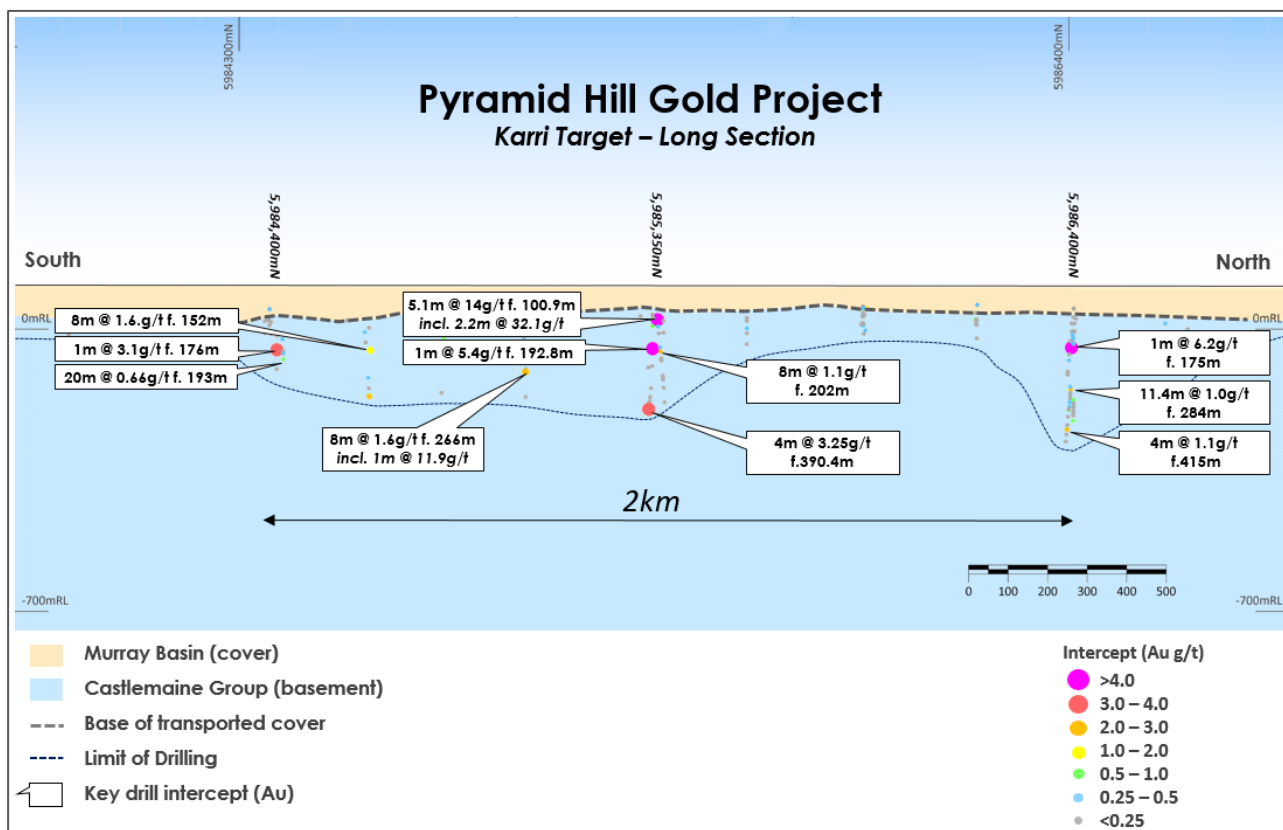


Figure 21: Long section of Karri drilling

Source: Falcon

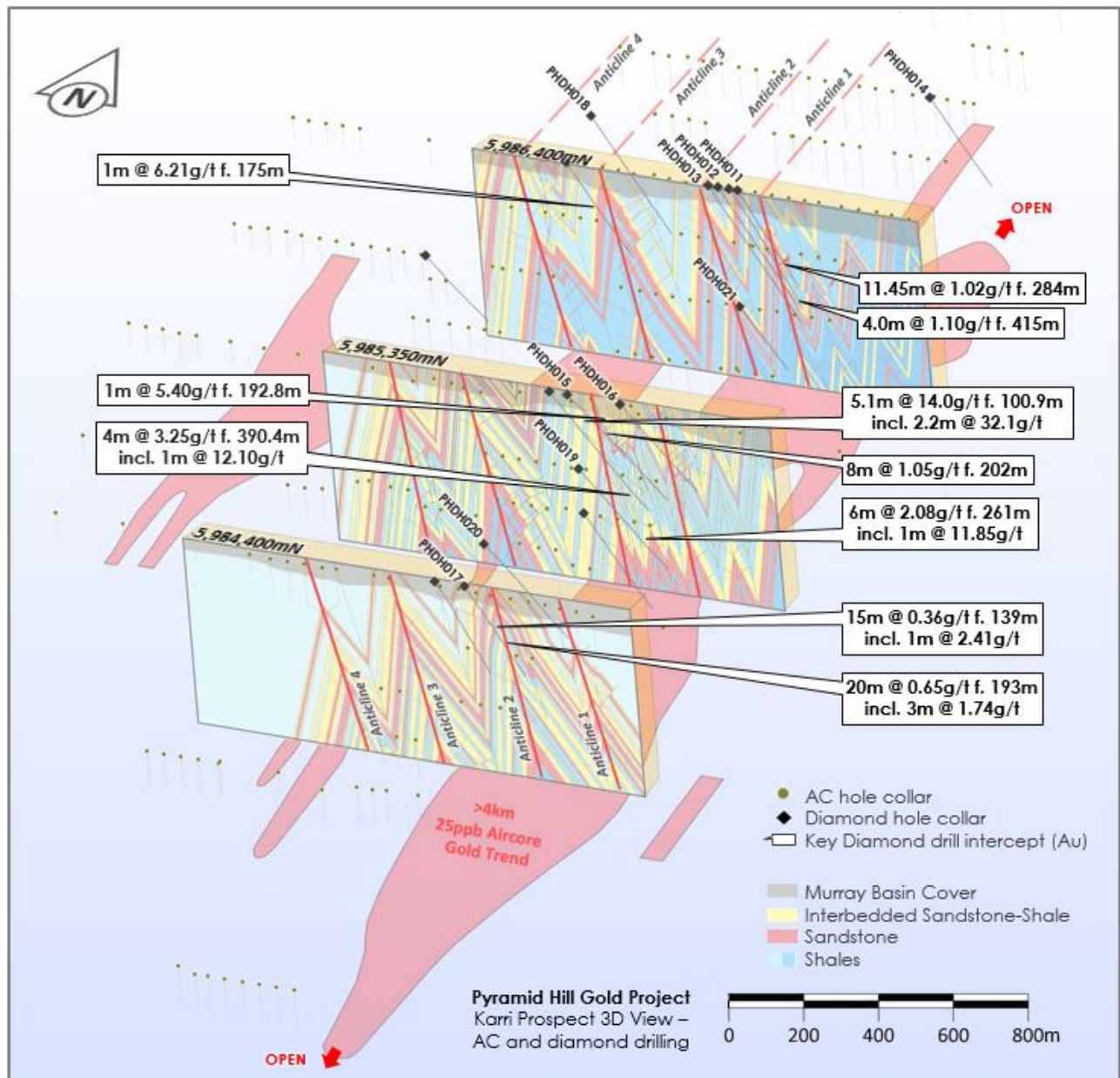


Figure 22: Karri prospect interpretation

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).

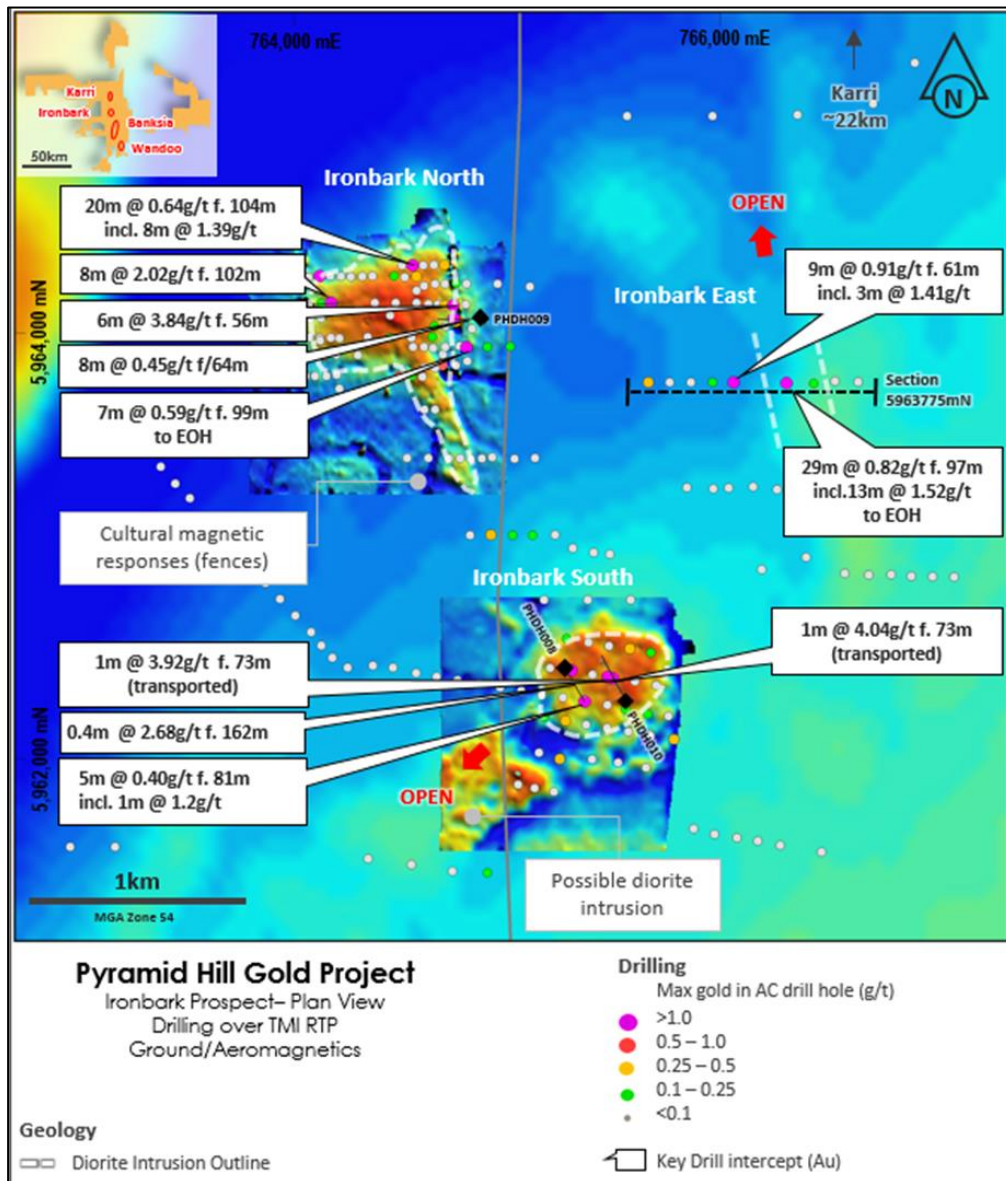


Figure 23: Ironbark plan view

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).



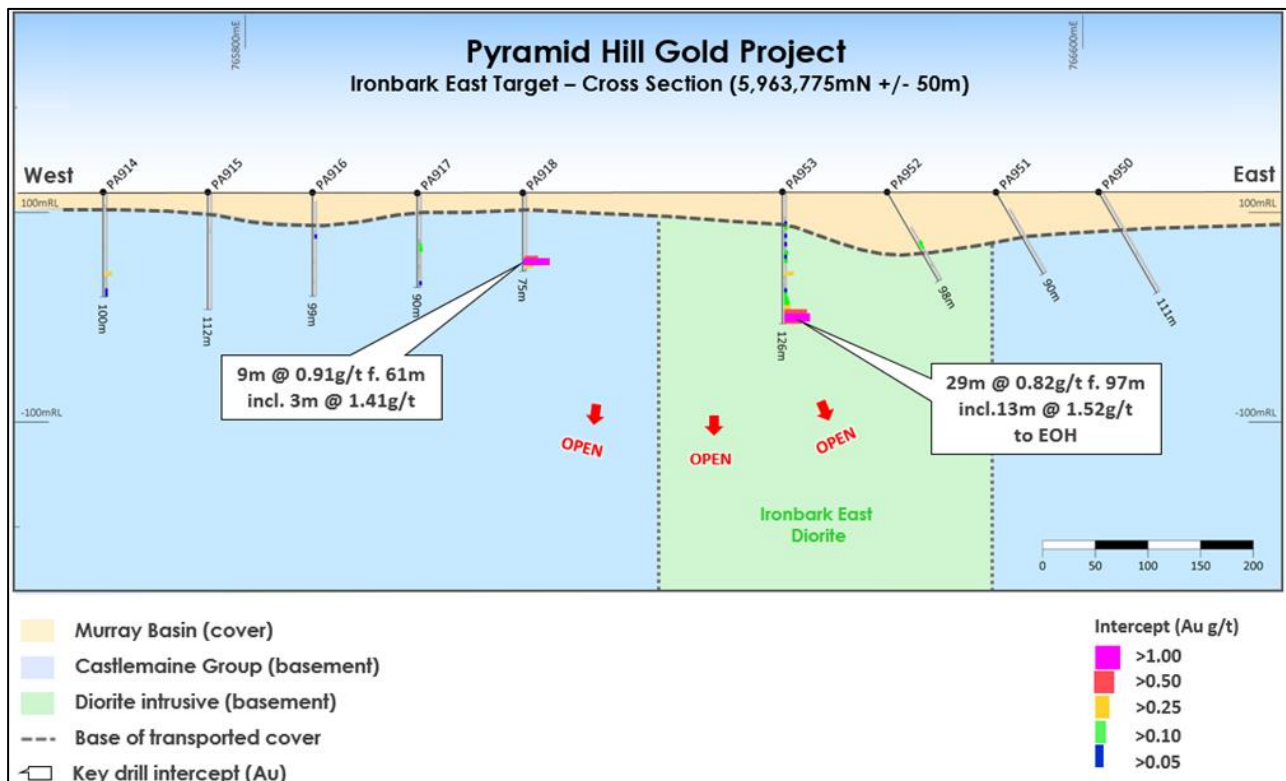


Figure 24: Ironbark East prospect cross section

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.

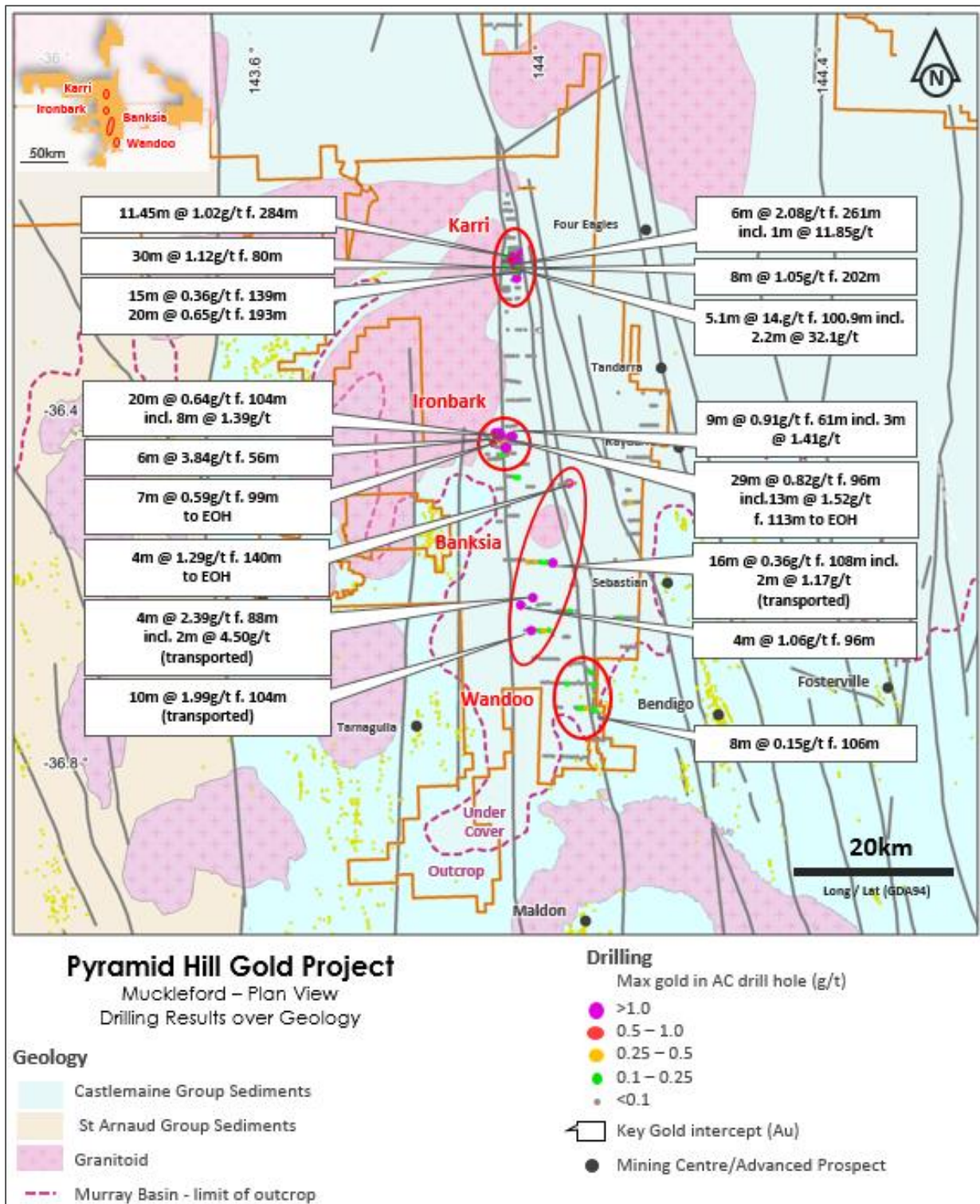


Figure 25: Muckleford area key prospects and significant drilling results

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).

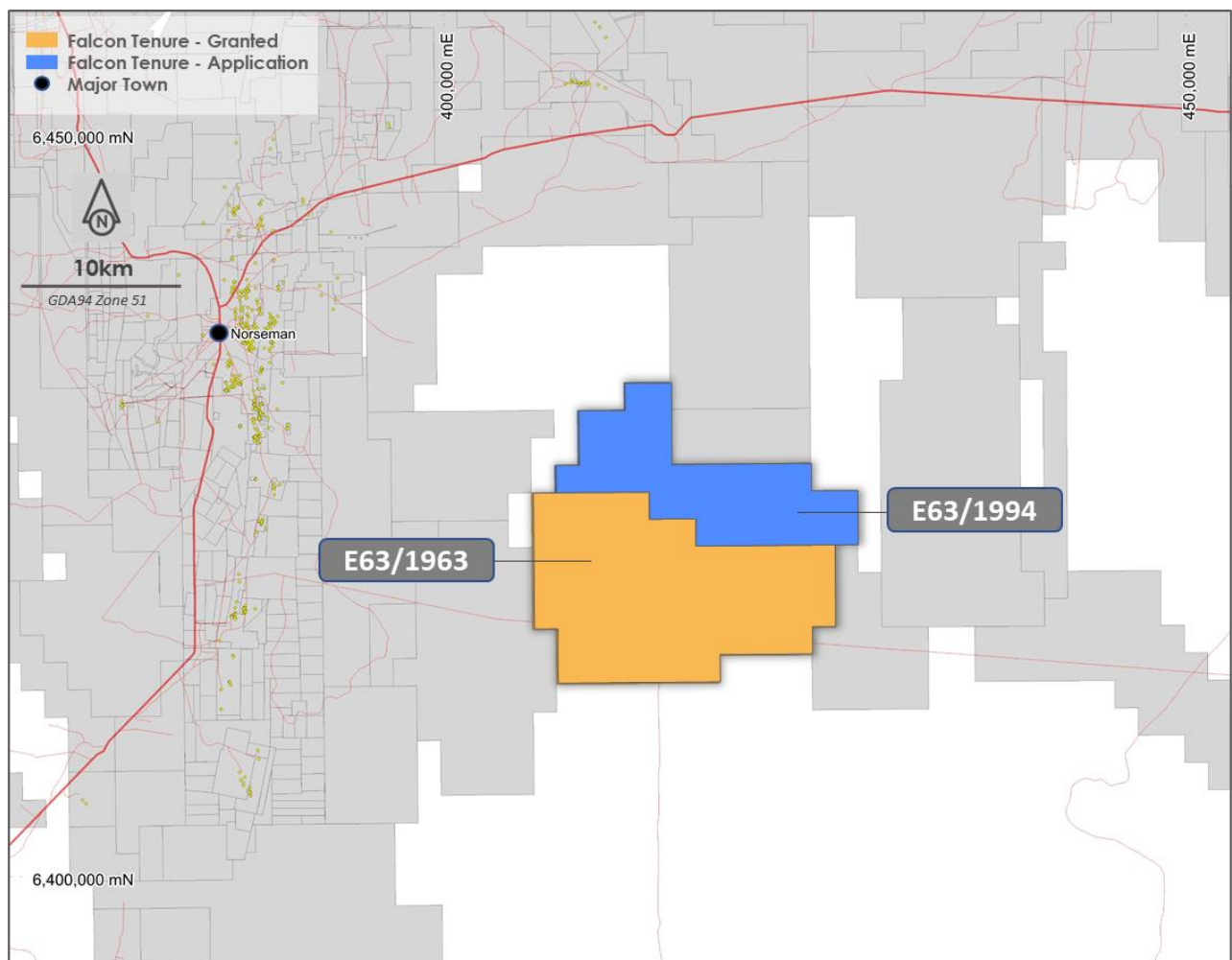


Figure 26: Viking project location and tenements

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 km<sup>2</sup> (Figure 26 and Table 8).

Table 8: Viking Project exploration licences

Tenement	Holder	Status	Grant date	Area (km <sup>2</sup> )	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
<b>Total area</b>				<b>307.6</b>	

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.

