

Heads of Agreement for Community Relationship Agreement

Chalice Mining Limited

The Shire of Toodyay

Heads of Agreement
Julimar Project – Community Relationship Agreement

Parties

Chalice Mining Limited (ABN 47 116 648 956), Level 3, 46 Colin Street, West Perth WA 6005 (**Chalice**)
and
The Shire of Toodyay of 15 Fiennes Street, Toodyay (**Shire of Toodyay**)

Background

- A. Chalice wishes to develop the Julimar Project (the **Project**), a major greenfield platinum group element, nickel, copper, cobalt and gold discovery within the Shire of Toodyay.
- B. Chalice has developed a Community Investment Program which aims to provide funding to deliver positive long-term benefits and support local initiatives. One of the current focus areas for Chalice is community connection, supporting local opportunities, events and groups to strengthen the community connection within the region. Chalice currently provides grants, sponsorships and in-kind support through its Community Investment Program.
- C. The parties acknowledge that the Project is also in close proximity to the Shire of Chittering and agree that the arrangements that are to be put in place through the Formal Agreement may be extended to include the Shire of Chittering in the future should they wish to participate.
- D. The parties have engaged on key principles relating to the further development of community investment by Chalice in the event feasibility studies indicate the Project is economically viable, there is a final investment decision from the Board and the Project proceeds to development. These key principles are part of the parties shared objective to maximise the benefits that flow to the local community from the proposed development.
- E. The parties wish to enter into this heads of agreement to set out:
 - (i) the principal terms which they have agreed on, so these can be included in the Formal Agreement at a future time; and
 - (ii) the process which they will follow in an effort to draft and negotiate the Formal Agreement.

Operative provisions

1. Definitions and interpretation

1.1 Definitions

In this heads of agreement:

Confidential Information means in respect of a party, any information (including the terms of this heads of agreement) which:

- (a) relates to that party's business, operations, contracts, arrangements, finances, customers, employees, contractors or affairs; or
- (b) is designated by that party as confidential or which the other party knows (or ought to know) is confidential,

regardless of whether such information is in written, oral, electronic or other form.

Formal Agreement means a formal and binding Community Relationship Agreement which the parties intend to draft and negotiate in accordance with this heads of agreement.

Principal Terms means the terms set out in the schedule to this heads of agreement

Site means the area set out in the Formal Agreement, with the indicative location being the Gonneville deposit on Chalice owned farmlands, located approximately 30 km west of Toodyay between Keating and Plunkett roads.

1.2 Interpretation

In this heads of agreement, unless the context otherwise requires:

- (a) the singular includes the plural and the plural includes the singular;
- (b) a reference to a clause, party, annexure or schedule is a reference to a clause, party, annexure or schedule to, this heads of agreement;
- (c) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (d) specifying anything in this heads of agreement after the words 'include' or 'for example' or similar expressions does not limit what else is included; and
- (e) the applicable currency under this heads of agreement is Australian dollars (**AU\$**). All amounts payable under this heads of agreement must be paid in AU\$.

2. Legally binding document

- (a) This heads of agreement is legally binding on each of the parties commencing from the date that this heads of agreement is signed by the last of each party (**Effective Date**).
- (b) For clarity, the Principal Terms are not binding on the parties, except in respect of the obligation to negotiate under clause 6(a).

3. Payments and funding

For the term of this heads of agreement, Chalice shall provide the following payments and funding:

- (a) Subject to qualification under Chalice's existing Community Investment Program, annual funding shall be paid for community projects in the Shire of Toodyay to a minimum total of \$50,000.
- (b) Upon request to Chalice, funding shall be provided to the Shire of Toodyay for reasonable costs associated with any additional road maintenance required as a result of impacts from Chalice's exploration and project development activities.

4. Local content plan

Within 6 months of the date of this heads of agreement, Chalice shall prepare a local content plan that prioritises local employment and procurement in the region of the Shire of Chittering and of the Shire of Toodyay and will provide a copy of the plan to the Shire for consultation.

