
Fraud Reporting and Investigation (“Whistleblower”) Policy

Chalice Gold Mines Limited ACN 116 648 956 (Company)

1. Fraud policy statement

This Fraud Policy is established to facilitate the development of controls that will support the detection and prevention of fraud against Chalice Gold Mines Limited. (“Chalice”) and its subsidiaries (together with Chalice, the “Company”). It is the intent of the Company to promote appropriate and consistent organisational behaviour by providing guidelines and assigning responsibility for the development of controls and conducting investigations.

This Policy is designed to set forth the requirements for reporting and investigating fraudulent activity or related misconduct within the Company and its operating companies involving fraud, or violations of laws, policies, procedures and rules that involve the financial results and reporting by the operating companies.

If situations are identified where the requirements of this Policy are in conflict with local law, contact must be made with the Company Secretary of the Company to determine appropriate actions.

The scope of this Policy applies to the Company, including joint ventures, if any, where the Company has managerial control. This Policy applies to any known or suspected financial and ethical irregularities involving employees as well as directors, shareholders, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with the Company.

2. Special fraud investigations

For special fraud investigations the Audit Committee has the authority to:

- a) initiate any investigation which it considers appropriate, and has direct access to the external auditor of the Company, as well as officers and employees of the Company and Other Entities, as applicable; and
- b) retain, at the Company’s expense, special legal, accounting or such other advisors, consultants or experts it deems necessary in the performance of its duties.
- c) determine who should perform the fraud investigation procedures including any external party.

In conducting any investigation, the Audit Committee shall use reasonable efforts to protect the employee’s anonymity.

3. Whistleblower program

To report fraudulent activities and other related issues, a whistleblower program has been implemented.

1. Scope of Program

The Audit Committee (the “Audit Committee”) of the Board of Directors of Chalice is responsible for the integrity of the financial reporting of the Company and for the system of internal controls, the audit process and monitoring compliance with the financial reporting laws applicable to the Company and to all other companies, trusts,



partnerships or other entities which may be established by the Company (the "Other Entities"). The integrity of the financial information of Chalice is of paramount importance to the Committee and to the Board of Directors. This document outlines the procedure which the Committee has established for the confidential, anonymous submission by employees of the Company and the Other Entities of any concerns which an employee may have regarding questionable accounting, auditing matters or other fraudulent activities.

All Employees are encouraged to submit all good faith concerns and complaints in respect of the accuracy and integrity of the Company's accounting, auditing and financial reporting, without fear of retaliation of any kind. If an employee has any concerns about accounting, audit, internal controls or financial reporting matters which are considered to be questionable, incorrect, misleading or fraudulent, the employee is urged to come forward with any such information, complaints or concerns, without regard to the position of the person or persons responsible for the subject matter of the complaint or concern.

2. Procedure for Reporting Concerns

All potential fraud situations shall be reported to Morgan Ball:

- (a) By using the template form (Appendix A in this document) and sending by email: **mball@chalicegold.com**.
Or
- (b) By telephone number **+61 411 447 299**

The identified situation should be sufficiently described to allow the Audit Committee to understand and review the issue.

If the reporter wishes to discuss any matter with the Audit Committee, the reporter should indicate this in the submission. In order to facilitate such a discussion, the reporter may include a telephone number at which he/she can be contacted.

3. Confidentiality

Any form of investigation may not be discussed with any personnel who do not have a legitimate and compelling reason to obtain information about the investigation. Extreme care should be taken by individuals conducting the investigation.

4. Records

The Audit Committee will retain, as part of its records, any complaints or concerns for a period of no less than seven years. The Audit Committee will keep written records of all such reports or inquiries and make quarterly reports on any ongoing investigation which will include steps taken to satisfactorily address each complaint.

5. Employee Protection

All employees are assured that no retaliation of any kind is permitted against the employee for complaints or concerns made in good faith. No employee will be adversely affected because the employee refuses to carry out a directive which, in fact, constitutes corporate fraud, or is a violation of federal or provincial law.

6. Questions About This Policy

Questions regarding this policy should be raised with the Legal Counsel or the Chair of the Audit Committee.



APPENDIX A
Fraud Reporting and Investigation Policy

CHALICE GOLD MINES LIMITED

Concerned Company: _____

Where incident occurred: _____

Date of incident (and/or date incident was discovered): _____

When (over what period of time) incident occurred: _____

Nature/Type of incident (i.e. accounting/audit irregularities, falsification of company records, fraud, kickbacks, theft of cash, theft of time, theft of goods/service, etc. See Appendix B for a listing of incident types and definitions): _____

Source of information leading to investigation, including name of person, if appropriate (i.e. employee or customer, complaint, anonymous source, discovery of theft, financial analytics, etc.):

Name and job title of person or persons believed to be involved in incident and the basis for such belief:

Detail how the incident is believed to have occurred: _____

Where money or other valuable assets are involved, estimate the suspected loss: _____



Summarize any other relevant information including whether incident resulted from breakdown in internal controls: _____

Prepared by: _____

Date: _____

Attach Additional Sheets if Necessary

APPENDIX B

Fraud Reporting and Investigation Policy

Incident Type Definitions	
Type	Definition
Accounting/Audit Irregularities	Acts related to the misstatement and/or destruction of Company audit work papers or accounting documents. Acts that fraudulently influence, coerce, manipulate, or mislead any independent public or certified accountant engaged in conducting an audit for the purpose of rendering the subjected Company's financial statements materially misleading.
Falsification of Company Records	Any act or omissions, which alters any Company record from its genuine condition to a false condition. Issues related to the misstatement and/or destruction of Company audit work papers or accounting documents should be coded as "Accounting/Audit Irregularities".
Fraud	Deliberate attempts to deceive in order to receive gain; such as a fraudulent refund, transaction, or credit card. Issues related to the misstatement and/or destruction of Company audit work papers or accounting documents should be coded as "Accounting/Audit Irregularities". Issues related to generating personal loans to or for any executive officer or director should be coded as "Improper Loans to Executives". For more information, see the "Accounting/Audit Irregularities" and the "Improper Loans to Executives" definitions.
Fraud – Check/ACH/Wire Transfer	Any attempt to obtain Company funds via the creation of counterfeit Company checks, forged alterations of Company checks, forged signatures and/or endorsements of Company checks. Occurrences of unauthorized ACH/wire transfers would also fall under this category.
Fraud – Embezzlement	Any wrongful appropriation of money or property by a person to whom it has been lawfully entrusted.
Fraudulent Insurance Claims	Any claim or acceptance of insurance benefits based upon knowingly false information.
Kickbacks	The solicitation or acceptance of cash, gifts or favours to perform, a function, which the employee is required by the job description to perform. For example, accepting gifts or money from a supplier in order to gain additional business.
Theft of Cash	The taking of money or money instruments from the premises of the Company without authoritative permission. This would include false refunds for which cashiers obtained voids.

Incident Type Definitions	
Type	Definition
Theft of Goods / Services	The taking or removal of any merchandise or property from the premises of the Company without permission. Employees using Company goods and services to support their own business would be included in this category.
Theft of Time	Any act or omission, which causes an employee to be paid for, time not worked for the benefit of the Company.
Unauthorized Discounts	The offering or giving of a discount or additional discount to any person whether employee or customer which is not authorized by Company policy.
Unauthorized Purchases	Use of Company credit cards and or fuel cards for non-business activity. For instance, an employee using the Company credit card to purchase and pay for personal items, without the intention or the failure to reimburse the Company in a timely fashion, would fall under this category.