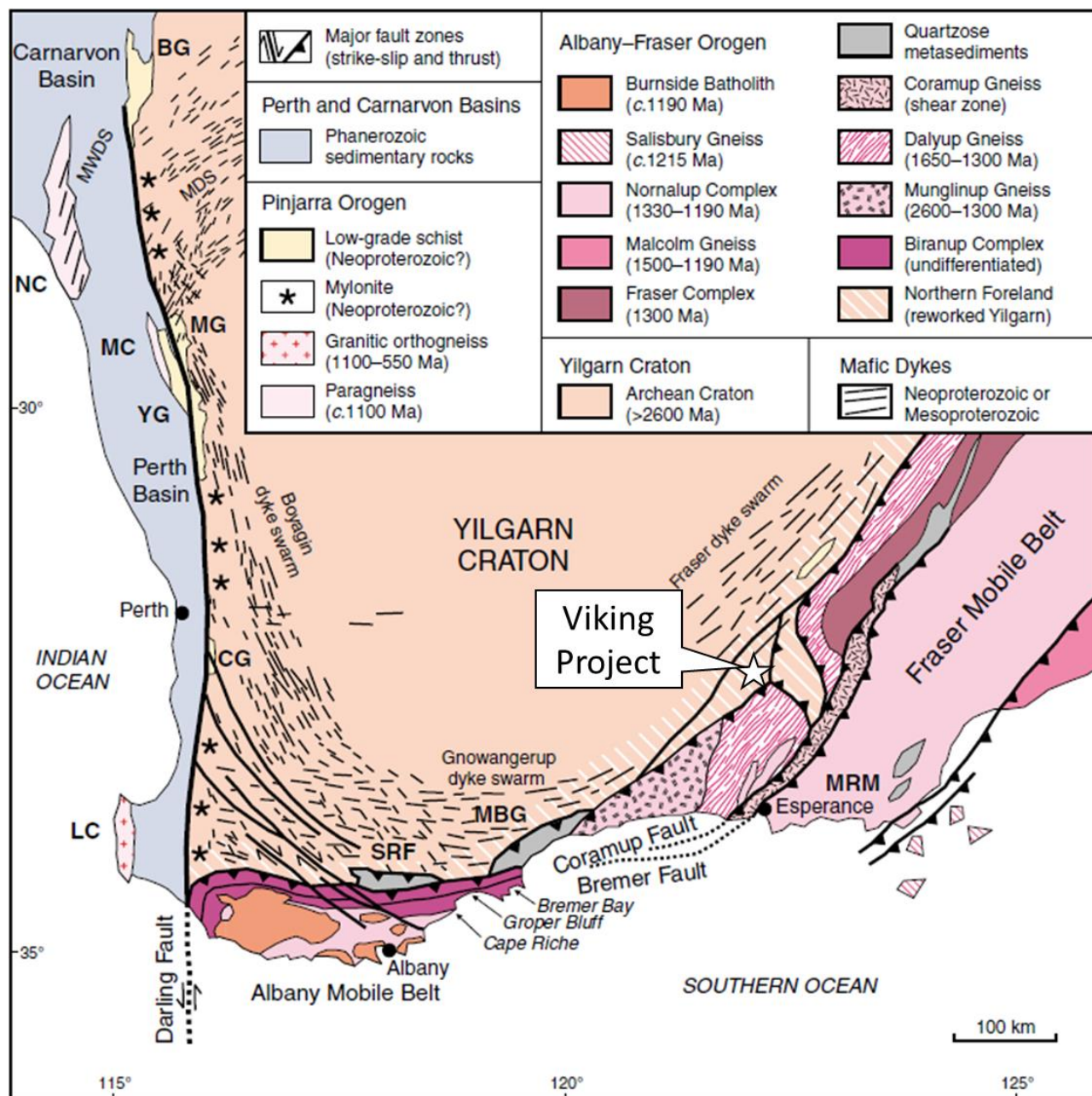


Figure 27: Generalised regional geology of the Fraser Range Orogen

Source: Modified from Fitzsimmons and Buchan (2005)



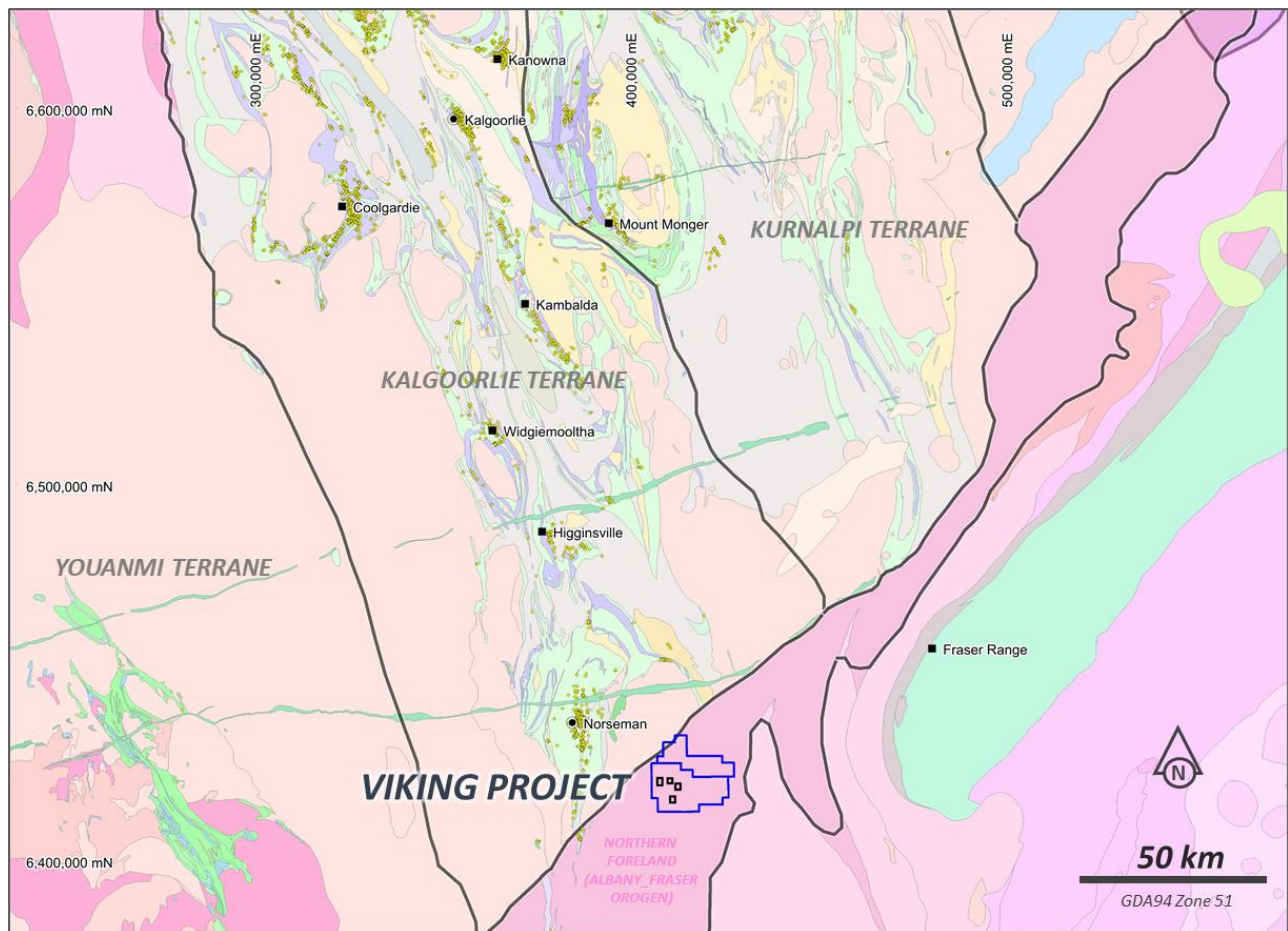


Figure 28: Viking project regional geology

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 Kapa 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.

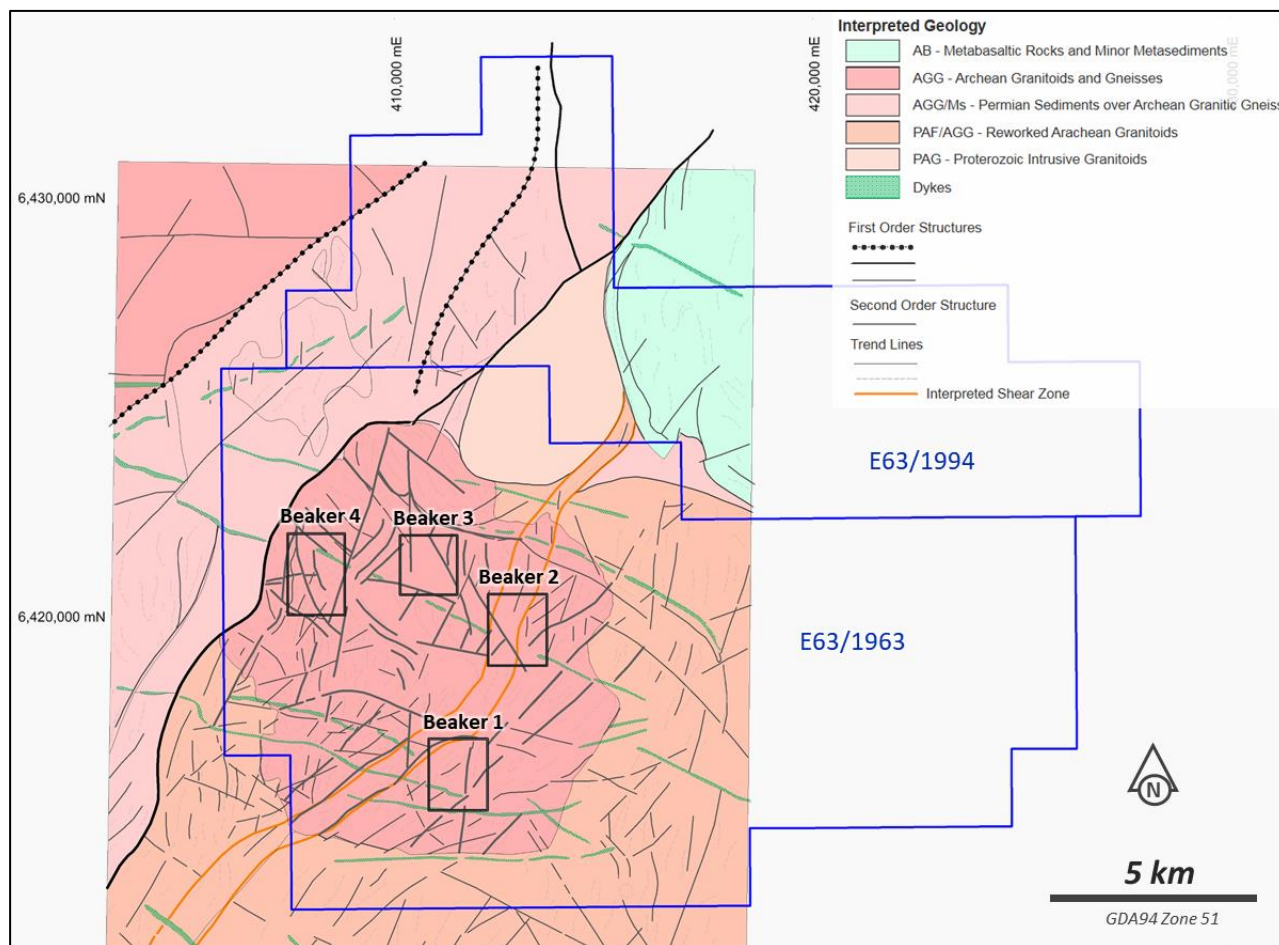
Considering new data and interpretations, the Biranup Complex was recently renamed the Kepa Kurl Booya Province (Spaggiari et al., 2009), and defined as the crystalline basement of the AFO. It includes three fault-bound geographical and structural zones: the Biranup, Fraser and Nornalup zones; each contains 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



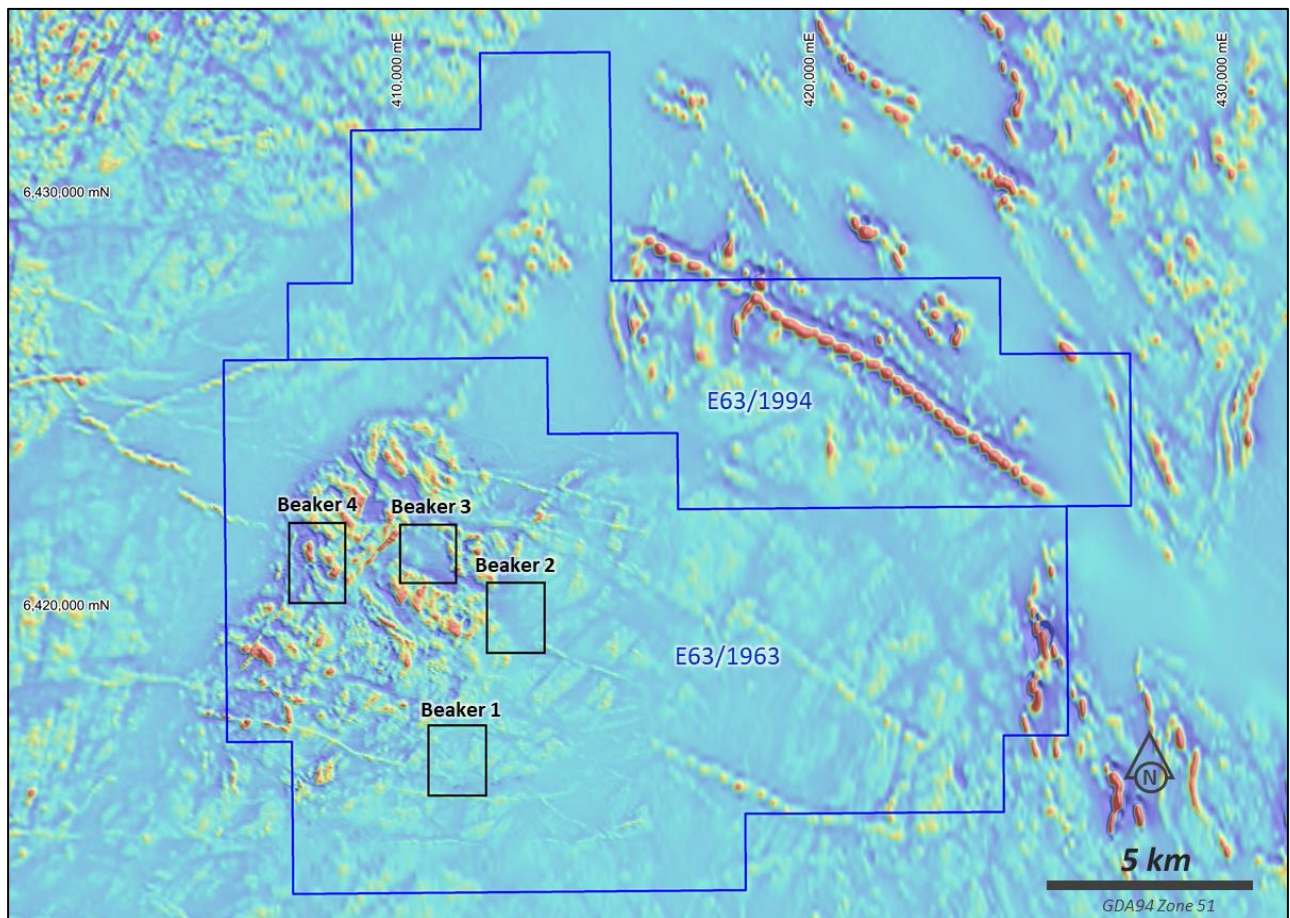


Figure 30: Viking project aeromagnetics (1vd RTP)

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 Collieries 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 unsieved 300–500 g sample taken from the zone of greatest carbonate reactivity.

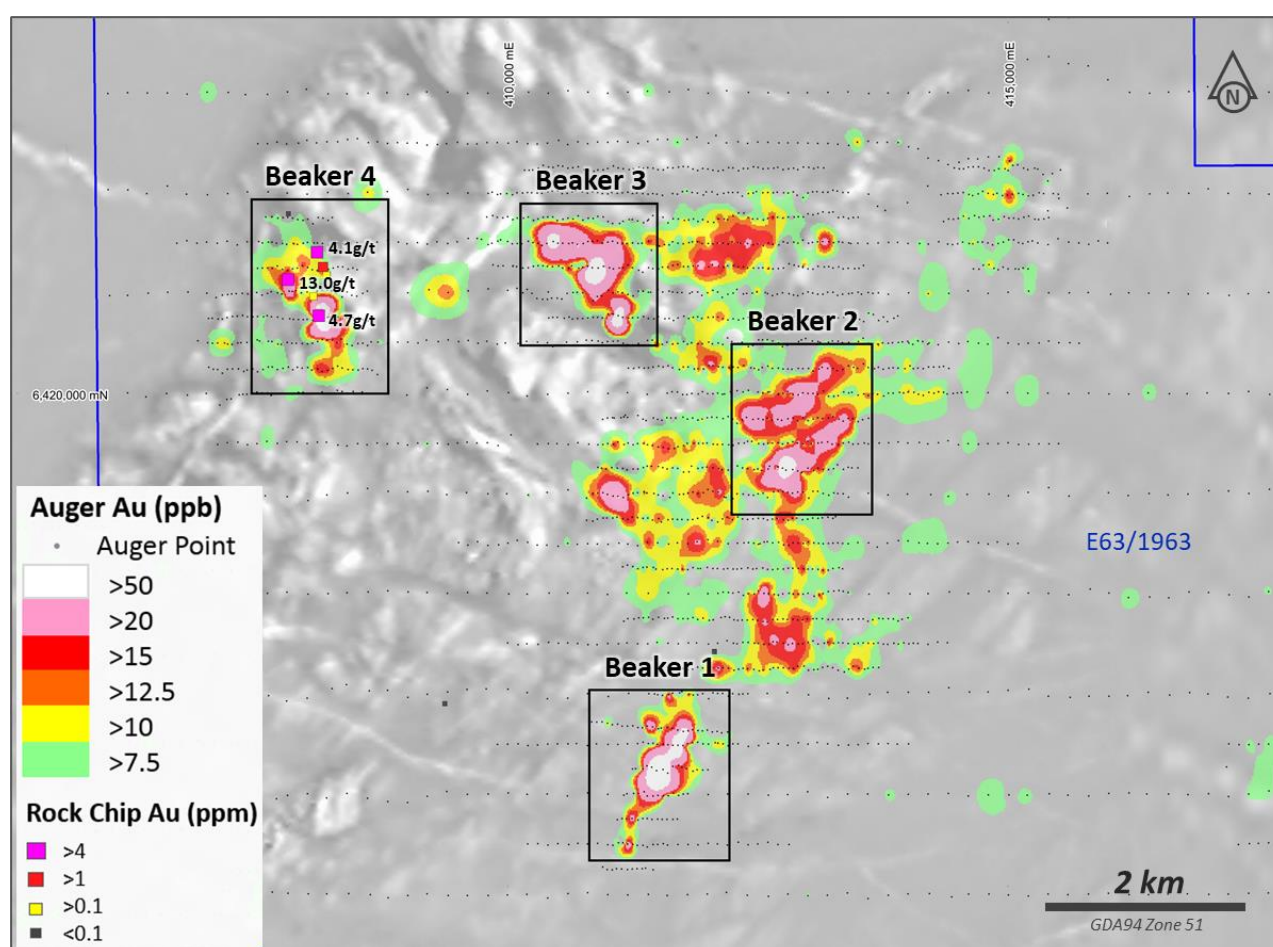


Figure 31: Surface geochemistry results – gridded auger gold and rock chip samples

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
<b>Total</b>					<b>663</b>	<b>23,505.25</b>	<b>35</b>	<b>204.35</b>

Source: Falcon

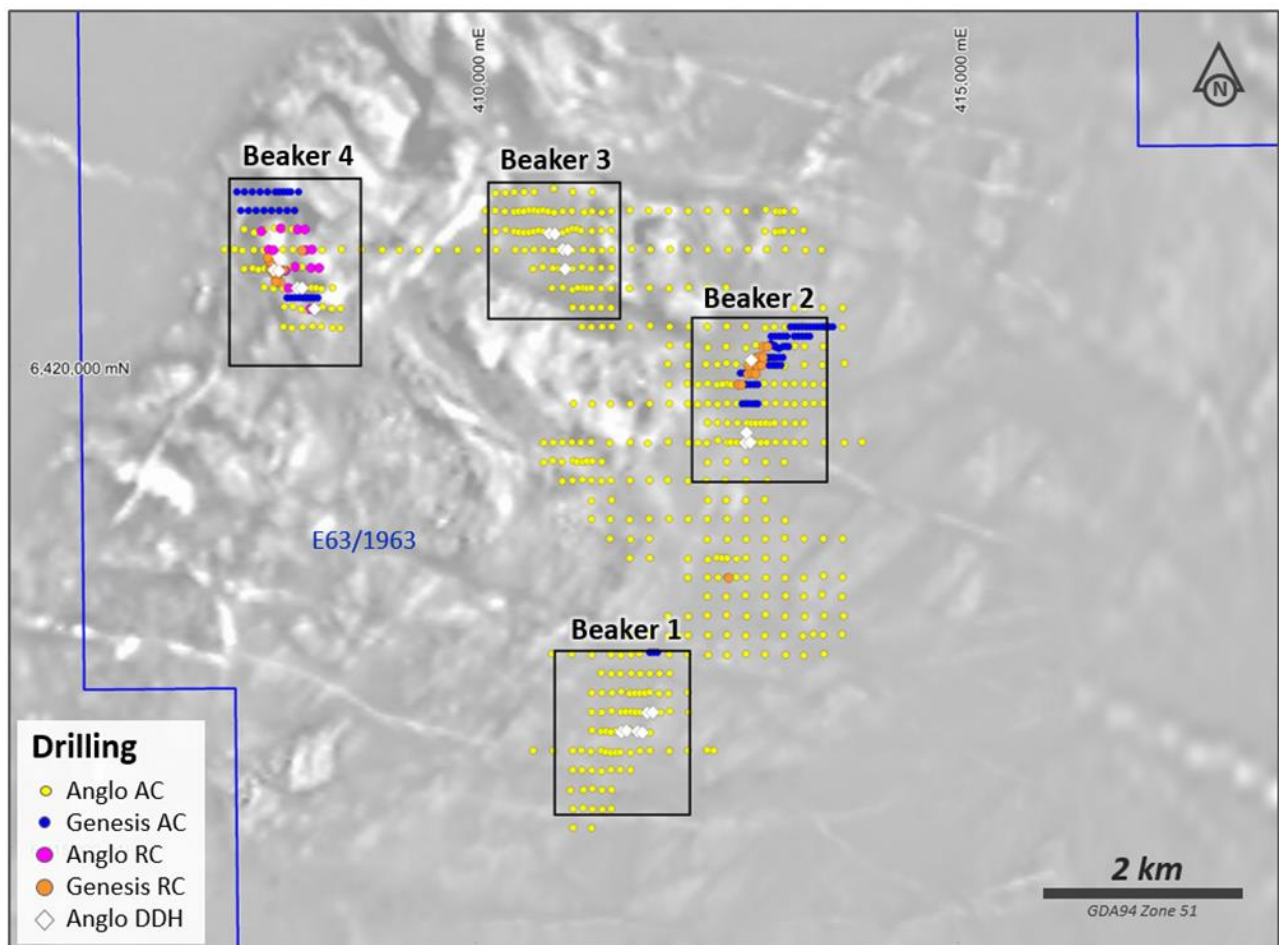


Figure 32: Historical drilling by company and type

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.