5. Consultation about the Project

- (a) Chalice will consult with the Shire of Toodyay in relation to the development and design of the Project including in relation to matters that may be of benefit or of concern to local communities.
- (b) The Shire of Toodyay will consult with Chalice in relation to the matters referred to in clause 5(a), including prior to lodging any objections with any government body with respect to the Project.

6. Negotiating the Formal Agreement

- (a) The parties must negotiate in good faith and use reasonable endeavours to agree on the terms of the Formal Agreement.
- (b) Each party acknowledges that:
 - (i) it intends that the Formal Agreement will include, and be aligned with, the Principal Terms; and
 - (ii) the Principal Terms are not exhaustive and the Formal Agreement will need to contain additional terms (including those usually included in similar agreements).

7. Confidentiality, publicity and privacy

7.1 Confidentiality

- (a) A party (**Disclosing Party**) may disclose its Confidential Information to the other party (**Receiving Party**) in connection with this heads of agreement.
- (b) The Receiving Party must:

- (i) keep the Disclosing Party's Confidential Information confidential; and
 - (ii) only use the Disclosing Party's Confidential Information in connection with the negotiation of the Formal Agreement and the broader discussions between the parties in relation to this heads of agreement.
- (c) Notwithstanding clause 7.1(b), the Receiving Party may disclose the Disclosing Party's Confidential Information:
- (i) with the prior written permission of the Disclosing Party;
 - (ii) to its legal, financial and other advisors on a confidential basis; or
 - (iii) where the disclosure is required by law, the order of a court or government authority or a regulator of competent jurisdiction, provided that such disclosure is the minimum required by law and the Receiving Party provides the Disclosing Party with written notice of such disclosure.
- (d) If this heads of agreement expires or is terminated, then the Receiving Party must, following a written request to do so by the Disclosing Party, return or destroy the Disclosing Party's Confidential Information provided that it is not required to be kept by law, good corporate governance or is automatically stored electronically in accordance with the normal practices of the Receiving Party's data back-up procedures.
- (e) In this clause 7.1, Confidential Information does not include information which:
- (i) is or becomes public knowledge other than by a breach of this heads of agreement;
 - (ii) is in the possession of the Receiving Party without restriction in relation to its disclosure on or before the date on which it is disclosed to or acquired by the Receiving Party; or
 - (iii) has been independently developed or acquired by the Receiving Party.

7.2 Publicity

Neither party may advertise or issue any information, publication, document, article or similar for publication or media release, or use the other party's logo or branding, in relation to this heads of agreement, without the other party's prior written approval. The parties acknowledge that both parties intend to release publicity announcements upon signing this heads of agreement which will be subject to each party's prior written approval.

7.3 Privacy

The parties must comply with their respective privacy policies in relation to any personal information shared with respect to the personnel of any party.

8. Warranties

Each party represents and warrants to the other party that:

- (a) it has full power and authority to execute this heads of agreement and to perform its obligations under this heads of agreement; and
- (b) the obligations undertaken by it and set out in this heads of agreement are enforceable against it in accordance with its terms.

9. Termination

- (a) A party (**Non-Defaulting Party**) may terminate this heads of agreement on 14 days' notice to the other party (**Defaulting Party**), if the Defaulting Party breaches this heads of agreement and does not remedy that breach within 14 days of written notice of the breach from the Non-Defaulting Party.
- (b) This heads of agreement will automatically terminate if:
 - (i) the Formal Agreement is signed by all parties;

- (ii) Chalice issues a written notice to the Shire of Toodyay advising it is unable to develop the Project due to feasibility studies demonstrating that the Project is not economically, technically or operationally viable;
- (iii) the parties have not finalised negotiations on the Formal Agreement by 1 December 2025.