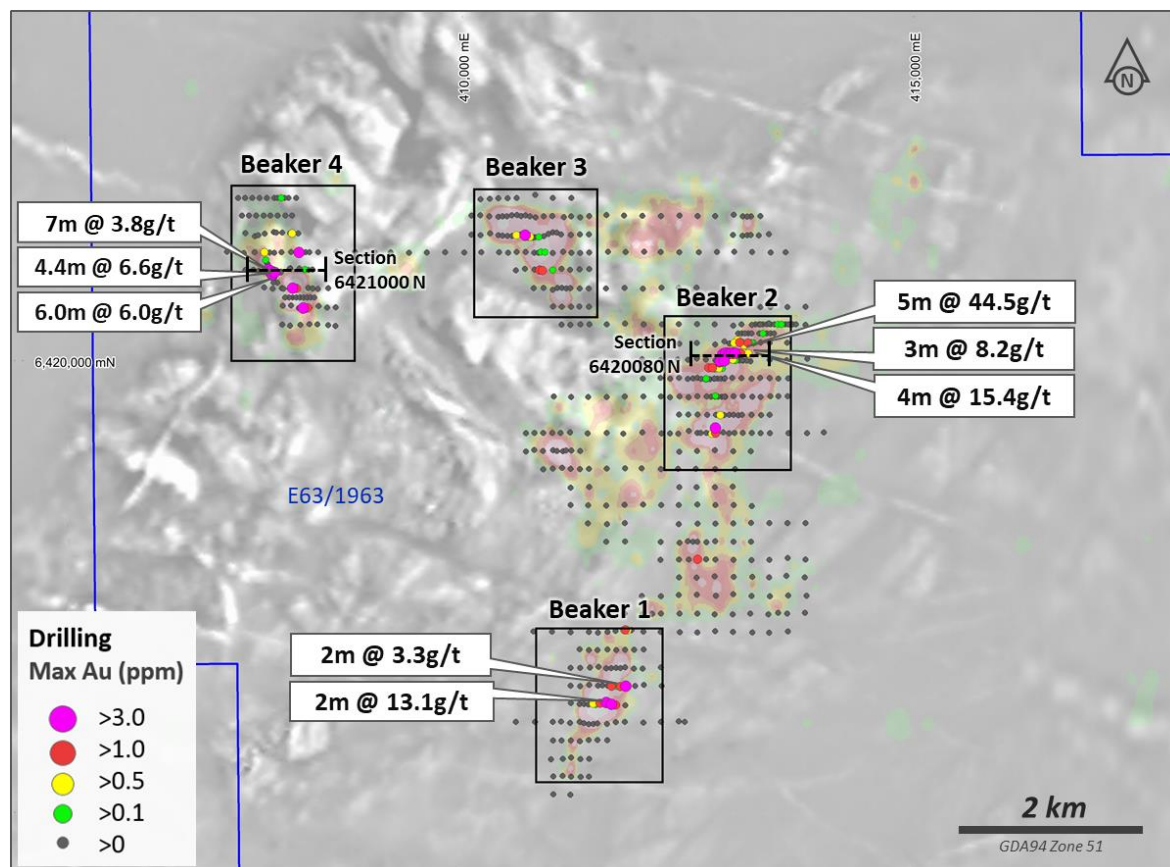


Figure 33: Drilling results to date on the Beaker prospects

Source: Falcon

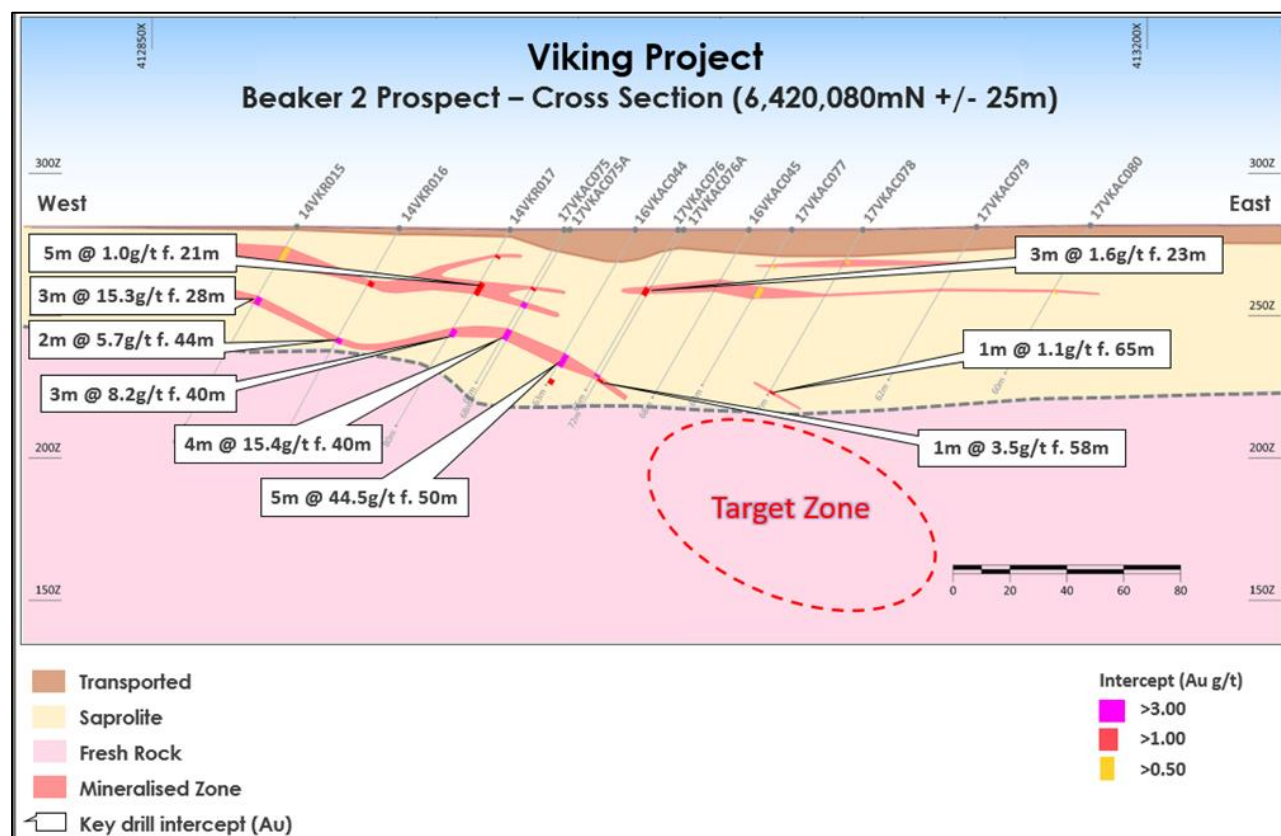


Figure 34: Beaker 2 cross section

Source: Falcon

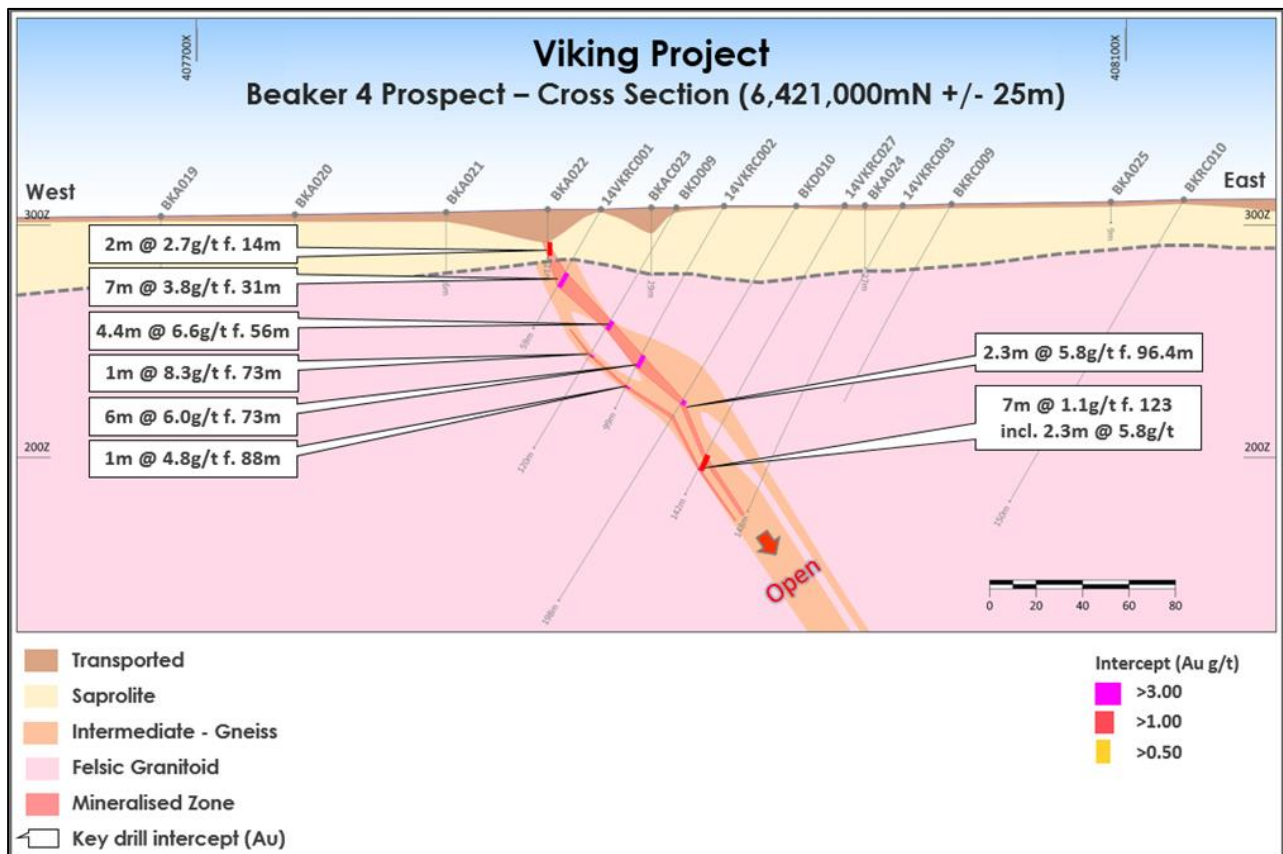


Figure 35: Beaker 4 cross section  
Source: Falcon

## 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).

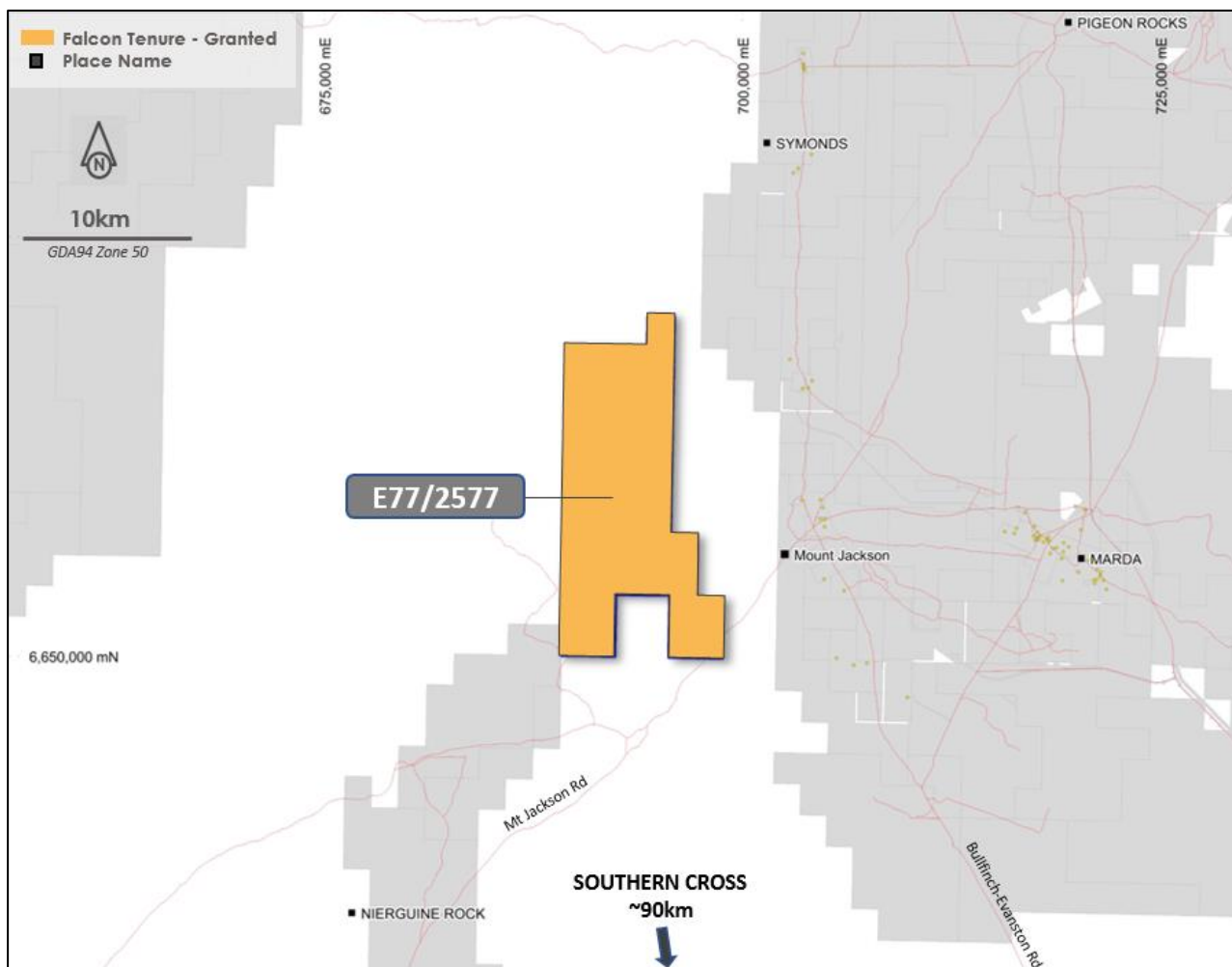


Figure 36: Mt Jackson project tenure

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 (km <sup>2</sup> )	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.



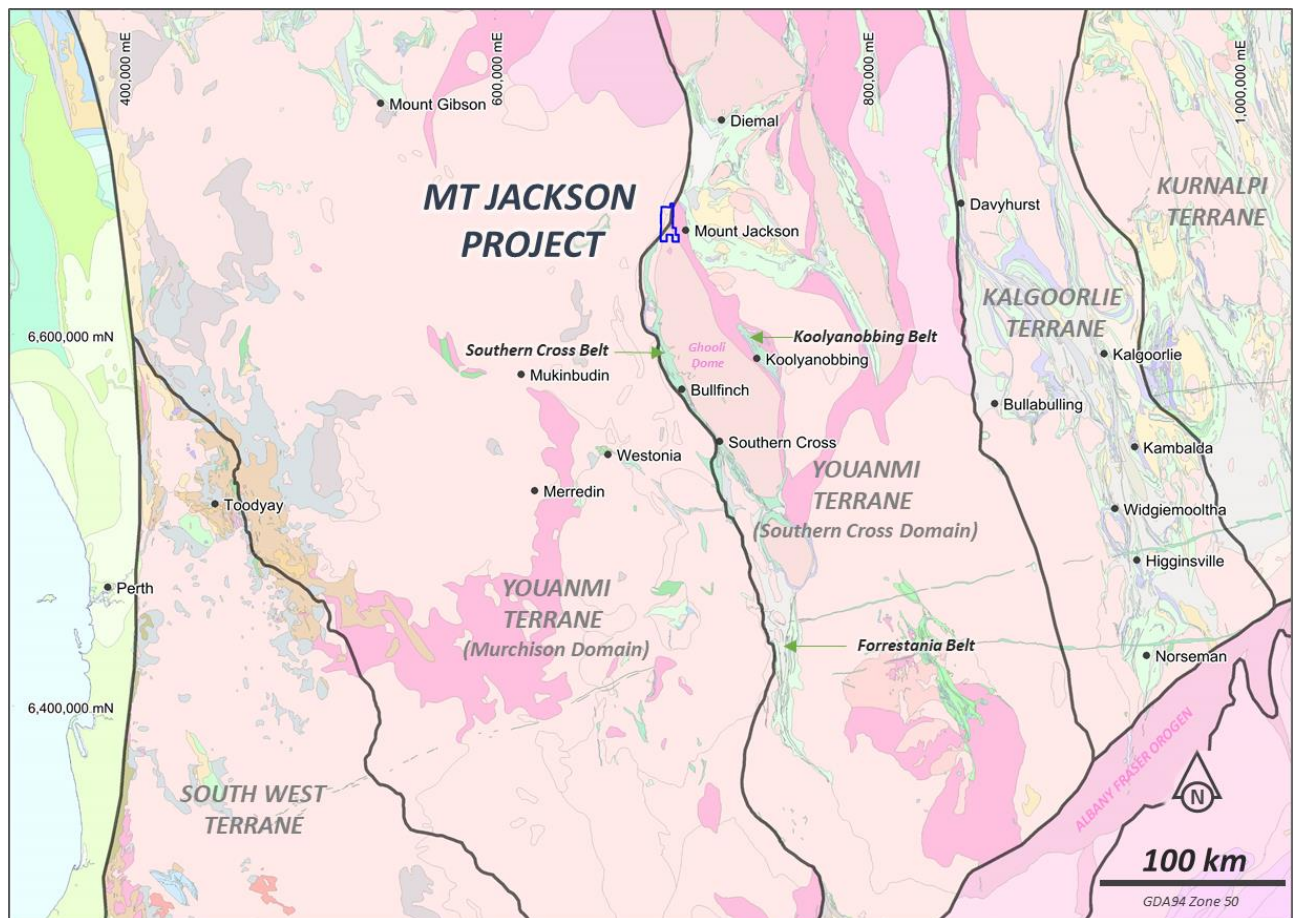


Figure 37: Regional geological setting of the Mt Jackson project

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 Neoproterozoic 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 km<sup>2</sup> 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.



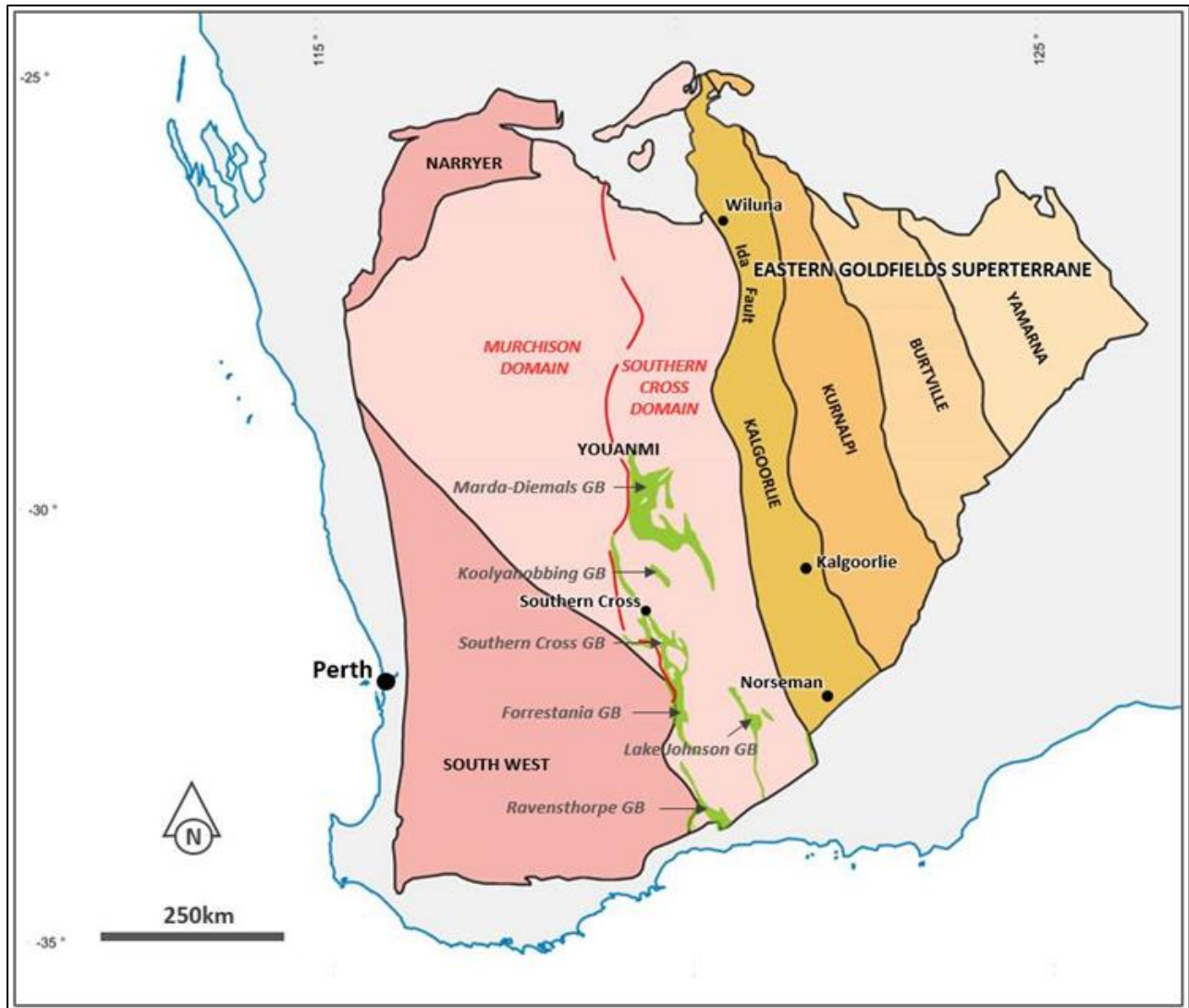


Figure 38: Terrane subdivision of the Yilgarn Craton

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.

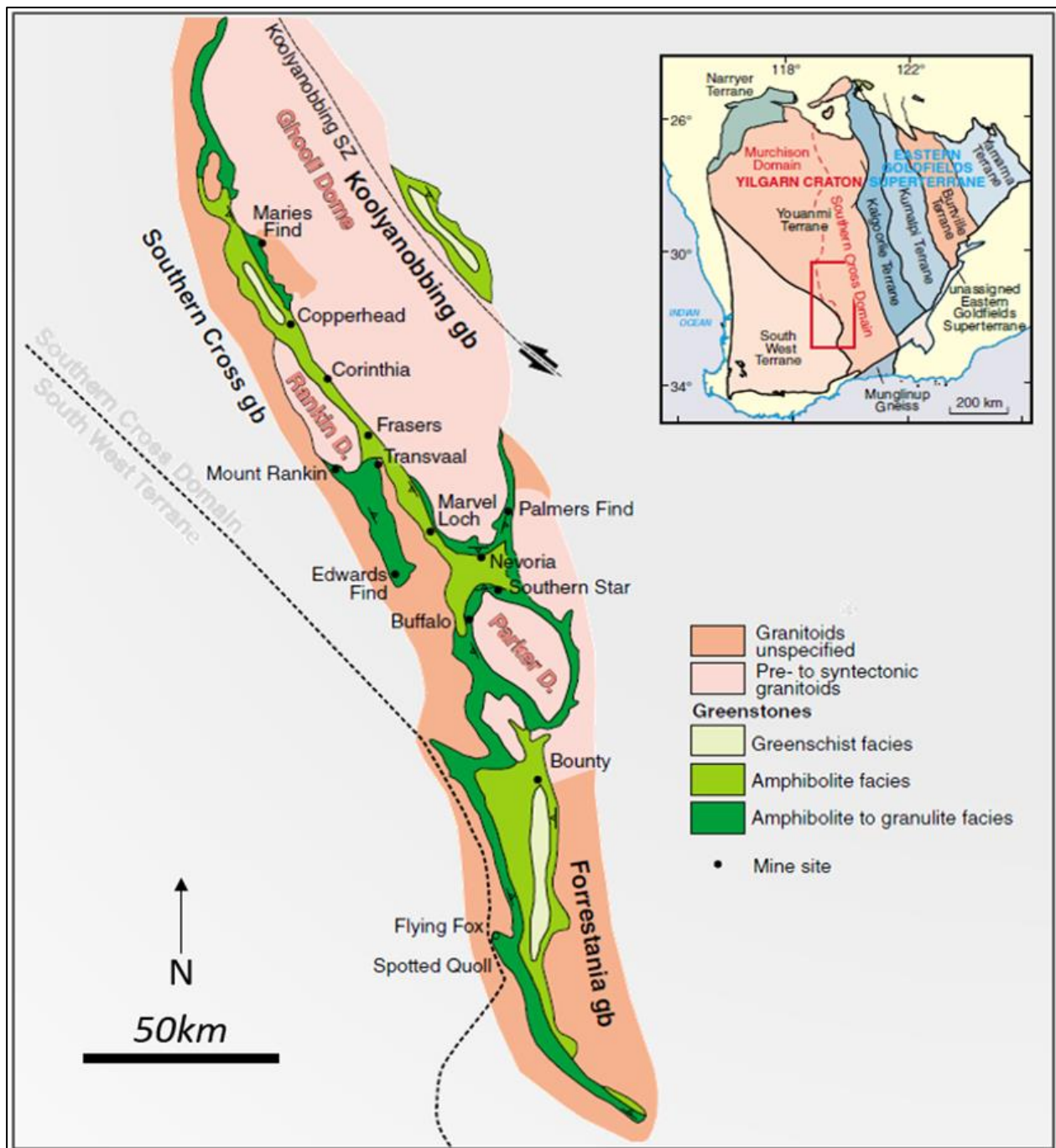


Figure 39: Metamorphic pattern and dome structures in the Southern Cross-Forrestania greenstone belt  
Note that the Mt Jackson project area is situated at the northern boundary of this figure (see Figure 37).  
Source: Modified from Doublier (2013)

#### 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).



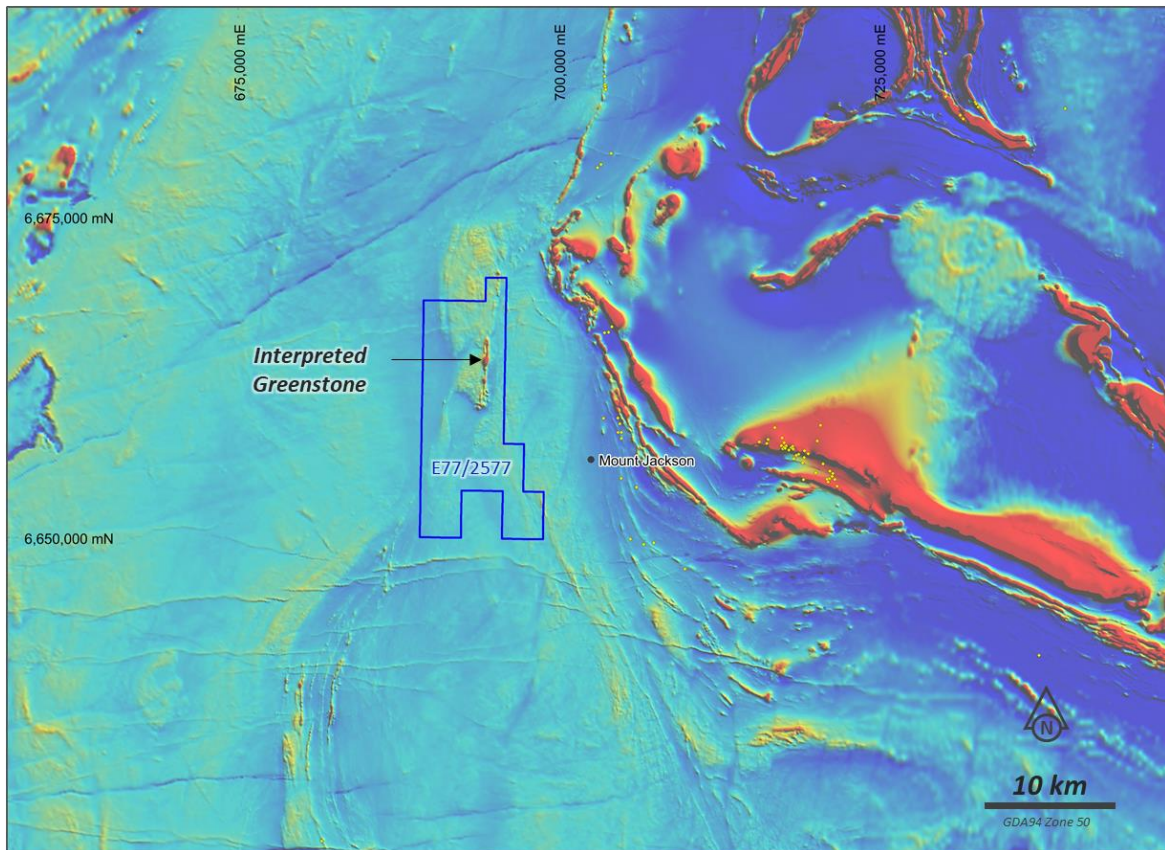


Figure 40: Mt Jackson project regional aeromagnetics  
Source: Falcon

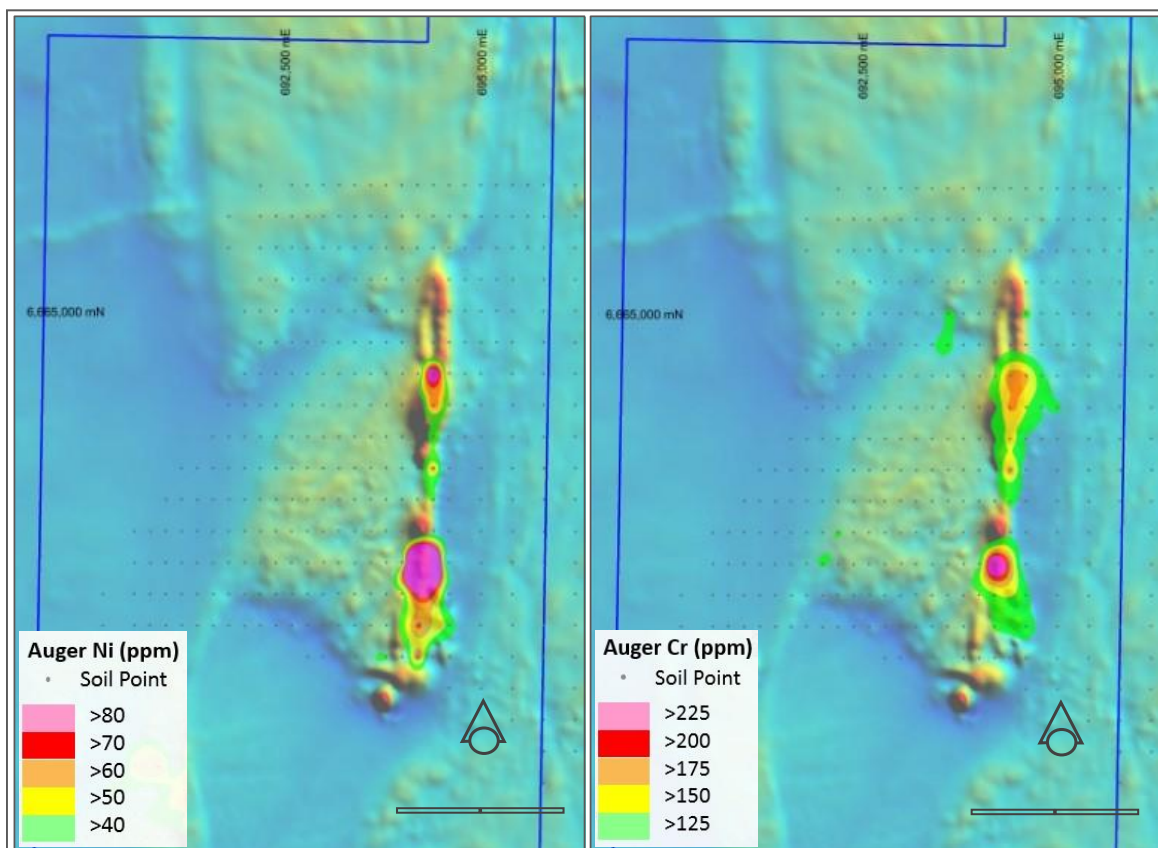


Figure 41: Chalice soil sampling – nickel and chrome in soil anomalies  
Source: Falcon

## 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

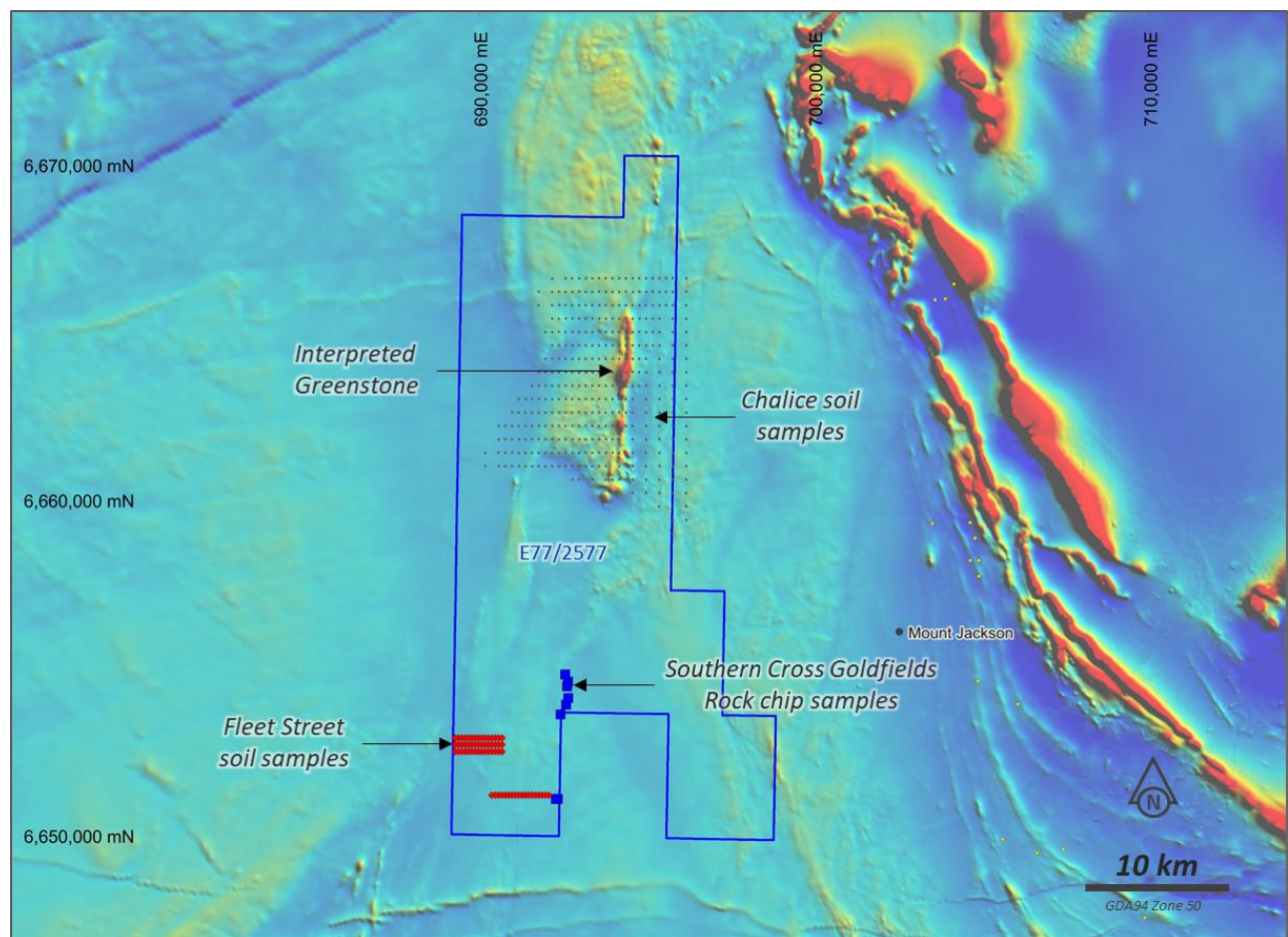


Figure 42: Mt Jackson surface soil geochemistry sampling

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).



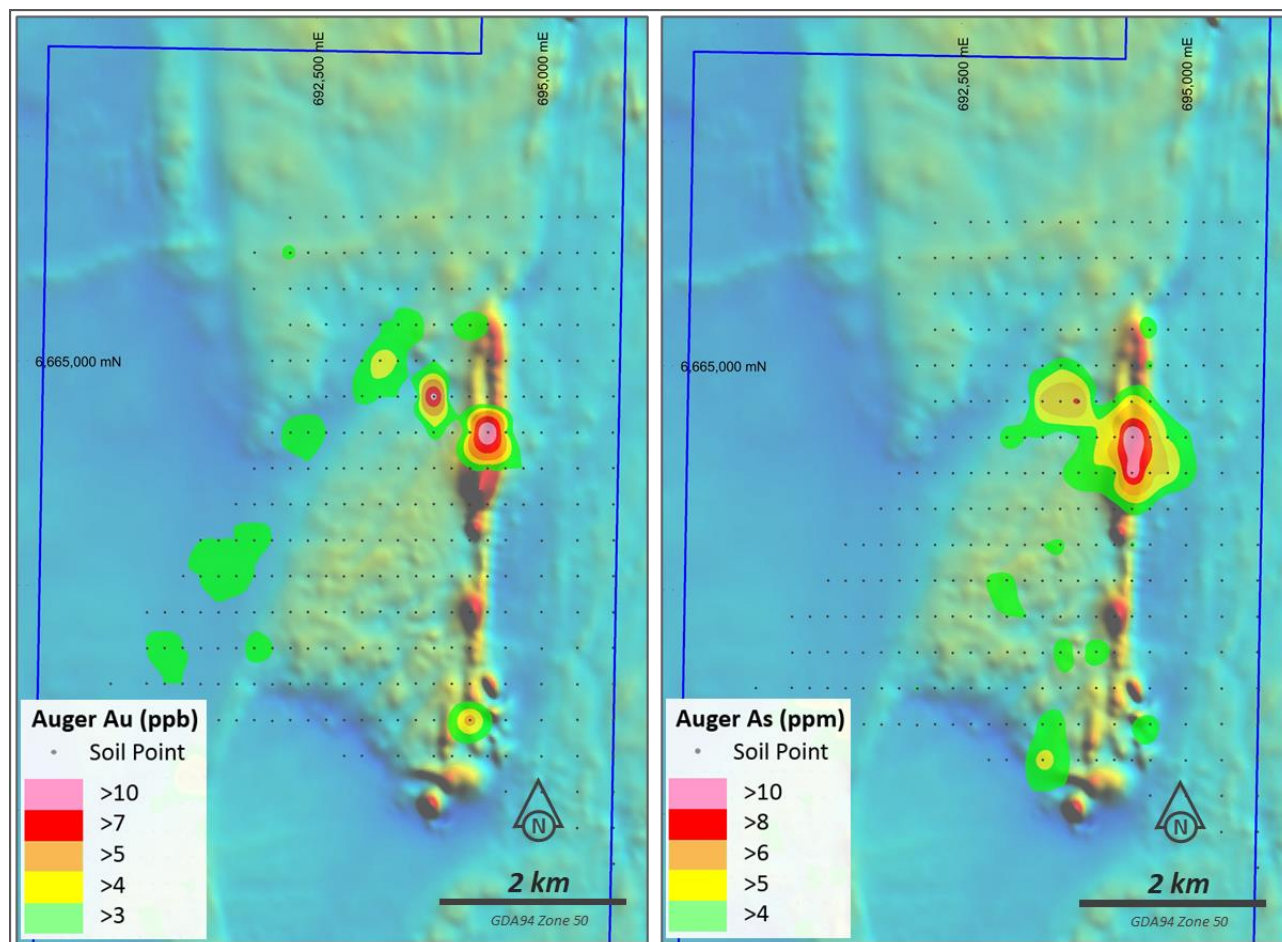


Figure 43 Chalice soil sampling – gold and arsenic in soil anomalies

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	-	-
<b>Total</b>		<b>\$6,825,000</b>	<b>\$10,125,000</b>	<b>\$8,175,000</b>	<b>\$19,875,000</b>

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 Australia, **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 <sup>40</sup>Ar/<sup>39</sup>Ar 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](http://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 <sup>2</sup> ) 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 (CO <sub>3</sub> <sup>2-</sup> ), 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 $Fe_2O_3$ , 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.
Neoarchaeon	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 platy 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 <sup>2</sup>	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
<b>Sampling techniques</b>	<p><i>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.</i></p> <p><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></p> <p><i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></p> <p><i>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.</i></p>	<p>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.</p> <p>All composites were pulverised to nominal 85% passing 75 microns before being analysed.</p> <p>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.</p>
<b>Drilling techniques</b>	<p><i>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.).</i></p>	<p>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.</p>
<b>Drill sample recovery</b>	<p><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></p> <p><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></p> <p><i>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.</i></p>	<p>Individual recoveries of both composite and core samples were recorded on a qualitative basis. Generally sample weights are comparable, and any bias considered negligible.</p> <p>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.</p> <p>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.</p>
<b>Logging</b>	<p><i>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.</i></p> <p><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i></p> <p><i>The total length and percentage of the relevant intersections logged.</i></p>	<p>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.</p> <p>Logging is considered quantitative in nature.</p> <p>All holes were geologically logged in full.</p>

Criteria	JORC Code explanation	Commentary
<b>Subsampling techniques and sample preparation</b>	<p><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></p> <p><i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></p> <p><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></p> <p><i>Quality control procedures adopted for all subsampling stages to maximise representivity of samples.</i></p> <p><i>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.</i></p> <p><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></p>	<p>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.</p> <p>For AC drilling, field duplicate samples were sent every 20<sup>th</sup> 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.</p> <p>Sample sizes are considered appropriate for the style mineralisation targeted and the initial reconnaissance nature of the drilling programs to date.</p>
<b>Quality of assay data and laboratory tests</b>	<p><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></p> <p><i>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.</i></p> <p><i>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.</i></p>	<p>All samples were sent to ALS preparation facility in Adelaide for sample preparation then on-sent to ALS Perth for chemical analysis.</p> <p>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.</p> <p>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.</p>
<b>Verification of sampling and assaying</b>	<p><i>The verification of significant intersections by either independent or alternative company personnel.</i></p> <p><i>The use of twinned holes.</i></p> <p><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></p> <p><i>Discuss any adjustment to assay data.</i></p>	<p>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.</p> <p>No twin holes have been drilled for comparative purposes. The targets are still considered to be in an early exploration stage.</p> <p>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.</p> <p>No adjustments have been made to the assay data received.</p>

Criteria	JORC Code explanation	Commentary
<b>Location of data points</b>	<i>Accuracy and quality of surveys used to locate drillholes (collar and downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i>	Hole collar locations have been picked up by Chalice employees using a handheld global positioning system (GPS) with a $\pm 5$ m error.  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.  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.
<b>Data spacing and distribution</b>	<i>Data spacing for reporting of Exploration Results.</i> <i>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.</i> <i>Whether sample compositing has been applied.</i>	Nominal drillhole spacing is generally 50–400 m between AC holes. Spacing between diamond holes varies between $\sim 25$ m and $\sim 500$ m.  The current spacing is not considered sufficient to assume any geological or grade continuity of the results intersected.  No sample compositing has been applied.
<b>Orientation of data in relation to geological structure</b>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> <i>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.</i>	Sampling has been routinely completed beneath transported cover with no selective bias to any particular primary geological domain.  Exact controls on gold anomalism remain unknown. Structural measurements taken in the diamond drilling suggests a tightly folded succession of rocks that plunge $\sim 15^\circ$ 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.
<b>Sample security</b>	<i>The measures taken to ensure sample security.</i>	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.
<b>Audits or reviews</b>	<i>The results of any audits or reviews of sampling techniques and data.</i>	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
<b>Mineral tenement and land tenure status</b>	<i>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.</i> <i>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.</i>	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.
<b>Exploration done by other parties</b>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	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.  AC drilling completed by Barrick in 2004 (48 holes for 4,372 m) consisted of $\sim 2$ 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
		<p>copper, lead, zinc, antimony, tellurium, bismuth, molybdenum, and tungsten.</p> <p>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).</p> <p>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).</p> <p>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.</p> <p>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.</p> <p>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.</p>