10. Miscellaneous

- (a) **Entire agreement:** this heads of agreement constitutes the entire agreement and understanding between the parties in relation to its subject matter and supersedes all prior agreements, negotiations, discussions and understandings.
- (b) **Governing law:** this heads of agreement is governed by the laws of Western Australia. The parties irrevocably submit to the non-exclusive jurisdiction of the courts of Western Australia.
- (c) **Variation:** a variation or amendment to any term of this heads of agreement must be in writing and signed by both parties.
- (d) **Waiver:** neither party may rely on the words or conduct of the other party as a waiver of any right, unless the waiver is in writing and signed by the party granting the waiver.
- (e) **Relationship of parties:** nothing in this heads of agreement constitutes a partnership, joint venture, agency or other fiduciary relationship between the parties.
- (f) **Costs:** each party must pay its own costs and expenses incurred in connection with this heads of agreement, including any costs and expenses relating to the preparation and negotiation of this heads of agreement.
- (g) **Counterparts:** this heads of agreement may be executed in one or more counterparts, and all such counterparts taken together will constitute one and the same agreement. Each party agrees that an electronic pdf copy of this heads of agreement signed by the party will be binding on the party as if such copy contained an original signature of the party.
- (h) **Further assurances:** each party must, at its own expense, do all things and execute all documents necessary to give full effect to this heads of agreement.
- (i) **Assignments and novations:** each party must obtain the prior written consent of the other party to any proposed assignment, novation and/or transfer of the party's rights or obligations (as applicable) under this heads of agreement except where clause 10(j) applies.
- (j) **Assignment of Project rights:** Chalice may assign its rights and obligations under this heads of agreement without prior written consent under clause 10(i) to a related party or to a third party provided that third party executes a deed of covenant or assignment and assumption of Chalice's rights and obligations in favour of Shire of Toodyay.
- (k) **Civil Liability:** The operation of Part 1F of the *Civil Liability Act 2002 (WA)* is excluded.
- (l) **Severability:** Any provision which is void, prohibited or unenforceable in any jurisdiction is ineffective as to that jurisdiction to the extent of the prohibition or unenforceability. That does not invalidate the remaining provisions or affect the validity or enforceability of that provision in any other jurisdiction.
- (m) **Survival:** clause 3 and this clause 10, along with any clauses which expressly or by their nature are intended to continue on an ongoing basis, survive the expiry or termination of this heads of agreement.

Schedule: Formal Agreement - Principal Terms Sheet

Item	Term	Description
1.	Chalice	Chalice Mining Limited or assignee
2.	Shire of Toodyay	The Shire of Toodyay
3.	The Site	<ul style="list-style-type: none"> The Site will be the area as set out in the Formal Agreement. The initial location of the Site being the Gonneville deposit on Chalice owned farmlands, located approximately 30 km west of Toodyay between Keating and Plunkett roads.
4.	Term	The operating life of the Project as defined in the Definitive Feasibility Study. Reviews of the Formal Agreement will be undertaken every 5 years.
5.	Conditions precedent	<p>The following conditions must be satisfied prior to the Formal Agreement taking effect:</p> <ul style="list-style-type: none"> Chalice obtains a final investment decision from its Board in favour of the development of the Julimar Project at the Site (Project); and Chalice secures all required permits and approvals in relation to the Project, <p>(Conditions Precedent).</p> <p>If the Conditions Precedent are not satisfied or waived by a date specified in the Formal Agreement, Chalice may terminate the Formal Agreement without liability to the Shire of Toodyay.</p>
6.	Community Funding	<ul style="list-style-type: none"> Where all Conditions Precedent are satisfied, and upon the commencement of commercial production, Chalice agrees to provide to the Shire of Toodyay funding for the delivery of community projects and programs which have been identified in the Shire of Toodyay's Strategic Plans (Community Projects) and which meet the eligibility criteria for those projects. The funding shall be calculated based on an agreed metric to be determined during the negotiation of the Formal Agreement, such as a percentage of production or net profits. Funding of Community Projects will be provided by Chalice in addition to any Shire rates that are charged under the <i>Local Government Act 1995 (WA)</i>. Any funding that is not applied to Community Projects in a given year will be placed into a reserve account in accordance with the <i>Local Government (Administration) Regulations 1996</i> to fund specifically approved significant projects.
7.	Eligible Community Projects	<p>The following criteria will apply to funding of eligible community projects:</p> <ul style="list-style-type: none"> approval by Chalice on recommendation by the Governance Committee (such approval not to be unreasonably withheld); compliance with anti-corruption and bribery due diligence; demonstration of community development and social investment priorities which are aligned to and preserve and