Criteria	JORC Code explanation	Commentary
<b>Geology</b>	<i>Deposit type, geological setting and style of mineralisation.</i>	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.
<b>Drillhole Information</b>	<p><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes:</i></p> <ul style="list-style-type: none"> <li><i>easting and northing of the drillhole collar</i></li> <li><i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drillhole collar</i></li> <li><i>dip and azimuth of the hole</i></li> <li><i>downhole length and interception depth</i></li> <li><i>hole length.</i></li> </ul> <p><i>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.</i></p>	Refer to attached summary report and data.
<b>Data aggregation methods</b>	<i>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.</i>	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.
	<i>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.</i>	Not applicable.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	Not applicable.
<b>Relationship between mineralisation widths and intercept lengths</b>	<p><i>These relationships are particularly important in the reporting of Exploration Results.</i></p> <p><i>If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported.</i></p> <p><i>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').</i></p>	The relationship between gold anomalism and true width remains poorly constrained and requires further drilling to more accurately interpret true widths.
<b>Diagrams</b>	<i>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.</i>	Refer to figures in the body of report.
<b>Balanced reporting</b>	<i>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.</i>	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
<b>Other substantive exploration data</b>	<i>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.</i>	Not applicable.
<b>Further work</b>	<p><i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></p> <p><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></p>	<p>Further diamond drilling at the Ironbark and Karri prospects will improve the understanding of the geological controls to mineralisation.</p> <p>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.</p>

## 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
<b>Sampling techniques</b>	<p><i>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.</i></p> <p><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></p> <p><i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></p> <p><i>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.</i></p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>It is assumed qualitative care was taken to ensure representative sample weights were consistent when sampling, although no evidence can be provided.</p>	<p>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.</p> <p>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 &gt;0.1 g/t Au, the original 1 m splits were resampled.</p> <p>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.</p> <p>It is assumed qualitative care was taken to ensure representative sample weights were consistent when sampling, although no evidence can be provided.</p>

Criteria	JORC Code explanation	Commentary	
		AngloGold Ashanti	Genesis Minerals Limited
<b>Drilling techniques</b>	<i>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).</i>	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.
<b>Drill sample recovery</b>	<i>Method of recording and assessing core and chip sample recoveries and results assessed.  Measures taken to maximise sample recovery and ensure representative nature of the samples.  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.</i>	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.
<b>Logging</b>	<i>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.  Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.  The total length and percentage of the relevant intersections logged.</i>	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.  Logging is considered quantitative in nature.  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.  Logging is considered quantitative in nature.  All holes were geologically logged in full.
<b>Subsampling techniques and sample preparation</b>	<i>If core, whether cut or sawn and whether quarter, half or all core taken.  If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.  For all sample types, the nature, quality and appropriateness of the sample preparation technique.  Quality control procedures adopted for all subsampling stages to maximise representivity of samples.  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.  Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	For rock chip sampling, QAQC (standards and blanks) was inserted routinely at every 100 samples.  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.  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.  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
		<p>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.</p> <p>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.</p> <p>No duplicate samples are known to exist for representivity/comparison purposes.</p> <p>Sample sizes are considered appropriate for the style mineralisation targeted.</p>	<p>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.</p> <p>Sample sizes are considered appropriate for the style mineralisation targeted.</p>
<b>Quality of assay data and laboratory tests</b>	<p><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></p> <p><i>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.</i></p> <p><i>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.</i></p>	<p>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).</p> <p>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.</p>	<p>Auger samples were sent to Genalysis Kalgoorlie and assays for gold via aqua regia (AR25/eMS) with a 0.1 ppb detection limit.</p> <p>AC samples were submitted to Genalysis Perth for analysis for gold via aqua regia (AR25).</p> <p>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).</p>

Criteria	JORC Code explanation	Commentary	
		AngloGold Ashanti	Genesis Minerals Limited
		<p>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.</p> <p>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).</p> <p>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.</p>	
<b>Verification of sampling and assaying</b>	<p><i>The verification of significant intersections by either independent or alternative company personnel.</i></p> <p><i>The use of twinned holes.</i></p> <p><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></p> <p><i>Discuss any adjustment to assay data.</i></p>	<p>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.</p> <p>No twin holes have been drilled for comparative purposes. The targets are still considered to be in an early exploration stage.</p>	<p>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.</p> <p>No twin holes have been drilled for comparative purposes. The targets are still considered to be in an early exploration stage.</p>

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.  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.  No adjustments have been made to the assay data.
<b>Location of data points</b>	<i>Accuracy and quality of surveys used to locate drillholes (collar and downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i>	Hole collar locations have been picked up using a handheld global positioning system (GPS) with a $\pm 10$ m error.  The grid system used for the location of all drillholes is MGA, GDA94 (Zone 51).  The reliability of RL data is unknown.	Hole collar locations have been picked up using a handheld GPS with a $\pm 10$ m error.  The grid system used for the location of all drillholes is MGA, GDA94 (Zone 51).  The reliability of RL data is unknown.
<b>Data spacing and distribution</b>	<i>Data spacing for reporting of Exploration Results.</i> <i>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.</i> <i>Whether sample compositing has been applied.</i>	Drillhole spacing is highly variable. Where reported, the current spacing is considered sufficient to assume geological and grade continuity of the results presented.  No sample compositing has been applied.	Drillhole spacing is highly variable. Where reported, the current spacing is considered sufficient to assume geological and grade continuity of the results presented.  No sample compositing has been applied.
<b>Orientation of data in relation to geological structure</b>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> <i>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.</i>	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.  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.  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.
<b>Sample security</b>	<i>The measures taken to ensure sample security.</i>	Not applicable.	Not applicable.
<b>Audits or reviews</b>	<i>The results of any audits or reviews of sampling techniques and data.</i>	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
<b>Mineral tenement and land tenure status</b>	<p>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.</p> <p>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.</p>	<p>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.</p>	<p>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.</p>
<b>Exploration done by other parties</b>	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.
<b>Geology</b>	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.
<b>Drillhole information</b>	<p>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes:</p> <ul style="list-style-type: none"> <li>• easting and northing of the drillhole collar</li> <li>• elevation or RL (Reduced Level – elevation above sea level in metres) of the drillhole collar</li> <li>• dip and azimuth of the hole</li> <li>• downhole length and interception depth</li> <li>• hole length.</li> </ul> <p>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.</p>	Refer to attached report and data.	Refer to attached report and data.

Criteria	JORC Code explanation	Commentary	
		Anglogold Ashanti	Genesis Minerals Limited
<b>Data aggregation methods</b>	<i>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.</i>	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.
	<i>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.</i>	Not applicable.	Not applicable.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	Not applicable.	Not applicable.
<b>Relationship between mineralisation widths and intercept lengths</b>	<i>These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported. 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').</i>	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.
<b>Diagrams</b>	<i>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.</i>	Refer to figures in the body of report.	Refer to figures in the body of report.
<b>Balanced reporting</b>	<i>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.</i>	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.
<b>Other substantive exploration data</b>	<i>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.</i>	Not applicable.	Not applicable.

Criteria	JORC Code explanation	Commentary	
		Anglogold Ashanti	Genesis Minerals Limited
<b>Further work</b>	<p><i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></p> <p><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></p>	<p>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.</p> <p>Refer to figures in the body of report.</p>	<p>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.</p> <p>Refer to figures in the body of report.</p>

## 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
<b>Sampling techniques</b>	<p><i>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. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></p> <p><i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></p> <p><i>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.</i></p>	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.
<b>Drilling techniques</b>	<p><i>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).</i></p>	Not applicable.
<b>Drill sample recovery</b>	<p><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></p> <p><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></p> <p><i>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.</i></p>	Not applicable.
<b>Logging</b>	<p><i>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.</i></p> <p><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></p> <p><i>The total length and percentage of the relevant intersections logged.</i></p>	Not applicable.
<b>Subsampling techniques and sample preparation</b>	<p><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></p> <p><i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></p> <p><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></p> <p><i>Quality control procedures adopted for all subsampling stages to maximise representivity of samples.</i></p>	<p>For soil sampling QAQC (standards, blanks and duplicates) was inserted constituting approx. 11% of samples submitted for analysis</p> <p>Primary and duplicate samples showed a close correlation to one another with no significant bias or variations noted in the results.</p> <p>Sample sizes are considered appropriate for the style mineralisation targeted.</p>

Criteria	JORC Code explanation	Commentary
	<p>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.</p> <p>Whether sample sizes are appropriate to the grain size of the material being sampled.</p>	
<b>Quality of assay data and laboratory tests</b>	<p>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</p> <p>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.</p> <p>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.</p>	<p>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).</p>
<b>Verification of sampling and assaying</b>	<p>The verification of significant intersections by either independent or alternative company personnel.</p>	<p>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.</p>
	<p>Discuss any adjustment to assay data.</p> <p>The use of twinned holes.</p>	<p>Not applicable.</p>
	<p>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</p>	<p>No adjustments have been made to the assay data.</p>
<b>Location of data points</b>	<p>Accuracy and quality of surveys used to locate drillholes (collar and downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</p> <p>Specification of the grid system used.</p> <p>Quality and adequacy of topographic control.</p>	<p>Sample locations have been picked up using a handheld global positioning system (GPS) with a <math>\pm 5</math> m error.</p> <p>The grid system used for the location of all drillholes is MGA, GDA94 (Zone 50).</p> <p>The reliability of RL data is unknown.</p>
<b>Data spacing and distribution</b>	<p>Data spacing for reporting of Exploration Results.</p> <p>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.</p> <p>Whether sample compositing has been applied.</p>	<p>Sample spacing is 200m x 400m</p> <p>Where reported, the current spacing is considered sufficient to assume geological and grade continuity of the results presented.</p> <p>No sample compositing has been applied.</p>
<b>Orientation of data in relation to geological structure</b>	<p>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</p> <p>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.</p>	<p>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.</p>
<b>Sample security</b>	<p>The measures taken to ensure sample security.</p>	<p>Soil samples were delivered to the laboratory by Chalice staff.</p>
<b>Audits or reviews</b>	<p>The results of any audits or reviews of sampling techniques and data.</p>	<p>No review has been carried out to date.</p>

## Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section)

Criteria	JORC Code explanation	Commentary
<b>Mineral tenement and land tenure status</b>	<i>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. 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.</i>	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).
<b>Exploration done by other parties</b>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	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.
<b>Geology</b>	<i>Deposit type, geological setting and style of mineralisation.</i>	The mineralisation being explored for is orogenic style gold similar to that seen across the goldfields of the Yilgarn Craton.
<b>Drillhole Information</b>	<i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes:</i> <ul style="list-style-type: none"> <li>• easting and northing of the drillhole collar</li> <li>• elevation or RL (Reduced Level – elevation above sea level in metres) of the drillhole collar</li> <li>• dip and azimuth of the hole</li> <li>• downhole length and interception depth</li> <li>• hole length.</li> </ul> <i>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.</i>	Refer to attached report and data.
<b>Data aggregation methods</b>	<i>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. 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. The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	Not applicable.
<b>Relationship between mineralisation widths and intercept lengths</b>	<i>These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported. 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').</i>	Not applicable.



Criteria	JORC Code explanation	Commentary
<b>Diagrams</b>	<i>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.</i>	Refer to figures in the body of report.
<b>Balanced reporting</b>	<i>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.</i>	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.
<b>Other substantive exploration data</b>	<i>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.</i>	Not applicable.
<b>Further work</b>	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).  Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	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.  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	<b>0.62</b>	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	<b>1.88</b>	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



For personal use only



[csaglobal.com](http://csaglobal.com)





For personal use only

27 October 2021

The Directors  
Falcon Metals Ltd  
Level 2  
1292 Hay Street  
West Perth WA 6005

Dear Directors

**Falcon Metals Ltd**  
**Solicitor's Report – Mining Tenements**

This Report has been prepared for Falcon Metals Ltd (ACN 651 893 097) (**Company**) for inclusion in the Company's prospectus (**Prospectus**) issued in connection with the Company's application for the admission of the ordinary shares of the Company to the Official List of the ASX.

## 1. Background

The Company is a wholly owned subsidiary of Chalice Mining Limited (ACN 116 648 956) (**Chalice**) and is the parent entity of Falcon Gold Resources Pty Ltd (ACN 613 162 879) (previously CGM Minerals Pty Ltd) (**Falcon Gold**) and Falcon Metals (WA) Pty Ltd (ACN 652 821 246) (**Falcon WA**).

The Tenements (further defined below), or the interests in the Tenements, will be transferred to Falcon Gold and Falcon WA. Chalice, Falcon Gold, Falcon WA, CGM (WA) Pty Ltd (ACN 610 789 252) (**CGM**) and the Company have entered into a demerger implementation deed (**DID**), pursuant to which Chalice will demerge assets (including the Tenements) by way of a pro rata in-specie distribution of shares in the Company.

## 2. Scope

We have been requested to report on:

- (a) two granted exploration licences (prefixed '**E**') and one pending application for an exploration licence (prefixed '**ELA**'), which are located in Western Australia; and
- (b) twelve granted exploration licences (prefixed '**EL**') and three pending applications for exploration licences (prefixed '**ELA**') which are located in Victoria,

all collectively referred to as the '**Tenements**'.

Adelaide  
Brisbane  
Canberra  
Darwin  
Hobart  
Melbourne  
Norwest  
Perth  
Sydney

Doc ID 874310243/v11

Level 20, 240 St Georges Terrace, Perth WA 6000 Australia  
PO Box 7222, Cloisters Square WA 6850 Australia

Telephone +61 8 6559 6500  
Facsimile 1300 704 211 (Australia) +61 2 8507 6580 (International)  
hwlebsworth.com.au

ABN 37 246 549 189

Key details of the Tenements are set out in Schedule 1 of this Report and must be read in conjunction with this Report.

### 3. Searches

For the purposes of this Report, we have conducted searches and made enquiries in respect of the Tenements as follows:

- (a) searches of the schedule of native title applications, register of native title claims, national native title register, register of indigenous land use agreements and national land use agreements as maintained by the NNTT for any native title claims (registered or unregistered), native title determinations and ILUAs that overlap or apply to the Tenements on 1 September 2021 in respect to WA Tenements E63/1963 and E77/2577, 8 September 2021 in respect to WA Tenement ELA63/1994, 1 September 2021 in respect to EL6661, EL6737, EL6738, EL6669, EL6864, EL6898, EL6901, EL6960, EL7121 and EL07120 and 29 September 2021 in respect to EL7040, EL7322, ELA7200, ELA7320 and ELA6943 (**NNTT Searches**);
- (b) in respect of the WA Tenements:
  - (i) searches of the Tenements on the register maintained by the Western Australian Department pursuant to the WA Mining on 27 October 2021 (**DMIRS Searches**);
  - (ii) quick appraisal user searches of the Tengraph system maintained by the Western Australian Department on 2 September 2021 in respect to WA Tenements E63/1963 and E77/2577 and 6 September 2021 in respect to WA Tenement ELA63/1994 (**Tengraph Searches**);
  - (iii) searches from the online Aboriginal Heritage Inquiry System (**AHIS Searches**) maintained by the Western Australian Department of Aboriginal Affairs for any Aboriginal sites registered on the Register of Aboriginal Sites and other heritage places over the Tenements on 30 August 2021 in respect to WA Tenements E63/1963 and E77/2577 and 6 September 2021 in respect to WA Tenement ELA63/1994; and
- (c) in respect of the Pyramid Hill Tenements, searches from GeoVic, maintained by the Earth Resources branch of the Victorian Department of Jobs, Precincts and Regions (**Victorian Department**) on 26 October 2021.

### 4. Scope

The purpose of this Report is to determine and identify, as at the time of the offer under the Prospectus:

- (a) the interests held by the Company in the Tenements;
- (b) any third party interests, including encumbrances, in relation to the Tenements;

- For personal use only
- (c) any material issues existing in respect of the Tenements;
  - (d) the good standing, or otherwise, of the Tenements; and
  - (e) any concurrent interests in the land the subject of the Tenements, including other mining tenements, private land, pastoral leases, native title and Aboriginal heritage.

This Report is limited to the matters contained within and, for example, does not consider risks and issues (such as any additional approvals) that may arise in relation to the development of a mining project on the Tenements and any subsequent mining and processing of ore.

## 5. Summary of key items and overview of risk factors

### 5.1 Tenements and Title

- (a) As at the date of this Report, all of the Tenements (except for E63/1963 and the FGR Tenements) are held by CGM.
- (b) Falcon Gold is the 100% registered legal holder of the FGR Tenements, which it recently acquired from CGM pursuant to the FGR Sale Agreement.
- (c) The Company (through its wholly owned subsidiaries, Falcon Gold and Falcon WA, respectively), has a right to be transferred an interest in certain Tenements, as follows:
  - (i) Subject to the satisfaction of certain conditions, Tenements EL7040 and EL7322 and Pending Tenements ELA7200, ELA7320 and ELA6943 will be transferred to Falcon Gold pursuant to the Pyramid Hill SPA. The Pyramid Hill SPA also provides that, subject to the satisfaction of certain conditions, should CGM be successful in the Tender, any tenement applications applied for by CGM as a result of the Tender will be transferred to Falcon Gold subject to the satisfaction of certain conditions, (for the purpose of this Report, the FGR Tenements and the Tenements referred to in the Pyramid Hill SPA are collectively referred to as the '**Pyramid Hill Tenements**'); and
  - (ii) Subject to the satisfaction of certain conditions, Tenements E77/2577 and ELA63/1994 (**CGM Tenements**) will be transferred to Falcon WA pursuant to the FMPL Sale Agreement; and
  - (iii) E63/1963 is currently held by Metal Hawk Limited (ACN 630 453 664) (**Metal Hawk**). Pursuant to the Metal Hawk Agreement, CGM has the right to earn up to a 70% legal and beneficial interest in E63/1963. Subject to the satisfaction of certain conditions, CGM will assign all of its rights, obligations and liabilities in the Metal Hawk Agreement to Falcon WA under the FMPL Sale Agreement, such that Falcon WA will have the right to earn in up to a 70% legal and beneficial interest in E63/1963.

(d) The transfer of the interests in the Tenements from CGM to Falcon Gold and Falcon WA, respectively, is conditional on the following occurring:

(i) under the Pyramid Hill SPA:

(A) in respect to Tenements EL7040 and EL7322, those Tenements reaching their first anniversary of the date of grant, such that they can be transferred to Falcon Gold and Minister Consent being given to the proposed transfer of those Tenements to Falcon Gold;

(B) in respect to Pending Tenements ELA7200, ELA7320 and ELA6943, the grant of the Pending Tenements and those Pending Tenements reaching their first anniversary of the date of grant, such that they can be transferred to Falcon Gold and Minister Consent being given to the proposed transfer of those Pending Tenements (once granted) to Falcon Gold;

(ii) under the FMPL Sale Agreement, Metal Hawk, CGM and Falcon WA entering into a deed of assignment to assign CGM's rights, obligations and liabilities under the Metal Hawk Agreement to Falcon WA, in respect to E63/1963 (this condition has been satisfied);

(iii) under the FMPL Sale Agreement, the conditions precedent to completion set out in the DID being satisfied or waived in accordance with the DID; and

(iv) any other third party approvals or consents required in relation to the transfer of the Tenements pursuant to the Pyramid Hill SPA and the FMPL Sale Agreement, as applicable.

(e) In particular:

(i) EL7040 and EL7322, are in the first year of grant cannot be validly transferred to Falcon Gold until the Tenements have passed the first year of grant (subject to the consent of the Victorian Minister); and

(ii) ELA7320, ELA6943 and ELA7200, are pending applications and cannot be validly transferred to Falcon Gold until the Tenements are granted and have subsequently passed the first year of grant (subject to the consent of the Victorian Minister),

pursuant to the Pyramid Hill SPA (and subject to completion thereunder), CGM must hold these Tenements on trust for Falcon Gold until such time that the Tenements are registered in the name of Falcon Gold; and

(iii) Pending Tenement ELA63/1994 is subject to grant and, if granted, will require Ministerial consent to be transferred within the first 12 months of grant).



For further information on the FGR Sale Agreement, the Pyramid Hill SPA, the FMPL Sale Agreement and the Metal Hawk Agreement, please refer to section 10 of this Report.

## 5.2 Tender

CGM is currently a participant in a tender process, being the 'North Central Victorian Goldfields Ground Release Tender', within the Lockington area of Victoria (**Tender**). If successful in the Tender, CGM will have the first right to lodge applications for a mineral exploration licence over certain areas.

To ensure fairness in the application for mining tenements over the area, the Victorian Government has offered minerals explorers the opportunity to secure minerals exploration rights to one or more of four large parcels of certain prospective ground via a competitive, merit based Tender. The Tender is conducted by an Independent Assessment Panel, supported by two advisory panels.

Subject to licensing, successful tenderers will be invited to apply for a minerals exploration licence over the relevant block(s) in which they have applied to Tender for and are successful in. The Pyramid Hill SPA provides that, any applications applied for by CGM as a result of the Tender will, subject to certain conditions, be transferred to Falcon Gold.

CGM has applied to tender for three blocks in the Tender. If CGM is not successful in the Tender for one, more or all of the blocks for which it has applied to tender for, it will be unable to apply for an exploration licence in respect to the applicable block.

There is no guarantee that CGM will be successful in the Tender and, if it is not successful, or if it is successful but is not subsequently granted an exploration licence from any application, Falcon Gold will not receive any tenements in respect of this area. There is also the risk of delays in the grant of any tenements the subject of any application (should CGM be successful in the Tender).

## 5.3 Grant

WA Tenement ELA63/1994 and Pyramid Hill Tenements ELA7320, ELA6943 and ELA7200 (**Pending Tenements**) are not yet granted. There is a risk that:

- (a) the Pending Tenements may not be granted or there may be a delay to grant of the Pending Tenements; and/or
- (b) the Pending Tenements may be granted over a lesser area than applied for or the Pending Tenements may be granted subject to non-standard conditions,

(see section 9.1(c) for details).

## 5.4 Native title

The existence of native title determinations or claims over the area covered by the Tenements, or a subsequent determination of native title over the area, will not impact the rights or interests of the holder under the Tenements provided the

Tenements have been or will be validly granted in accordance with the Native Title Act.

The grant of any future tenure to the Company over areas that are covered by registered claims or determinations will likely require engagement with the relevant claimants or native title holders (as relevant) in accordance with the Native Title Act.

For information on native title affecting the Tenements, please see section 7.10 for details.

## 5.5 **Aboriginal Heritage**

The Searches indicate that there is one Aboriginal heritage site within E77/2577. The site identified is classified as Stored Data / Not a Site. Please see section 8.6 for further details.

However, there remains a risk that additional Aboriginal sites or places may exist on the land the subject of the Tenements. The existence of such sites may preclude or limit mining activities in certain areas of the Tenements or cause delays in the progression of the development of a mine.

See section 8 below for further details.

## 5.6 **Overlapping Tenure**

- (a) Our Searches indicate that the WA Tenements overlap with land that is the subject of other rights, including:
  - (i) a pastoral lease, (see section 9.1(a) for details);
  - (ii) parcels of private land, (see section 9.1(b) for details); and
  - (iii) a 'B' Class Crown Reserve, (see section 9.1(c) for details).
- (b) Our Searches indicate that the Pyramid Hill Tenements overlap with land that is the subject of other rights, including:
  - (i) parcels of private land (see section 9.2(a) for details);
  - (ii) Crown Land which is restricted under the Victorian Mining Act (see section 9.2(b) for details); and
  - (iii) Crown land that falls within in the Box-Ironbark region of the state of Victoria (see section 9.2(c) for details).

Any delays or costs in respect of conflicting third-party rights, obtaining necessary consents, or compensation obligations, may adversely impact the Company's ability to carry out exploration or mining activities within the affected areas.

# 6. **Tenements**

## 6.1 **Western Australia**

The following provides a description of the nature and key terms of the Tenements (including potential successor tenements) that may be granted under the WA Mining Act which are relevant to the WA Tenements.

(a) **Exploration Licences**

(i) Licence area and authority

The holder of an exploration licence is entitled to enter the land for the purposes of exploring for minerals with employees, contractors and such vehicles, machinery and equipment as may be necessary or expedient. An exploration licence will not be granted over land the subject of an existing mining tenement other than a miscellaneous licence.

(ii) Term and extension

Exploration licences are granted for a term of 5 years. The WA Minister has discretion to extend the exploration licence for one further period of 5 years and then by further 2 year periods if satisfied that a prescribed ground for extension exists.

(iii) Other conditions

Exploration licences are granted subject to various standard conditions, including conditions relating to minimum expenditure, the payment of prescribed rent and observance of Aboriginal heritage, environmental protection and reporting requirements. A failure to comply with these conditions or obtain an exemption from compliance may lead to forfeiture of the exploration licence.

(iv) Relinquishment requirement

Exploration licences of more than 10 blocks applied for after 10 February 2006 are subject to a requirement that the holder relinquishes 40% of the tenement area at the end of the sixth year that the licence is held. A failure to lodge the required partial surrender could render the exploration licence liable to forfeiture.

(v) Retention status

The holder of an exploration licence applied for after 10 February 2006 may apply for retention status for the exploration licence. The WA Minister may approve the application where there is an identified mineral resource in or under the land the subject of the exploration licence, but it is impractical to mine the resource for prescribed reasons. Where retention status is approved, the minimum expenditure requirements are reduced in the year of grant and cease in future years, however, the WA Minister has the right to impose a programmed of works or require the holder to apply for a mining lease.

(vi) Transfer during first year

During the first year of grant of an exploration licence, a legal or equitable interest in or affecting the exploration licence cannot be transferred or otherwise dealt with, whether directly or indirectly, without the prior written consent of the WA Minister. Exploration licences can otherwise be transferred without the requirement to obtain the consent of the WA Minister.

(vii) Right to apply for mining lease

The holder of an exploration licence has priority to apply for a mining lease over any land subject to the exploration licence. Any application for a mining lease must be made prior to the expiry of the exploration licence. The exploration licence remains in force until the application for the mining lease is determined.

(viii) Rent and expenditure requirements

Annual rent is payable for an exploration licence and the holder of an exploration licence must comply with the prescribed minimum expenditure conditions unless the holder has been granted an exemption (in whole or part) from those conditions by the WA Minister. An exemption to the minimum expenditure conditions will only be granted on certain grounds set out in the WA Mining Act or at the discretion of the WA Minister. A failure to comply with expenditure requirements, unless an exemption is granted, renders the exploration licence liable to forfeiture or the WA Minister imposing a monetary penalty as an alternative.

(b) **Mining Leases**

(i) Application

- (A) Any person may lodge an application for a mining lease, although a holder of a prospecting licence, exploration licence or retention licence over the relevant area has priority. The WA Minister decides whether to grant an application for a mining lease.
- (B) The application, where made after 10 February 2006, must be accompanied by either a mining proposal or a statement outlining mining intentions and a "mineralisation report" indicating there is significant mineralisation in the area over which a mining lease is sought. A mining lease accompanied by a "mineralisation report" will only be approved where the Director, Geological Survey considers that there is a reasonable prospect that the mineralisation identified will result in a mining operation.

(ii) Rights

The holder of a mining lease is entitled to mine for and dispose of any minerals on the land in respect of which the lease was granted. A mining lease entitles the holder to do all acts and things necessary to effectively carry out mining operations.

(iii) Term and transfer

A mining lease has a term of 21 years and may be renewed for successive periods of 21 years. Where a mining lease is transferred before a renewal application has been determined, the transferee is deemed to be the applicant. The consent of the WA Minister is required to transfer a mining lease.

(iv) Conditions

Mining leases are granted subject to various standard conditions, including conditions relating to expenditure, the payment of prescribed rent and royalties and observance of environmental protection and reporting requirements. An unconditional performance bond may be required to secure performance of these obligations. A failure to comply with these conditions may lead to forfeiture of the mining lease. For the purpose of this Report, we have only summarised material conditions and endorsements relating to the WA Tenements in Schedule 2.

(v) Royalty

A royalty is payable to the State of Western Australia in relation to minerals obtained from the land that is the subject of a mining lease granted under the WA Mining Act. In Western Australia, there are two systems used to collect mineral royalties:

- (A) *specific rate* - calculated as a flat rate per tonne produced and generally applies under legislation to low value construction and industrial minerals. The rates on production between 1 July 2015 and 30 June 2025 are 73 cents per tonne and 117 cents per tonne; and
- (B) *ad valorem* - calculated as a percentage of the 'royalty value' of the mineral, which applies under the Mining Regulations. The royalty value is broadly calculated as the quantity of the mineral in the form in which it is first sold, multiplied by the price in that form, minus any allowable deductions. The ad valorem royalty rate takes into account price fluctuations and material grades as follows:
  - (1) bulk material (subject to limited treatment) - 7.5% of the royalty value;

- (2) concentrate material (subject to substantial enrichment through a concentration plant) - 5% of the royalty value; and
- (3) metal - 2.5% of the royalty value.

(vi) Mining Rehabilitation Fund

The holders of all mining tenements, except those tenements covered by special agreements with the State of Western Australia not listed in the *Mining Rehabilitation Fund Regulations 2013* (WA), are required to participate in the Mining Rehabilitation Fund. This is a pooled fund to which Western Australian mining operators contribute and the money is used to rehabilitate abandoned mine sites in Western Australia. Tenement holders with an annual rehabilitation liability of \$50,000 or less are not required to contribute.

## 6.2 Victoria (Pyramid Hill Tenements)

The following provides a description of the nature and key terms of the tenements (including potential successor tenements) that may be granted under the Victoria Mining Act which are relevant to the Pyramid Hill Tenements.

(a) **Exploration Licences**

(i) Rights

An exploration licence authorises the holder to carry out exploration on the land covered by the licence. It entitles the holder to conduct geological, geochemical and geophysical surveys, conduct drilling, take samples for chemical and other analysis, extract minerals from the land (other than to produce them commercially) and do all other things that are specified in the licence.

(ii) Term

An exploration licence is current for the time specified in the licence unless surrendered, cancelled earlier or as otherwise provided in the Victorian Mining Act.

An exploration licence may be granted for a period of up to five years from the date on which it is registered. An exploration licence can be renewed twice, each for a period of up to five years (which takes effect on the anniversary of the registration of the licence). The renewal or, if the renewal is refused, the refusal to renew, has no effect until the instrument of renewal or refusal to renew is registered.

The Victorian Minister may renew an exploration licence for a first term of up to five years if the Victorian Minister is satisfied that the licensee has identified minerals in the land and that additional time is required to assess the economic viability of a resources, or the resources is not presently economically viable but may become so in the future, or for any other reason.



The Victorian Minister may only renew the licence for a second term if the Victorian Minister considers there are exceptional circumstances to warrant the second renewal, and is satisfied that there is a likelihood of the licensee identifying minerals in the land covered by the licence during the period for which the licence may be renewed.

The Victorian Minister may renew an exploration licence subject to any conditions specified in the renewal, and grant a renewal for a smaller area than as stipulated in the application for renewal.

(iii) Area and relinquishment

The area of an exploration licence must not be less than one or exceed 500 graticular sections specified in the licence, unless the Victorian Minister decides otherwise.

On the second, fourth, seventh and tenth anniversary of the initial registration of the exploration licence, the Victorian Minister must reduce the licensed area by 25%, 35%, 20% and 10% respectively. The reduced areas can be identified by the licensee if enough notice is provided to the Victorian Minister, but is otherwise chosen by the Victorian Minister. In some circumstances, the Victorian Minister may decide that there is no requirement to relinquish part of the licensed area.

In calculating the area to be cancelled, if the licensee holds two or more exploration licences, the combined areas covered by the licences may be treated as a single area (at the Victorian Minister's discretion).

(iv) Conditions

A standard condition of an exploration licence is the requirement to expend in connection with the exploration of land a minimum amount in every year of the term of the licence. An exploration licence may also be granted subject to other conditions, including matters such as:

- (A) rehabilitation of the land;
- (B) elimination and minimisation of the risks that the work may pose to the environment, to any member of the public, or to land, property or infrastructure in the vicinity of the work;
- (C) protection of groundwater;
- (D) providing and implementing environmental offsets on the land or any other land;
- (E) work undertaken under a licence;
- (F) reporting the discovery of minerals;
- (G) entering into a rehabilitation bond;

- (H) payment of fees;
- (I) payment of an environmental levy;
- (J) access to and use of the land by the holder of another licence that is limited to a particular stratum; and
- (K) protection of community facilities.

A failure to comply with these conditions or any other conditions associated with an exploration licence may lead to forfeiture of the exploration licence. Schedule 1 of this Report describes specific conditions attached to the Pyramid Hill Tenements.

(v) Rent

It is a condition of an exploration licence that the licensee pays rent from the date of registration of the grant of the licence, in accordance with the rate or method of assessment and at the times prescribed.

Rent is required to be paid every six months from the date of registration of the licence, for periods ended 30 June and 31 December each year and is payable within 28 days of the specified date. A failure to pay rent may result in licence cancellation processes being implemented.

(vi) Priority for mining lease

The holder of an exploration licence has priority to apply for a mining lease over any of the land the subject of the exploration licence.

(vii) Transfer

An exploration licence must not be transferred during the first year of the term. After the first year, an exploration licence may be transferred by an instrument approved by the Victorian Minister.

The Victorian Minister must only approve an application to transfer an exploration licence if the transferee and licensee meet certain criteria.

An application for an exploration licence is not transferrable.

(b) **Mining Licence**

(i) Application

Prior to the application (or renewal) for a mining licence, a mineral resource will need to be identified over the land. The applicant must describe the mineral resource in accordance with guidelines issued by the Victorian Minister.

Along with the application, the applicant is required to submit a mineralisation report, which demonstrates a mineral resource and a program of work.

(ii) Rights

An mining licence authorises the holder to carry out mining on the land covered by the licence and:

- (A) to explore for minerals;
- (B) to construct any facilities specified in the licence, including drives, roads, water races, tailing dumps, tailing dams, drains, dams, reservoirs and pipe-lines; and
- (C) to do anything else that is incidental to that mining.

The work undertaken on a mining licence must reflect the work program that was submitted with the licence application, and may be subject to conditions relating to the type of work, its timing and/or expenditure on the licence. Failure to comply with these requirements may result in licence cancellation or non-renewal.

(iii) Term and renewal

A mining licence is current for the time specified in the licence, not exceeding 20 years from the date on which it is registered unless the Victorian Minister decides otherwise.

A mining licence may be renewed by the Victorian Minister if:

- (A) mining is taking place under the licence at the time of the application and the Victorian Minister is satisfied that there is a reasonable prospect that mining will continue after the mining licence is renewed; or
- (B) mining had taken place under the licence before the date of the application and the Victorian Minister is satisfied that there is a reasonable prospect that mining will recommence within 2 years after renewal of the licence.

(iv) Area

The area of the land described in a mining licence must not exceed 260 hectares, unless the Victorian Minister decides a greater area may be required to mine a mineral resource.

(v) Transfer

An application for a mining licence is not transferrable.

A mining licence may be transferred by an instrument approved by the Victorian Minister. The Victorian Minister must only approve an application to transfer a mining licence if the transferee and licensee meet certain criteria.

(vi) Rent

The holder of a mining licence is required to pay rent annually for the period ended 30 June, which is payable by 28 July annually. A failure to pay rent may result in licence cancellation processes being implemented.

(vii) Royalties and royalty return

The holder of a mining licence must pay royalties in accordance with the rate or method of assessment and at the times specified in the licence, after consultation by the Victorian Minister with the licensee.

For all minerals (other than gold), the royalty return must be submitted once a year (ending 30 June).

The failure of a licence holder to pay royalties and / or submit royalty returns may result in cancellation processes in respect to the mining licence being commenced. The information provided in respect to the royalty returns is used to monitor compliance obligations, including expenditure and the status of the site.

## 7. Native title

### 7.1 General

- (a) On 3 June 1992, the High Court of Australia held in *Mabo v. Queensland (No. 2)* (1992) 175 CLR 1 that the common law of Australia recognises a form of native title. The Native Title Act came into effect on 1 January 1994, largely in response to the decision in *Mabo v. Queensland (No. 2)* (1992) 175 CLR 1.
- (b) The law in Australia recognises that Aboriginal people may hold native title rights and interests in respect of their land. Native title exists where Aboriginal people have maintained a traditional connection to their land and waters, provided it has not been extinguished.
- (c) The grant of a mining tenement also creates rights in respect of land. Those mining tenement rights may affect (ie be inconsistent with) certain native title rights and interests. As a general statement, those mining tenement rights will be invalid as against any native title rights, unless made valid by certain procedures in the Native Title Act.

### 7.2 Native title claims

- (a) The Native Title Act sets out a process by which Aboriginal people may seek a determination by the Federal Court that they hold native title rights and

interests. Whilst the Federal Court is assessing the claimed native title rights and interests, a Registrar of the NNTT will assess whether the native title claim meets certain registration requirements set out in the Native Title Act, and if so, the native title claim will be entered on the Register of Native Title Claims (**RNTC**). If the Federal Court determines that the claimed native rights and interests exist, details of the determined native title claim (and the determined native title rights held) are then entered on the National Native Title Register (**NNTR**).

- (b) If a claim for native title is entered on the RNTC, or a determined claim is entered on the NNTR, the Native Title Act provides the claimants / holders with certain rights, including procedural rights where a 'future act' is proposed. An example of a 'future act' is the grant of a mining tenement.
- (c) The Native Title Act sets out when 'acts' will be 'valid' in the event they affect (ie are inconsistent with) native title, however, this process need only apply where native title exists (a determined native title claim entered on the NNTR) or is claimed to exist (a native title claim entered on the RNTC). The 'acts' can be a proposed activity or development on land and waters. A common example is the proposed grants of mining tenements.

### 7.3 **'Past Acts' (ie grants of mining tenements): Prior to 1 January 1994**

The Native Title Act permits, and all States and Territories of Australia have passed, legislation validating certain 'acts' which were done before 1 January 1994. In Western Australia, that legislation is the *Titles (Validation) and Native Title (Effect of Past Acts) Act 1995* (WA) and in Victoria, that legislation is the *Land Titles Validation Act 1994* (Vic). Both legislation provides that all 'acts' (eg grants of mining tenements) prior to 1 January 1994 are valid to the extent they affect native title.

### 7.4 **'Future Acts' (ie proposed grants of mining tenements): After 1 January 1994**

- (a) Generally, a 'future act' is an 'act' (eg grant of mining tenement) occurring after 1 January 1994 which affects native title.
- (b) The Native Title Act sets out the circumstances in which, and procedures by which, 'future acts' will be valid should that 'act' affect native title.
- (c) Such circumstances include if the 'act' was done in certain circumstances between 1 January 1994 and 23 December 1996 (called 'Intermediate Period Acts'), or if the 'act' is permitted by an Indigenous Land Use Agreement (**ILUA**), or if certain procedures are to be followed where a claim for native title is entered on the RNTC, or a determined claim is entered on the NNTR. Such procedures include the 'Right to Negotiate Procedure' and the 'Expedited Procedure'. The key elements of these processes are outlined below.

### 7.5 **Victorian Traditional Owner Settlement legislation**

In 2010, the Victorian Government introduced an alternative settlement framework to the claims system under the Native Title Act with the enactment of the *Traditional Owner Settlement Act 2010* (Vic) (**TOS Act**).

The TOS Act is intended to provide for an out-of-court settlement of native title, and sets out a framework for agreements between Victorian traditional owners and the State of Victoria to:

- (a) recognise traditional owners' relationship to land;
- (b) provide traditional owners' with certain rights on Crown land; and
- (c) resolve issues which may otherwise be dealt with through native title claims.

Under the TOS Act a 'settlement' may include:

- (d) an overarching Recognition and Settlement Agreement – that recognises the named traditional owner group and their traditional owner rights over certain public land;
- (e) a Land Agreement – that provides for land transfers for economic or cultural purposes and grants of Aboriginal title to parks and reserves;
- (f) a Land Use Activity Agreement (**LUAA**) – that provides procedures for future use of public land that take account of traditional owner rights and interests;
- (g) a Natural Resource Agreement – that enables access and use of natural resources and traditional owner group participation in natural resource management
- (h) a Funding Agreement, regarding a payment into the 'Victorian Traditional Owners Trust' and payments for economic development and other purposes
- (i) an ILUA which binds all native title holders and validates future acts, which must be registered under the Native Title Act;
- (j) a Traditional Owner Land Management Agreement that facilitates joint management of certain parks and reserves.

In return for entering into a settlement, traditional owners must agree to withdraw any native title and compensation applications under the Native Title Act.

The TOS Act also establishes a land use activity regime which is an alternative to the future acts regime of the Native Title Act. It provides procedural rights for recognised traditional owner groups over certain activities that occur on public land.

All of the Pyramid Hill Tenements have been granted subject to a condition requiring compliance with any conditions specified in a land use activity agreement under the TOS Act, except for Tenement EL7120.

## 7.6 Land Use Activity Agreement Conditions

Tenements EL6960, EL7040, EL7322 are (and, upon its grant, ELA7320, will be) subject to the LUAA Conditions of the LUAA between the Dja Dja Wurrung Clans Aboriginal Corporation and the State of Victoria, and, Pending Tenement ELA6943, upon its grant, will be subject to the LUAA Conditions of the LUAA between the



Taungurung Land and Waters Council Aboriginal Corporation and the State of Victoria.

These LUAAs are part of the Recognition and Settlement Agreement under section 4 of the TOS Act. Where the LUAA Conditions are accepted by the tenement holder, no additional conditions under the TOS Act or the LUAA itself are to be imposed on the Tenements in relation to the works to be carried out on those Tenements.

The LUAA Conditions provide that a titleholder must minimise any interference with entry, occupation and use of any part of the land subject to a mining tenement, by traditional owners in the exercise of traditional owner rights recognised under a Recognition and Settlement Agreement to which that tenement is subject to (**Agreement Land**). This is subject to the:

- (a) conditions and plans contained within the mining tenement;
- (b) public and occupational health and safety requirements applying to works under the mining tenement; and
- (c) obligations under a law of Victoria or the Commonwealth applying to works under the mining tenement,

The titleholder is also required to consult with the Dja Dja Wurrung Clans Aboriginal Corporation and the Taungurung Land and Waters Council Aboriginal Corporation (**Aboriginal Corporations**), as applicable, regarding the work schedule, standard or area work plan and any other information provided to the Aboriginal Corporations under the LUAA Conditions, which includes:

- (i) information on the grant of a tenement, and any approvals, renewals, amalgamations or relinquishments in relation to the tenement;
- (ii) information on notifications regarding transfers or assignments of a tenement or any interests or obligations under the tenement; and
- (iii) copies of any plan or any variation to a plan required under the tenement (including an operation plan and/or environment plan).

**7.7 The LUAA Conditions also set out the payment and compensation obligations on the title holder. **Right to Negotiate Procedure****

- (a) Under the Right to Negotiate Procedure the native title party whose details are registered on the RNTC or NNTR, the applicant for the mining tenement and the relevant State or Territory (collectively, the **Negotiation Parties**) are required to negotiate in good faith with a view to the native title party agreeing to the proposed future act.
- (b) The scope of the negotiations includes any matters relating to the effect of the grant of the future act on the claimed or determined native title rights and interest. Where the future act is the proposed grant of an exploration or prospecting licence, usually an agreement is reached which aims to protect Aboriginal heritage. This is because exploration licences confer only limited

rights to the registered holder of the licence, conferring rights to conduct exploration and disturb the land for that purpose.

- (c) Where the future act is the proposed grant of a mining lease, the negotiations and resulting agreement are usually more complex, as the nature of rights granted for a mining lease contemplates substantial ground disturbance over a portion of the area granted. Such an agreement may address employment and training, environmental rehabilitation, Aboriginal heritage protection, cultural awareness and the payment of compensation.
- (d) If the Negotiation Parties negotiate in good faith but cannot reach agreement as to the doing of the future act, then provided at least 6 months have elapsed since the S29 Notice, any party (in most cases the applicant for the mining tenement) may apply to the NNTT for a determination as to whether the future act may be done, and if so, on what conditions.

#### 7.8 Expedited Procedure

- (a) If the proposed future act (ie grant of the tenement) is not likely to interfere with the activities or sites of significance of the registered native title party or involved major disturbances to land or waters, a simplified process may apply (known as the **Expedited Procedure**). A registered native title party may object to this process and, if it does, the NNTT must determine the validity of the objection (which may result in the Expedited Procedure not being able to be followed).
- (b) Current department policy is that it will process applications for exploration and prospecting licences through the Expedited Procedure once the applicant provides evidence by way of a statutory declaration / affidavit that a regional standard heritage agreement exists or has been signed by the proponent and sent to any affected registered Native Title Claimant (**NTC**) group (if any) or that an alternative heritage agreement exists between the NTC group and the explorer. If this cannot be demonstrated, the Right to Negotiate Procedure will apply.