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		<p>promote the values of the Strategic Plan of the Shire of Toodyay;</p> <ul style="list-style-type: none"> • the project will seek to maximise local employment, contracting and training outcomes; and • the project cannot have been fully funded from other sources e.g. State Government funding of local projects from receipt of royalties. <p>For any ongoing funding of eligible community projects, in addition to the above criteria it must be demonstrated that the project activities funded by Chalice in the prior period have been satisfactorily implemented.</p>
8.	Governance Committee	<ul style="list-style-type: none"> • The Parties will establish a committee comprising of representatives of all parties
9.	Shire of Toodyay obligations	<ul style="list-style-type: none"> • The Shire of Toodyay will be required to seek community input and maintain transparency relating to the Community Projects and the provision of funding from Chalice. • The Shire of Toodyay will be required to administer and implement the eligible community projects subject to usual local government probity principles and good industry practice.
10.	Invoicing and payment	<ul style="list-style-type: none"> • Invoicing and payment will be made on standard commercial terms.
11.	Confidentiality and publicity	<p>Each party must:</p> <ul style="list-style-type: none"> • keep confidential, and not use or disclose, any of the other party's Confidential Information (except in limited circumstances); and • immediately notify the other party if it becomes aware of loss or unauthorised access of the other party's Confidential Information. <p>Confidential Information means the terms of the Formal Agreement and in respect of a party, all information in connection with the Project and the party's business, operations, finances or customers, regardless of its form which is disclosed to, or acquired by, the other party directly or indirectly (whether before or after the date of the Formal Agreement) and which:</p> <ul style="list-style-type: none"> • is, by its nature, confidential; or • is treated or designated as confidential by the party or the receiving party knows, or ought to know, is confidential, <p>but does not include information which:</p> <ul style="list-style-type: none"> • is or becomes public knowledge other than by a breach of the Formal Agreement; or • has been independently developed by the receiving party or is in the possession of the receiving party without restrictions on disclosure. <p>The Shire of Toodyay must not make any public announcement or issue any media release relating to the Formal Agreement or the performance of its respective obligations under that agreement or exploit the fact that it has entered into the Formal Agreement, without the prior approval of Chalice, which may be</p>