#### 7.9 Compensation

In certain circumstances holders of native title (a determined native title claim that is registered on the NNTR) may be entitled to apply under the Native Title Act to the Federal Court for compensation for any effect on their native title. The Victorian Mining Act and WA Mining Act provides that holders of mining tenements are liable for such compensation where awarded by reason of their mining tenements having affected native title. Consequently, if it has been, or is in the future, determined that native title exists over any of the land the subject of a mining tenement (or granted future act) and the holders of the native title apply to the Federal Court for compensation, the holder of the tenement may be liable and directed to pay any compensation determined.

#### 7.10 Native title claims and determinations affecting the Tenements

The NNTT Searches in respect of the WA Tenements indicate that:

- For personal use only
- (a) E63/1963 is not subject to any native title claims or determinations;
  - (b) E77/2577 wholly (100%) lies within the registered native title claim of Marinyu Ghoorlie (NNTT file number WC2017/007, Federal Court file number WAD647/2017). This claim was filed on 22 December 2017 and registered from 28 March 2019; and
  - (c) ELA63/1994 partially (10.49%) lies within the determined native title claim of Ngadju (NNTT file number WCD2014/004, Federal Court file number WAD6020/1998). The claim was determined on 21 November 2014.

The NNTT Searches in respect of the Pyramid Hill Tenements indicate that EL6738 (0.38%) and ELA6943 (0.09%) minimally lie within the determined native title claim of Yorta Yorta (NNTT file number VCD1998/001, Federal Court file number VID6001/1995). The claim was determined on 18 December 1998.

The existence of any native title claims over the area covered by the Tenements, or a subsequent determination of native title over the area, will not impact the rights and interests of the holder under the Tenements provided they have been validly granted.

However, the grant of any future tenure over areas that are covered by a registered claim or a positive determination of native title will require engagement with the relevant claimants or native title holders (as relevant) in accordance with the Native Title Act.

However, the Company should note that, in very limited circumstances, an application may be made to vary or revoke an approved determination of native title determination over an area, but only the relevant RNTBC, the Commonwealth Minister, the relevant State or Territory Minister or the Native Title Registrar can make a revised native title determination application. Whilst a number of approved determinations of native title have been revised on applications made by the relevant RNTBCs, to date, no approved determination of native title is yet to be revoked

#### 7.11 Indigenous Land Use Agreements

An Indigenous Land Use Agreement (**ILUA**) is an agreement which has been authorised by the NTC group and has been registered with the NNTT. An ILUA binds the parties to the ILUA and also all persons holding native title to the relevant area that may not be a party. If an ILUA provides that any particular mining tenement(s) may be granted, then the relevant mining tenement(s) may be granted as provided for by the ILUA, generally without following other procedures, including the Right to Negotiate Procedure or the Expedited Procedure.

The Searches indicate that the Pyramid Hill Tenements overlap several ILUAs, as per the below table (see over page).

<b>Tenement (% affected)</b>	<b>ILUA</b>	<b>ILUA Type and Subject Matters</b>	<b>NNTT File Number</b>
EL6661 (100%) EL6737 (100%) EL6864 (91.62%) EL6898 (97.27%) EL6901 (100%) EL6960 (100%) EL7120 (18.98%) EL7121 (100%) EL7040 (63.65%) ELA7320 (99.73%) EL7322 (100%)	Low Impact Exploration and Exploration, Dja Dja Wurrung	Area Agreement - Mining, Exploration	VI2004/005
EL6661 (100%) EL6737 (100%) EL6864 (91.62%) EL6898 (97.27%) EL6901 (100%) EL6960 (100%) EL7120 (18.98%) EL7121 (100%) EL7040 (63.65%) ELA7320 (99.73%) EL7322 (100%)	Wedderburn Mining	Area Agreement - Mining, Large Mining	VI2004/006
EL6661 (100%) EL6737 (100%) EL6864 (91.62%) EL6898 (97.27%) EL6901 (100%) EL6960 (100%) EL7120 (18.97%) EL7121 (100%) EL7040 (63.65%) ELA7320 (99.73%) EL7322 (100%)	Small Scale Regional Mining ILUA (Dja Dja Wurrung and PMAV)	Area Agreement - Mining, Exploration	VI2008/006

EL6661 (100%) EL6737 (100%) EL6738 (5.31%) EL6864 (84.48%) EL6898 (20.55%) EL6901 (100%) EL6960 (100%) EL7120 (17.72%) EL7121 (100%) EL7040 (100%) ELA7320 (100%) EL7322 (100%)	Dja Dja Wurrung Settlement Agreement ILUA	Area Agreement - Government, Native Title Settlement	VI2013/002
EL6669 (100%) EL6864 (100%) EL6898 (100%) EL7120 (81.02%)	Low Impact Exploration and Exploration - Wamba Wamba, Barapa Barapa, & Wadi Wadi Peoples	Area Agreement - Mining, Exploration	VI2004/010
EL6669 (100%) EL6864 (8.38%) EL7120 (81.02%)	NGMA Regional Mining/ Exploration ILUA	Area Agreement - Mining, Exploration	VI2011/001
EL6738 (30.37%) ELA6943 (25.15%)	Taungurung Settlement ILUA	N/A - ILUA is not registered	VI2018/002
EL6960 (1.62%) ELA7320 (1.87%)	Dja Dja Wurrung People and Ironbark Mining ILUA	Area Agreement - Mining, Exploration	VI2012/005
ELA7320 (0.00005%)	Victorian Mining Licence 5433	Area Agreement - Mining, Small Mining	VI2005/009

The ILUAs do not appear relevant as the Company, CGM, or Metal Hawk are not parties to the ILUAs.

#### 7.12 Compliance with the Validity of Tenements

With respect to the Tenements, we have assumed that, prior to grant, the Western Australian Department and Victorian Department were satisfied that the Native Title Act had been complied with. Provided that the Tenements are validly granted in accordance with the Native Title Act, they will be valid as against native title rights and interests.

### 7.13 Native title status for ELA63/1994

ELA63/1994 was applied for on 26 September 2019 and was referred to the four month native title advertising period on 27 December 2019. The advertising period closed on 27 April 2020. Native title has been cleared and the expedited procedure applies.

## 8. Aboriginal heritage

### 8.1 General

Aboriginal heritage is protected by both Commonwealth legislation as well as legislation in each State and Territory of Australia.

### 8.2 Commonwealth Legislation

The Commonwealth Heritage Act is aimed at the preservation and protection of any Aboriginal objects that may be located on the Tenements.

Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to significant Aboriginal areas or objects, which have the potential to halt exploration activities.

Compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be, affected by a permanent declaration of preservation.

It is an offence to contravene a declaration made under the Commonwealth Heritage Act.

We have not undertaken any searches in respect of the Commonwealth Heritage Act for the purposes of this Report.

### 8.3 Western Australian Legislation

The provisions of the WA Heritage Act are endorsed on all tenements in Western Australia.

The WA Heritage Act protects all Aboriginal sites in Western Australia which meet the criteria in section 5 of the WA Heritage Act.

It is an offence under the WA Heritage Act to excavate, destroy, damage, conceal or in any way alter an Aboriginal site or any object on or under an Aboriginal site, unless the person or company is acting with the authority of the registrar or the consent of the relevant Minister. The offence applies regardless of whether the Aboriginal site has been entered on the Register of Aboriginal sites. It is a defence if the person (or company) charged can prove that he did not know and could not reasonably be expected to have known, that the place or object was protected by the WA Heritage Act.

A holder of a Western Australian mining tenement has the legislative right to submit an application under the WA Heritage Act seeking approval to disturb or destroy an Aboriginal site.



#### 8.4 Proposed Aboriginal Heritage Bill (Western Australia)

On 2 September 2020, the WA State Government released the draft *Aboriginal Cultural Heritage Bill 2020 (ACH Bill)* which is intended to replace the current WA Heritage Act. The ACH Bill proposes that proponents of resources projects will (depending on the type of activity to be carried out on the tenements) need to apply for an Aboriginal Cultural Heritage Permit or obtain approval of an Aboriginal Cultural Heritage Management Plan.

The ACH Bill also establishes an Aboriginal Cultural Heritage Council, with broader functions, intended to replace the current Aboriginal Cultural Material Committee, introduces a 'tiered' approvals system and a 'continuous disclosure' obligation, gives broad ministerial powers to issue orders to stop activities, prohibit activities or enforce remediation, and imposes harsher penalties for carrying out activities which harm Aboriginal cultural heritage, failing to report on Aboriginal cultural heritage or non-compliance.

Public consultation on the ACH Bill closed on 9 October 2020 and around 157 submissions were received in relation to the ACH Bill, the vast majority of which did not support the ACH Bill. Further changes have been made to the draft ACH Bill, which we understand is intended to be introduced to Parliament before the end of the year.

#### 8.5 Victorian Legislation

The legislation governing Aboriginal heritage in Victoria is the *Aboriginal Heritage Act 2006* (Vic) (**Victoria Heritage Act**).

The Victoria Heritage Act makes it an offence to do an act which harms Aboriginal places, Aboriginal objects and Aboriginal ancestral remains and provides protection and management for Aboriginal cultural heritage.

Certain activities, such as large developments and other high impact activities in culturally sensitive landscapes may require that a Cultural Heritage Management Plan be prepared (which in some areas, is required by law) or that the person or company undertaking the activity obtains a cultural heritage permit.

A Cultural Heritage Management Plan is usually in the form of a written report prepared by a Heritage Advisor. It includes results of an assessment of the potential impact of the proposed activity on Aboriginal cultural heritage and outlines measures to be taken before, during and after an activity in order to manage and protect Aboriginal cultural heritage in the activity area.

A cultural heritage permit is required for the following activities:

- (a) disturbing or excavating land to uncover or discover Aboriginal cultural heritage;
- (b) rehabilitating land at an Aboriginal place;
- (c) carrying out research on an Aboriginal place; and

- (d) carrying out activities that will, or are likely to, harm Aboriginal cultural heritage.

#### 8.6 Aboriginal sites and other heritage places on the WA Tenements

The AHIS Searches of the Tenements identified one registered Aboriginal heritage site within E77/2577, as shown in the below table.

Registered Aboriginal Site			
Site ID	Site name	Status	Type
20344	Lake Deborah (KY30)	Stored Data / Not a Site	Mythological

The site identified above is classified as Stored Data / Not a Site, meaning that the site has been assessed as not meeting section 5 of the WA Heritage Act.

The AHIS Searches did not identify any 'other heritage places' within the WA Tenements.

In respect to Aboriginal heritage sites, the AHIS search results do not mean that there are no other Aboriginal sites within the area of the Tenements. It is only an indication that no other Aboriginal sites have been registered in the area to date.

#### 8.7 Aboriginal heritage agreements affecting the Tenements

As discussed above at section 7.8, department policy provides that applications for exploration licences will generally not be processed for grant through the Expedited Procedure unless the applicant for the licence provides evidence that an appropriate Aboriginal heritage agreement has been entered into with any affected registered NTC (if any).

Aboriginal heritage agreements will generally include a process of engagement between the parties to protect Aboriginal heritage. This process includes the undertaking of heritage surveys to identify Aboriginal site. A procedure is usually included for the parties to consider the proposed works on the tenements, and decide on the best course of action given any potential impacts the proposed works may have on Aboriginal sites.

The Company has advised that a heritage agreement has been signed by CGM and provided to the relevant NTC (being Ngadju) in relation to ELA63/1994. CGM has not received a response to date from the NTC.

There are no Aboriginal heritage agreements in place in respect to E77/2577.

The entry into Aboriginal heritage agreements is not a requirement of the WA Heritage Act but is an industry standard means of managing the risk of contravention of the WA Heritage Act where there is a NTC or other claim group with a recognised connection to the relevant land.

There are no Aboriginal heritage agreements in place in respect to the Pyramid Hill Tenements.

## 9. Land access

### 9.1 WA Tenements

#### (a) Pastoral Leases

The Tengraph Searches indicate that E77/2577 partially overlaps the Mt Jackson pastoral lease (N049761) by 19.66%.

The WA Mining Act:

- (i) generally prohibits the carrying out of mining activities on or near certain improvements and other features (such as livestock and crops) on Crown land (which includes a pastoral lease) without the consent of the lessee;
- (ii) imposes certain restrictions on a mining tenement holder passing through Crown land, including requiring that all necessary steps are taken to notify the occupier of any intention to pass over the Crown land and that all necessary steps are taken to prevent damage to improvements and livestock; and
- (iii) provides that a holder of a mining tenement must pay compensation to an occupier of Crown land (i.e. the pastoral lease holder) in certain circumstances, in particular to make good any damage to improvements, and for any loss suffered by the occupier from that damage or for any substantial loss of earnings suffered by the lessee as a result of, or arising from, any exploration or mining activities.

Compensation payable to a pastoral lease holder can be, and usually is, determined by agreement with the pastoral lease holder or by the Warden's Court if no agreement can be reached. Whilst the Company does not have any formal agreements in place, the Company has been in contact with the Mt Jackson pastoral lease holder in relation to its activities on E77/2577.

#### (b) Private Land

The Tengraph Searches indicate that E77/2577 overlaps private freehold land. Pursuant to the provisions of the WA Mining Act, a mining tenement can only be granted to within a depth of 30 metres of the lowest part of the natural surface of the land in respect of private land with the written consent of the owner and the occupier of the land, in respect of private land which is:

- (i) in bona fide and regular use as a yard, stockyard, garden, orchard, vineyard, plant nursery or plantation or is land under cultivation;
- (ii) the site of a cemetery or burial ground;

- For personal use only
- (iii) the site of a dam, bore, well or spring;
  - (iv) land on which there is erected a 'substantial improvement';
  - (v) within 100 metres of any private land referred to above; or
  - (vi) a separate parcel of land having an area of 2,000 square metres or less.

If the holder of a mining tenement holds surface rights, the holder is not permitted to commence any mining on the natural surface or within a depth of 30 meters from the lowest part of the natural surface of any private land unless and until the tenement holder has:

- (vii) paid or tendered to the owner and the occupier thereof the amount of compensation, if any, that is required to be paid under or ascertained in accordance with the WA Mining Act; or
- (viii) made an agreement with the owner and occupier as to the amount, times and mode of the compensation, if any.

Under the WA Mining Act, the Company will be required to pay compensation to the affected land owners and any occupiers of private land for all loss and damage suffered or likely to be suffered by the owner and occupier resulting or arising from the mining activities of the Company. Compensation payable to the owner and occupier of private land can be, and usually is, determined by agreement with the owner and occupier of private land or by the Warden's Court if no agreement can be reached.

(c) **Crown Reserves**

Our Searches indicate that the land the subject of E63/1963 wholly (100%) and the land the subject of ELA63/1994 partially (89.51%) overlap a 'B' Class Reserve - Conservation of Flora and Fauna (R 36957). A Crown Reserve refers to land set aside or "reserved" for a designated purpose (ie for parks, recreation, drainage or church sites) and is managed by the State of Western Australia or designated management authority/agency.

There are three different categories of Crown Reserves, with Class A having the highest form of protection, Class B having a medium form of protection and Class C, which forms the vast majority of reserves, having a lower level of protection.

The existence of a Crown Reserve may require additional approvals or plans to be implemented by the Company in order to progress with exploration activities on the Tenements. In respect to the above Tenements, although the encroachment on the various Crown Reserves is minimal, conditions have been imposed on the Tenements requiring the prior written consent of the WA Minister before commencing any exploration activities on the reserves.

## 9.2 Pyramid Hill Tenements

### (a) Private Land

The Pyramid Hill Tenements overlap with several parcels of private land.

Prior to commencing any work on an exploration licence which affects private land, under the Victorian Mining Act, the holder will need to either:

- (i) obtain the written consent of the owners and occupiers of the affected land; or
- (ii) enter into and register compensation agreements with the owners and occupiers; or
- (iii) have been advised in writing of the determination made in respect to the compensation payable, where the amount of compensation payable to the owner and occupier has been determined under the Victorian Mining Act.

The Victorian Mining Act provides that where a mining tenement overlaps private land, the tenement holder and the owner or occupier of the land may enter into a written agreement as to the amount or kind of compensation payable to the owner or occupier for any loss or damage that has been or will be sustained as a direct, natural and reasonable consequence of the approval of the work plan or the doing of work under the mining tenement.

The tenement holder must lodge any agreement entered in with the mining registrar for registration.

The Company has advised that 38 compensation and land access agreements (**Compensation Access Agreements**) have been entered in to with the affected landholders in respect to activities over the land for Pyramid Hill Tenements EL6738, EL6737, EL6669, EL6661, EL7121, EL7120, EL6960, EL6901, EL6898, EL6864, EL7040 and EL7322 (each of the 38 Compensation Access Agreements applies to all of the aforementioned Tenements).

The Company has advised that it has prioritised entering into the Compensation Access Agreements for land on which it expects to undertake exploration activities. The Company has also advised it will lodge any Compensation Access Agreements, which have not already been lodged against the Tenements for registration with the mining registrar.

### (b) Restricted Crown land

The Tenement grant documents indicate that certain Pyramid Hill Tenements overlap Crown land which is restricted pursuant to Schedule 3 of the Victorian Mining Act, although, formal searches to determine the extent and percentage of these overlaps have not been conducted.

Land that is classified as 'restricted' Crown land includes land reserved under the *Crown Land (Reserves) Act 1978* (Vic), for purposes such as

- (i) regional, coastal or marine parks;
- (ii) wildlife reserves, wildlife areas, flora or flora and fauna reserves;
- (iii) general reserves (including bushland reserves, scenic reserves, cave reserves, geological reserves, coastal reserves or natural features); and
- (iv) national heritage parks.

The Consent of the Crown land Minister is required prior to undertaking any work on the area of a mining tenement which overlaps restricted Crown land

Conditions related to monitoring and auditing, may also be set as part of the consent requirements for work on restricted Crown land. These conditions often require pre-work surveys for cultural sites and artefacts, pre and post-work flora and fauna surveys, and in some cases, during-work observations for significant flora and fauna.

(c) **Box-Ironbark Region**

The Tenement grant documents indicate that certain Pyramid Hill Tenements overlap may overlap land falling within the Box-Ironbark region of the state of Victoria, as the Tenements have all been granted with certain conditions in respect to activities proposed in this region. Formal searches to determine the extent and percentage of these overlaps have not been conducted.

The Box-Ironbark region contains Victoria's most significant gold mineralisation and contains areas that are of high nature conservation and cultural heritage value. As the region has been extensively cleared and the remaining ecosystem contains a large number of threatened species, certain conditions are imposed on mining tenements granted in this region to afford protection to native vegetation, faunal habitats and Aboriginal cultural heritage.

## 10. Material Agreements

### 10.1 FGR Sale Agreement

For a summary of the FGR Sale Agreement, please refer to section 7.2(a) of the Prospectus.

### 10.2 Pyramid Hill SPA

For a summary of the Pyramid Hill SPA, please refer to section 7.2(b) of the Prospectus.

### 10.3 FMPL Sale Agreement



For a summary of the FMPL Sale Agreement, please refer to section 7.2(c) of the Prospectus.

#### 10.4 **Metal Hawk Agreement**

For a summary of the Metal Hawk Agreement, please refer to section 7.2(d) of the Prospectus.

### 11. **Definitions**

In this Report:

**Aboriginal Corporations** has the meaning given in section 7.6.

**ACH Bill** means the *Aboriginal Cultural Heritage Bill 2020*.

**Agreement Land** has the meaning given in section 7.6.

**AHIS Searches** has the meaning given in section 3(b)(iii).

**ASX** means the ASX Limited (ABN 98 008 624 691).

**Commonwealth Heritage Act** means the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth).

**CGM** means CGM (WA) Pty Ltd (ACN 610 789 252).

**CGM Tenements** means E77/2577 and ELA 63/1994.

**Chalice** means Chalice Mining Limited (ACN 116 648 956).

**Company** means Falcon Metals Ltd (ACN 651 893 097).

**Compensation Access Agreements** has the meaning given in section 9.2(a).

**DID** means the demerger implementation deed dated on or around 28 October 2021 between CGM, Chalice, Falcon Gold, Falcon WA and the Company.

**DMIRS Searches** has the meaning given in section 3(b)(i).

**Expedited Procedure** has the meaning given in section 7.8(a).

**Falcon Gold** means Falcon Gold Resources Pty Ltd (ACN 613 162 879) (previously CGM Minerals Pty Ltd).

**Falcon WA** means Falcon Metals (WA) Pty Ltd (ACN 652 821 246).

**Federal Court** means the Federal Court of Australia.

**FGR Sale Agreement** means the 'Sale and Purchase Agreement - Pyramid Hill Tenements' entered into between Falcon Gold and CGM on 27 July 2021.

**FGR Tenements** means Tenements EL6661, EL6737, EL6738, EL6669, EL6864, EL6898, EL6901, EL6960, EL7121 and EL7120.

**FMPL Sale Agreement** means the 'Sale and Purchase Agreement - Mount Jackson and Viking Projects' between CGM and Falcon WA dated on or around 28 October 2021.

**ILUA** has the meaning given in section 7.4(c).

**LUAA** means Land Use Activity Agreement.

**LUAA Conditions** means the conditions contained in Schedule 4 of the LUAAAs.

**Material Agreements** means any agreements summarised in section 10.

**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.

**Mining Regulations** means the *Mining Regulations 1981* (WA).

**Native Title Act** means the *Native Title Act 1993* (Cth).

**Negotiation Parties** has the meaning given in section 7.7(a).

**NNTR** has the meaning given in section 7.2(a).

**NNTT** means the Australian National Native Title Tribunal.

**NNTT Searches** has the meaning given in section 3(a).

**NTC** has the meaning given in section 7.8(a).

**Pending Tenements** means WA Tenement ELA63/1994 and Pyramid Hill Tenements ELA7320, ELA6943 and ELA7200.

**Prospectus** has the meaning given in the opening section of this Report.

**Pyramid Hill SPA** means the 'Tenement Sale Agreement - Additional Pyramid Hill Tenure' entered into between CGM and Falcon Gold dated on or around 28 October 2021.

**Pyramid Hill Tenements** has the meaning given in section 5.1(a).

**Report** means this document, including any schedule or annexure to this document.

**RNTC** has the meaning given in section 7.2(a).

**Searches** means the searches referred to in section 3.

**Tender** means the North Central Victorian Goldfields Ground Release Tender, within the Lockington area of Victoria, which, if successful, CGM will have the first right to

lodge an application for a minerals exploration licence for over the area of the Tender.

**Tenements** means the tenements set out in Schedule 1 (including the Pending Tenements) and Tenement means any one of them.

**Tengraph Searches** has the meaning given in section 3(b)(ii).

**TOS Act** means the Traditional Owner Settlement Act 2010 (Vic).

**Victoria Heritage Act** means the *Aboriginal Heritage Act 2006* (Vic).

**Victorian Department** means the Earth Resources branch of the Victorian Department of Jobs, Precincts and Regions.

**Victorian Mining Act** means the *Mineral Resources (Sustainable Development) Act 1990* (Vic).

**Victorian Minister** means the Victorian Minister for Resources.

**WA Heritage Act** means the *Aboriginal Heritage Act 1972* (WA).

**WA Mining Act** means the *Mining Act 1978* (WA).

**WA Minister** means the Minister under the WA Mining Act.

**WA Tenements** means the tenements referred to in section 2(a).

**Western Australian Department** or **DMIRS** means the Western Australian Department of Mines, Industry Regulation and Safety.

## 12. Qualifications and assumptions

### 12.1 General

This is a high level report covering material legal issues affecting the Tenements and does not purport to cover all possible issues which may affect the Tenements. This Report is given only as to, and based on, circumstances and matters of fact existing and known to us on the date of this Report.

### 12.2 Assumptions

This Report is based on, and subject to, the following assumptions (in addition to any assumptions expressed elsewhere in this Report):

- (a) any instructions, documents and information given by the Company or any of its officers, agents or representatives are accurate and complete;
- (b) that the registered holder of a Tenement has valid legal title to the Tenement;

- For personal use only
- (c) unless apparent from the Searches or the information provided to us, we have assumed compliance with the requirements necessary to maintain each Tenement in good standing;
  - (d) where a Tenement has been granted, the future act provisions of the Native Title Act have been complied with;
  - (e) all information obtained from the Western Australian Department, the Victorian Department, the NNTT and any other governmental or regulatory department referred to in this Report is accurate and complete;
  - (f) the Company has complied with the terms and conditions of the relevant legislation and any applicable agreements;
  - (g) this Report does not cover any third party interests, including encumbrances, in relation to the Tenements that are not apparent from the Searches and the information provided to us;
  - (h) all facts stated in documents, and responses to requests for further information, and other material on which we have relied in this Report are and continue to be correct, and no relevant matter has been misstated or withheld from us (whether deliberately or inadvertently);
  - (i) that there are no other documents or materials other than those which were disclosed to us and which we were instructed to review, which related to the matters examined;
  - (j) the Material Agreements have been duly executed and the copies of the Material Agreements made available to us are accurate, complete and conform to the originals of the Material Agreements and there have been no material breaches of the Material Agreements.

### 12.3 Qualifications

This Report is subject to the following qualifications:

- (a) there may be native title, Aboriginal heritage or other third party agreements of which we are not aware;
- (b) the information in Schedule 1 and Schedule 2 is accurate as at the date of the relevant Searches. We do not comment on whether any changes have occurred in respect of the Tenements between the date of the Searches and the date of this Report;
- (c) this Report is based only upon the information and materials which are described in this Report. There may be additional information and materials (of which we are unaware) which contradict or qualify that which we have described;
- (d) a recording in the mining tenement register of a person's holding in a mining tenement is not absolute proof of that person's entitlement to the tenement.

The mining tenement system is not based on a system of indefeasibility by registration;

- (e) a registered mining tenement holder's entitlement to a tenement can be defective if there were procedural defects in the original grant of a tenement or if there are any subsequent dealings with a tenement. We are unable to confirm whether there are any such defects in the Tenements disclosed in this Report without a detailed review of the register for each Tenement and other matters;
- (f) this Report relates only to the laws of Western Australia, Victoria and the Commonwealth of Australia in force at the date of this Report and we do not express or imply any opinion as to the laws at any other time or of any other jurisdiction;
- (g) in the performance of our enquiries for this Report, we have acted on the Company's written and oral instructions as to the manner and extent of enquiries to be conducted;
- (h) this Report is strictly limited to the matters it deals with and does not extend by implication or otherwise to any other matter;
- (i) we have relied upon information provided by third parties, including various departments, in response to searches made, or caused to be made, and enquiries by us and have relied upon that information, including the results of Searches, being accurate, current and complete as at the date of its receipt by us;
- (j) references in the Schedules are taken from details shown on the Searches we have obtained from the relevant departments referred to in section 3 above. We have not undertaken independent surveys of the land the subject of the Tenements to verify the accuracy of the Tenement areas or the areas of the relevant native title claims;
- (k) where compliance with the terms and conditions of the Tenements and all applicable provisions of the mining legislation and regulations in Western Australia, Victoria and all other relevant legislation and regulations, or a possible claim in relation to the Tenements is not disclosed on the face of the searches referred to above, we express no opinion as to such compliance or claim;
- (l) where Ministerial consent is required, we express no opinion as to whether such consent will be granted, or the consequences of consent being refused, although we are not aware of any matters which would cause consent to be refused;
- (m) we have not conducted searches of the Database of Contaminated Sites maintained by the Western Department of Water and Environmental Regulation or the Contaminated Land Record maintained by the Victorian Environment Protection Authority;

- For personal use only
- (n) native title may exist in the areas covered by the Tenements. Whilst we have conducted searches to ascertain what native title claims, if any, have been lodged in the Federal Court in relation to the areas covered by the Tenements, we have not conducted any research on the likely existence or non-existence of native title rights and interests in respect of those areas. Further the Native Title Act contains no sunset provisions and it is possible that additional native title claims could be made in the future; and
  - (o) Aboriginal heritage sites, sacred sites or objects (as defined in the WA Heritage Act, the Victoria Heritage Act or under the Commonwealth Heritage Act) may exist in the areas covered by the Tenements regardless of whether or not that site has been entered on the relevant Register or is the subject of a declaration under the Commonwealth Heritage Act. We have not conducted any legal, historical, anthropological or ethnographic research regarding the existence or likely existence of any such Aboriginal heritage sites, sacred sites or objects within the area of the Tenements.

#### 12.4 Disclaimer

HWL Ebsworth Lawyers has prepared this Report for the purposes of the Prospectus only, and for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Yours sincerely



**HWL Ebsworth Lawyers**

+61 8 6559 6628

mxboyce@hwle.com.au



## Schedule 1 Tenement Summary

### A. WA Tenements

Tenement	Registered Holder (100%)	Status	Area on Grant	Current Area	Application Date	Grant Date	Expiry Date	Minimum expenditure commitment	Annual Rent	Notes
Mt Jackson Tenement										
E77/2577	CGM (WA) Pty Ltd	Live	70 Blocks *  * Partial voluntary surrender for the surrender of 27 Blocks registered on 29 June 2021.	43 Blocks	20 November 2018	1 July 2019	30 June 2024	Reporting year ends 30 June.  2021: under expended \$21,172 / \$70,000 (total of \$48,828 under expended).  Exemption for the full amount of \$70,000 recorded on 18 August 2021, not yet granted.  2022: \$43,000	2022: Paid in full, \$6,278  2023: \$11,266	1, 3, 4

Tenement	Registered Holder (100%)	Status	Area on Grant	Current Area	Application Date	Grant Date	Expiry Date	Minimum expenditure commitment	Annual Rent	Notes
Viking Tenement										
E63/1963	Metal Hawk Limited	Live	69 Blocks	69 Blocks	11 April 2019	19 March 2021	18 March 2026	Reporting year ends 18 March.  2022: \$69,000	2022: Paid in full, \$9,384  2023: \$10,074	Subject to Consent Caveat 620796 lodged on 21 April 2021 by CGM (WA) Pty Ltd for 100/100 shares in Metal Hawk Limited.  2, 4, 5
CGM Tenement										
ELA63/1994	CGM (WA) Pty Ltd	Pending	(Area applied for) 37 Blocks	N/A	26 September 2019	N/A	N/A	N/A	N/A	1

## B. Victorian Tenements

Tenement	Registered Holder (%)	Applied Area	Current Area	Application Date	Grant date	Expiry date	Annual Reporting Date	Next Relinquishment Date	Expenditure commitment for 2021-2022 year	Dealings
<b>Pyramid Hill Tenements</b>										
EL6738	Falcon Gold Resources Pty Ltd	905 GRS	905 GRS	27 April 2018	17 July 2018	16 July 2023	30 September	N/A	\$196,00	Bond Lodgement F90014365 (12 October 2021)
EL6737	Falcon Gold Resources Pty Ltd	781 GRS	781 GRS	27 April 2018	17 August 2018	16 August 2023	30 September	N/A	\$171,200	Compensation Agreement Lodgement F90011730, F90011729, F90011728, F90011727, F90011726, F90011725, F90011724, F90011723, F90011722, F90011721, F90011720 (all registered on 30 Jan 2019)  Bond Lodgement F90014363 (12 October 2021)
EL6669	Falcon Gold Resources Pty Ltd	683 GRS	683 GRS	8 January 2018	3 November 2018	2 November 2023	30 September	N/A	\$151,600	Bond Lodgement F90014361 (12 October 2021)

Tenement	Registered Holder (%)	Applied Area	Current Area	Application Date	Grant date	Expiry date	Annual Reporting Date	Next Relinquishment Date	Expenditure commitment for 2021-2022 year	Dealings
EL6661	Falcon Gold Resources Pty Ltd	711 GRS	711 GRS	2 January 2018	2 March 2018	1 March 2023	30 September	N/A	\$157,200	Compensation Agreement Lodgement F90011719, F90011718, F90011717, F90011716, F90011715, F90011714, F90011713, F90011712, F90011711, F90011710, F90011709, F90011708 (all registered on 30 Jan 2019)  Bond Lodgement F90014359 (12 October 2021)
EL7121	Falcon Gold Resources Pty Ltd	492 GRS	268 GRS	6 December 2019	3 July 2020	2 July 2025	30 September	N/A	\$77,200	N/A
EL7120	Falcon Gold Resources Pty Ltd	834 GRS	756 GRS	6 December 2019	3 July 2020	2 July 2025	30 September	N/A	\$166,200	N/A
EL6960	Falcon Gold Resources Pty Ltd	171 GRS	171 GRS	11 April 2019	14 August 2019	13 August 2024	31 March	N/A	\$49,200	Bond Lodgement F90014371 (12 October 2021)

Tenement	Registered Holder (%)	Applied Area	Current Area	Application Date	Grant date	Expiry date	Annual Reporting Date	Next Relinquishment Date	Expenditure commitment for 2021-2022 year	Dealings
EL6901	Falcon Gold Resources Pty Ltd	55 GRS	55 GRS	20 December 2018	22 March 2019	21 March 2024	30 September	N/A	\$26,000	Bond Lodgement F90014369 (12 October 2021)
EL6898	Falcon Gold Resources Pty Ltd	85 GRS	85 GRS	20 December 2018	20 March 2019	19 March 2024	30 September	N/A	\$32,000	N/A
EL6864	Falcon Gold Resources Pty Ltd	577 GRS	577 GRS	21 December 2018	22 March 2019	21 March 2024	30 September	N/A	\$130,400	N/A
EL7040	CGM (WA) Pty Ltd	53 GRS	53 GRS	6 September 2019	26 March 2021	25 March 2026	30 September	N/A	\$22,950	N/A
EL7322	CGM (WA) Pty Ltd	30 GRS	30 GRS	14 July 2020	11 May 2021	10 May 2026	30 September	N/A	\$19,500	N/A
ELA7200	CGM (WA) Pty Ltd	947 GRS	N/A	23 January 2020	N/A	N/A	N/A	N/A	N/A	N/A
ELA7320	CGM (WA) Pty Ltd	475 GRS	N/A	8 September 2020	N/A	N/A	N/A	N/A	N/A	N/A

Tenement	Registered Holder (%)	Applied Area	Current Area	Application Date	Grant date	Expiry date	Annual Reporting Date	Next Relinquishment Date	Expenditure commitment for 2021-2022 year	Dealings
ELA6943	CGM (WA) Pty Ltd	470 GRS	N/A	15 March 2019	N/A	N/A	N/A	N/A	N/A	N/A



## Schedule 2 Tenement Conditions

### A. WA Tenement Conditions:

The conditions below refer to particular conditions and endorsements attached to the WA Tenements and other findings from the DMIRS Searches and Tengraph Searches. It is not an exhaustive list. For all conditions and endorsements attached to the WA Tenements, a search of the Western Australian Department register should be consulted. For details of overlapping tenure and other interests, the Tengraph system should be consulted.

1. **Pending transfer of tenement:** Pursuant to the FMPL Sale Agreement, the Tenement will be transferred from CGM to Falcon WA.
2. **Earn-In:** This Tenement is subject to an earn-in under the Metal Hawk Agreement: See section 10.4 for more details.
3. **Pastoral Leases:**
  - (a) The Licensee notifying the holder of any underlying pastoral or grazing lease by telephone or in person, or by registered post if contact cannot be made, prior to undertaking airborne geophysical surveys or any ground disturbing activities utilising equipment such as scrapers, graders, bulldozers, backhoes, drilling rigs; water carting equipment or other mechanised equipment; and
  - (b) The Licensee or transferee, as the case may be, shall within thirty (30) days of receiving written notification of the grant of the Licence or registration of a transfer introducing a new Licensee, advise, by registered post, the holder of any underlying pastoral or grazing lease details of the grant or transfer.
4. **Water resource endorsements:** The Tenement is subject to certain endorsements in respect of water resource management areas and proclaimed ground water areas (GWA 21 - Goldfields).
5. **Consent to explore on Dundas Nature Reserve 36957 granted subject to the following conditions:**
  - (a) Mining related activities and measures to protect the environment being carried out in accordance with the document Viking Gold Project: Conservation Management Plan for Exploration on E63/1963 in Dundas Nature Reserve - R36957. Version 4,

December 2020 and retained on Department of Mines, Industry Regulation and Safety (DMIRS) file E63/1963. The approved plan to be included with any "Programme of Work" or "Mining Proposal" submitted to DMIRS for approval under the WA Mining Act;

- (b) At least five working days prior to accessing the nature reserve, the licensee providing the relevant Regional Manager, Department of Biodiversity Conservation and Attractions (DBCA) with an itinerary and program of the locations of operations on the licence area and informing at least five days in advance of any changes to that itinerary. All activities and movements shall comply with reasonable access and travel requirements of the Regional Manager, DBCA regarding seasonal/ground conditions; and
- (c) The licensee submitting to the Executive Director, Resource and Environmental Compliance, DMIRS and to the relevant Regional Manager, DBCA within a month of the anniversary of grant of each year, a brief report outlining the project operations and rehabilitation work undertaken in the previous 12 months and the proposed operations, environmental management plans and rehabilitation programs for the next 12 months. The report must include a map showing the location of all disturbances and rehabilitation activities that occurred during the reporting period.

## B. Pyramid Hill Tenements

The grant documents provided in respect to the Pyramid Hill Tenements show that the tenements are subject to the following key conditions.

1. **(Community engagement)** The licensee must identify their communities for the proposed operation and consult with the identified communities.
2. **(Box-ironbark region)** Where activities are proposed to be undertaken in a Box-Ironbark region, the licensee must undertake a preliminary assessment of vegetation and faunal habitats of areas of interest in that Box-Ironbark region to identify and mark areas or sites to be avoided in the exploration project.
3. **(Public liability insurance)** Prior to commencing any work, the licensee must have public liability insurance that covers all work authorised under the licence and ensure the insurance is valid at all times while work occurs under the licence.
4. **(Public safety zones)** The licensee must take all reasonable measures to minimise their impact on the operation of a Public Safety Zone.

5. **(Soil management)** The licensee must take all reasonable measures to minimise impacts on the physical and biological health of soil.
6. **(Plant diseases, weeds and pest animals)** The licensee must ensure that all soil that is imported into the exploration licence area is free of disease and noxious weeds. The licensee must take all reasonable measures to minimise the spread of weeds, pest animals and plant diseases whilst undertaking exploration activities. The licensee must adhere to any biosecurity protocols that have been adopted on private or Crown land.
7. **(Water quality and aquatic habitat)** The licensee must design, install and maintain erosion and sediment controls to prevent erosion of areas of disturbed land and sedimentation of waterways. Where exploration activities are being conducted in waters or on the banks of waterways with water in them, the licensee must take all reasonable measures to minimise sedimentation of the waterway. The licensee must take all reasonable measures to prevent contaminated runoff from entering receiving waterways.
8. **(Fuels, lubricants and hazardous materials)** The licensee must take all reasonable measures to prevent contamination of the environment by the release of fuels, lubricants and hazardous materials. The licensee must ensure that spills of hazardous materials are cleaned up as quickly as practicable. Such spillage must not be cleaned up by hosing, sweeping or otherwise releasing such contaminant into waterways. Within the Box- Ironbark region, the licensee must install trays or similar apparatus beneath machinery to protect the soil and vegetation from oil/fuel leaks or spills.
9. **(Aboriginal cultural heritage)** The licensee must ensure Aboriginal cultural heritage is not harmed as a result of works undertaken within the licence area. Within areas where ground intrusive works or the removal of native vegetation are proposed on Crown land in the Box- Ironbark region, an assessment of Aboriginal cultural heritage values must be undertaken.
10. **(Heritage (Non-Indigenous))** The licensee must ensure non-indigenous cultural heritage is not harmed as a result of works undertaken within the licence area. Within areas where ground intrusive works or the removal of native vegetation are proposed on Crown land in the Box-Ironbark region, an assessment of non-indigenous cultural heritage values must be undertaken.
11. **(Fire precaution)** The licensee must take all reasonable measures to prevent the ignition and spread of fire. Prior to undertaking any exploration activities, the licensee must develop and implement a fire response and readiness plan.
12. **(Waste and redundant equipment)** The licensee must ensure all waste generated on site is disposed of at an appropriate waste management facility.

13. **(Camping)** The licensee may only establish campsites with the permission of the Crown land Manager or private land owner/occupier. The licensee must select, establish and manage campsites to minimise risks to the environment and/or the health and safety of people.
14. **(Noise)** Within the licensed area, the licensee must ensure that noise generated by exploration activities does not exceed limits set by the Environment Protection Authority, Victoria and the local council. The licensee must take all reasonable measures to avoid causing nuisance noise.
15. **(Air emissions, dust and lighting)** The licensee must take all reasonable measures to prevent adverse impacts as a result of the release of dust, odour and/or emission of light.
16. **(Livestock, domestic animals and crop)** The licensee must take all reasonable measures to prevent adverse impacts to livestock (including bees) and crops.
17. **(Geophysical and geological surveys and gridlines)** In designing and constructing geophysical and geochemical surveys, the licensee must take all reasonable measures to prevent adverse impacts to the environment and/or the health and safety of people. Prior to designing and constructing geophysical and geochemical surveys, the licensee must consult with the Crown land Manager and/or private land owner/occupier about the position of gridlines and geophysical lines.
18. **(Explosives)** When using explosives or high electrical currents, all reasonable measures must be taken to prevent harm or disturbance to people, domestic animals, livestock and wildlife.
19. **(Tracks and roads)** In designing and constructing tracks and roads, the licensee must take all reasonable measures to prevent adverse impact to the environment. Prior to designing and constructing tracks and roads, the licensee must consult with the public land manager, responsible road authority and/or private landowner/occupier. Prior to using a closed road the licensee must gain consent from the responsible road authority. Prior to conducting ground intrusive exploration works on a road the licensee must gain consent from the responsible road authority.
20. **(Drill sites, costeans, trenches and bulk sampling excavations)** The licensee must take all reasonable measures to prevent adverse impacts of establishing costeans, drill holes, bulk sample excavations and trenches to the environment and/or the health and safety of people.

21. **(Drillhole operations, construction and decommissioning)** The licensee must ensure that all reasonable measures are taken to minimise the impacts of drilling operations and that the operations are conducted in a manner that ensures protection of the environment, human health and amenity. The licensee must prevent contamination of aquifers as a result of drilling operations. The licensee must ensure that where a drillhole is to be left open overnight or longer, a temporary cap is fitted. The licensee must ensure that accurate records of decommissioning procedures are kept to provide future reference, and to demonstrate to the Department of Jobs, Precincts and Regions that the drillholes have been satisfactorily plugged and abandoned.
22. **(Underground exploration)** The licensee must ensure that during underground exploration and development works, access shafts, adits and declines are made safe. The licensee must ensure that on completion of underground exploration and development works, access shafts, adits or declines no longer required are permanently closed off and the site made safe for the public and wildlife.
23. **(Rehabilitation)** The licensee must ensure that disturbed areas are rehabilitated as soon as possible after the completion of exploration works. The licensee must ensure that indigenous species used in rehabilitation are sourced from the local area, of local provenance and appropriate to the site's Ecological Vegetation Class (EVC).
24. **(Reporting, monitoring and auditing)** The licensee must implement a program for monitoring environmental impacts and rehabilitation. The licensee must submit an Annual Report that includes:
- (a) A report about the environmental management of exploration activities including the result of any environmental audits conducted.
  - (b) Quantity, area and type of native vegetation removed.
  - (c) Details of current progressive rehabilitation activities.
  - (d) A rehabilitation report detailing completed rehabilitation activities over that year.
- The licensee must notify the Department of Jobs, Precincts and Regions as soon as practical of any environmental incident which results in:
- (a) An emission not authorised by licence, work authority or work plan.

- (b) Any deviations from conditions or environmental standards outlined for the site.

Within seven (7) days of an environmental incident, the licensee must prepare and forward a report to the Department of Jobs, Precincts and Regions detailing the following information:

- (a) The cause, time and duration of the incident.
- (b) The native vegetation or threatened flora/fauna affected by the incident (if applicable).
- (c) The type, volume and concentration of every pollutant discharged as a result of the incident.
- (d) Action taken by the licensee in relation to the incident.
- (e) Action taken to prevent any recurrence of the incident.

25. **(Documentation and records)** The licensee must record activities undertaken and results arising from the environmental and rehabilitation monitoring program, any auditing undertaken and any complaints received. The licensee must ensure that documentation generated through the environmental and rehabilitation monitoring program, auditing and any complaints received is appropriately stored and accessible to relevant personnel and is available upon request by an ERR Inspector.