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		withheld at Chalice's discretion or given subject to any conditions.
12.	Change in law	A change in law clause will be included to account for unforeseen legal requirements, including any requirements for Chalice to contribute community funding by reason of a new, for example, legislative requirement, new mining royalty, levy or tax, the proceeds of which are intended to fund community projects in the area of the Project or decision by an Authority.
13.	Privacy	All parties must comply with the <i>Privacy Act 1988</i> (Cth) in relation to any personal information (as defined in that Act).
14.	Default and termination	<ul style="list-style-type: none"> • If a party (the Defaulting Party) commits a Default, the other party (the Non-Defaulting Party) may give it a Notice (Default Notice) specifying the breach that has occurred. • The Default Notice must: <ul style="list-style-type: none"> ○ identify and give details of the breach of the Formal Agreement on which the Default Notice is based, including whether the Default is a Financial Default (being a failure to pay money or provide security) or a Non-Financial Default (being any other breach) and the relevant clauses upon which the breach is based; and ○ state the remedy sought. • If a Financial Default is not remedied within 14 days of receipt of the relevant Default Notice or a Non-Financial Default is not remedied within 21 days after receipt of the relevant Default Notice, the Non-Defaulting Party may give a second notice of its intention either to terminate the Formal Agreement or suspend its obligations under it. • If the Defaulting Party has not remedied the Default within 7 days after the second notice, the Non-Defaulting Party may: <ul style="list-style-type: none"> ○ terminate the Formal Agreement; or ○ suspend its obligations under the Formal Agreement until the default is remedied or the Formal Agreement is terminated. • If the Non-Defaulting Party suspends its obligations, it may give a final notice which terminates the Formal Agreement if the Default is not remedied within 7 days of the final notice. • In respect of the Shire of Toodyay, Non-Financial Defaults include, other than in the circumstance where Chalice is in default <ul style="list-style-type: none"> ○ financial mismanagement of funds; ○ breach of anti-corruption laws, ○ non-compliance with the Local Government Act, ○ fraud
15.	Force majeure	<p>An affected party is excused from performance of, and is not liable to the other party for any failure in carrying out, its obligations under the Formal Agreement if and only to the extent and for the time that it is prevented in whole or in part from doing so by a Force Majeure Event.</p> <p>An affected party must give notice to the other party as soon as reasonably practicable, and in any event within 3 Business</p>

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		<p>Days, of the affected party becoming aware of the occurrence of a Force Majeure Event.</p> <p>An affected party must use all reasonable endeavours to mitigate or overcome the Force Majeure Event and resume full performance of its obligations as soon as reasonably practicable.</p>
16.	Assignment	Chalice may assign to a related party without consent and a third party on assumption of rights and obligations of Chalice by that party.
17.	Compliance with law	Each party will be required to comply with laws including applicable anti-corruption and bribery legislation and, for the Shires, relevant local government laws.
18.	Governing law	<p>The governing law will be the law of Western Australia.</p> <p>The parties submit to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia.</p>
19.	Civil liability	The operation of Part 1F of the <i>Civil Liability Act 2002</i> (WA) is excluded.
20.	Costs of negotiation	Each party shall meet their own costs in the negotiation of the Formal Agreement other than the Shire of Toodyay's legal costs which will be reimbursed by Chalice subject to an agreed upon budget
21.	General	<ul style="list-style-type: none"> • (Amendment) No amendment or variation of the Formal Agreement is valid or binding on a party unless made in writing and executed by all parties. • (Severability) Any provision which is void, prohibited or unenforceable in any jurisdiction is ineffective as to that jurisdiction to the extent of the prohibition or unenforceability. That does not invalidate the remaining provisions or affect the validity or enforceability of that provision in any other jurisdiction. • (Remedies Cumulative) Subject to any express provision of the Formal Agreement to the contrary, the rights, powers and remedies provided to the parties in the Formal Agreement are in addition to, and do not exclude or limit, any right, power or remedy provided by any law. • (Waiver) The waiver of any right, power, authority, discretion or remedy under this Agreement, including one arising from any Default, is of no force or effect unless it is in writing and signed by the Party granting the waiver. • (Entire Agreement) This Agreement constitutes the entire agreement between the parties in connection with its subject matter and supersedes all previous agreements or understandings between the parties in connection with its subject matter.

Execution

This heads of agreement is executed by the parties as follows:

Signed by **Chalice Mining Limited** in accordance with section 127 of the Corporations Act 2001 (Cth) (WA): by

Alexander Dorsch

Signature of director

Alexander Dorsch

Name of director (print)

24/8/2023

Date

[Signature]

Signature of director/secretary

Jamie Armes

Name of director/secretary (print)

24/8/2023

Date

Signed for and on behalf of **Shire of Toodyay** by:

Suzie Haslehurst

Suzie Haslehurst

Chief Executive Officer (print name)

25/8/2023

Date

Rosemary Madacs

ROSEMARY MADACSI
SHIRE PRESIDENT

25/8/2023